IBEX

IBEX TECHNOLOGIES INC.

MANAGEMENT DISCUSSION AND ANALYSIS

FISCAL 2021

YEAR ENDED JULY 31, 2021

As at November 10, 2021

IBEX

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JULY 31, 2020

November 10, 2021

TABLE OF CONTENTS

MANAGEMENT DISCUSSION AND ANALYSIS

November 10, 2021

1 PREAMBLE

The following Management Discussion and Analysis ("MD&A") and the audited consolidated financial statements of IBEX Technologies Inc. (the "Company") were approved by the Audit Committee and the Board of Directors on November 10, 2021. This MD&A provides a review of the developments and results of operations of the Company during the fourth quarter and the fiscal year ended July 31, 2021 compared with the fourth quarter and the fiscal year ended July 31, 2020.

This MD&A should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the years ended July 31, 2021 and 2020.

The Company's audited consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). Additional information relating to the Company, including the Company's Proxy Circular, can be found on SEDAR at www.sedar.com.

Where "IBEX" or "the Company" is used, it refers to IBEX Technologies Inc. and its wholly owned subsidiaries, unless otherwise indicated. All amounts are in Canadian dollars, unless otherwise indicated.

2 FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements that reflect the Company's current expectations regarding future events. Any such statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected in these forward-looking statements. For more information on the Company's risks and uncertainties relating to these forward-looking statements, please refer to the risks and uncertainties section of the MD&A.

3 INTRODUCTION TO IBEX

3.1 Enzymes

The Company, through its wholly owned subsidiary, IBEX Pharmaceuticals Inc., manufactures and markets enzymes for biomedical use.

The Company's products are sold directly by the Company to manufacturers of medical devices, quality control labs, low molecular weight heparin manufacturers and academic research institutions.

Heparinase I is the most important of the IBEX enzymes. Its potential lies in its ability to cleave heparin and low molecular weight heparins and thereby neutralize the effects of heparin and heparinoids, which are drugs commonly used in hospitals and which interfere with haemostasis tests. Heparinase I recognizes and cleaves a pentasaccharide sequence which occurs in both unfractionated heparin and the low molecular weight heparins, thereby neutralizing their anticoagulant activity and thus facilitating the accurate measurement of haemostasis.

IBEX heparinase I is made via a proprietary process and is the only heparinase I approved for use in clinical diagnostics in North America and Europe.

In addition to making and selling enzymes, IBEX also provides lyophilization services for the making of disposable medical diagnostic device components used in the hemostasis point-of-care market.

3.2 Arthritis Assays

IBEX develops, manufactures and sells arthritis assay kits which enable the study of both the synthesis and degradation of cartilage components. These assays are powerful tools in the study of osteo and rheumatoid arthritis. These assays are a result of both internal research and development, and the in-licensing of technology from academic research institutions.

IBEX arthritis diagnostic kits and services are marketed and sold for research use only ("RUO") to pharmaceutical companies, clinical research organizations and academic institutions. These diagnostic kits are marketed through distributors in Europe and Japan, and directly by IBEX in North America and the rest of the world. The kits are produced in IBEX facilities.

4 RESULTS OF OPERATIONS: Q4 FISCAL 2021

4.1 Summary of Quarterly Results

The following table is a summary of selected quarterly consolidated financial information of the Company for each of the eight most recently completed quarters.

(in thousands of dollars, excluding per share amounts)	July 31		April 30		January 31		October 31		Full Year	
	2021 $	2020 $	2021 $	2020 $	2021 $	2020 $	2020 $	2019 $	2021 $	2020 $
- Revenues	1,361	1,447	1,468	1,679	1,312	1,005	1,165	1,079	5,306	5,210
- Net (loss) earnings	29	304	334	626	249	(29)	150	64	762	966
- Earnings (loss) per common share	-	0.01	0.01	0.02	0.01	-	0.01	-	0.03	0.04
- Comprehensive income (loss)	29	316	334	613	249	(30)	150	64	762	963

Net Earnings for the Quarter

The Company recorded net earnings of $29,424 during the fourth quarter ended July 31, 2021 compared to net earnings of $303,792 for the same period year ago. This decrease of $274,368 can be attributed mainly to a one time positive adjustment in FY2020 relating to the Cumulative Translation Adjustments reclassified to earnings of $498,368, offset by a positive foreign exchange variance of $204,516.

