

December 18, 2020

VIA SEDAR

Autorité des marchés financiers
British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
New Brunswick Financial and Consumer Services Commission
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Newfoundland and Labrador
Office of the Superintendent of Securities, Prince Edward Island

Des Sirs/Mesdames:

Re: Amended Unaudited Condensed Interim Consolidated Financial Statements of IBEX
Technologies Inc.

SEDAR Filing / Project Number: 03149485

On December 9, 2020, IBEX Technologies Inc. (IBEX) filed on SEDAR its unaudited condensed interim consolidated financial statements for the quarter ending October 31, 2020 and 2019.

Although the MD&A and Press Release contained the correct financial information, inadvertently, a draft version of the unaudited condensed interim financial statements was uploaded which excluded the CEWS accrual for the quarter ended October 31, 2020.

IBEX has today filed on SEDAR amended unaudited condensed interim consolidated financial statements which include the CEWS impact on the respective statements and notes.

Yours very truly,



Paul Baehr
President and CEO
IBEX Technologies Inc.



IBEX Technologies Inc. / Technologies IBEX Inc.
Unaudited Condensed Interim Consolidated Financial Statements
First Quarter ended October 31, 2020 and July 31, 2020

Condensed Interim Consolidated Financial Statements

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**NOTICE TO THE READER OF THE UNAUDITED CONDENSED
INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Management's Statement of Responsibility for Financial Information

The condensed interim consolidated financial statements are the responsibility of management and have been prepared in accordance with International Financial Reporting Standards. Where necessary, management has made judgments and estimates of the outcome of events and transactions, with due consideration given to materiality. Management is also responsible for all other information in these condensed interim consolidated financial statements and for ensuring that this information is consistent, where appropriate, with the information and data included in the condensed interim consolidated financial statements.

The Company maintains a system of internal controls to provide reasonable assurance as to the reliability of the financial records and safeguarding of its assets. The condensed interim consolidated financial statements have not been audited by the Company's independent auditor, PricewaterhouseCoopers LLP.

The Board of Directors is responsible for overseeing management in the performance of its responsibilities for financial reporting. The Board exercises its responsibilities through the Audit Committee, which comprises three independent directors. The Audit Committee meets from time to time with management and the Company's independent auditor to review the financial statements and matters relating to the audit. The Company's independent auditor has full and free access to the Audit Committee. These condensed interim consolidated financial statements have been reviewed by the Audit Committee, who recommended their approval by the Board of Directors.



Paul Baehr
President and Chief Executive Officer

Montréal, Canada
December 09, 2020



Belinda Franco, CPA, CA
Director of Finance

Montréal, Canada
December 09, 2020



IBEX Technologies Inc. / Technologies IBEX Inc.
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First Quarter ended October 31, 2020 and July 31, 2020

Condensed Interim Consolidated Statements of Financial Position

In Canadian dollars

	Notes	October 31, 2020 \$	July 31, 2020 \$
Assets			
Current assets			
Cash and cash equivalents		4,161,142	3,705,517
Trade and other receivables	4	692,650	877,062
Inventories	5	264,753	232,718
Prepaid expenses		83,529	99,587
Total current assets		5,202,074	4,914,884
Non-current assets			
Property, plant, equipment and intangible assets	6	1,005,338	1,037,806
Right-of-use assets	7	735,120	514,585
Deferred income tax assets		2,125,940	2,125,940
Total assets		9,068,472	8,593,215
Liabilities			
Current liabilities			
Trade and other payables		1,032,279	943,515
Current portion of lease liabilities	7	185,703	166,329
Total current liabilities		1,217,982	1,109,844
Non-current liabilities			
Non-current portion of lease liabilities	7	570,195	363,691
Total liabilities		1,788,177	1,473,535
Equity			
Share capital	13	52,672,258	52,672,258
Contributed surplus		804,790	794,241
Deficit		(46,196,753)	(46,346,819)
Accumulated other comprehensive income		-	-
		7,280,295	7,119,680
Total liabilities and equity		9,068,472	8,593,215

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.



