Memex Inc.

Management's Discussion and Analysis

For the years ended September 30, 2021 and 2020

MEMEX

Measuring Manufacturing Excellence™

Management's Discussion and Analysis (the "MD&A") of the financial condition and results of operations of Memex Inc. ("Memex" or the "Company") should be read in conjunction with the Company's consolidated financial statements and related notes for the years ended September 30, 2021 and 2020. The MD&A is prepared as at January 11, 2022, and is current to that date unless otherwise stated. The consolidated financial statements and extracts of those financial statements provided within this MD&A, except as otherwise stated ("Other Financial Measures") have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are presented in Canadian dollars, which is the Company's functional currency.

COMPANY OVERVIEW

Memex, with its head office in Burlington, Ontario is a corporation continued under the Alberta Business Corporations Act ("ABCA"). The Company is a reporting issuer in Ontario, British Columbia, Alberta and Saskatchewan.

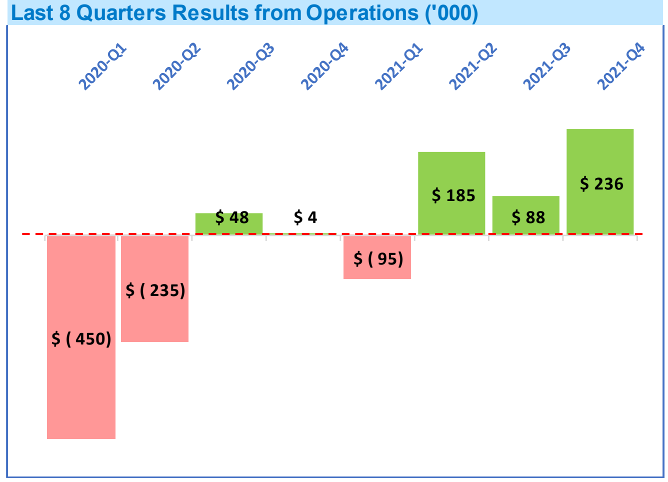
Memex's flagship product, MERLIN Tempus™, a software-driven communications platform that delivers manufacturing productivity metrics including Overall Equipment Effectiveness ("OEE") in real time, has established Memex as a leader in the Industrial Internet of Things ("IIoT").

MERLIN measures and analyzes manufacturing and production performance and provides its users with real-time insights on operational efficiency, as well as unparalleled visibility at all levels of the manufacturing process from "Shop-Floor-to-Top-Floor." Its funnel of process data and analytics truly enables Data-Driven Manufacturing, a cornerstone of Continuous Improvement ("CI") and other lean manufacturing initiatives.

MERLIN's customers are generally focused in the discrete manufacturing and aerospace sectors. In addition to the Company's direct sales force it also utilizes a network of resellers, system integrators and Original Equipment Manufacturers ("OEM's") to support and expand its global sales footprint.

The MERLIN Tempus Suite provides effective quantification and management of OEE by revealing hidden capacity using real-time objective data, and it offers sustainable benefits that enable world-class OEE such as reducing costs, incorporating strategies for lean manufacturing, CI, and boosting bottom-line financial performance.

Last 8 Quarters Results from Operations ('000)



HIGHLIGHTS AND SIGNIFICANT EVENTS

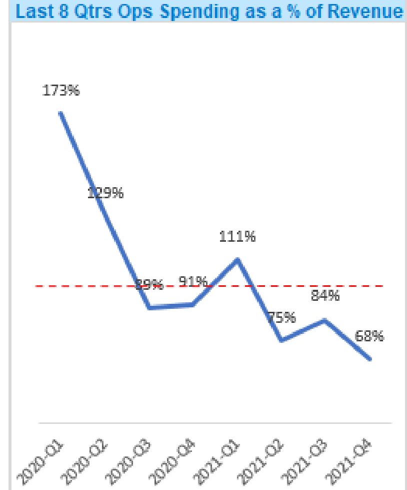
Income from Operations and Net and Comprehensive Income

For Memex, fiscal 2021 produced its strongest annual and quarterly bottom-line performance in its history, with annual net and comprehensive income of $166 thousand, capped by a $198 thousand 4th quarter bottom line. It also marks the first time since becoming a reporting issuer than Memex has reported a profitable year.

Similar with its operational performance, its $415 thousand in annual and $236 in 4th quarter income from operations mark the Company's highest performance thus far. And looking a little further back, the Company has produced positive operational results in five of its past six quarters.

Although not significantly, these results were improved by Canadian government COVID 19 ("COVID") relief support by way of a zero-interest loan (2021 - $25K, 2020 - $127K) and CEWS wage subsidies (2021 - $16K, 2020 - $333K).

Last 8 Qtrs Ops Spending as a % of Revenue



Revenues, Bookings and Backlog

Memex reported $3.04 million in revenue for the year ended September 30, 2021, compared to $2.25 million a year ago, a $788 thousand (35%) improvement. Q4-2021 revenue of $825 thousand was a $325 thousand, or 65% increase over the same three-month period a year ago.

Bookings for the 2021 fiscal year of $2.30 million were $113 thousand (5%) lower than the 2020 year, and bookings for Q4 of 2021 of $530 thousand was $2 thousand lighter than Q4 in 2020.

As at September 30, 2021, the Company had $515 thousand in project backlog, down $737 thousand or 59% from September 30, 2020 and $248 thousand, or 32% from the beginning of the quarter. This difference represents the volume of project business the Company delivered in the quarter in excess of new project business it brought in during the same period.

Cash generated from Operations

The net cash *generated* from operational activities in 2021 fiscal year (after changes in non-cash working capital balances) of $431 thousand is a $477 thousand improvement over the prior year.

For Q4, $29 thousand in cash from operations was a $95 thousand improvement from Q4-2020.

Restructuring G&G Private Capital loan

In March 2021 Company management and the Board finalized an arrangement with G&G Private Capital (including company CEO and CFO's 7% participation) to extend the repayment terms of their loan facility by one year, to March 2023 from the original maturity date of March 2022. The extension allows the Company to make the same quarterly ($35 thousand) instalments for one more year, which also makes the ($300 thousand) balance due at maturity more manageable to settle through cash generated through operations or through refinancing.

OTHER FINANCIAL MEASURES

Management is using Project 'bookings' and 'backlog' as key performance indicators ("KPI's") in assessing the overall performance of the Company. Neither bookings, nor backlog, have any standardized meaning under International Financial Reporting Standards ("IFRS") and therefore may not be comparable to similar measures presented by other issuers.

Due to the nature of the Company's business and most of its product offerings, IFRS only allows for the recognition of revenue from most of Memex's sales and delivery efforts once all elements of that sale have been completed. This is regardless of the timing of the effort or the expense laid out by the Company to deliver these orders (IFRS does not provide a 'percentage of completion' alternative for revenue recognition).

A combination of revenue recognition policies and varying customer implementation timelines create inconsistent fluctuations in revenue from period to period such that Management needed to consider other information when measuring and monitoring growth success beyond recognized revenue. Although Management views significant fluctuations in revenue as a key performance indicator, when considered in combination with fluctuations in bookings and backlog it gives a more complete understanding of the Company's overall performance.

Unearned revenue, reported with current liabilities in the Company's statement of financial position, consists of invoiced unearned software and service fees plus all invoiced and unearned project orders (i.e. deposits, progress billings). **Backlog** is the total of all unearned project orders, *both invoiced and un-invoiced*, that the Company has on-hand at any given time. A comparative illustration of unearned revenue and backlog is provided.

Management considers **bookings** to be the total dollar value of new project orders plus any service and software fees generated in each period. Bookings are the combination of revenue plus current backlog less any backlog that was on-hand at the beginning of the measurement period, adjusted for any changes in unearned services and future software rights.