4.2 Foreign Exchange

The tables below show the fluctuation in the Canadian/US dollar exchange rates which can have a significant impact on the Company's results. Average rates are used to translate revenues and expenses for the period mentioned; closing rates are used to translate assets and liabilities of foreign operations, as well as monetary assets and liabilities at the end of the reporting period.

Consolidated foreign exchange (gain) / loss		
Quarter ended	**July 31, 2021**	July 31, 2020
Balance sheet revaluation		
• US cash	**($97,106)**	$83,766
• US Trade receivables	**($32,215)**	$24,980
• Other US accounts	**$21,571**	($11,981)
Total (gain) / loss on revaluation	**($107,750)**	$96,765

Canadian/US dollar		
Quarter ended	**July 31, 2021**	July 31, 2020
Average rate	**1.2291**	1.3673
Closing rate	**1.2462**	1.3404

4.3 Revenues for the Quarter

Note: While the Company reports in Canadian dollars, the US dollar is the Company's selling currency. As such, fluctuations in the Canadian/US dollar exchange rate can have a significant impact on the reported revenue figures.

Revenues for the quarter ended July 31, 2021 totaled $1,360,949, a decrease of $85,850 (6%) compared to the same period year ago. The net decrease of $85,850 is attributed to an actual increase in revenues of $47,281 (US$38,468) and a negative effect of $133,131 due to the impact of the currency exchange rate since a majority of sales transactions are in USD.

The positive variance of US$38,468 vs. the same quarter in the previous year is attributed to an improvement in product mix of US$227,107, offset by a volume decline of US$188,639.

Revenues Variations – Quarter ended	July 31, 2021 vs. July 31, 2020
Volume/mix impact:	
• Decrease due to volume USD	($188,639)
• Increase due to product mix USD	$227,107
Total increase due to volume/mix USD	$38,468
Currency impact:	
• Total increase due to volume/mix CAD	$47,281
• Currency negative effects in CAD	($133,131)
• Total decrease in CAD	($85,850)

During the fourth quarter ended July 31, 2021, the average exchange rate was 1.2291 compared to 1.3673 in the same quarter last year. This translates to a loss for the Company since it sells in US dollars and reports in Canadian dollars.

4.4 Total Expenses for the Quarter

Total expenses in the fourth quarter of Fiscal 2021 decreased to $1,123,801 compared to $1,325,002 in the same quarter year ago. The decrease of $201,201 relates mainly to a foreign exchange positive impact versus last year offset by a decline in other income due mainly to a decrease in subsidies received from the Canada Emergency Wage Subsidy (CEWS) for the quarter.

Expense details		
Quarter ended	**July 31, 2021**	July 31, 2020
Cost of sales[1]	**$526,103**	$574,861
R&D expenses[1]	**$52,835**	$8,137
SG&A expenses[1]	**$580,033**	$663,046
Depreciation of PPE[2]	**$48,803**	$53,396
Depreciation of right-of-use assets	**$52,067**	$43,367
Foreign exchange (gain) / loss	**($107,750)**	$96,766
Financial expenses - net	**$10,486**	$14,609
Total expenses before impairment and other income	**$1,162,577**	$1,454,182
Impairment on property, plant and equipment	**-**	($1,508)
Other income	**($38,776)**	($127,672)
Total expenses	**$1,123,801**	$1,325,002

1- Excludes related depreciation expense for the purposes of this presentation.
2- PPE = Property, plant and equipment and intangible assets.

4.4.1 Cost of Sales

The Company uses the actual-cost method of recording its production costs rather than a standard-cost method (because of the practicalities of the Company's production, the standard-cost method is unsuitable). While the actual-cost method is most suitable to the Company's processes, it does result in wide swings from quarter to quarter in the cost of sales due to the "inventory allocation" effect (if more goods are produced in a quarter than are sold, there is a positive effect on the results; the reverse is true if more goods are sold than are produced).

Cost of sales consists principally of the costs of supplies, royalties, manufacturing labour and the allocation of fixed overheads.