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Consolidated Financial Statements

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Consolidated Statements of Changes in Equity

In Canadian dollars

	Notes	Share capital \$	Contributed surplus \$	Deficit \$	Accumulated other comprehensive income \$	Total \$
As at July 31, 2020		52,672,258	794,241	(46,346,819)	-	7,119,680
Net earnings		-	-	150,066	-	150,066
Share-based compensation	13	-	10,549	-	-	10,549
Cumulative translation adjustments		-	-	-	-	-
As at October 31, 2020		52,672,258	804,790	(46,196,753)	-	7,280,295
As at July 31, 2019		52,672,258	713,011	(47,312,508)	501,011	6,573,772
Net earnings		-	-	64,463	-	64,463
Share-based compensation	13	-	10,565	-	-	10,565
Cumulative translation adjustments		-	-	-	(308)	(308)
As at October 31, 2019		52,672,258	723,576	(47,248,045)	500,703	6,648,492

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.

**IBEX Technologies Inc. / Technologies IBEX Inc.**

Consolidated Financial Statements

First Quarter ended October 31, 2020 and 2019

Consolidated Statements of Earnings and Comprehensive Income**In Canadian dollars**

	Notes	For the three-month Period ended October 31, 2020 \$	For the three-month Period ended October 31, 2019 \$
Revenues		1,164,658	1,078,740
Cost of sales	8	532,601	465,093
Research and development expenses	8	7,218	63,268
Selling, general and administrative expenses	8	512,437	471,099
Operating earnings (loss)		112,402	79,280
Foreign exchange loss (gain)	8	4,927	3,066
Finance expenses - net	8	9,583	11,751
Other gains	8	(48,168)	-
Earnings (loss) before income taxes		146,060	64,463
Provision for income tax		(4,006)	-
Net earnings (loss)		150,066	64,463
Other comprehensive income			
Foreign currency translation adjustments – (loss) gain		-	(308)
Comprehensive income (loss)		150,066	64,155
Basic and diluted net earnings (loss) per share	2	0.01	0.00

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.



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Consolidated Financial Statements

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Consolidated Statements of Cash Flows

In Canadian dollars

	Notes	For the three-month period ended October 31, 2020	For the three-month period ended October 31, 2019
		\$	\$
Cash flows (used) generated from operating activities			
Net earnings (loss)		150,066	64,463
Adjustments for non-cash income and expenses			
Depreciation of property, plant, equipment and intangible assets	6	49,968	58,439
Depreciation right-of-use assets	7	45,928	42,212
Share-based compensation	13	10,549	10,565
Accretion expenses on lease liabilities	7	6,120	5,203
		262,631	180,882
Changes in non-cash working capital balances			
Decrease (increase) in trade and other receivables		184,412	130,993
(Increase) decrease in inventories		(32,035)	(74,226)
Increase (decrease) in prepaid expenses		16,058	(25,597)
(Increase) decrease in trade and other payables		88,764	(207,731)
Net changes in non-cash working capital balances		257,199	(176,561)
Net cash (used in) generated from operating activities		519,830	4,321
Cash flows used in investing activities			
Purchase of property, plant and equipment	6	(17,500)	(26,329)
Net cash used in investing activities		(17,500)	(26,329)
Cash flows used in financing activities			
Repayment of long-term debt		-	(13,691)
Principal payments of leases liabilities	7	(46,705)	(44,618)
Net cash used in financing activities		(46,705)	(58,309)
Net change in cash and cash equivalents		455,625	(80,317)
Cash and cash equivalents at beginning of year		3,705,517	2,579,859
Cash and cash equivalents at end of first quarter		4,161,142	2,499,542
Interest paid		-	10,680
Interest received		1,652	10,314

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.