Bookings	=	Revenue	+	Ending backlog	-	Beginning backlog	+ or -	Changes in unearned services & future software rights

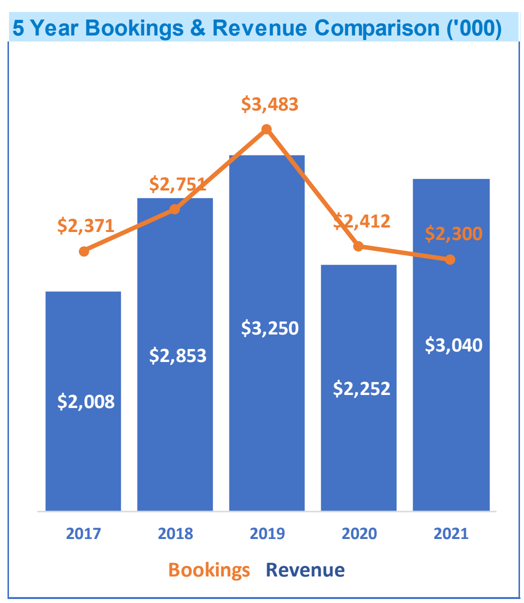
FIVE YEAR COMPARISON

Bookings and Revenues

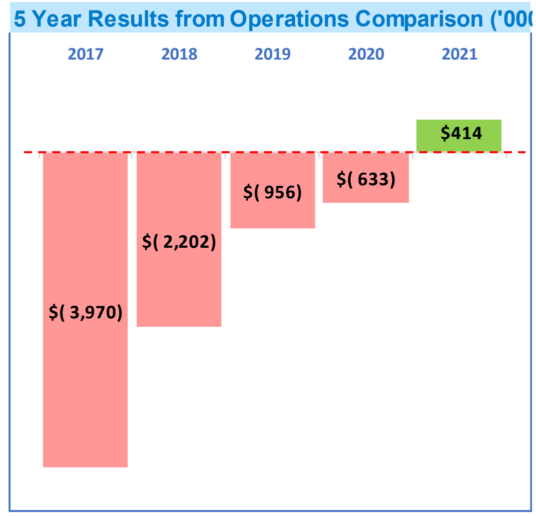
Memex finished fiscal 2021 with $3.04 million in revenue. Representing a 35% increase over the prior year and 13% over the five-year average, revenue still did not measure up to the $3.25 million peak (off by 6%) achieved in (pre-COVID) fiscal 2019. Fiscal 2021 new project bookings of $2.30 million was 5% lower than the prior year and 14% off the five-year average, the Company's poorest showing over this time frame.

Although the current year bookings data was disappointing, it was not entirely unexpected. With the Company forced by COVID to make significant changes to its sales and marketing strategy (from primarily in-person undertakings, tradeshows, supplier events, etc., to a digital approach using on-line, virtual, etc.), the lead collection and maturity process has required time and modification to achieve required results.

There is no way to quantify the effects of COVID on bookings over the past two years, or to determine if the Company's bookings and revenue trajectory would have remained on track if not for the effects of COVID, but management views the current year results as very promising, and a validation of the effectiveness of the changes undertaken to combat the economic fallout from the pandemic.



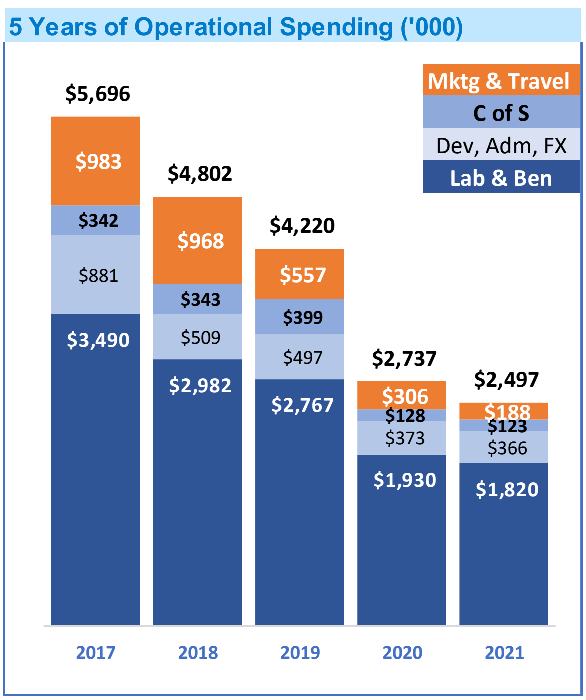
Results of Operations and Operational Spending



For the first time since undertaking its RTO in 2013, Memex is able to report not only fiscal year income from operations but also a positive bottom line. On a $788 thousand improvement in top-line revenue the company improved its income from operations by more than a million dollars.

Although revenue generation is key to producing the bottom-line results management and investors alike are looking for, achieving cash flow self sufficiency has been a key milestone to bolstering management's growth initiatives. In the balancing act between its efforts to spark revenue growth and maintain working capital, management was forced to reduce its labour force at the onset of COVID. Combined with forced changes to its marketing strategies through travel restrictions etc., Company management was able to generate a positive result while preserving working capital through 2021.

When examining operational spending over the past five years, current year overall expenditures were 56% less than those in 2017, with the average decrease at roughly 18% over this span. This is likely the bottom of the trough, however, with management anticipating increases in delivery and sales costs as revenue continue to climb. As travel restrictions ease and tradeshows and in-person marketing opportunities become possible it is also anticipated that marketing and travel spending will increase. It is expected, however, that any spending increases will be directly in line with increases in bookings and revenue.



When comparing total operational spending to revenue, Memex has, on average, reduced is spending as a percentage of revenue by more than 25% per year over the past five years, with the current year's $2.50 million in total expenditures requiring 81% of total revenue to fund. In 2017, in its efforts to complete product development and establish an advantage in market share the Company spent more than 280% of its generated revenue on operations. (Memex has not capitalized its ongoing development costs since becoming a reporting issuer in 2013.)

Although the most dramatic change in spending trend over the past five years has been the 82% ($805 thousand) reduction in marketing and travel spending, a significant portion of that was a forced consequence of COVID, and although not to the same pre-COVID levels, spending is anticipated to rise as opportunities for these activities return.

The most significant spending decline was in labour and benefits, dropping $1.7 million (48%) over the past five-year span which also saw a 43% decline in staff. Partially in response to COVID uncertainty early in 2020, but also as development and customer service efficiencies made these adjustments possible management reduced its labour force over this timespan to maintain efficiency while still remaining capable of servicing its growing customer base. Management is confident it can accommodate some additional revenue growth without the need to increase its current service staff levels, however, to meet its revenue targets it is anticipated that future staffing levels will increase.

For fiscal 2022, management will continue to closely monitor its spending, and only anticipates cost increase that directly corelate to improved bookings and top-line performance.

LOOKING FORWARD

Since the beginning Memex has invoiced more than 90% of its business in US dollars, with more than 80% coming from sales to US Customers. So even though the Company is Canadian, the rise and fall of the US economy tends to have a far more direct bearing on its bottom line than economic changes here in Canada.

Despite two major Canadian banks indicating that the (COVID) Delta variant's impact on international supply chains slowed the US economic recovery in 2021 and shifted previously projected growth profiles into 2022, Memex was essentially able to maintain its new business development (down less than 5%) and even increase its top line revenues. With this shift, including economists further projected improvements in US GDP for 2022, the Company is optimistic it will convert to improvements in the Company's ability to generate new business and ultimately greater success in fiscal 2022.

IIoT Market and predicted trends

Without being to repetitive from past marketing studies, two major research organizations have projected significant improvements in the global industrial IoT market over the next five years.

Research and Markets, the world's largest research store predicted in September that the global IoT market size is expected to grow from USD$76.7 billion in 2021 to USD$106.1 billion by 2025, a compound annual growth rate (a "CAGR") of 6.7%. They attribute this growth to advancements in technology, the use of cloud computing platforms and an increase in government support for R&D activities. They go on to project that networking technology will hold the largest share of the IIoT market in 2026 driven by wired and wireless technologies integral for machine-to-machine (M2M) connectivity to gather real-time data from industrial machinery across different geographies.

Another leading research firm, Meticulous Research ("Meticulous"), projects a CAGR in the IIoT market space of 16.7% between 2021 and 2027 identifying similar contributors to Research and Markets to substantiate their projections. Meticulous went on to highlight COVID's negative effect on solution providers during 2021 through discontinued and suspended manufacturing operations resulting from health and government regulations implemented to control the pandemic.

While management continues to believe the Company is well positioned to capitalize on future projected market trends, if these economic predictions are accurate, the ability of Memex to capitalize on these trends is still subject to the 'risks and uncertainties to the Company' as outlined in this MD&A.

