



IBEX TECHNOLOGIES INC.

MANAGEMENT DISCUSSION AND ANALYSIS

FISCAL 2024

**SIX MONTHS ENDED
JANUARY 31, 2024**

As at March 21, 2024

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED JANUARY 31, 2024
March 21, 2024
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MANAGEMENT DISCUSSION AND ANALYSIS

March 21, 2024

1 PREAMBLE

The following Management Discussion and Analysis (“MD&A”) and the unaudited condensed interim consolidated financial statements (“interim financial statements”) of IBEX Technologies Inc. (the “Company”) were approved by the Audit Committee and the Board of Directors on March 21, 2024. This MD&A provides a review of the developments and results of operations of the Company during the second quarter ended January 31, 2024 compared with the second quarter ended January 31, 2023.

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, 2023 and 2022.

The Company’s interim financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”). Additional information relating to the Company, including the Company’s Management Proxy Circular, can be found on SEDAR+ at www.sedarplus.ca.

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 this MD&A.

3 INTRODUCTION TO IBEX

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 hemostasis 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 hemostasis.

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.

4 RESULTS OF OPERATIONS: Q2 FISCAL 2024

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)	Q2		Q1		Q4		Q3		Last 12 Months	
	F2024 \$	F2023 \$	F2024 \$	F2023 \$	F2023 \$	F2022 \$	F2023 \$	F2022 \$	2024 \$	2023 \$
- Revenues	1,922	1,722	2,058	1,752	1,754	2,070	2,264	2,209	7,998	7,753
- Expenses before tax	1,767	1,622	1,248	1,073	1,397	1,323	1,382	1,639	5,794	5,657
- Earnings before tax	155	100	810	679	357	747	882	570	2,204	2,096
- Net earnings	50	100	810	679	2,224	35	891	570	3,975	1,384
- Earnings per common share	-	-	0.03	0.03	0.09	-	0.04	0.02	0.16	0.05
- EBITDA	199	117	857	741	384	815	920	687	2,360	2,360
- Cash & cash equivalents	8,692	7,490	8,746	8,159	8,547	7,641	7,518	6,960	-	-

Net Earnings for the Quarter

The Company recorded net earnings of \$49,664 during the second quarter ended January 31, 2024, a decrease of \$50,369 compared to prior year. The difference is explained by an increase in revenues of \$199,930 (see section 4.3), offset by an increase in expenses of \$250,299 (see section 4.4).

The above led the Company to record an EBITDA for the quarter of \$199,043 versus \$117,247 last year, an increase of \$81,796.

It should be noted that Earnings Before Interest, Tax, Depreciation & Amortization ("EBITDA") 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. The elements included in the Company's EBITDA are: Net earnings (loss), Depreciation of property, plant, equipment and intangible assets, Depreciation of right-of-use assets, Interest-Net, and Income tax expense (recovery).

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 loss (gain)		
Quarter ended	January 31, 2024	January 31, 2023
Balance sheet revaluation		
• US cash	\$57,407	\$78,066
• US Trade receivables	\$41,220	\$39,099
• Other US accounts	(\$13,215)	(\$21,923)
Total loss / (gain) on revaluation	\$85,412	\$95,242

Canadian/US dollar		
Quarter ended	January 31, 2024	January 31, 2023
Average rate	1.3522	1.3488
Closing rate	1.3397	1.3350

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.

4.3 Revenues for the Quarter

Revenues for the quarter ended January 31, 2024, totaled \$1,922,000, up \$199,930 (12%) from \$1,722,070 for the same period the prior year. The increase stems from volume increases of \$567,294 (US\$419,534), a negative foreign exchange impact of \$86,743, partially offset by decreases due to changes in product mix of \$280,621 (US\$207,529).

Revenues Variations – Quarter ended	January 31, 2024 vs. January 31, 2023
Volume/mix/new products impact:	
• Increase due to volume USD	\$419,534
• Decrease due to product mix USD	(\$207,529)
Total increase due to volume/mix USD	\$212,005
Currency impact:	
• Total increase due to volume/mix CAD	\$286,673
• Currency negative effects in CAD	(\$86,743)
• Total increase in CAD	\$199,930

4.4 Total Expenses for the Quarter

Total expenses before taxes for the second quarter of fiscal 2024 increased by \$144,563 to \$1,766,600 compared to \$1,622,037 in the same quarter a year ago. Foreign exchange loss decreased by \$9,830, R&D expenses decreased by \$117,214, offset by financial income which increased by \$8,400 and G&A expenses which increased by \$275,947. See the following sections for more detail.

Expense details		
Quarter ended	January 31, 2024	January 31, 2023
Cost of sales ¹	\$507,092	\$529,103
R&D expenses ¹	\$93,535	\$210,749
SG&A expenses ¹	\$1,030,143	\$754,196
Depreciation of PPE ²	\$60,399	\$36,825
Depreciation of right-of-use assets	\$73,719	\$65,769
Foreign exchange loss/ (gain)	\$85,412	\$95,242
Financial expenses - net	(\$83,700)	(\$75,300)
Total expenses before other gains	\$1,766,600	\$1,616,584
Other expense	-	\$5,453
Total expenses	\$1,766,600	\$1,622,037

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 apparent 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 cost of supplies, royalties, manufacturing labour and the allocation of fixed overheads.

