

## **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.

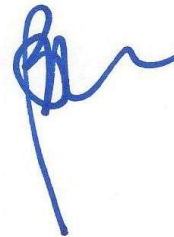
The Board of Directors is responsible for overseeing management in the performance of its responsibilities for financial reporting. The Board exercises its responsibilities through the Audit Committee, which comprises three independent directors. The Audit Committee meets from time to time with management 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.



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Paul Baehr  
President and Chief Executive Officer

Montréal, Canada  
December 15, 2021



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Belinda Franco, CPA, CA  
Vice-President Finance and Administration

Montréal, Canada  
December 15, 2021



**IBEX Technologies Inc. / Technologies IBEX Inc.**  
Unaudited Condensed Interim Consolidated Financial Statements  
First Quarter ended October 31, 2021 and July 31, 2021

**Condensed Interim Consolidated Statements of Financial Position**

**In Canadian dollars**

	Notes	October 31, 2021 \$	July 31, 2021 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		5,208,690	4,433,901
Trade and other receivables	4	863,008	954,788
Inventories	5	300,365	318,657
Prepaid expenses		94,478	121,474
<b>Total current assets</b>		<b>6,466,541</b>	<b>5,828,820</b>
<b>Non-current assets</b>			
Property, plant, equipment and intangible assets	6	1,122,572	1,128,678
Right-of-use assets	7	589,202	582,460
Deferred income tax assets		1,918,262	1,918,262
<b>Total assets</b>		<b>10,096,577</b>	<b>9,458,220</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		904,947	940,529
Current portion of lease liabilities	7	203,767	156,957
<b>Total current liabilities</b>		<b>1,108,714</b>	<b>1,097,486</b>
<b>Non-current liabilities</b>			
Non-current portion of lease liabilities	7	420,487	459,002
<b>Total liabilities</b>		<b>1,529,201</b>	<b>1,556,488</b>
<b>Equity</b>			
Share capital	11	52,680,158	52,680,158
Contributed surplus		807,975	806,890
Deficit		(44,920,757)	(45,585,316)
		<b>8,567,376</b>	<b>7,901,732</b>
<b>Total liabilities and equity</b>		<b>10,096,577</b>	<b>9,458,220</b>

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

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

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First Quarter ended October 31, 2021 and 2020

**Consolidated Statements of Changes in Equity**

In Canadian dollars

	Notes	Share capital \$	Contributed surplus \$	Deficit \$	Total \$
<b>As at July 31, 2021</b>		<b>52,680,158</b>	<b>806,890</b>	<b>(45,585,316)</b>	<b>7,901,732</b>
<b>Net earnings</b>		-	-	<b>664,559</b>	<b>664,559</b>
<b>Share-based compensation</b>	11	-	<b>1,085</b>	-	<b>1,085</b>
<b>As at October 31, 2021</b>		<b>52,680,158</b>	<b>807,975</b>	<b>(44,920,757)</b>	<b>8,567,376</b>
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	11	-	10,549	-	10,549
As at October 31, 2020		52,672,258	804,790	(46,196,753)	7,280,295

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



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

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**Consolidated Statements of Earnings and Comprehensive Income**

**In Canadian dollars**

	Notes	<b>For the three-month Period ended October 31, 2021</b>	For the three-month Period ended October 31, 2020
		\$	\$
<b>Revenues</b>		<b>1,781,201</b>	1,164,658
Cost of sales	8	<b>657,428</b>	532,601
Research and development expenses	8	<b>57,476</b>	7,218
Selling, general and administrative expenses	8	<b>371,095</b>	512,437
Operating earnings		<b>695,202</b>	112,402
Foreign exchange loss	8	<b>21,622</b>	4,927
Finance expenses - net	8	<b>9,021</b>	9,583
Other gains	8	-	(48,168)
Earnings before income taxes		<b>664,559</b>	146,060
Provision for income tax		-	(4,006)
<b>Net earnings and comprehensive income</b>		<b>664,559</b>	150,066
Basic and diluted net earnings per share		<b>0.03</b>	0.01