Product Development

Real-Time Maintenance Management System ("RMMS") predictive maintenance features

A recent industrial survey revealed that more than 80% of companies have experienced unplanned downtime due to unforeseen breakdowns over the past three years and that unplanned downtime has cost as much as $260,000 an hour, according to Analyst firm Aberdeen Research. And Computerized Maintenance Management Systems ("CMMS's"), the best weapon to combat this, are very difficult to configure and implement, and often lead to long costly implementations. They can also require outside consultants or integrators to implement further increasing the cost. In highly competitive manufacturing sectors these types of costs can be difficult to absorb. Only a small fraction of manufacturers have implemented a CMMS solution, with most manufacturers treating maintenance as a facility issue without even tracking or monitoring relevant issues.

Memex's CMMS application, a Real-time Maintenance Management System, or RMMS, will collect and present its data in real-time and assist manufacturers reduce maintenance costs, extend the life of manufacturing assets, increase workplace safety, improve workplace culture and decrease down-time. Memex's RMMS solution is scheduled for development early in 2022, and will track planned and unplanned maintenance and provide a user interface to schedule maintenance and configure prescriptive and predictive maintenance events.

MERLIN's RMMS module will include three key maintenance metrics, Mean Time Between Failure ("MTBF"), Mean Time To Repair ("MTTR") and Response Time To Repair ("RTTR"). These metrics are critical to efficiently managing maintenance departments, providing trendable data used to predict equipment failure, the time to correct the issue and the responsiveness of the maintenance department. An RMMS should be considered essential in every manufacturing facility.

MERLIN Performance Management Model ("MPMM") enhanced filtering

MERLIN's performance management model currently identifies critical downtime constraints by a unique classification into five key categories, and all downtime states can be classified into one or more of these categories. Such categorization effectively highlights the correct resources to target the constraint, vastly improving response time for corrective action and procedural adoption. MPMM allows continuous improvement ("CI") engineers to improve throughput, quality and efficiencies and in so doing reduces manufacturing costs and increases profitability.

For contract manufacturers and job shop environments that change products frequently, the metrics gathered against shifts, operators and machines require additional granularity to be effective in identifying the constraints within this type of manufacturing. By adding enhanced filtering into MERLIN's MPMM CI tool (in development and anticipated to be available early in 2022), users will be able to filter out data not relevant to a specific work order or product. Further, if users want to quantify company efficiency in meeting cost estimates on specific customer orders, they will have the ability to filter down to the work order or product level. This ability to see detail at a product level will then allow for a comparison of efficiency against other jobs or production runs.

Additionally, set up time, with the cost for some jobs being considerable, may be significantly reduced with Memex's enhanced MPMM tool, which will propose critical work order scheduling and product related details to maximize efficiency of the processes by identifying tool and materials related jobs.

MERLIN Tooling Usage View

In order to minimize tooling maintenance and replacement costs it is important to understand for each asset the total "tool cut time" and the frequency of use. Knowing the total cut time enables manufacturers to better predict tool failure and to better estimate when to change out or service a tool. Frequency of use dictates how many of a given tool is needed on the shop floor to fulfill production, which is critical when tooling can account for as much as 30% of manufacturing costs.

Currently in development with an estimated early 2022 delivery, MERLIN's Tool Usage View will incorporate Pareto charts of active and inactive tools and their associated usage data and present usage and frequency analytics making it easier for manufacturers to reduce tooling costs and minimize production scrap. Collected data will also assist manufacturers better estimate the cost of inserts and cutter consumables as well as reduce tool inventory while minimizing and even eliminating tooling shortages. It will also provide an opportunity for Memex to partner with tooling suppliers to promote MERLIN to their customer base with a value-added opportunity.

OVERALL PERFORMANCE

Memex $3.04 million in revenue for the year ended September 30, 2021 is a $788 thousand (35%) improvement from the $2.25 million reported a year ago.

The Company showed a $1666 thousand net and comprehensive profit for fiscal 2021, equating to $0.001 net and comprehensive income per share, in comparison to a $749 thousand net and comprehensive loss a year ago, and a $0.006 loss per share;

Bookings for fiscal 2021 totalled $2.30 million versus $2.41 million a year ago, down 5%;

Gross margin percentage for the year ended September 30, 2021 of 80.4% is a 4.0% improvement from that experienced in 2020;

Cash generated from operating activities (before changes in working capital balances) was $454 thousand for fiscal 2021, up $1.05 million from the prior year; and

The Company had $709 thousand working capital (after excluding unearned revenue) and $709 thousand in cash on hand at September 30, 2021, as compared with $780 thousand in working capital and $549 thousand in cash at September 30, 2020.

SELECTED ANNUAL INFORMATION

For the years ended September 30 (Canadian dollars - in thousands except per share performance)	2021	2020		% change
Revenues	3,040	2,252	↑	35%
Gross margin	2,445	1,720	↑	42%
Operating expenses				
Development	501	510	↓	2%
Selling and marketing	691	1,037	↓	33%
Administration	796	816	↓	2%
Income (loss) from operations	415	(633)	↑	166%
Net and comprehensive income (loss) for the period	166	(749)	↑	122%
Basic and diluted income (loss) per share	0.001	(0.006)	↑	126%
Weighted average shares outstanding	136,738	134,577	↑	2%
Actual shares outstanding	137,623	135,823	↑	1%

RESULTS OF OPERATIONS

Revenues and Bookings

Revenue for the current year of $3.04 million was $788 thousand (35%) higher than in 2020. Top-line revenue was only 6% lower than fiscal 2019, the last complete year before the COVID pandemic began.

The Company invoiced 118 different customers during fiscal 2021, 29 fewer than fiscal 2020, with 71 or 60% of those invoiced representing repeat business. The customer decline was exclusively with its smaller dollar value clientele a large part of which are legacy component purchasers unrelated to the Company's core business. The average annual customer sale actually rose by more than 68% or $10 thousand in 2021 over the prior year with the addition of several larger dollar value customers having contributed to the overall revenue increase.

Breakdown of Customers by total amount invoiced

For the years ended September 30	2021	2020
Number of customers with total amount invoiced:		
Less than $5 thousand	68	77
Between $5 thousand and $50 thousand	34	57
Between $50 thousand and $100 thousand	11	9
Between $100 thousand and $250 thousand	5	4
Total customers	118	147

As for bookings, fiscal 2021 total of $2.30 million, were down $113 thousand, or 5%, from fiscal 2020. Closing backlog (accumulated and undelivered bookings) of $515 thousand was down $737 thousand from September 30, 2020, representing the dollar value of projects delivered so far in fiscal 2021 in excess of new project booked, and was at its lowest level in the past five years.

Although management strived to increase bookings in the current year over prior, the lingering effects of COVID, limited one-on-one interaction with prospects, and pivot in lead generation tactics limited opportunities to develop new first-time customer business.

For the years ended September 30 (In thousands of Canadian dollars)	2021	2020		% change
Revenue for the year	3,040	2,252	↑	35%
+ Backlog - end of year	515	1,252	↓	59%
- Backlog - beginning of year	(1,252)	(1,189)		
+ or - change in unearned service & maint fees	(3)	97		
Bookings for the year	2,300	2,412	↓	5%

Gross Margin and Cost of Sales

Gross margin for the year ended September 30, 2021, of $2.45 million is up $725 thousand, or 42% from a year ago. This reflects the relatively fixed nature of the labour portion of the Company's cost of sales. The gross margin percentage improvement is attributed to the same factor.

Operating Expenses

Total operating expenses for the year ended September 30, 2021, of $2.03 million were $323 thousand (14%) lower than fiscal 2020.

Operational changes in March 2020 (start of COVID) including staff rationalization and virtually no ability to travel for sales and marketing as well as product installations were the main influencers in the spending decline. Even after netting CEWS grants (2021 - $10K, 2020 – 218K) against operational labour spending it was still down $179 thousand from fiscal 2020. Advertising and marketing combined with associated travel was down a combined $129 thousand year over year. The fourth quarter of 2021 saw a $38 thousand improvement in foreign exchange to reduce the annual charge of $43 thousand. Also in the fourth quarter, the Company received roughly $58 thousand in rental rebates from its head-office landlord, related to reduced operating costs for the common areas of its building (CAM's), which is directly reflected in the annual cost reduction.

Sales and installation activities still rely heavily on virtual communications and secure virtual private network (VPN) connections to customer servers, but the Company's US based resources were far more active travelling in the latter half of 2021 with a great deal of intra-US travel restrictions having been rolled back.

Development

Development expenses for the year ended September 30, 2021, were down $9 thousand (2%) from a year ago with changes primarily related to a decline in labour spending and 2020 government grants.

