Consolidated Financial Statements

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NOTICE TO THE READER OF THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Management's Statement of Responsibility for Financial Information

The 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 consolidated financial statements and for ensuring that this information is consistent, where appropriate, with the information and data included in the 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 consolidated financial statements have been audited by the Company's independent auditor, PricewaterhouseCoopers LLP, who has issued their report herein.

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 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
November 8, 2023

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

Montréal, Canada
November 8, 2023

Independent auditor's report

To the Shareholders of IBEX Technologies Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of IBEX Technologies Inc. and its subsidiaries (together, the Company) as at July 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at July 31, 2023 and 2022;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of earnings and comprehensive income for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

We have determined that there are no key audit matters to communicate in our report.

PricewaterhouseCoopers LLP
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Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Michel Larouche.

/s/PricewaterhouseCoopers LLP[1]

Montréal, Quebec
November 8, 2023

[1] CPA auditor, public accountancy permit No. A111799

Consolidated Statements of Financial Position

In Canadian dollars

	Notes	**July 31, 2023 $**	July 31, 2022 $
Assets			
Current assets			
Cash and cash equivalents		**8,547,043**	**7,641,052**
Trade and other receivables	4	**1,342,874**	**991,432**
Inventories	5	**170,921**	**227,175**
Prepaid expenses		**167,016**	**165,909**
Total current assets		**10,227,854**	**9,025,568**
Non-current assets			
Property, plant, equipment and intangible assets	6	**1,960,060**	**1,124,305**
Right-of-use assets	2-7	**1,520,960**	**1,547,316**
Deferred income tax assets	10	**3,122,482**	**1,250,008**
Total assets		**16,831,356**	**12,974,197**
Liabilities			
Current liabilities			
Trade and other payables		**1,585,245**	**1,575,381**
Current portion of lease liabilities	2-7	**212,845**	**175,853**
Total current liabilities		**1,798,090**	**1,751,234**
Non-current liabilities			
Non-current portion of lease liabilities	2-7	**1,426,178**	**1,448,845**
Total liabilities		**3,224,268**	**3,200,079**
Equity			
Share capital	12	**52,543,063**	**52,680,158**
Contributed surplus		**1,081,332**	**977,881**
Deficit		**(40,017,307)**	**(43,910,921)**
		13,607,088	**9,747,118**
Total liabilities and equity		**16,831,356**	**12,947,197**

The accompanying notes are an integral part of these consolidated financial statements.

Approved by the Board of Directors

____, Director_________________________________, Director

Consolidated Statements of Changes in Equity

In Canadian dollars

	Notes	**Share capital $**	**Contributed surplus $**	**Deficit $**	**Total $**
As at July 31, 2021		52,680,158	806,890	(45,585,316)	7,901,732
Net earnings		-	-	1,674,395	1,674,395
Share-based compensation	12	-	170,991	-	170,991
As at July 31, 2022		52,680,158	977,881	(43,910,921)	9,747,118
Net earnings		**-**	**-**	**3,893,614**	**3,893,614**
Share repurchases		**(137,095)**	**94,511**	**-**	**(42,584)**
Share-based compensation	12	**-**	**8,940**	**-**	**8,940**
As at July 31, 2023		**52,543,063**	**1,081,332**	**(40,017,307)**	**13,607,088**

The accompanying notes are an integral part of these consolidated financial statements

Consolidated Statements of Earnings and Comprehensive Income

In Canadian dollars

	Notes	**For the year ended July 31, 2023 $**	For the year ended July 31, 2022 $
Revenues		**7,491,739**	7,892,487
Cost of sales	8	**2,291,730**	2,534,284
Research and development expenses	8	**670,615**	347,403
Selling, general and administrative expenses	8	**3,048,815**	2,743,230
Operating earnings		**1,480,579**	2.267.570
Foreign exchange loss (gain)	8	**92,251**	(59,105)
Finance expenses (income)net	8	**(262,428)**	29,709
Other income	8	**(367,058)**	(89,657)
Earnings before income taxes		**2,017,814**	2,386,623
Income tax expense	10	**(1,875,800)**	712,228
Net earnings & comprehensive income		**3,893,614**	1,674,395
Basic net earnings per share	2	**0.16**	0.07
Diluted net earnings per share	2	**0.15**	0.06