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Consolidated Financial Statements

First Quarter ended October 31, 2020 and 2019

Notes to Consolidated Financial Statements

1 General information

IBEX Technologies Inc. / Technologies IBEX Inc. (“IBEX” or the “Company”), through its wholly owned subsidiaries, manufactures and markets enzymes for biomedical use. IBEX also manufactures and markets a series of arthritis assays which are widely used in osteoarthritis research. These unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors on December 09, 2020 and were signed on its behalf.

The Company is a public company listed on the TSX Venture Exchange and is incorporated and domiciled in Canada. The address of its registered office is 5485 Paré Street, Suite 100, Montréal, Québec.

2 Summary of significant accounting policies

Basis of presentation

These unaudited condensed interim consolidated financial statements (“interim financial statements”) were prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), and in compliance with International Accounting Standard 34 – Interim Financial Reporting (“IAS 34”). Accordingly, certain information and notes disclosures normally included in the audited annual consolidated financial statements have been omitted or condensed. These interim financial statements should be read in conjunction with the Company’s audited annual consolidated financial statements for the year ended July 31, 2020.

The interim financial statements include all adjustments considered necessary by management to fairly state the Company’s results of operations, financial position and cash flows. The operating results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year.

Accounting policies

These interim financial statements have been prepared using the same accounting policies as those presented in the Company’s audited annual consolidated financial statements for the year ended July 31, 2020.

On August 1, 2019, the Company adopted IFRS 16 “Leases” using the modified retrospective approach measuring the right-of-use asset at an amount equal to the lease liability. This approach does not require restatement of prior period financial information as it recognizes the cumulative effect as an adjustment to opening retained earnings and applies the standard prospectively.

The cumulative effect of initially applying IFRS 16 was recognized as \$678,171 right-of-use assets with corresponding lease liabilities.

New accounting standards, amendments and interpretations issued and effective for the Company beginning on or after August 1, 2020 are as follows:

IAS 1, Presentation of Financial Statements (“IAS 1”), and IAS 8, Accounting Policies, Changes in accounting Estimates and Errors (“IAS 8”)

Definition of Material (Amendments to IAS 1, Presentation of Financial Statements, and to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors) is intended to make the definition of material in IAS 1 easier to understand and is not intended to alter the underlying concept of materiality in IFRS Standards. The concept of “obscuring” material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from “could influence” to “could reasonably be expected

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to influence”. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1.

IAS 1 and IAS 8 are applicable for annual periods beginning on or after January 1, 2020. The Company does not expect any impact in its financial statements upon the amendments of IAS 1 and IAS 8.

3 Financial instruments**Currency risk**

The Company operates internationally, and its sales are mainly contracted in US dollars. A change in the currency exchange rate between the Canadian dollar and the US dollar could have a material effect on its consolidated earnings and comprehensive income, financial position and cash flows.

The Company’s objective in managing its foreign currency risk is to minimize its net exposure to foreign currency cash flows by buying, from time to time, forward foreign exchange contracts to hedge a portion of the exposure of its foreign currency cash flows. Foreign exchange contracts will usually have a maturity of less than two years. As at October 31, 2019 and 2018, the Company has no forward foreign exchange contracts outstanding.

The Company is exposed to foreign currency risk primarily as a result of revenues and expenses denominated in US dollars. Financial instruments denominated in foreign currencies as at October 31, 2020 and July 31, 2020 were as follows:

	October 31, 2020		July 31, 2020	
	CA\$	US\$	CA\$	US\$
Cash and cash equivalents	2,020,965	1,517,469	2,344,679	1,749,238
Trade and other receivables	575,520	432,137	672,034	501,368
Trade and other payables	35,565	26,704	23,449	17,494

The impact on the Company’s (excluding BRP) financial instruments of a 5% increase in the US dollar exchange rate would be a foreign exchange gain of \$128,046 recorded in net earnings for the three-month period ended October 31, 2020 (July 31, 2020 gain of \$149,663).

Interest rate risk

The Company’s interest rate risk was related to the long-term debt. The Company does no longer have an interest rate risk since the long term debt was repaid in June 2020.