Selling and marketing

Selling and marketing expenses for the year ended September 30, 2021 of $691 thousand, were down $346 thousand, or 33%, from a year ago. In addition to $387 thousand reduction in labour spending, travel spend is down $70 thousand and advertising and marketing spending is down $58 thousand for 2021. Not being able to physically attend trade shows and other promotional events, which for the most part have been cancelled or postponed over the past eighteen months is the primary reason for the spending decline in travel and marketing. As travel becomes safer, and in-person marketing events return, the Company intends to re-engage with this method of promotion, but not likely to the same degree it has previously.

Administration

Administrative charges for the year ended September 30, 2021 were $21 thousand lower in the current year over prior. The largest administrative spending decline was in occupancy costs, down $54 thousand, relates to $58 thousand in rental rebates from its head-office landlord for operating costs of the common areas of its building (CAM's). Labour net of government grants was up $12 thousand from the prior year.

Income (loss) from operations

The Company's income from operations for the current year of $415 thousand, was a $1.05 million (166%) improvement from a year ago. Top line improvements combined with spending reductions continue to contribute to the positive result.

Other transactions effecting net and comprehensive income (loss)

Interest, accretion and loss on extinguishment expense for the year of $249 thousand was $133 thousand higher than the same period a year ago. Of the increase, a total of $92 thousand related to a one-year extension to the G&G loan maturity (loan extinguishment charges). The 2021 net present value adjustment on the interest-free RRRF term loan of $11 thousand compares to the fiscal 2020 pick up of $31 thousand (the majority of the loan was received in 2020 and the interest allocation started) and represents the other significant variance in the year over year difference.

Earnings per share

The basic and diluted income per share of $0.001 for the current fiscal year was based on a weighted average 136.7 million Common Shares outstanding (2020 – $0.006 basic and diluted loss per share based on a weighted average 134.6 million Shares outstanding).

LIQUIDITY

As at September 30, 2021 the Company had working capital (excluding unearned revenue) of $709 thousand and $709 thousand in cash, as compared with $780 thousand in working capital (same unearned revenue exclusion) and $549 thousand in cash on hand at September 30, 2020.

In November 2020, the Company received the final $25 thousand of $127 thousand interest-free Regional Relief and Recovery Funding ("RRRF"), confirmed during FY2020.

During the current year the Company repaid $54 thousand of its interest-free FedDev IBI term loan (2020 - $84 thousand), repaid G&G principal of $140 thousand (2020 - $105K), Company Officers $10 thousand (2020 - $8K) and reduced its property lease obligation by $60 thousand (2020 - $46K).

In March 2021, the Company arranged a one-year extension to the G&G loan, to March 2023, and paid a total of $28 thousand in fees (on top the issue of common shares and warrants) to make it happen.

The Company spent $4 thousand in capital additions in 2021 (2020 - $4 thousand).

As at (Canadian dollars - in thousands except working capital ratio)	September 30, 2021	September 30, 2020		% change
Cash on hand	709	549	↑	29%
Current assets	1,139	1,140	↓	0%
Total assets	1,569	1,692	↓	7%
Current liabilities	1,305	1,407	↓	7%
Long-term liabilities including lease	1,200	1,452	↓	17%
Working capital*	(166)	(267)	↑	38%
Modified working capital**	709	780	↓	9%
Modified working capital ratio***	2.65 to 1	3.17 to 1		

* Working capital = current assets less current liabilities
** Modified working capital = Working Capital plus unearned revenue
*** Modified working capital ratio = current assets / (current liabilities less unearned revenue)

Liquidity risk

It is possible that bookings and revenue will continue to allow the Company to achieve positive cash flow, however, there is no way to determine if it will be sufficient to meet the Company's objectives, or for how long a combination of positive cash flow from operations and other funding sources may be available.

Company management continues to monitor and manage cash flows daily to obtain reasonable comfort that all current and any future spending commitments made, can be settled with available resources.

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. Net foreign currency denominated assets held by the Company at any time are exposed to foreign exchange rate fluctuations.

The Company's reporting currency is the Canadian dollar. Virtually all the Company's non-sales operations are undertaken in Canada, and most expenses incurred are denominated in Canadian dollars. The Company's customer base continues to expand throughout North America and other parts of the world, and it generates the majority of its revenue outside of Canada with all foreign sales activity is denominated in US dollars.

As of September 30, 2021, the Company employed or otherwise contracted two full-time US residents. All other utilized labour is Canadian. Also at September 30, 2021, the company held roughly $563 thousand (net) in US denominated assets.

Credit risk

The Company, in the normal course of business, monitors the financial condition and reviews the credit history of each new customer. The Company estimates and reserves its expected credit loss (its "ECL") for the twelve-month period following each reporting date.

As of September 30, 2021, there was a concentration of credit risk with $91 thousand (48%) of the Company's receivables collectible from one customer. As at September 30, 2020 - $82 thousand (33%) was collectible from two customers.

Cash and cash equivalents

Operating activities

Net cash *generated* through operating activities for the year ended September 30, 2021 of $431 thousand (after changes in non-cash working capital balances) is a $477 thousand improvement from fiscal 2020. Management continues to monitor the monthly cash consumption to ensure capital continues to be available to fund ongoing activities.

Investing activities
The Company spent $4 thousand on equipment additions in fiscal 2021 (2020 - $4 thousand).

Financing activities
For the year ended September 30, 2021 the Company repaid a total of $54 thousand (2020 - $84 thousand) in FedDev IBI long-term financing, $140 thousand in G&G loans (2020 - $105K) and $10 thousand in related party advances associated with the G&G financing (2020 - $8K). The Company also reduced its lease liability by $60 thousand (2020 - $46K).

Below is a summary of the cash flows provided by (used in) operating, financing and investing activities:

For the years ended September 30 (Canadian dollars - in thousands)	2021	2020		% change
Net Cash flows provided through (used in):				
Operating activities	431	(46)	↑	1037%
Investing activities	(4)	(4)	↔	0%
Financing activities	(267)	(141)	↓	89%
Cash, beginning	549	740	↓	26%
Cash, end	709	549	↑	29%

Contractual obligations

The Company's lease of office space from Children's Financial Group Inc. extends to June 30, 2025. Future minimum lease payments (including the estimated common area costs) for the years ending September 30th are 2022 - $158 thousand, 2023 - $162 thousand, 2024 - $165 thousand, 2025 - $126 thousand.

CAPITAL RESOURCES

The Company is using its capital to finance current operations as well as its product development strategies. Memex capital consists of a combination of debt and equity; it has term-debt through the FedDev Ontario ("IBI" and "RRRF") as well as term-debt with G&G. FedDev repayments extend until 2027 and the G&G financing matures March 2023. Management believes the best way to maximize shareholder value is to use a combination of equity and debt financing to leverage operating, product development and growth strategies.

Operating and other bank credit facilities

Through the Royal Bank of Canada, the Company has a $100 thousand credit facility. This facility is being used through the issue of credit cards to Company employees. The Company has no other operating line or credit facility.

Outstanding share and other issued securities information

The following table shows the number of securities the Company has outstanding:

Thousands of securities outstanding as at	September 30, 2021	January 11, 2022
Common Shares	137,623	137,623
Options to purchase common shares by current and former directors and officers[1]	2,500	2,500
Options to purchase common shares by non-officer employees and contractors[1]	1,193	860
Options to purchase common shares by investor relations firms[1]	500	500
Warrants to purchase common shares by current and former directors and officers[2]	50	50
Warrants to purchase common shares by lenders and investors[2]	700	700

1. Each Option entitles its holder to purchase one common share of the Company.
2. Each Warrant entitles its holder to purchase one common share of the Company.

TRANSACTIONS WITH RELATED PARTIES

Related parties include shareholders of the Company holding greater than 10% of total outstanding shares of the Company, as well as any close family members and enterprises controlled by these individuals. Related parties also include current and former key management personnel and the Board of Directors. As at January 11,2022 only Company CEO and President, David McPhail holds (12.5%), through an entity he controls, more than 10% of the total outstanding shares of the Company.

As at September 30, 2021, the balance of loans and advances to the Company from key management personnel totalled $171 thousand (before present value adjustment). An enterprise controlled by Company CEO and President, David McPhail is owed $108 thousand, $87 thousand for unpaid management fees between July 2010 and June 2011 and $21 thousand as part of the G&G financing arrangement. An enterprise controlled by a former key management employee is owed $52 thousand for unpaid management fees between July 2009 and April 2010. Company CFO, Ed Crymble is owed $11 thousand as part of the G&G financing arrangement.