Cost of sales		
Quarter ended	**July 31, 2021**	July 31, 2020
Revenues	**$1,360,949**	$1,446,799
Cost of sales[3]	**$565,924**	$620,161
Gross margin %	**58%**	57%

3- Includes related depreciation expense for the purposes of this presentation.

Any increase/decrease in gross margin relates to cost allocation (the level of transfer of salaries, supplies, royalties and overhead to inventory) rather than to a decrease/increase in the costs of materials or labour.

4.4.2 Research and Development Expenses

Research and development (R&D) expenses consisted primarily of personnel expenses, laboratory supplies and external service providers. During the quarter ended July 31, 2021, research and development expenses totaled $52,835 compared to $8,137 in the same period year ago. The increase relates mainly to expenses incurred due to the DiaMaze® and other development projects.

4.4.3 Selling, General and Administrative Expenses

During the quarter ended July 31, 2021, selling, general and administrative (SG&A) expenses totaled $580,033 compared to $663,046 in the same period year ago. The decrease of $83,013 is mainly due to a decrease in salaries and benefits expense as well as savings due to the closure of the Iowa facility in June 2020 last fiscal year.

4.4.4 Income Tax Expense (Recovery)

During the quarter ended July 31, 2021, income tax expense totaled $207,724 compared to an income tax expense of $316,373 in the same period year ago. The income tax expense and recovery are non-cash components having as counterpart the deferred income tax assets in the consolidated statements.

5 RESULTS OF OPERATIONS FOR THE YEAR ENDED JULY 31, 2021

5.1 Summary of Year Results

The Company recorded net earnings of $761,503 for the year ended July 31, 2021 compared to net earnings of $965,689 for FY2020. This decrease of $204,186 is attributed mainly to the Cumulative Translation Adjustment reclassified to earnings in FY2020 for $498,368 offset by an increase in revenues and in subsidies received as well as a decrease in income tax expense.

Net earnings (loss)		
Year ended	**July 31, 2021**	July 31, 2020
Revenues	**$5,306,187**	$5,209,809
Net expenses	**$4,340,867**	$4,426,115
Earnings (loss) before CTA[4] and income taxes	**$965,320**	$783,694
CTA[4] gain	**-**	($498,368)
Income tax expense	**$203,817**	$316,373
Net earnings	**$761,503**	$965,689
Earnings (loss) per share, basic and diluted	**$0.03**	$0.04

4- Cumulative translation adjustments reclassified to earnings (CTA).

The increase in revenues and decrease in expenses led the Company to record an EBITDA of $1,369,638 versus $1,250,690 last year, an increase of $118,948.

It should be noted that "EBITDA" (Earnings Before Interest, Tax, Depreciation & Amortization) is not a performance measure defined by IFRS, but we, as well as investors and analysts, consider that this performance measure facilitates the evaluation of our ongoing operations and our ability to generate cash flows to fund our cash requirements, including our capital expenditures program. Note that our definition of this measure may differ from the ones used by other public corporations

5.2 Foreign Exchange

The table below shows the fluctuation in the Canadian/US dollar exchange rates, which can have a significant impact on the Company's results. As mentioned in section 4.2, average rates are used to translate revenues and expenses for the period mentioned; closing rates are used to translate assets and liabilities of foreign operations, as well as monetary assets and liabilities at the end of the reporting period.

Consolidated cumulative foreign exchange (gain) loss		
Year ended	**July 31, 2021**	July 31, 2020
Balance sheet revaluation		
• US Cash	**$105,082**	$14,417
• US Trade receivables	**($31,274)**	$7,872
• Other US accounts	**$59,963**	($25,157)
Total loss / (gain) on revaluation	**$133,771**	($2,868)

Canadian/US dollar		
Year ended	**July 31, 2021**	July 31, 2020
Average rate	**1.2742**	1.3460
Closing rate	**1.2462**	1.3404

For a more detailed explanation of the foreign exchange impact, see Risks and Uncertainties in section 8.9.

5.3 Revenues for the Year

Revenues for the year ended July 31, 2021 totaled $5,306,187 compared to $5,209,809 for the same period year ago. The increase in revenues of $96,378 can be attributed to an actual increase in revenues of $398,443 (US$312,700) due to an increase in customer purchases of heparinase based products and a negative variance of $302,065 due to the impact of currency exchange.