Credit risk

Financial instruments that potentially subject the Company to credit risk include cash and cash equivalents, as well as trade and other receivables. Cash and cash equivalents consist of bank balances and money market funds maintained at financial institutions with high credit ratings. Therefore, the Company considers the risk of non-performance for cash and cash equivalents to be low.

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The aging of trade receivables as at October 31, 2020 was as follows:

Trade receivables	\$	%
Current	519,047	83
Past due 31–90 days	108,797	17
Over 90 days	-	-
	627,844	100

The Company's exposure to credit risk for trade receivables for customers with greater than 10% of the total balance was as follows:

	October 31, 2020	July 31, 2020
	%	%
Customer 1	57	66
Customer 2	15	10
Customer 3	-	-

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial liabilities when due. The Company's financial liabilities include its trade and other payables presented on the consolidated statement of financial position, which are due within the next 12 months, and long-term debt. The Company manages liquidity risk by maintaining adequate cash balances to discharge its liabilities when due.

The following table details the maturities of the financial liabilities as at October 31, 2020.

	Carrying amount \$	Contractual cash flows \$	Less than 1 year \$	Between 1 and 3 years \$	Between 3 and 5 years \$	More than 5 years \$
Trade and other payables	1,032,279	1,032,279	1,032,279	-	-	-
Lease liabilities ¹	755,898	836,879	213,770	450,494	113,940	58,675
	1,788,177	1,869,158	1,246,049	450,494	113,940	58,675

1- See Note 7.

Management believes that the Company has sufficient funds to meet its obligations and planned expenditures for the ensuing twelve months as they fall due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

Financial instruments

Except for derivatives, the Company has evaluated the fair value of its financial instruments based on the current interest rate environment, related market values and current pricing of financial instruments with comparable terms. The carrying value of its financial instruments is considered to approximate fair value.



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The Company categorizes its financial instruments according to the following three hierarchical levels:

Level 1 – Measurement based on quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2 – Valuation techniques based primarily on observable market data; and

Level 3 – Valuation techniques not based primarily on observable market data.

As at October 31, 2020 and July 31, 2020, there are no financial instruments that were accounted for using fair value.

4 Trade and other receivables

	October 31, 2020 \$	July 31, 2020 \$
Trade	627,844	746,589
Canada Emergency Wage Subsidy	48,168	125,762
Sales tax	16,638	4,711
	692,650	877,062

5 Inventories

	October 31, 2020 \$	July 31, 2020 \$
Finished goods – Enzymes	167,095	201,694
Finished goods – Arthritis diagnostic kits	61,058	31,024
Work in process – Enzymes	36,600	-
	264,753	232,718



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6 Property, plant, equipment and intangible assets

	October 31, 2020 \$	October 31, 2019 \$
Opening July 31, 2020 and 2019		
Cost	3,748,943	6,618,731
Accumulated depreciation	(2,711,137)	(4,388,318)
Net book amount	1,037,806	2,230,413
Three-month period ended October 31, 2020 and 2019		
Opening net book amount	1,037,806	2,230,413
Additions	17,500	26,329
Depreciation charge	(49,968)	(58,439)
Effect of exchange rate variations	-	1,026
Closing net book amount	1,005,338	2,199,329
Ending October 31, 2020 and 2019		
Cost	3,766,443	6,647,772
Accumulated depreciation	(2,761,105)	(4,448,443)
Net book amount	1,005,338	2,199,329



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7 Right-of Use Assets and Lease Liabilities

	October 31, 2020 \$
<i>Right-of-Use Assets</i>	
Cost	
As at July 31, 2020	682,520
Addition	266,463
As at October 31, 2020	<u>948,983</u>
Accumulated depreciation	
As at July 31, 2020	(167,935)
Depreciation	(45,928)
As at October 31, 2020	<u>(213,863)</u>
Net book value as at October 31, 2020	<u>735,120</u>
 <i>Lease Liabilities</i>	
As at July 31, 2020	530,020
Addition	266,463
Accretion expense	6,120
Payments	(46,705)
As at October 31, 2020	<u>755,898</u>
Current portion of lease liabilities	185,703
Long term portion of lease liabilities	570,195
Total lease liabilities as at October 31, 2020	<u>755,898</u>