The Company has engaged Lindsey MacCarthy LLP ("LMLLP") to manage its corporate legal matters. Joe Brennan is both a lawyer at LMLLP and a member of the Company's Board of Directors. For the current year ended September 30, 2021, the Company had incurred $23 thousand in legal fees from LMLLP (2020 - $17 thousand).

Directors' fees of $36 thousand were expensed in fiscal 2021 (2020 - $36 thousand in Directors fees and $9 thousand in stock compensation costs).

The Company engaged Gladstone's Inc. ("Gladstone's") to assist in the creation and production of sales and marketing materials. Company CEO and President, David McPhail, is related to the sole shareholder of Gladstone's. The Company has paid Gladstone's $3 thousand during fiscal 2021 (2020 - $2 thousand) in fees.

SELECTED FOURTH QUARTER INFORMATION

For the three months ended September 30 (Canadian dollars - in thousands except per share performance)	2021	2020		% change
Revenues	825	500	↑	65%
Gross margin	680	439	↑	55%
Operating expenses				
Development	148	58	↑	155%
Selling and marketing	166	172	↓	3%
Administration	168	189	↓	11%
Income from operations	236	3	↑	7767%
Net and comprehensive income (loss) for the period	198	(11)	↑	1900%
Basic and diluted income (loss) per share	0.001	(0.000)	↑	1185%
Weighted average shares outstanding	137,623	135,823	↑	1%

FOURTH QUARTER RESULTS OF OPERATIONS

Revenues and Bookings

Q4-2021 revenue of $825 thousand was $325 thousand (65%) higher than Q4-2020. Q4-2021 revenue was also $58 thousand or 8% higher than Q3-2021.

Bookings for the 4th quarter of 2021 of $530 thousand, were down $2 thousand from the same period in 2020. Closing backlog (bookings not delivered) of $515 thousand, was down $737 thousand (59%) from September 30, 2020 and $248 thousand from the beginning of the quarter, indicating that current quarter sales exceeded new project business brought in by these amounts over the corresponding periods. Management, and the sales team specifically, continue to strive to backfill deliveries with new project bookings.

For the three month periods ended September 30 (In thousands of Canadian dollars)	2021	2020		% change
Revenue for the Quarter	825	500	↑	65%
+ Backlog - end of period	515	1,252	↓	59%
- Backlog - beginning of period	(763)	(1,107)		
+ or - change in unearned service & maint fees	(47)	(113)		
Bookings for the Quarter	530	532	↓	0%

Gross Margin and Cost of Sales

Gross margin for the three months ended September 30, 2021 of $680 thousand is up $241 thousand, or 55% from the same quarter a year ago. Calculated as a percentage of revenue, gross margin decreased 5% from Q4-2020.

Operating Expenses

Total operating expenses for the three-month period ended September 30, 2021 of $444 thousand were $8 thousand (2%) higher than the same quarter in fiscal 2020. However, once the $119 thousand CEWS labour grant (received Q4-2020) and the $55 thousand foreign exchange swing are excluded Q4-2021 expenditures were $96 thousand or 18% lower in the current year quarter. Labour spending was down $24 thousand, primarily sales and marketing, and occupancy costs were down $58 thousand due to a common area cost recovery.

Development

Development expenses for the three-month period ended September 30, 2021 were up $90 thousand (155%) from the same quarter a year ago which are almost entirely related to prior year CEWS grant receipts.

Selling and marketing

Selling and marketing expenses for the three-month period ended September 30, 2021 of $166 thousand, were down $6 thousand, or 3%, from the same quarter a year ago, with a $52 thousand current year decline in wages being offset by $36 thousand in prior year CEWS grant receipts. Current year Q4 marketing and travel spending was up slightly which rounds out the spending variance.

Administration

Administrative charges for the three months ended September 30, 2021 were down $31 thousand (16%) from the same quarter a year ago. After taking into account an $18 thousand net increase in labour (after $22 thousand PY CEWS receipts) the only significant variance is a $58 thousand reduction in occupancy costs that relate to current and prior years common area maintenance ("CAM") costs allocated to the Company during the fourth quarter. Ongoing CAM costs are estimated to decline by roughly $18 thousand per year from those estimated in the lease based upon information supplied by the landlord.

Income (loss) from operations

The Company's *income* from operations for the quarter of $236 thousand is $233 thousand higher than the $3 thousand operating income of the fourth quarter of 2020. The 65% increase in revenue combined with the 2% increase in operating expenses generated this result.

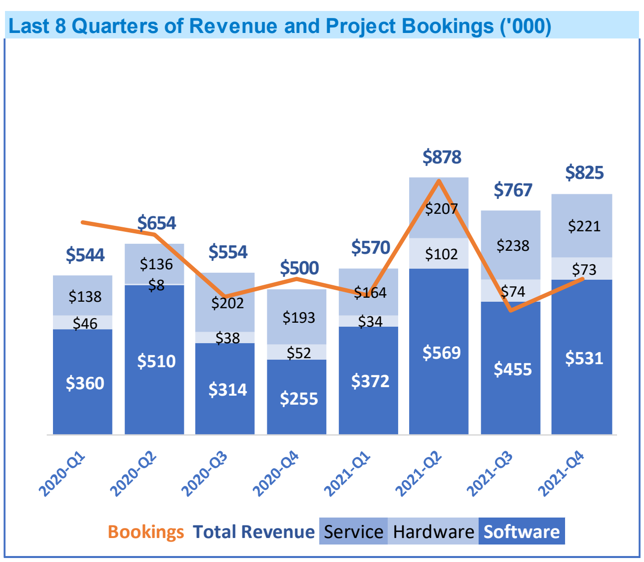
Other transactions effecting net and comprehensive income (loss)

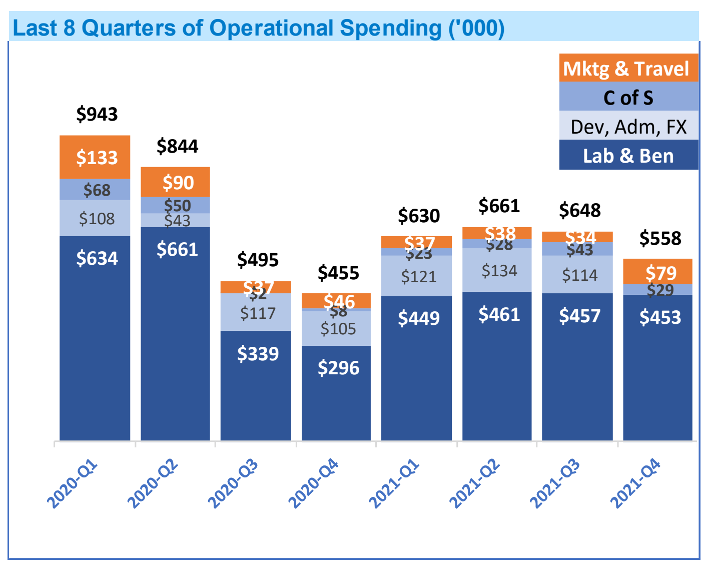
Interest and accretion expense for the 4th quarter of 2021 of $38 thousand was $23 thousand higher than the same period a year ago, however, the prior year quarter includes a $31 thousand net present value pick up from the interest-free FedDev (RRRF) funding received. Taking this into account the fluctuation appears within reason.

Earnings per share

The basic and diluted *l*oss per share of $0.001 for the current quarter was based on a weighted average 137.6 million Common Shares outstanding (2020 – $0.000 basic and diluted *loss* per share based on a weighted average 135.8 million Shares outstanding).