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, 2021 and 2020

**Consolidated Statements of Cash Flows**

**In Canadian dollars**

	Notes	<b>For the three-month period ended October 31, 2021</b>	For the three-month period ended October 31, 2020
		\$	\$
<b>Cash flows (used) generated from operating activities</b>			
Net earnings		<b>664,559</b>	150,066
Adjustments for non-cash income and expenses			
Depreciation of property, plant, equipment and intangible assets	6	<b>43,381</b>	49,968
Depreciation right-of-use assets	7	<b>52,293</b>	45,928
Share-based compensation	11	<b>1,085</b>	10,549
Accretion expenses on lease liabilities	7	<b>6,183</b>	6,120
		<b>767,501</b>	262,631
<b>Changes in non-cash working capital balances</b>			
Decrease in trade and other receivables		<b>91,780</b>	184,412
Decrease (increase) in inventories		<b>18,292</b>	(32,035)
Decrease in prepaid expenses		<b>26,996</b>	16,058
(Decrease) increase in trade and other payables		<b>(35,582)</b>	88,764
Net changes in non-cash working capital balances		<b>101,486</b>	257,199
<b>Net cash (used in) generated from operating activities</b>		<b>868,987</b>	519,830
<b>Cash flows used in investing activities</b>			
Purchase of property, plant and equipment	6	<b>(37,275)</b>	(17,500)
<b>Net cash used in investing activities</b>		<b>(37,275)</b>	(17,500)
<b>Cash flows used in financing activities</b>			
Principal payments of leases liabilities	7	<b>(56,923)</b>	(46,705)
<b>Net cash used in financing activities</b>		<b>(56,923)</b>	(46,705)
Net change in cash and cash equivalents		<b>774,789</b>	455,625
Cash and cash equivalents at beginning of year		<b>4,433,901</b>	3,705,517
<b>Cash and cash equivalents at end of first quarter</b>		<b>5,208,690</b>	4,161,142

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, 2021 and 2020

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### **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 15, 2021 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, 2021.

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, 2021.

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.

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

Consolidated Financial Statements

First Quarter ended October 31, 2021 and 2020

**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, 2021, the Company has two forward foreign exchange contracts outstanding.

On August 16, 2021, the Company entered into forward foreign exchange contracts under which it has sold a total of \$750,000 USD to Canadian dollars and has undertaken to sell a total of \$1,500,000 USD to Canadian dollars at future dates, at varying rates, to April 2022.

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, 2021 and July 31, 2021 were as follows:

	October 31, 2021		July 31, 2021	
	CA\$	US\$	CA\$	US\$
Cash and cash equivalents	1,356,987	1,095,758	660,074	529,670
Trade and other receivables	796,540	643,201	834,869	669,932
Trade and other payables	38,101	30,766	42,100	33,783

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 \$105,771 recorded in net earnings for the three-month period ended October 31, 2021 (July 31, 2021, \$72,642).

**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.

The aging of trade receivables as at October 31, 2021 was as follows:

Trade receivables	\$	%
Current	785,265	99
Past due 31–90 days	11,275	1
Over 90 days	-	-
	796,540	100





## IBEX Technologies Inc. / Technologies IBEX Inc.

Consolidated Financial Statements

First Quarter ended October 31, 2021 and 2020

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, 2021 %	July 31, 2021 %
Customer 1	58	64
Customer 2	12	7
Customer 3	10	-

### 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, 2021.

	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	904,947	904,947	904,947	-	-	-
Lease liabilities <sup>1</sup>	624,254	677,965	224,915	280,435	74,824	97,791
	1,529,201	1,582,912	1,129,862	280,435	74,824	97,791

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.

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, 2021 and July 31, 2021, there are no financial instruments that were accounted for using fair value.

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

Consolidated Financial Statements

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**4 Trade and other receivables**

	October 31, 2021	July 31, 2021
	\$	\$
Trade	796,540	887,194
Sales tax	27,625	28,751
Other receivable	38,843	38,843
	<b>863,008</b>	<b>954,788</b>

**5 Inventories**

	October 31, 2021	July 31, 2021
	\$	\$
Finished goods – Enzymes	251,520	283,068
Finished goods – Arthritis diagnostic kits	48,845	35,589
	<b>300,365</b>	<b>318,657</b>

**6 Property, plant, equipment and intangible assets**

	October 31, 2021	October 31, 2020
	\$	\$
<b>Opening July 31, 2021 and 2020</b>		
Cost	4,020,115	3,748,943
Accumulated depreciation	(2,891,437)	(2,711,137)
<b>Net book amount</b>	<b>1,128,678</b>	<b>1,037,806</b>
<b>Three-month period ended October 31, 2021 and 2020</b>		
Opening net book amount	1,128,678	1,037,806
Additions	37,275	17,500
Depreciation charge	(43,381)	(49,968)
Effect of exchange rate variations	-	-
<b>Closing net book amount</b>	<b>1,122,572</b>	<b>1,005,338</b>
<b>Ending October 31, 2021 and 2020</b>		
Cost	4,057,390	3,766,443
Accumulated depreciation	(2,934,818)	(2,761,105)
<b>Net book amount</b>	<b>1,122,572</b>	<b>1,005,338</b>

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

Consolidated Financial Statements

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**7 Right-of Use Assets and Lease Liabilities**