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8 Expense by nature

	October 31, 2020 \$	October 31, 2019 \$
Salaries and benefits expense	597,300	548,973
Share-based compensation expense	10,549	10,565
Board compensation	32,939	26,000
Contracts and collaborators	38,797	55,482
Professional fees	39,621	47,542
Shareholders' relation fees	7,575	3,180
Occupancy costs	26,320	56,605
Insurance	24,614	27,060
Royalties	7,271	3,350
Sales, administration and all other expenses	203,409	194,278
Foreign exchange loss	4,927	3,066
Finance expense	11,235	22,097
Finance revenue	(1,652)	(10,346)
Changes in inventory allocation, work in process and finished goods	(32,035)	(74,226)
Depreciation of property, plant, equipment and intangible assets	49,968	58,439
Depreciation right-of-use assets	45,928	42,212
Other gains	(48,168)	
	1,018,598	1,014,277

9 Key management compensation

Key management includes the Company's executives and members of the Board of Directors. Compensation awarded to key management included:

	October 31, 2020 \$	October 31, 2019 \$
Salaries, share-based compensation and employee benefits	280,314	239,672

10 Segment information and economic dependence

Reliance on key customers

The Company is highly reliant on sales from a small number of customers. During the three-month period ended October 31, 2020, 72% of its sales derived from its top three customers (July 31, 2020 – 71%)



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	October 31, 2020	July 31, 2020
	%	%
Customer A	<u>51</u>	<u>56</u>
Customer B	<u>13</u>	<u>8</u>
Customer C	<u>8</u>	<u>7</u>

Industry

The Company operates in one industry segment: the production and sale of diagnostic products.

Geographic information

The Company currently only has production facilities in Canada.

The Company's sales by geographic region for the three-month period ended October 31, 2020 and the year ended July 31, 2020 were as follows:

	October 31, 2020	July 31, 2020
	%	%
Canada	<u>24</u>	<u>18</u>
United States	<u>57</u>	<u>65</u>
United Kingdom	<u>11</u>	<u>6</u>
Other	<u>8</u>	<u>11</u>
	<u>100</u>	<u>100</u>

Property, plant and equipment attributed to the countries based on location are as follows:

	October 31, 2020	July 31, 2020
	\$	\$
Canada	<u>1,005,338</u>	<u>1,037,806</u>
United States	<u>-</u>	<u>-</u>
	<u>1,005,338</u>	<u>1,037,806</u>



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11 Share capital

Issued and fully paid

	October 31, 2020		July 31, 2020	
	Number of common shares	Book value \$	Number of common shares	Book value \$
Beginning balance	24,773,244	52,672,258	24,773,244	52,672,258
Stock options exercised	-	-	-	-
Ending balance	24,773,244	52,672,258	24,773,244	52,672,258

Stock options

The following tables summarize the IBEX stock option plan for the quarter ended October 31, 2020 and the year ended July 31 2020:

	October 31, 2020		July 31, 2020	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Beginning balance	1,475,000	0.17	1,645,000	0.20
Granted	-	-	455,000	0.14
Expired	-	-	(575,000)	0.22
Forfeited	-	-	(50,000)	0.20
Ending balance	1,475,000	0.17	1,475,000	0.17

The following table summarizes the IBEX stock options outstanding as at October 31, 2020:

Options outstanding and currently exercisable			
Exercise prices \$	Number outstanding	Number vested and exercisable	Weighted average remaining contractual life (years)
0.08	50,000	50,000	2.67
0.14	455,000	227,500	9.24
0.15	300,000	100,000	8.15
0.20	600,000	525,000	7.14
0.24	70,000	70,000	6.47
	1,475,000	972,500	