COMPARISON OF KEY QUARTERLY RESULT METRICS





SUMMARY OF RESULTS FOR THE LAST 8 QUARTERS

SUMMARY OF QUARTERLY RESULTS

As at and for the three month periods ending (In thousands except per share amounts)	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019
OPERATIONS INFORMATION									
Bookings	531	424	867	478	532	471	682	727	503
Change in backlog, unearned revenue	295	342	11	92	(32)	83	(28)	(183)	429
Revenue	825	767	878	570	500	554	654	544	932
Cost of sales	146	169	149	132	61	70	189	212	284
Gross margin	680	598	729	438	439	484	465	332	648
Gross margin percentage	82.3%	78.0%	83.1%	76.8%	87.9%	87.4%	71.1%	61.0%	69.5%
Operating expenses									
Development	148	117	124	113	58	68	203	181	197
Selling and marketing	166	163	178	184	172	171	326	368	288
Administration	168	206	227	195	189	165	246	216	267
Foreign exchange	(38)	25	16	40	17	32	(75)	17	(12)
Total operating expenses	444	510	544	532	436	436	700	782	740
Income (Loss) from Operations	236	88	185	(95)	3	48	(235)	(450)	(93)
Interest and other	(38)	(131)	(45)	(35)	(15)	4	(55)	(51)	(45)
Net and comprehensive income (loss)	198	(43)	141	(130)	(11)	52	(289)	(500)	(137)
Basic and diluted income (loss) per share	0.001	(0.000)	0.001	(0.001)	(0.000)	0.000	(0.002)	(0.004)	(0.001)
Weighted average shares o/s-period	137,623	137,623	135,863	135,823	135,823	134,157	134,157	134,157	134,157
CASH FLOW INFORMATION									
Operating activities before chgs in NCWCB's*	247	98	194	(85)	20	26	(220)	(426)	(71)
Changes in NCWCB's*	(218)	82	37	76	(86)	(16)	381	275	(138)
Net Operating activities	29	180	232	(9)	(66)	10	162	(152)	(209)
Investing activities	-	-	-	(4)	-	-	-	(4)	-
Financing activities	(68)	(68)	(96)	(36)	50	(47)	(89)	(54)	(19)
Net cash flow	(39)	112	136	(48)	(16)	(37)	73	(210)	(228)
Cash, beginning of period	748	636	500	549	565	602	529	740	967
Cash, end of period	709	748	636	500	549	565	602	529	740
*NCWCB's=non cash working capital balances									
BALANCE SHEET INFORMATION									
Cash on hand	709	748	636	500	549	565	602	529	740
Working capital	(165)	(323)	(301)	(399)	(267)	(408)	(542)	(197)	356
Working capital (excl unearned rev)	709	756	1,048	760	780	529	426	806	1,319
Total assets	1,569	1,607	1,891	1,613	1,692	1,593	1,704	2,007	2,189
Shareholders' deficit	(936)	(1,135)	(1,136)	(1,295)	(1,168)	(1,166)	(1,222)	(946)	(465)

COVID-19

With more than eighteen months having passed since the Company closed its office to the general public and adopted a broad work-from-home policy for its own staff, the majority of the initially implemented safety policies remain in place. And though the financial impact of COVID-19 on operations has been dramatically reduced, it is still not possible to quantify its effects. The ongoing steps management has taken to mitigate the COVID 19 effects are summarized here.

Health and safety

Memex's office remains closed (since March 2020) to all visitors and non-essential staff. A very limited number of staff continue to manage all critical office functions as most staff continue to work remotely.

Management continues to review and comply with all government requirements surrounding workplace safety and required social distancing.

Business and supply chain disruption

The Company has experienced no supply-side procurement delays and continues to maintain sufficient inventory to satisfy all customer orders and to allow sufficient lead-time to replenish inventory while taking on new business.

Client services work and customer/prospect interactions are undertaken remotely wherever possible. US-based resources enabled the Company to perform on-site installation and service work throughout fiscal 2021, and with the Canada-US border finally being opened to non-essential travel it is anticipated that this work will return to more a normal routine by sometime in the second quarter of 2022.

Nature and impact of government measures

The Company received zero-interest loan proceeds (2021 - $25K, 2020 - $102K) and CEWS funds (2021 - $11K, 2020 $333K) from the Canadian Government to alleviate some of the financial impact and effects of COVID. Management continually reviews opportunities to obtain government funding and incentives that it believes it is eligible for.

Access to capital

With sufficient time now having past since the COVID onset it is not anticipated that it would not continue to negatively impact the Company's access to capital, however, until such undertaking is pursued it is unknown.

Customer demand

Memex continues to experience significant interest in its products and services. There is no certainty, however, that this interest will continue, or that this interest will convert into sufficient orders and revenue to maintain operations.

COVID's impact on the financial statements as presented

COVID is believed to have had an effect on the results of Company operations since the beginning of the third quarter of fiscal 2020, and management believes that effect was likely material at its onset, with a lesser effect in the most recent quarter(s), however, the exact effect on results, including those presented in its latest financial statements are impossible to determine.

Management has considered the effects COVID on the assumptions used in the preparation of its latest financial statements, and in general, believes that other than adding to the degree of uncertainty, the assumptions used are appropriate to properly reflect the Company's performance.

Risks and uncertainties to Memex due to COVID

Travel restrictions

Regardless of Memex's willingness and ability to deliver goods and services and to attend customer locations, travel restrictions could still delay the Company's ability to physically attend customer locations and deliver its goods and services. These delays could have a material effect on Memex's future ability to generate revenue and continue its operations.

Customer decision making

With continued uncertainty over the effects and duration of the COVID 19 pandemic, and its effect on (prospective) customer operations, some customers may still remain hesitant to invest in Memex's goods and services until their own operations stabilize, the general indicators over local/regional/national/global economies improve, customers' management relaxes its control over discretionary spending, and/or customers have access to necessary capital (possibly) lost due to the pandemic.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and the disclosure of contingent assets and liabilities. These estimates and assumptions are affected by management's application of accounting policies and historical experience and are believed by management to be reasonable under the circumstances. Such estimates and assumptions are, and will continue to be, evaluated on an ongoing basis. However, actual results could differ significantly from these estimates.

Management believes that the following critical accounting policies reflect the more significant estimates and assumptions used in the preparation of the Company's financial statements. It is believed that there have been no significant changes in the critical accounting estimates for the periods presented in the financial statements. (A complete summary of the Company's significant accounting policies can be found in the accompanying notes to its consolidated financial statements for its latest year ended September 30, 2020.)

Revenue recognition

The Company recognizes revenue at the time significant risks and rewards of ownership have been transferred to the customer or the services have been performed, the price is fixed or determinable, collectability is reasonably assured, and costs incurred or to be incurred can be measured reliably. Amounts invoiced to customers (primarily deposits, down payments and charges for ongoing maintenance or support services) that do not meet the revenue recognition criteria are considered 'unearned' and included with the Company's current liabilities for reporting purposes.

The Company enters into revenue arrangements that may consist of multiple deliverables ("Multiple-element arrangements") of software licensing, hardware, support service and installation. Except for software subscriptions and version upgrade rights, which are recognized over the periods to which the rights relate, revenue from arrangements involving multiple deliverables is recognized when collection is probable, and all elements have been delivered/completed. Revenue is allocated to each respective element based on its fair value.

The Company often requires a 40% deposit on multi-element arrangements as well as some contractual situations. Any deposits received are initially recorded as unearned revenue.

(a) Software licensing

The Company's software licensing revenue reflects sales to its clients primarily on a perpetual basis, where the customer receives an indefinite future right to use the software provided in accordance with the Company's terms of use. Unless the sale is part of a multiple-element arrangement, revenue from perpetual license sales is recognized once the software has been installed on client equipment, the amount of revenue can reliably be measured, and collection is reasonably certain. Software licensing revenue also includes software version upgrade rights, which are charged to licensed users annually and recognized as revenue after collection over the periods to which the upgrade rights relate. Amounts collected prior to being earned are recorded as unearned revenue.

Software licensing revenue also includes the sale of ongoing licensing rights, where the client maintains the right to use the software as long as they pay their periodic licensing fee. Revenue from the sale of ongoing licensing rights is recognized over the periods to which the licensing rights relate.

(b) Hardware

Unless part of a multiple-element arrangement, revenue from the sale of hardware products is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the sale price is fixed or determinable, and collection is probable. Hardware is considered delivered to the customer once it has been shipped and title and risk of loss have been transferred. For most of the Company's hardware sales, these criteria are met at the time the product is shipped.

(c) Support services and installation

Unless part of a multiple-element arrangement, revenue from support services is recognized after the service has been provided and collection is probable. In instances where the Company invoices the client prior to performing support service, the prebilling is recorded as unearned revenue. Support revenue also includes the recognition of previously deferred revenue related to multi-element arrangements for installation, configuration and support.

Financial Instruments

(a) Financial assets

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either fair value either through profit or loss ("FVPL") or through other comprehensive income ("FVOCI"), and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Trade and other receivables held for collection of contractual cash flows are measured at amortized cost.