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

In Canadian dollars

	Notes	**For the year ended July 31, 2023 $**	For the year ended July 31, 2022 $
Cash flows generated from (used in) operating activities			
Net earnings		**3,893,614**	1,674,395
Adjustments for non-cash income and expenses			
Depreciation of property, plant, equipment and intangible assets	6	**171,444**	149,214
Depreciation of right-of-use assets	7	**265,611**	220,719
Accretion expenses on lease liabilities	7	**66,402**	51,957
Share-based compensation	12	**8,940**	170,991
Deferred income tax expense (recovery)	10	**(1,872,474)**	668,254
		2,533,537	2,935,530
Changes in non-cash working capital balances			
(Increase) in trade and other receivables		**(351,442)**	(36,644)
Decrease (increase) in inventories		**56,255**	91,482
(Increase) in prepaid expenses		**(1,108)**	(44,435)
Increase (decrease) in trade and other payables		**9,864**	634,852
Net changes in non-cash working capital balances		**(286,431)**	645,255
Net cash generated from (used in) operating activities		**2,247,106**	3,580,785
Cash flows generated from (used in) investing activities			
Purchase of property, plant and equipment	6	**(1,007,199)**	(144,841)
Net cash generated from (used in) investing activities		**(1,007,199)**	(144,841)
Cash flows used in financing activities			
Share repurchases	12	**(42,584)**	-
Principal payments of lease liabilities	7	**(291,332)**	(228,793)
Net cash used in financing activities		**(333,916)**	(228,793)
Net change in cash and cash equivalents		**905,991**	3,207,151
Cash and cash equivalents at beginning of year		**7,641,052**	4,433,901
Cash and cash equivalents at end of year		**8,547,043**	7,641,052

The accompanying notes are an integral part of these consolidated financial statements.

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 manufactured a series of arthritis assays, which were widely used in osteoarthritis research Due to declining sales and production issues beyond our control, IBEX has decided in September 2023 to discontinue this marginally profitable line. These consolidated financial statements were authorized for issue by the Board of Directors on November 8, 2023 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

The Company prepares its consolidated financial statements in accordance with generally accepted accounting principles in Canada as set out in the CPA Canada Handbook – Accounting – Part 1, which incorporates International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned Canadian and US subsidiaries, IBEX Pharmaceuticals Inc. ("IBEX Pharma"), IBEX Technologies Corporation and Bio-Research Products Inc. ("BRP"). Note that Technologies IBEX R&D Inc. was amalgamated into IBEX Pharmaceuticals Inc. on March 1, 2023.

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated on the date control ceases. Intercompany transactions and balances between companies are eliminated.

Critical accounting estimates and judgments

The preparation of financial statements in conformity 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.

Functional and presentation currency and foreign currency translation

Presentation and functional currency

The financial statements of the Company's subsidiaries are measured using their functional currency, which is the currency of the primary economic environment in which they operate and corresponds to their local currency.

The consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

Translation of accounts of foreign subsidiaries

Accounts of foreign subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i) Assets and liabilities are translated at the closing rate at the reporting date;

ii) Income and expenses are translated at the average monthly exchange rates; and

iii) All resulting changes are recognized in other comprehensive income as cumulative translation adjustments.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation when items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation, at each reporting date's exchange rates, of monetary assets and liabilities denominated in foreign currencies, are recognized in the statement of earnings and comprehensive income (loss).

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks and highly liquid short-term investments. The Company considers short-term investments with an original maturity at the date of purchase of three months or less to be cash equivalents.

As at July 31, 2023, cash equivalents include money market funds totalling $4,125,200 at various interest rates (July 31, 2022 – $625,000 – 2.25%) as well as a Cashable GIC of $300,000 at an interest rate of 2.25% (July 31, 2022 – $300,000- 0.75%)

Financial Instruments

The Company determines whether financial assets and financial liabilities are measured at amortized cost or fair value.

