Memex Inc. Releases Q2-2017 Financial Results

Strong End to the Quarter as Manufacturing Spending Begins to Recover

Burlington, ON, Canada – May 29, 2017 – Memex Inc. (“Memex” or the “Company”) (TSX-V: OEE), a global leader in Industrial Internet of Things (IIoT) manufacturing productivity software, today released its second quarter financial and operational highlights for its 2017 fiscal year, which ended March 31, 2017. All results are reported in Canadian dollars.

Summary Financial Highlights for the Second Quarter Ended March 31, 2017:

- Memex reported revenue of $348 thousand, 39% lower than the same quarter a year ago;
- Gross margin of 32.1% was down from 53.5% reported the same quarter a year ago – (excluding Amortization and Client Services labour, which was up 1.42% in the current quarter over a year ago, gross margin percentage on variable expenses is down only 4.2% in the current quarter over a year ago).
- Bookings[i] for the quarter were $573 thousand, down 31% from the same quarter a year ago;
- The Company reported a net and comprehensive loss of $1.26 million for the quarter, equating to a $0.011 loss per share. This compares with a $991 thousand net and comprehensive loss in Q2 last year, and a $0.010 loss per share.
- At March 31, 2017, the Company had $3.12 million in current assets including $2.23 million in cash (down from $3.00 million last quarter) and $1.97 million in working capital.
- The final two weeks of the quarter brought in more than $400 thousand in new and follow on orders.

Management Commentary:

“During the first six-months, Memex and the broader manufacturing industry saw decreased investment due to uncertainty concerning trade both before and after the U.S. Presidential election,” said David McPhail, President and CEO of Memex. “The American Manufacturing Association (AMT) echoed our observations, but AMT anticipates that a manufacturing resurgence should occur in the Spring. We have seen recent signs of this resurgence in our sales leads and orders. Given our strong cash balance and low burn rate, we are well positioned to weather this temporary market disturbance.”

Selected Financial Information for Q2 2017

	Three-months period ended March 31			Six-months period ended March 31		
(Canadian dollars – in thousands except per share and margin%)	2017	2016	Change	2017	2016	Change
Revenue	348	571	- 39%	853	1,185	- 28%
Bookings[i]	573	833	- 31%	965	1,710	- 44%
Gross margin %	32.1	53.5	- 40%	46.7	57.4	- 19%
Operating expenses	1,362	1,338	+ 2%	2,435	2,384	+ 2%
Cash utilized in operating activities[1]	1,172	976	+ 20%	1,904	1,620	+ 18%
Net and comprehensive loss for the period	(1,236)	(991)	+ 27%	(2,025)	(1,632)	+ 24%
Basic and diluted loss per share - period	(0.011)	(0.010)	+ 10%	(0.018)	(0.017)	- 7%

1. Before changes in non-cash working capital balances.

	March 31,	September

As at (Canadian dollars – in thousands except WC ratio)	2017	30, 2016
Cash on hand	2,232	2,899
Current assets	3,124	4,156
Total assets	3,587	4,639
Current liabilities	1,150	1,047
Working capital*	1,974	3,109
Working capital ratio**	2,72 to 1	3.97 to 1
Backlog[ii]	997	848

* Working Capital = current assets – current liabilities
** Working Capital ratio = current assets / current liabilities

Summary Financial Highlights for the Six-months Ended March 31, 2017:

- Memex reported revenue of $853 thousand, 28% lower than the same period a year ago;
- Gross margin of 46.7% was down from 57.4% reported the same period a year ago – – (excluding Amortization and Client Services labour, which is down 2.75% in the current YTD over a year ago, GM% on variable expenses is down only 1.8% YTD over a year ago).;
- Bookings[ii] for the period were $965 thousand, down 44% from the same period a year ago;
- The Company reported a net and comprehensive loss of $2.03 million for the period, equating to a $0.018 loss per share. This compares with a $1.63 million net and comprehensive loss in the prior year period, and a $0.017 loss per share

Q2 2017 and Subsequent Operational Highlights:

- Announced MERLIN Tempus First Customer Ship (FCS) during the quarter;
- In March, successful marketing efforts at AeroDef 2017 (Fort Worth, TX) and American Manufacturing Summit (Chicago, IL) generated more than 300 quality sales leads; and
- The final two weeks of the quarter brought in more than $400 thousand in new and follow on orders.

About Memex Inc.

MEMEX was founded with a vision to improve the way automated machine and production equipment work and connect on the factory floor. Since then MEMEX has proved itself a pioneer in IIoT time and again. The company is committed to its mission of "successfully transforming factories of today into factories of the future" and envisions converting every machine into a node on the corporate network, creating visibility from shop-floor-to-top-floor. MEMEX is the developer of MERLIN, an award-winning IIoT technology platform that delivers tangible increases in manufacturing productivity in Real-Time. MEMEX's software and hardware IIoT solution enable customers to achieve tangible IIoT-centric business outcomes. The MERLIN software suite and connectivity products have enabled manufacturers to achieve upwards of a 50% increase in productivity and a 20%-plus increase in profit, on average. Additionally, customers have secured payback in less than four months, which equates to an Internal Rate of Return greater than 300 per cent. For more information, please visit: www.MemexOEE.com

For investor inquiries please contact:

Ed Crymble, Chief Financial Officer
905-331-4343
ed.crymble@MemexOEE.com

David McPhail, President & CEO
519-993-1114
david.mcphail@MemexOEE.com

Sean Peasgood, Investor Relations
416-565-2801
sean@sophiccapital.com

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[i] & [ii] These non-IFRS financial measures are identified, defined and reconciled to their closest IFRS measures, revenue and unearned revenue, within our Management's Discussion and Analysis for the periods ended March 31, 2017 and

2016, in the section "Other Financial Measures." That MD&A is available at www.sedar.com under our company profile.