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the consolidated statements of operations and comprehensive income (loss).

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of operations. The Company does not measure any financial assets at FVPL.

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the consolidated statements of operations and comprehensive income (loss). When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Financial assets are derecognized when the contractual rights to receive the cash flows from these assets have ceased to exist or when the Company has transferred substantially all the risk and rewards of ownership of the assets. Where substantially all the risks and rewards of ownership of the financial asset are neither retained nor transferred, the Company derecognizes the transferred asset only if it no longer controls the asset. Control is represented by the practical ability to sell the transferred asset without the need to impose additional restrictions. If the Company retains control over the asset, it will continue to recognize the asset to the extent of its continuing involvement. When a financial asset is derecognized in full, a gain or loss is recognized in net income for an amount equal to the difference between the carrying amount of the asset and the value of the consideration received, including any new assets and/or liabilities recognized.

(b) Financial liabilities

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities and long-term liabilities, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the consolidated statements of operations and comprehensive income (loss).

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the consolidated statements of operations and comprehensive income (loss).

Asset impairment

(a) Financial assets

The Company's only financial assets subject to impairment are other accounts receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases, and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

(b) Non-financial assets

Property, equipment and intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets that cannot be tested individually are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units – "CGUs").

The recoverable amount of an asset or CGUs is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized if the carrying value of an asset or a CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

Leases

The Company's lease is measured at the discounted present value of the remaining minimum lease payments at its weighted average incremental borrowing rate. A contract is a lease (or may contain a lease) if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A lease liability is recognized at the commencement of the lease term at the present value of the lease payments that are not paid at that date. At the commencement date, a corresponding right-of-use asset is recognized at the amount of the lease liability, adjusted for lease incentives received, retirement costs and initial direct costs. Amortization is recognized on the right-of-use asset over the lesser of the lease term and the asset's useful life. The lease liability is subsequently measured at amortized cost using the effective interest method. The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases (lease term of 12 months or less) and leases for which the underlying asset is of low value. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Research and development expense

Since becoming a reporting issuer in October 2013, all expenses related to research and development activities have been expensed as incurred.

Development costs of certain hardware components incurred prior to becoming a reporting issuer, net of investment tax credits, were capitalized as deferred development costs. These costs are being amortized over their estimated product life estimated to be 2024.

Income taxes

Income taxes are accounted for using the asset and liability method. This creates deferred income tax assets and liabilities which can be affected by changes in income tax rates and the assumption of the income rates that are most likely to apply when the deferred income tax asset or liability is settled. The effect of changes in income tax rates is recognized in the year during which these rates change. As appropriate, a valuation allowance is recognized to decrease the value of the tax assets to an amount that is more likely than not to be realized. In estimating the realization of deferred income tax assets, management considers whether a portion or all deferred tax assets are more likely or not to be realized. Realization is subject to future taxable income.

RISKS AND UNCERTAINTIES TO THE COMPANY

There are several inherent risks associated with the business of the Company. The following are certain risk factors related to the business being carried on which should be carefully considered. It is believed that these are factors that could cause actual results to be different from expected and historical results, but the risks presented below may not be all of the risks that the Company may face. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this MD&A. Other sections of this MD&A include additional factors that could have an effect on the business and financial performance of the business of the Company.

The markets in which the Company currently competes are very competitive and change rapidly. Therefore, new risks may emerge, and management may not be able to predict all of them or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements. You should not rely upon forward-looking statements as a prediction of future results.

History of losses and the inability to achieve or sustain profitability

The Company showed a profit for the year ended September 30, 2011 followed by net losses for the years ended September 30, 2012 through 2020. There is no certainty that the Company will become profitable beyond fiscal 2021 or if it will incur net losses in 2022 and beyond.

The Company expects to continue to incur product development, sales and marketing expenses, which will most likely be in advance of sales generated by those efforts. If the Company is unable to convert its development costs into revenue it may be difficult to achieve and maintain profitability. Beyond this, the Company may incur significant losses in the future for a number of reasons including other risks described in this document, and it may encounter unforeseen expenses, difficulties, complications, delays and other unknown events. Accordingly, the Company may not be able to achieve or maintain profitability.

No assurance that cash flow from operations, debt or equity financing will be available

The Company anticipates continuing to make substantial operating expenditures as it implements its growth strategy. These operating expenditures may be financed out of cash generated from operations and possible future debt or equity financings. However, the ability to finance such expenditures out of cash generated from operations will depend on the financial performance of the Company. The ability of the Company to finance such expenditures from possible future debt or equity financings will be dependent on, among other factors, the overall state of capital markets, the financial condition of the Company and investor demand for investments in the technology sector and the Company's securities in particular. To the extent that either internal or external sources of capital become limited or unavailable, or only available on onerous terms, the Company's ability to maintain existing assets may be impaired, and its assets, liabilities, business, financial condition and results of operations may be materially and adversely affected as a result. Readers are encouraged to review Note 1 – 'Nature of business and going concern' to its most recent financial statements.

Retention of key personnel

The Company's performance is substantially dependent on the performance of its executive officers and key employees. The loss of the services of any of the Company's executive officers or other key employees could significantly harm its business. Memex does not currently have a formal succession program or management training program in place for succession or training of management.

Competition

The Company is engaged in an industry that is highly competitive, evolving and is characterized by technological change. As a result, it is difficult for it to predict whether, when and by whom new competing technologies or new competitors may enter the market. Some of these current and potential competitors are much larger than the Company with access to significant resources it cannot currently match. The Company cannot assure that it will be able to compete effectively against current and future competitors. In addition, competition or other competitive pressures may result in price reductions, reduced margins or loss of market share, any of which could have a material adverse effect on the Company's business, financial condition or results of operations.

Protection of intellectual property

The Company's commercial success depends to a significant degree upon its ability to continue to develop and improve its core product software, MERLIN, and to maintain the associated hardware technologies and products that support this software. Despite its efforts to protect and maintain security around the Company's Intellectual Property ("IP"), competitors and other third parties may be able to design around or develop products similar to those of Memex.

A number of the Company's competitors and other third parties have been issued patents, or may have filed patent applications, or may obtain additional patents or other IP rights for technologies similar to those that the Company has developed, or may develop, use or commercialize, in the future. As certain patent applications in the United States and other countries are maintained in secrecy for a period of time after filing, and as publication or public awareness of new technologies often lags behind actual discoveries, the Company cannot be certain that it has been the first to develop the technology. Further, prosecution and protection of the rights sought in patent applications and patents can be costly and uncertain, often involve complex legal and factual issues and consume significant time and resources.

In addition, while the Company generally enters into confidentiality and non-disclosure agreements with its employees, consultants, contract manufacturers, distributors and dealers and with others to attempt to limit access to and distribution of its proprietary and confidential information, it is possible that:

- misappropriation of its proprietary and confidential information, including technology, will nevertheless occur;
- its confidentiality agreements will not be honored or may be rendered unenforceable;
- third parties will independently develop equivalent, superior or competitive technology or products;
- disputes will arise with its current or future strategic licensees, customers or others concerning the ownership, validity, enforceability, use, patentability or registerability of IP; or
- unauthorized disclosure of its know-how, trade secrets or other proprietary or confidential information will occur.

The Company cannot assure that it will be successful in protecting, maintaining or enforcing its IP rights. If it is not successful in protecting, maintaining or enforcing its IP rights, then the Company's business, operating results and financial condition could be materially adversely affected.

Intellectual property of others

The Company's commercial success depends, in part, upon it not infringing or violating IP rights owned by others. The industry in which the Company competes has many participants that own, or claim to own, IP. The Company cannot determine with certainty whether any existing third-party patents, or the issuance of any new third-party patents, would require it to alter its technologies or products, obtain licenses or cease certain activities, including the sale of its core product.

The Company may in the future receive claims from third parties asserting infringement and other related claims. Litigation may be necessary to determine the scope, enforceability and validity of third-party IP rights or to protect, maintain and enforce the Company's IP rights. Some of the Company's competitors have, or are affiliated with companies having, substantially greater resources than it has, and these competitors may be able to sustain the costs of complex IP litigation to a greater degree and for longer periods of time than the Company can. Regardless of whether claims that it is infringing or violating patents or other IP rights have any merit, those claims could adversely affect the Company's relationships with current or future distributors and dealers of its products, adversely affect its reputation with customers, be time-consuming and expensive to evaluate and defend, cause product shipment delays or stoppages, divert management's attention and resources, subject the Company to significant liabilities and damages, require it to enter into royalty or licensing agreements or require it to cease certain activities, including the sale of products.