The positive variance in revenues came from a volume increase of US$80,979, and a favorable increase in product mix of US$231,721.

Revenues Variations – Year ended	July 31, 2021 Vs. July 31, 2020
Volume/mix impact:	
• Increase due to volume USD	$80,979
• Increase due to product mix USD	$231,721
Total increase due to volume/mix USD	$312,700
Currency impact:	
• Total increase due to volume/mix CAD	$398,443
• Currency negative effects in CAD	($302,065)
• Total increase in CAD	$96,378

5.4 Total Expenses for the Year

Total expenses for the year ended July 31, 2021 totaled $4,340,867 compared to $4,426,115 for the same period year ago. The decrease in operating expenses of $85,248 is mainly attributable to an increase in the Canada Emergency Wage & Rent Subsidies (CEWS & CERS) in other income and a decrease in SG&A, offset by a negative impact in foreign exchange.

Expense details		
Year ended	**July 31, 2021**	July 31, 2020
Cost of sales[5]	**$2,112,149**	$2,054,028
R&D expenses[5]	**$141,057**	$120,558
SG&A expenses[5]	**$1,812,316**	$1,893,710
Depreciation of PPE	**$180,300**	$228,291
Depreciation of right-of-use assets	**$204,885**	$170,353
Foreign exchange loss / (gain)	**$133,771**	($2,868)
Financial expenses - net	**$39,425**	$54,223
Total expenses before impairment and other income	**$4,623,903**	$4,518,295
Impairment on property, plant and equipment	**-**	$35,492
Other income	**($283,036)**	($127,672)
Total expenses	**$4,340,867**	$4,426,115

5- Excludes related depreciation expense for the purposes of this presentation.

5.4.1 Cost of Sales

Cost of sales consists primarily of the costs of supplies, royalties, manufacturing labour and the allocation of fixed overheads. For further explanation on the determination of the cost of sales, see section 4.4.1 above.

Cost of sales		
Year ended	**July 31, 2021**	July 31, 2020
Revenues	**5,306,187$**	$5,209,809
Cost of sales[6]	**2,272,217$**	$2,240,921
Gross margin %	**57%**	57%

6- Includes related depreciation expense for the purposes of this presentation.

Any increase/decrease in gross margin relates to cost allocation (the level of transfer of salaries, supplies, royalties and overheads to inventory) rather than to a decrease/increase in the costs of materials or labour.

5.4.2 Research and Development Expenses

Research and development (R&D) expenses for the year ended July 31, 2021 totaled $141,057 compared to $120,558 for the same period year ago. The increase of $20,499 is mainly due to the DiaMaze® and other development expenses incurred this fiscal year offset by a decrease in salaries and benefits as these projects are being outsourced.

The primary focus of the R&D is the improvement of our arthritis assay and early-stage development on a new application for the enzyme diamine oxidase.

5.4.3 Selling, General and Administrative Expenses

Selling, general and administrative (SG&A) expenses for the year ended July 31, 2021 totaled $1,812,316 compared to $1,893,710 for the same period year ago. The decrease of $81,394 is a result of savings due to the sale of our Iowa production facility at the end of last fiscal year.

5.4.4 Impairment of Property, Plant and Equipment

There is no impairment in PP&E for the year ended July 31, 2021. An impairment of $35,492 was recorded in the year ended July 31, 2020 due to the sale of our facility in Iowa. This accounts for the difference between the realizable value (fair value less cost to sell) as at June 2020, and the carrying amount of the assets.

This disposal resulted in a $498,368 cumulated gain on translation adjustments reclassified to earnings in FY2020.

5.4.5 Income Tax Expense (Recovery)

Income tax expense totaled $203,817 compared to an income tax expense of $316,373 for the same period year ago. The income tax expense is a non-cash component having as counterpart the deferred income tax assets in the consolidated statements.

6 LIQUIDITY AND CAPITAL RESOURCES

6.1 Overview

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

As at July 31, 2021, the Company's net working capital increased to $4,731,334 compared to net working capital of $3,805,040 as at July 31, 2020. Cash and cash equivalents increased by $728,384 during the fiscal year to $4,433,901.