Cost of sales		
Quarter ended	January 31, 2024	January 31, 2023
Revenues	\$1,922,000	\$1,722,070
Cost of sales ³	\$552,774	\$560,943
Gross margin %	71%	67%

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

The variance in gross margin is due to cost allocation (the level of transfer of salaries, supplies, royalties and overheads to inventory) rather than to a decrease 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 January 31, 2024, research and development expenses totaled \$93,535 compared to \$210,749 in the same period a year ago mainly due to salaries attributed to the development of diamine oxidase (DiaMaze®), an enzyme being developed for the mitigation of symptoms associated with histamine intolerance for the nutraceutical market, as well as to other developmental projects.

4.4.3 Selling, General and Administrative Expenses

During the quarter ended January 31, 2024, selling, general and administrative (SG&A) expenses totaled \$1,030,143, an increase of \$275,947 from the same period year ago. The increase is primarily due to professional fees associated with the proposed acquisition of IBEX by BBI Solutions OEM Limited ("BBI").

5 RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED JANUARY 31, 2024

5.1 Summary of Results

The Company recorded net earnings of \$859,943 for the six months ended January 31, 2024 compared to net earnings of \$778,540 for the same period year ago. This increase of \$81,403 is attributable to higher revenues of \$506,565 (see section 5.3), partially offset by an increase in expenses totaling \$425,162 (see section 5.4).

EBITDA for the six months ended January 31, 2024 totaled \$1,055,891, an increase of \$197,410 versus last year.

Net earnings		
Year-to-date	Fiscal 2024	Fiscal 2023
Revenues	\$3,980,206	\$3,473,641
Net expenses	\$3,120,263	\$2,695,101
Net earnings	\$859,943	\$778,540
Earnings per share, basic and diluted	0.03	0.03

5.2 Foreign Exchange

The table below shows the fluctuation in the Canadian/US 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 loss / (gain)		
Year-to-date	Fiscal 2024	Fiscal 2023
Balance sheet revaluation		
• US Cash	(\$9,549)	\$15,676
• US Trade receivables	(\$10,384)	\$14,190
• Other US accounts	(\$1,591)	(\$20,361)
Total loss / (gain) on revaluation	(\$21,524)	\$9,505

Canadian/US dollar rates		
Year-to-date	January 31, 2024	January 31, 2023
Average rate	1.3550	1.3401
Closing rate	1.3397	1.3350

5.3 Revenues

Revenues for the six months ended January 31, 2024 totaled \$3,980,206, an increase of \$506,565 (15%) as compared to \$3,473,641 in the same period of the prior year, and \$366,967 higher than the same period in fiscal 2022.

The increase in revenues can mainly be attributed to the strong performance of customers in the hemostasis market.

The higher sales comprise a volume increase of \$1,033,127 (US\$742,529), partially offset by a decrease in product mix of \$451,201 (US\$332,990), and a negative currency effect of \$48,303.

Revenues Variations – Year-to-date	Fiscal 2024 vs. Fiscal 2023
Volume/mix/new products impact:	
• Increase due to volume USD	\$742,529
• Decrease due to product mix USD	(\$332,990)
Total increase due to volume/mix USD	\$409,539
Currency impact:	
• Total increase due to volume/mix CAD	\$554,926
• Currency negative effects CAD	(\$48,361)
• Total increase in CAD	\$506,565

5.4 Total Expenses

Total expenses before taxes for the six months ended January 31, 2024 increased by \$319,426 to \$3,014,527 compared to \$2,695,101 for the same period a year ago mainly due to G&A expenses increase of \$598,962, offset mainly by a decrease in R&D expenses of \$145,395, as more fully outlined below in section 5.4.3.

Expense details		
Year-to-date	Fiscal 2024	Fiscal 2023
Cost of sales ⁴	\$943,969	\$1,033,936
R&D expenses ⁴	\$215,767	\$361,162
SG&A expenses ⁴	\$1,787,871	\$1,188,909
Depreciation of PPE	\$120,150	\$70,687
Depreciation of right-of-use assets	\$147,281	\$131,502
Foreign exchange loss / (gain)	(\$21,525)	\$9,505
Financial expenses - net	(\$163,500)	(\$106,053)
Total expenses before other gains	\$3,030,013	\$2,689,648
Other (income) expense	(\$15,486)	\$5,453
Total expenses	\$3,014,527	\$2,695,101

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

5.4.1 Cost of Sales

Cost of Sales consists principally of manufacturing labour, the costs of supplies, royalties, 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-to-date	Fiscal 2024	Fiscal 2023
Revenues	\$3,980,206	\$3,473,641
Cost of sales ⁵	\$1,034,705	\$1,095,967
Gross margin %	74%	68%

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

The increase in gross margin percent is due to the positive effect of the cost allocation (i.e. the level of transfer of salaries, supplies, royalties and overheads to inventory) rather than to a decrease in the costs of materials or labour.