If it is determined that the Company has infringed, violated or is infringing or violating a patent or the IP right of any other person or if it is found liable in respect of any other related claim, then, in addition to being liable for potentially substantial damages, the Company may be prohibited from developing, using, distributing, selling or commercializing certain of its technologies or applications unless it obtains a license from the holder of the patent or other IP right. The Company cannot assure that it will be able to obtain any such license on a timely basis or on commercially favorable terms, or that any such licenses will be available, or that workarounds will be feasible and cost-efficient. If it does not obtain such a license or find a cost-efficient workaround, the Company's business, operating results and financial condition could be materially adversely affected and it could be required to cease related business operations in some markets and restructure its business to focus on its continuing operations in other markets.

Information technology systems and security

The Company utilizes many information technology systems for the management of its business. The reliability and security of these systems is critical. If the functionality of these systems is interrupted or fails and cannot be restored quickly, or if the technologies are no longer supported, the Company’s ability to conduct its business could be compromised. Further, although the technology systems the Company utilizes are intended to be secure, there is a risk that an unauthorized third party could access the systems. Such a security breach could lead to adverse consequences, including but not limited to, the unavailability, disruption or loss of key functionalities within the Company’s control systems and the unauthorized disclosure, corruption or loss of sensitive company, customer or personal information. The Company attempts to prevent such breaches through the implementation of various technology security measures, engaging skilled consultants and employees to manage the Company’s technology applications and improve policies and procedures. There is no guarantee that these measures will be effective.

Failure to manage growth

The Company's failure to manage its growth successfully may adversely impact its operating results. The Company's ability to manage growth will require it to continue to build its operational, financial and management controls, human resource policies, and reporting systems and procedures. The Company's ability to manage its growth will also depend in large part upon a number of factors, including the ability for it to expand its internal, operational and financial controls significantly so that it can maintain control over operations, attract and retain qualified technical personnel in order to continue to develop its core product ensuring that it continues to respond to evolving customer needs, build a sales team to keep customers and channel partners informed regarding the technical features issues and key selling points of its products and services, develop support capacity for customers as sales increase, and build a channel network to create an expanding presence in the evolving marketplace for its products and services.

An inability to achieve any of these objectives could harm the business, financial condition and results of operations of the Company.

Litigation

Although there are currently no legal proceedings outstanding or, to the best of the knowledge of the Company, contemplated against it, the Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business.

Sales forecasting

The Company's revenues are difficult to forecast and, as a result, its quarterly operating results can fluctuate substantially. The Company has developed a pipeline approach to anticipate when revenue will occur, but these estimates can be significantly impacted by the sales process, economic conditions in general or specific in the Company's target markets, and the order cycle of its customers.

Foreign exchange

The presentation currency of the Company is the Canadian dollar. The Company does business and sells primarily into foreign markets, primarily the United States of America, with virtually all of its sales and most of its sales and marketing spending taking place in US dollars. The Company does not currently participate in hedging activities. Although it cannot predict the effect of possible foreign exchange losses in the future, if they occurred, then they could have a material adverse effect on the Company's business, results of operation, and financial condition. In addition, fluctuations in exchange rates could affect the pricing of its products and negatively influence customer demand.

RISKS RELATED TO AN INVESTMENT IN COMMON SHARES OF THE COMPANY

Concentration of Voting Power

Many common shares of the Company are concentrated in the hands of the Company's Senior Management team and its Board of Directors, whose collective holdings currently total 14.3%. As a result, these shareholders may have a significant influence over any matters requiring shareholder approval, including the election of directors and significant corporate transactions such as a business combination, takeover proposal or other sale of the Company or its assets, for the foreseeable future.

Dilution and Future Sales of Common Shares

The Company may issue additional common shares in the future, which may dilute a shareholder's holding in the Company. The Company's articles permit the issuance of an unlimited number of common shares, and shareholders will have no pre-emptive rights in connection with such further issuances. The directors of the Company have the discretion to determine if an issuance of common shares is warranted, the price at which such issuance is affected and the other terms of issue of common shares. Also, additional common shares of the Company may be issued by the Company upon the exercise of options to acquire common shares under the Company's Stock Option Plan or Warrants to purchase common shares which are currently outstanding, which will result in further dilution to the shareholders of the Company.

Unpredictability and Volatility of the Common Share Price

There can be no assurance that a significant public market for the common shares of the Company will develop or be sustained. The current trading price of the common shares of the Company or the price at which the common shares have been issued in connection with the private placements may not be indicative of the market price of the common shares of the Company in the future. If an active public market for the common shares of the Company does not develop or is not maintained, the liquidity of an investment in such common shares may be limited, the market price could be subject to significant fluctuations and the price per share may decline below the deemed price of the common shares of the Company exchanged in connection with the Qualifying Transaction.

The market price of the common shares of the Company could also fluctuate significantly as a result of many factors, including but not limited to the following: economic and stock market conditions generally, and specifically as they may impact participants in the software development industry; the Company's earnings and results of operations and other developments affecting the Company's business; sales of common shares of the Company into the market by the shareholders and/or the insiders of the Company; changes in financial estimates and recommendations by securities analysts following the common shares of the Company; earnings and other announcements by, and changes in market evaluations of, the software development industry; changes in business or regulatory conditions affecting participants in the software development industry; trading volume in the common shares of the Company; additions or departures of key personnel; and competitive pricing pressures in the software development industry.

In addition, the financial markets have experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance of such companies. Accordingly, the market price of the common shares of the Company may decline even if the Company's operating results or prospects have not changed.

Dividends

If the Company generates earnings in the foreseeable future, it expects that such earnings will be retained to finance growth, both organically and by acquisitions, if any, and, when appropriate, repay debt. The directors of the Company will determine if and when dividends should be declared and paid in the future based on the Company's financial position at the relevant time. Each of the common shares of the Company entitles its holder to an equal share in any dividend declared and paid by the Company. The Company does not expect to pay any dividends in the foreseeable future. Investors seeking cash dividends should not purchase common shares of the Company.

Financial Market Turmoil

Global financial market and economic conditions can pose a significant threat to economic growth in almost all sectors and economies, causing a decline in consumer and business confidence, a reduction in credit availability and a dampening in business and household spending.

Economic Downturn in the Global Economy

At times when there is a downturn in the global economy, the Company and its industry peers may have restricted access to capital and may suffer from increased borrowing costs. The lending capacity of all financial institutions may be diminished, and risk premiums may increase. As the ability of the Company to meet future capital requirements may depend upon its ability to borrow money from third parties or make additional offerings of securities in the future, the ability of the Company to do so may be limited by, among other factors, the overall state of capital markets and investor demand for investments in the technology industry, more precisely in the software development industry and the Company's securities in particular.

To the extent that external sources of capital become limited or unavailable or only available on onerous terms, the ability of the Company to make capital investments and maintain existing assets may be impaired, and its assets, liabilities, business, financial condition and results of operations may be materially and adversely affected as a result. Failure to obtain any financing necessary for the growth plans of the Company may result in a delay in carrying out its business strategy.

Economic conditions and other factors may also reduce the demand for software products or services from that forecasted and factors expected to support or increase demand may not have the effect expected. Any reduction in demand may have a material adverse effect on the financial results or condition of the Company.

FORWARD-LOOKING STATEMENTS

This MD&A may contain certain “forward-looking statements” and certain “forward-looking information” as defined under applicable Canadian securities laws. Forward-looking statements and information can generally be identified by the use of forward-looking terminology such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “continue,” “plans” or similar terminology. Forward looking statements and information are subject to various known and unknown risks and uncertainties, many of which are beyond the ability of the Company to control or predict, that may cause the Company’s actual results, performance or achievements to be materially different from those expressed or implied thereby, and are developed based on assumptions about such risks, uncertainties and other factors. While Memex anticipates that subsequent events and developments may cause its views to change, the Company undertakes no obligation to update forward-looking information except as required by applicable law. Such forward-looking information represents Management’s best judgment based on information currently available. No forward-looking statement can be guaranteed, and actual future results may vary materially. Accordingly, readers are advised not to place undue reliance on forward-looking statements or information.