As at:	**July 31, 2021**	April 30, 2021	January 31, 2021	October 31, 2020	July 31, 2020
Cash and cash equivalents	**$4,433,901**	$4,210,710	$3,851,406	$4,161,142	$3,705,517
Net working capital	**$4,731,334**	$4,560,820	$4,275,151	$3,985,924	$3,805,040

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.

6.2 Contractual Obligations

Contractual obligations are operating lease commitments.

	Year ending July 31,				
(in thousands of dollars)	Total	2022	2023	2024	2025
Contractual obligations	$531	$179	$174	$141	$37

7 LOOKING FORWARD

As always, the future financial results of the Company are difficult to predict as the Company's customers have significant variations in their purchasing patterns, as has been reported in our quarterly results over the past few years. The impact of COVID-19 adds further uncertainty to the picture.

Adding to uncertainty has been the rapid and unexpected drop in the in the US dollar from an annual average of CA$1.3460 per USD at July 31st year ago to CA $1.2742 per USD on average this year. Unfortunately, we expect the unfavorable rate of exchange to persist in Fiscal 2022.

The Company continues to work on a number of new heparinase-containing clinical device projects with its key customers, some of which resulted in additional revenues in Fiscal 2021. However, as with all developmental projects, we cannot give assurances that any of these customer-driven projects will come to market and produce significant revenues.

We have also advanced our enzyme DiaMaze® (diamine oxidase) into the development phase DiaMaze is an enzyme targeted to persons suffering from histamine intolerance and will be marketed as a nutraceutical. While we continue to make good progress, development of this product relies on a number of third-party suppliers whose deliverables have been slower than desired due to COVID-19 constraints.

8 RISKS AND UNCERTAINTIES

The results of operations and financial condition of the Company are subject to a number of risks and uncertainties and are affected by a number of factors outside the control of Management.

8.1 Dependence on Key Customers

IBEX is highly dependent on a few key customers. A change in their needs due to changes in technology, production efficiencies or market demand can have a significant effect on the profitability of the Company.

8.2 Market Demand

IBEX products are sold to device manufacturers, pharmaceutical companies for pre-clinical research, and contract research organizations for clinical studies. As such, IBEX is dependent on successful marketing by device manufacturers and, in the case of our arthritis assays, the frequency and size of pre-clinical and clinical studies. A decrease in demand for such products could have a material adverse effect on the Company.

8.3 Regulatory Approval

Since IBEX produces assays for research and development and device components for third parties, and is not the manufacturer of record, the cost of regulatory compliance, while not insignificant, is manageable within the context of the Company's turnover to remain competitive. However, there is no guarantee that this may not change in the future. Any such changes might have the effect of significantly increasing the cost of doing business for IBEX.

8.4 Intellectual Property

IBEX places great importance on the protection of its intellectual property and has a portfolio of patents and patent applications that it intends to enforce. However, unauthorized parties may infringe on the Company's patents or obtain information that is proprietary, and there can be no assurance that the Company's patent applications will be approved or that it will be able to successfully defend its existing patents in the case of infringement. Further, it is not clear whether the patents issued or that may be issued to IBEX will provide the Company with any competitive advantages, or if any such patents will be the target of challenges by third parties, whether the patents of others will interfere with IBEX's ability to market its products or whether third parties will circumvent IBEX's patents by means of alternate processes. It may be possible for others to develop products that have the same effect as IBEX's products on an independent basis.

8.5 Competition

The impact of competition from other companies developing novel heparin reversal agents or arthritis assays may negatively affect IBEX's anticipated revenue streams. Certain of the companies which could be considered IBEX's competitors have substantially more financial and technical resources, more extensive research and development capabilities and greater marketing, distribution, production and human resources than IBEX does.

8.6 Financial Resources

IBEX has limited financial resources and limited opportunities to raise additional capital should the occasion warrant. There can be no assurance that IBEX will be able to improve or maintain a positive cash flow if events in the marketplace change materially.

8.7 Reliance on Key Personnel

IBEX relies upon a small staff of key employees who possess the knowledge and expertise to continue the Company's operations. There is no assurance that the Company will be able to retain its key personnel, or readily replace those who may leave.