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, they are also classified as FVTPL unless on the day of acquisition the Company makes an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL. The following table shows the classification adopted by the Company:

Financial instrument	**Classification – IFRS 9**
Cash and cash equivalents	Amortized cost
Trade and other receivables	Amortized cost
Trade and other payables	Amortized cost
Long-term debt	Amortized cost

(ii) Measurement

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses recognized in other comprehensive income (loss) without subsequent reclassification to net income.

Financial assets and financial liabilities at amortized cost

Financial assets and financial liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and financial liabilities at FVTPL

Financial assets and financial liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of earnings and comprehensive income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and financial liabilities held at FVTPL are included in the statement of earnings and comprehensive income in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in the other comprehensive income without subsequent reclassification to net loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statement of earnings and comprehensive income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

For trade receivables, the Company applies the simplified approach which requires expected lifetime losses to be recognized from initial recognition of the receivables.

The Company assumes that there is no significant increase in credit risk for debt-instruments that have a low credit risk.

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statement of earnings and comprehensive income. However, gains and losses on derecognition of equity instruments classified as FVTOCI are transferred to the Company's capital.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of earnings and comprehensive income.

Inventories

Raw materials are measured at the lower of cost or net realizable value. Cost is determined using the average cost method. Net realizable value corresponds to replacement cost in the normal course of business.

Work in process and finished goods are valued at the lower of cost or net realizable value determined on a first-in, first-out basis. Cost of finished goods comprises direct production costs such as raw materials, consumables, utilities, labour and production overheads such as depreciation, maintenance and occupancy costs. Net realizable value is the estimated selling price less applicable selling expenses. If carrying value exceeds net realizable amount, a write-down is recognized. The write-down may be reversed in a subsequent period if the circumstances which caused it no longer exist.

Property, plant and equipment

Property, plant and equipment are carried at historical cost less accumulated depreciation, government assistance and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of property, plant and equipment the cost of replacing parts of such item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged in the consolidated statement of earnings (loss) and comprehensive income (loss) during the period in which they are incurred.

Depreciation is recorded using the straight-line method based on the estimated useful lives of the related assets as follows:

	Term
Machinery and equipment	Varying from 2 to 30 years
Furniture and fixtures	Varying from 2 to 10 years
Leasehold improvements	Varying from 5 to 9 years

Assets under construction are capitalized and are depreciated when ready to use.

Intangible assets

Intangible assets comprise software which are amortized using the straight-line method over a period of 4 to 5 years.

Impairment of long-lived assets

The Company assesses the carrying value of its long-lived assets, which comprise property, plant and equipment, for impairment when events or changed circumstances indicate that the carrying value may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or “CGUs”). Recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use (being the present value of the expected future cash flows of the relevant asset or CGU, as determined by management). The amount of impairment loss, if any, is determined as the excess of the carrying value of the assets over their recoverable amount.

Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less or in the normal operating cycle of the business if longer. If not, they are presented as non-current liabilities.

Leases (IFRS 16)

A contract is a lease (or may contain a lease) if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A lease liability is recognized at the commencement of the lease term at the present value of the lease payments that are not paid at that date. At the commencement date, a corresponding right-of-use asset is recognized at the amount of the lease liability, adjusted for lease incentives received, retirement costs and initial direct costs. Depreciation is recognized on the right-of-use asset on a straight-line basis over the lease term. Accretion expense is recognized on the lease liability using the effective interest rate method and payments are applied against the lease liability.

Key areas where management has made judgments, estimates, and assumptions related to the application of IFRS 16 include:

- The incremental borrowing rates are based on judgments including economic environment, term, currency, and the underlying risk inherent to the asset. The carrying balance of the right-of-use assets, lease liabilities, and the resulting accretion expense and depreciation expense, may differ due to changes in the market conditions and lease term.
- Lease terms are based on assumptions regarding extension terms that allow for operational flexibility and future market conditions.

Share-based compensation

The Company operates an equity-settled, share-based compensation plan under which the Company receives services from employees as consideration for equity instruments (stock options).

Compensation expense for stock options is included in net earnings, with the offset credited to contributed surplus. Using the fair value method, compensation expense is measured at the grant date and recognized over the vesting period of the stock options. Any consideration paid on exercise of stock options or purchase of stock is credited to share capital.