5.4.2 Research and Development Expenses

Research and development (R&D) expenses for the six months ended January 31, 2024 totaled \$215,767 compared to \$361,162 for the same period a year ago. The \$155,992 decrease is due mainly to a decrease in the salaries which are allocated to the development of diamine oxidase (DiaMaze®), an enzyme being developed for the mitigation of symptoms associated with histamine intolerance for the nutraceutical market, as well as other developmental projects.

5.4.3 Selling, General and Administrative Expenses

Selling, general and administrative (SG&A) expenses for the six months ended January 31, 2024 totaled \$1,787,871 compared to \$1,188,909 for the same period a year ago. The negative variance of \$598,962 is mainly due to an increase in professional fees associated with the proposed acquisition of IBEX by BBI.

6 LIQUIDITY AND CAPITAL RESOURCES

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 January 31, 2024, the Company had net working capital of \$8,819,448. Cash and cash equivalents decreased by \$53,447 since the last quarter to \$8,692,197.

Net working capital also decreased marginally, by \$42,215.

As at:	January 31, 2024	October 31, 2023	July 31, 2023	April 30, 2023	January 31, 2023
Cash and cash equivalents	\$8,692,197	\$8,745,644	\$8,547,043	\$7,518,058	\$7,489,644
Net working capital	\$8,819,448	\$8,861,633	\$8,429,764	\$8,394,049	\$7,512,075

Management believes that the Company has sufficient funds to meet its obligations and planned expenditures for at least 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.

7 LOOKING FORWARD

As has been disclosed via press release and SEDAR+ filings, IBEX has entered into a binding acquisition agreement dated February 9, 2024 and related agreements with 15720273 Canada Inc., a newly-incorporated, wholly-owned subsidiary of BBI, whereby BBI will acquire all of the issued and outstanding shares of IBEX at a price of \$1.45 per share in cash. Subject to shareholder approval on April 3, 2024, the transaction is expected to close on April 8, 2024, following which the Company will be delisted from the TSX Venture Exchange.

In the unlikely event that the transaction does not close, IBEX would expect to report Fiscal 2024 earnings in line with the Fiscal 2023 results.

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. For more information, and for a complete description of the risk factors that could materially affect the business, please refer to the corresponding sections in the Company's July 31, 2023 MD&A, as they are the same for the six months ended January 31, 2024.

9 RELATED PARTY TRANSACTIONS

During the six months ended January 31, 2024 and 2023, other than the transactions and amounts described in *Note 9* in our interim financial statements, the Company did not have any related party transactions.

10 CRITICAL ACCOUNTING ESTIMATES

Please refer to *Note 2* of the Company's July 31, 2023 audited consolidated financial statements and the corresponding section of the July 31, 2023 MD&A to review the Company's critical accounting estimates. They are the same as those used in the interim financial statements for the six months ended January 31, 2024.

11 ACCOUNTING STANDARDS AND AMENDMENTS

Please refer to *Note 2* of the Company's January 31, 2024 interim financial statements.

A number of new standards or amendments to standards and interpretations will be effective for the fiscal year beginning August 1, 2023 or after. The Company does not expect that these new standards or amendments will have a significant impact on its consolidated financial statements.

12 NORMAL COURSE ISSUER BID

On July 17, 2024, the Company announced that the TSX Venture Exchange approved the renewal of the Normal Course Issuer Bid ("2024 NCIB") that was originally launched on July 29, 2022. The 2024 NCIB commenced on August 5, 2023 and will end on the earlier of August 4, 2024 or when the Company completes its maximum purchases under the NCIB. Under the terms of the 2024 NCIB, the Company may purchase for cancellation up to 1,500,000 common shares of the Company. Furthermore, IBEX entered into an agreement with a broker to facilitate purchases of its common shares under the NCIB. Under IBEX's automatic share purchase plan, the broker may purchase common shares, which would ordinarily not be permitted due to regulatory restrictions or self-imposed blackout periods. As of the date of the financial statements, 64,600 shares were repurchased and cancelled at a cost of \$42,584 for the original 2023 NCIB and 251,000 shares have been repurchased and cancelled for the 2024 NCIB at a cost of \$232,500.

13 OUTSTANDING SHARE DATA

13.1 Common Shares

As at March 21, 2024, the Company has 24,507,644 common shares outstanding.

13.2 Stock options

As at March 21, 2024, the Company has 1,615,000 stock options outstanding with exercise prices ranging from \$0.14 to \$0.48 and expiry dates ranging from December 2027 to December 2031.

As at March 21, 2024, on an if-converted basis, these stock options would result in the issuance of 1,615,000 additional common shares at an aggregate exercise price of \$407,400.

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