8.8 Contingencies

In the normal course of operations, claims may arise against the Company with respect to products which have been sold in the past. The Company recognizes liabilities for such contingencies when management determines that it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. The Company is currently not party to any such litigation proceedings that are expected to have a material adverse effect on its results of operations or financial position.

8.9 Foreign Exchange Risks

The Company is exposed to currency risks due to its export of goods manufactured in Canada. A change in the currency exchange rate between the Canadian dollar and the US dollar could have a material effect on its consolidated results of operations, financial position or cash flows. From time to time, the Company mitigates such risks by using foreign exchange forward contracts to hedge contracted net cash inflows and outflows of U.S. dollars. As at July 31, 2021, the Company had no outstanding forward contracts.

As mentioned above, the Company is exposed to foreign exchange risk primarily as a result of revenues denominated in US dollars. Monetary balances denominated in foreign currencies as at July 31, 2021 and July 31, 2020 were as follows:

	July 31, 2021		July 31, 2020	
	CA$	**US$**	CA$	US$
Cash and cash equivalents	**660,074**	**529,670**	2,344,679	1,749,238
Trade and other receivables	**834,869**	**669,932**	672,034	501,368
Trade and other payables	**42,100**	**33,783**	23,449	17,494

8.10 Interest Rate Risk

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

8.11 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.

The aging of trade accounts receivable as at July 31, 2021 was as follows:

	CA$	%
Current	827,833	93
Past due 31-90 days	59,361	7
Past due over 90 days	-	-
	887,194	100

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

	July 31, 2021 %	July 31, 2020 %
Customer 1	**64**	66
Customer 2	**7**	10

8.12 Fair Value of Financial Instruments

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.

The Company categorizes its financial instruments according to 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 July 31, 2021 and 2020, there are no financial instruments that were accounted for using fair value.

8.13 Information technology systems

The Company depends on information technology systems ("IT systems") to manage numerous aspects of our business transactions and to provide complete and reliable information to management. Our IT systems are an essential component of our business and growth strategies, and obsolescence of or a serious disruption to our IT systems could significantly limit our ability to manage and operate our business efficiently. These systems are vulnerable to, among other things, damage and interruption from power outage or natural disasters, computer system and network failures, loss of telecommunications services, physical and electronic loss of data, security breaches, cyberattacks, computer viruses and laws and regulations necessitating mandatory upgrades and timelines with which we may not be able to comply. Any serious disruption could adversely affect our operations, our competitive position and/or reputation, and could lead to claims that could have an adverse effect on profitability.

9 RELATED PARTY TRANSACTIONS

During the years ended July 31, 2021 and 2020, other than the transactions and amounts described in Note 11 in our audited consolidated financial statements, the Company did not have any other related party transactions.

10 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to estimates and assumptions include the estimated useful life of assets, the valuation of long-lived assets, and the valuation of tax attributes. It is possible that actual results could differ from those estimates, and such differences could be material. Estimates are reviewed periodically and, as adjustments become necessary, they are reported in the consolidated statement of loss and comprehensive loss in the period in which they become known. We have identified the following areas which we believe require management's most subjective judgments, often requiring the need to make estimates about the effects of matters that are inherently uncertain and may change in subsequent periods.

10.1 Valuation of Unrecognized Tax Attributes

Periodically, judgment is required in determining whether deferred income tax assets are recognized on the statement of financial position. Deferred income tax assets require management to assess the probability that the Company will generate taxable profits in future periods in order to utilize deferred income tax assets. Once the evaluation is completed, if the Company believes that it is probable that some portion of deferred income tax assets will be realized, a deferred income tax asset is recognized on the balance sheet. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred income tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit its ability to obtain tax deductions in future periods.

Management judgment is required in determining whether a deferred income tax liability is recognized on temporary differences arising on investments in subsidiaries. Judgment is necessary in assessing management's intentions about the reinvestment of undistributed profit in the foreseeable future. Estimates on reinvestments are based on forecasts and on estimates of financial requirements of both the Company and its subsidiaries. To the extent that future results and financial requirements differ significantly from estimates, the deferred income tax liability provided on temporary differences arising from investments in subsidiaries recorded at the reporting date could be impacted.