Share capital

Common shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Net earnings per share

Net earnings per share is calculated using the weighted average number of shares outstanding of 24,779,977 as at July 31, 2023 (July 31, 2022 – 24,823,244). The options that are outstanding (note 12) have been considered in the computation of diluted earnings per share; however, these options had no impact on net earnings per share.

Revenue from Contracts with Customers

Revenue is recognized when delivery has occurred and there is no unfulfilled obligation that could affect the customer's acceptance. These criteria are generally met at the time the product is leaving the Company's premises and at that point, control has passed to the customer. Revenue is measured based on the price specified in the Company's Order Confirmation sent to the customer. The Company does not have any multiple-element revenue arrangements.

Cost of sales

Cost of sales comprises the costs of manufactured products. It includes the purchase cost of raw materials, production costs directly related to the manufactured products and production overheads. Production overheads include depreciation of equipment and inventory allocations. Cost of sales also includes a relevant portion of general overheads to the extent that they are directly attributable to bringing the manufactured products to their present condition.

Research and development costs

Research costs are expensed when incurred. Development costs are capitalized as intangible assets when the conditions relating to the commercial and technical feasibility of the project, the ability to allocate the costs reliably and the probability of generating future economic benefits are fulfilled. Development costs are reviewed annually in order to determine whether the criteria for recognition as intangible assets are met.

As at July 31, 2023 and 2022, no such costs have been deferred in the accounts of the Company.

Government assistance relating to research and development activities is reflected as a reduction of net research and development expenditures in these consolidated financial statements as and when it is earned and collectability is reasonably assured. For the years ended July 31, 2023 and 2022, no such amounts have been recorded as a reduction of research and development expenditures.

The recorded investment tax credits are based on management's best estimates of amounts expected to be recovered. The actual investment tax credits allowable are determined by the respective taxation authorities. Accordingly, these amounts may vary from the estimated amounts recorded.

Income taxes

The tax expense comprises current and deferred tax. When applicable, tax is recognized in the consolidated statement of earnings and comprehensive income.

Current income tax

The current income tax charge is based on the results for the period as adjusted for items that are not taxable or not deductible. Current income tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of each reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is recognized using the asset and liability method on temporary differences arising between the tax basis of assets and liabilities and their carrying amount in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the consolidated statement of financial position date and are expected to apply when the deferred income tax assets or liabilities are settled. Deferred income tax assets are recognized only to the extent that it is probable that the assets will be realized. Deferred income tax assets and liabilities are presented as non-current.

Government assistance

Government assistance, other than research and development costs, is recognized when there is reasonable assurance the Company will comply with the conditions of the grant and the collection of the grant is reasonably assured. Unless otherwise specified in the consolidated financial statements, government assistance is presented as "Other income" on the consolidated statement of earnings and comprehensive income.

Accounting policies

A number of new standards or amendments to standards and interpretations will be effective for the fiscal year beginning August 1, 2022 or after. The Company does not expect that these new standards or amendments will have a significant impact on its consolidated financial statements.

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.

On May 2, 2023, May 31, 2023, and October 12, 2023 the Company entered into forward foreign exchange contracts under which it has undertaken to sell a total of $2,250,000 USD to Canadian dollars at future dates, at varying rates, to October 2024.

The Company does not use forward foreign exchange contracts for speculative purposes. The Company also does not apply hedge accounting, and these derivative contracts are being marked to fair value at every reporting date with changes recorded in the consolidated statement of earnings and comprehensive income as foreign exchange (gain) loss and in the consolidated statement of financial position as trade and other receivables or trade and other payables.

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 July 31, 2023 and July 31, 2022 were as follows:

	July 31, 2023		July 31, 2022	
	CA$	**US$**	CA$	US$
Cash and cash equivalents	**1,782,840**	**1,352,994**	1,240,539	967,357
Trade and other receivables	**847,086**	**642,852**	869,244	677,826
Trade and other payables	**36,704**	**27,854**	44,265	34,517

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 $133,332 recorded in net earnings for the year ended July 31, 2023 (July 31, 2022, $107,702).