	<b>October 31, 2021 \$</b>	October 31, 2020 \$
<i>Right-of-Use Assets</i>		
<b>Opening July 31, 2021 and 2020</b>		
Cost	955,280	682,520
Accumulated depreciation	(372,820)	(167,935)
<b>Net book amount</b>	<b>582,460</b>	514,585
<b>Three-month period ended October, 2021 and 2020</b>		
Opening net book amount	582,460	514,585
Addition	59,035	266,463
Depreciation charge	(52,293)	(45,928)
<b>Closing net book amount</b>	<b>589,202</b>	735,120
<b>Ending October 31, 2021 and 2020</b>		
Cost	899,783	948,983
Accumulated depreciation	(310,581)	(213,863)
<b>Net book amount</b>	<b>589,202</b>	735,120
<i>Lease liabilities</i>		
<b>Opening July 31, 2021 and 2020</b>		
Addition	59,035	266,463
Accretion expense	6,183	6,120
Payments	(56,923)	(46,705)
<b>As at October 31, 2021 and 2020</b>	<b>624,254</b>	755,898
Current portion of lease liabilities	203,767	185,703
Long-term portion of lease liabilities	420,487	570,195
<b>Closing net book amount</b>	<b>624,254</b>	755,898



## IBEX Technologies Inc. / Technologies IBEX Inc.

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### 8 Expense by nature

	October 31, 2021 \$	October 31, 2020 \$
Salaries and benefits expense	550,911	597,300
Share-based compensation expense	1,085	10,549
Board compensation	38,969	32,939
Contracts and collaborators	46,565	38,797
Professional fees	41,089	39,621
Shareholders' relation fees	7,342	7,575
Occupancy costs	27,870	26,320
Insurance	24,949	24,614
Royalties	5,032	7,271
Sales, administration and all other expenses	228,221	203,409
Foreign exchange loss	21,622	4,927
Finance expense	12,583	11,235
Finance revenue	(3,562)	(1,652)
Changes in inventory allocation, work in process and finished goods	18,292	(32,035)
Depreciation of property, plant, equipment and intangible assets	43,381	49,968
Depreciation right-of-use assets	52,293	45,928
Other income	-	(48,168)
	<u>1,116,642</u>	<u>1,018,598</u>

### 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, 2021 \$	October 31, 2020 \$
Salaries, share-based compensation and employee benefits	<u>218,870</u>	<u>280,314</u>

### 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, 2021, 76% of its sales derived from its top three customers (July 31, 2021 – 68%)

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

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First Quarter ended October 31, 2021 and 2020

	<b>October 31, 2021</b>	<b>July 31, 2021</b>
	<b>%</b>	<b>%</b>
Customer A	<b>51</b>	50
Customer B	<b>20</b>	12
Customer C	<b>5</b>	6

*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, 2021 and the year ended July 31, 2021 were as follows:

	<b>October 31, 2021</b>	<b>July 31, 2021</b>
	<b>%</b>	<b>%</b>
Canada	<b>12</b>	20
United States	<b>54</b>	59
Germany	<b>6</b>	8
United Kingdom	<b>23</b>	6
Other	<b>5</b>	7
	<b>100</b>	100

**11 Share capital***Issued and fully paid*

	<b>October 31, 2021</b>		<b>July 31, 2021</b>	
	<b>Number of common shares</b>	<b>Book value \$</b>	<b>Number of common shares</b>	<b>Book value \$</b>
Beginning balance	<b>24,823,244</b>	<b>52,680,158</b>	24,773,244	52,672,258
Stock options exercised	-	-	50,000	7,900
Ending balance	<b>24,823,244</b>	<b>52,680,158</b>	24,823,244	52,680,158

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

Consolidated Financial Statements

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*Stock options*

The following tables summarize the IBEX stock option plan for the quarter ended October 31, 2021 and the year ended July 31 2021:

	October 31, 2021		July 31, 2021	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Beginning balance	<b>1,350,000</b>	<b>0.17</b>	1,475,000	0.20
Granted	-	-	-	-
Exercised	-	-	(50,000)	0.08
Expired	-	-	-	-
Forfeited	-	-	(75,000)	0.20
Ending balance	<b>1,350,000</b>	<b>0.17</b>	1,350,000	0.17

The following table summarizes the IBEX stock options outstanding as at October 31, 2021:

Options outstanding and currently exercisable			
Exercise prices \$	Number outstanding	Number vested and exercisable	Weighted average remaining contractual life (years)
<b>0.14</b>	<b>455,000</b>	<b>455,000</b>	<b>8.24</b>
<b>0.15</b>	<b>300,000</b>	<b>200,000</b>	<b>7.15</b>
<b>0.20</b>	<b>525,000</b>	<b>525,000</b>	<b>6.14</b>
<b>0.24</b>	<b>70,000</b>	<b>70,000</b>	<b>5.47</b>
	<b>1,350,000</b>	<b>1,250,000</b>	