10.2 Impairment of Non-Financial Assets

Assets are reviewed for an indication of impairment at each statement of financial position date upon the occurrence of events or changes in circumstances indicating that the carrying value of the assets may not be recoverable and when criteria of assets held for sale are met. This determination requires significant judgment. Factors which could trigger an impairment review include, but are not limited to, significant negative industry or economic trends and current, historical or projected losses that demonstrate continuing losses, decrease in market capitalization and deferral of capital investments.

The Company’s recoverable amount measurement with respect to the carrying amount of non-financial assets are based on numerous assumptions and may differ significantly from actual recoverable amounts.

10.3 COVID-19

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

As an “Essential Service” (producing reagents and components for critical care diagnostic tests), IBEX has remained operational.

The COVID-19 situation has however had an impact on some of our developmental programs, which rely heavily on external suppliers, some of which have been closed down as a result of the pandemic. Some of these programs have resumed in the past months as suppliers resumed operations.

As an emerging risk, the duration and full financial effect of the COVID-19 pandemic are unknown, and accordingly estimates of the extent to which the COVID-19 may materially and adversely affect the Corporation are subject to significant uncertainties.

11 ACCOUNTING STANDARDS AND AMENDMENTS

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 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.

12 OUTSTANDING SHARE DATA

12.1 Authorized

As at November 10, 2021, the Company’s authorized capital stock consists of an unlimited number of:

- First preferred shares, cumulative, redeemable, issuable in series. The first series consisted of 150,000 shares, convertible into common shares at a rate of 188.68 voting common shares for each preferred share. All preferred shares were converted into common shares;
- Second preferred shares, cumulative, redeemable, convertible, issuable in series;
- Third preferred shares, issuable in series; and
- Common shares.

12.2 Issued and Outstanding

The following details the issued and outstanding equity securities of the Company.

12.2.1 Common Shares

As at November 10, 2021, the Company has 24,823,244 common shares outstanding.

12.2.2 Stock options

As at November 10, 2021, the Company has 1,350,000 stock options outstanding with exercise prices ranging from $0.14 to $0.24 and expiry dates ranging from July 2023 to January 2030.

As at November 10, 2021, on an if-converted basis, these stock options would result in the issuance of 1,350,000 additional common shares at an aggregate exercise price of $226,375.

13 SALE OF IOWA PRODUCTION FACILITY

The Company closed operations at its North Liberty, Iowa production facility on July 31, 2019 and the facility was sold in June 2020.

The Company has taken a non-cash impairment of $35,492 in Fiscal 2020 related to the land, building and equipment.

This disposal resulted in a $498,368 cumulated gain on translation adjustments being reclassified to earnings for the year ended July 31, 2020.

The sale had a small positive cash impact after transaction fees and paying off the $709,756 USD mortgage.

From an operational point of view, the sale of the site reduced annual expenses by approximately US$166,000.

As previously reported, the production of all major products which IBEX acquired during the purchase of BRP have been moved to Montréal and represent an important augmentation to the IBEX product portfolio.

14 COVID-19 IMPACT

As an "Essential Service" (producing reagents and components for critical care diagnostic tests), IBEX has remained operational throughout the COVID-19 pandemic. To the extent possible, administrative staff work mainly from home and production and lab staff are on site on an as-needed basis. COVID-19 has thus far not impacted our ability to produce and sell.

As noted above, our financial picture has actually improved over the last two quarters, as customers have increased their purchases of our products (which mainly end up in diagnostics used in hospitals), however like many companies in the medical environment we do not have a clear picture of how COVID-19 will impact future sales.

The COVID-19 situation has however had an impact on some of our developmental programs, which rely heavily on external suppliers, some of which have been closed down as a result of the pandemic. We expect some of these programs to resume in the upcoming months as suppliers partially resume operations.

The Company has met all requirements under the Canada Emergency Wage Subsidy (CEWS) and Canada Emergency Rent Subsidy (CERS) and has received claims for a total amount of $277,774, for FY2021 and $125,762 for FY2020. The CEWS & CERS are recorded in "Other income" in the Company's audited consolidated financial statements and notes.

* * * * *