Interest rate risk

The Company no longer has 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 July 31, 2023 was as follows:

Trade receivables	**$**	**%**
Current	853,031	95
Past due 31–90 days	49,414	5
Over 90 days	-	-
	902,445	100

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

	July 31, 2023 %	July 31, 2022 %
Customer 1	**75**	64
Customer 2	**11**	25

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 July 31, 2023.

	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	1,585,245	1,585,245	1,585,245			
Lease liabilities[1]	1,639,023	1,924,629	283,101	583,735	595,623	462,170
	3,224,268	3,509,874	1,868,346	583,735	595,623	462,170

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 July 31, 2023 and 2022, there are no financial instruments that were accounted for using fair value.

4 Trade and other receivables

	July 31, 2023 $	July 31, 2022 $
Trade	**902,445**	869,244
Sales tax	**60,383**	19,377
Interest receivable	**15,498**	11,100
SR&ED receivable	**364,548**	89,716
Other receivable	**-**	1,995
	1,342,874	991,432

5 Inventories

	July 31, 2023 $	July 31, 2022 $
Finished goods – Enzymes	**164,586**	212,362
Finished goods – Arthritis diagnostic kits	**6,335**	-
Work in process – Enzymes	**-**	14,813
	170,921	227,175

During the year ended July 31, 2023, the Company wrote off inventories that had expired in the amount of $68,090 (July 31, 2022 - $24,506). The related expense is included in the Cost of sales.

6 Property, plant, equipment and intangible assets

	Machinery and Equipment $	Furniture and Fixtures $	Leasehold Improvements $	Software $	Total $
As at July 31, 2021					
Cost	2,897,429	618,494	460,367	43,825	4,020,115
Accumulated depreciation	(1,827,987)	(593,716)	(427,599)	(42,135)	(2,891,437)
Net book amount	1,069,442	24,778	32,768	1,690	1,128,678
Year ended July 31, 2022					
Opening net book amount	1,069,442	24,778	32,768	1,690	1,128,678
Additions	144,841	-	-	-	144,841
Depreciation charge	(133,443)	(3,895)	(10,186)	(1,690)	(149,214)
Closing net book amount	1,080,840	20,883	22,582	-	1,124,305
As at July 31, 2022					
Cost	3,042,270	618,494	460,367	43,825	4,164,956
Accumulated depreciation	(1,961,430)	(597,611)	(437,785)	(43,825)	(3,040,651)
Net book amount	**1,080,840**	**20,883**	**22,582**	**-**	**1,124,305**
Year ended July 31, 2023					
Opening net book amount	**1,080,840**	**20,883**	**22,582**	**-**	**1,124,305**
Additions	914,653	-	49,569	42,977	1,007,199
Disposal	-	-	-	-	-
Depreciation charge	(156,056)	(3,895)	(6,062)	(5,431)	(171,444)
Closing net book amount	**1,839,437**	**16,988**	**66,089**	**37,546**	**1,960,060**
As at July 31, 2023					
Cost	3,956,924	618,494	509,936	86,802	5,172,156
Accumulated depreciation	(2,117,487)	(601,506)	(443,847)	(49,256)	(3,212,096)
Net book amount	**1,839,437**	**16,988**	**66,089**	**37,546**	**1,960,060**

7 Right-of Use Assets and Lease Liabilities

	July 31, 2023 $	July 31, 2022 $
Right-of-Use Assets		
Opening July 31, 2022 and 2021		
Cost	**2,026,326**	1,588,581
Accumulated depreciation	**(479,010)**	(372,820)
Net book amount	**1,547,316**	1,215,761
Twelve-month period ended July 31, 2023 and 2022		
Opening net book amount	**1.547,316**	1.215,761
Addition	**239,255**	552,274
Addition - Termination	**(59,036)**	(114,529)
Depreciation charge	**(265,611)**	(220,719)
Depreciation - Termination	**59,036**	114,529
Closing net book amount	**1,520,960**	1,547,316
Ending July 31, 2023 and 2022		
Cost	**2,206,545**	2,026,326
Accumulated depreciation	**(685,585)**	(479,010)
Net book amount	**1,520,960**	1,547,316

Lease liabilities		
Opening July 31, 2022 and 2021	**1,624,698**	1,249,260
Addition	**239,255**	552,274
Accretion expense	**66,402**	51,957
Payments	**(291,332)**	(228,793)
As at July 31, 2023 and 2022	**1,639,023**	1,624,698
Current portion of lease liabilities	**212,845**	175,853
Long-term portion of lease liabilities	**1,426,178**	1,448,845
Closing net book amount	**1,639,023**	1,624,698

8 Expense by nature

	July 31, 2023 $	July 31, 2022 $
Salaries and benefits expense	**3,305,638**	3,108,892
Share-based compensation expense	**8,940**	170,991
Board compensation	**283,034**	138,613
Contracts and collaborators	**88,934**	234,758
Professional fees	**450,590**	259,511
Shareholders' relation fees	**53,734**	36,331
Occupancy costs	**164,387**	141,864
Insurance	**101,401**	100,990
Royalties	**47,584**	45,742
Sales, administration and all other expenses	**1,013,609**	925,810
Foreign exchange (gain) loss	**92,251**	(59,105)
Finance expense	**97,862**	77,818
Finance revenue	**(360,290)**	(48,109)
Changes in inventory allocation, work in process and finished goods	**56,254**	91,482
Depreciation of property, plant, equipment and intangible assets	**171,444**	149,214
Depreciation of right-of-use assets	**265,611**	220,719
Other income [2]	**(367,058)**	(89,657)
	5,473,925	5,505,864

2- Other income relating to the SRED tax credit as of July 31, 2023 totals $372,511 (July 31, 2022 - $89,657).

9 Key management compensation

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

	July 31, 2023 $	July 31, 2022 $
Salaries, share-based compensation and employee benefits	**1,432,275**	1,546,854

As of July 31, 2023, an amount of $350,403 is due to key management in respect of the Company's profit-sharing plan (July 31, 2022 – $448,211).

10 Income taxes

a) Income tax expense (recovery)

	July 31, 2023 $	July 31, 2022 $
Current	**(3,326)**	43,974
Deferred	**(1,872,474)**	668,254
Income tax expense (recovery)	**(1,875,800)**	712,228

b) Effective tax rate

The Company's effective income tax rate differs from the statutory federal and provincial income tax rate in Canada. This difference arises from the following:

	July 31, 2023 %	July 31, 2022 %
Combined statutory tax rate	**26.50**	26.50
Unrecognized tax benefits	**-**	(2.34)
Recognition of previously unrecognized tax benefits	**(125.51)**	-
Adjustments from prior years and other adjustments	**(0.16)**	-
True up ITC usage 2021	**--**	2.05
Non-deductible and other items	**3.20**	2.48
Rate Change	**-**	0.62
Other	**3.17**	-
	(119.30)	2.81
Effective tax rate	**(92.80)**	29.31

c) Deferred income tax assets

Deferred income tax assets, representing deductible temporary differences, tax loss carry-forwards and non-refundable unused tax credits, have been recognized to the extent that it is probable that sufficient taxable profits will be available to allow the assets to be recovered.

The components of the deferred income tax assets are as follows:

	July 31, 2023 $	July 31, 2022 $
Research and development expenditures pool	**1,896,203**	643,087
Investment tax credits	**162,872**	84,222
Non-capital losses	**361,536**	-
Property, plant and equipment	**701,871**	522,699
Deferred income tax assets	**3,122,482**	1,250,008

Deferred income tax assets are recognized only to the extent that it is probable that sufficient taxable profits will be available to allow the assets to be recovered. During the year, non-capital losses and non-refundable unused tax credits previously not recognized were recognized due to a tax reorganization.

Some deferred income tax assets have not been recognized; these unrecognized deferred income tax assets amount to $1,221,682 (July 31, 2022 - $3,423,313).

As at July 31, 2023 and 2022, significant components of the Company's unrecognized deferred income tax assets are as follows:

	July 31, 2023 $	July 31, 2022 $
Deferred income tax assets		
Research and development expenditures pool	**-**	1,319,386
Investment tax credits	**191,023**	37,954
Non-capital losses carried forward	**543,392**	1,576,683
Non-deductible reserve	**168,791**	127,638
Capital loss carry forward	**318,476**	323,153
Property, plant and equipment	**-**	38,499
	1,221,682	3,423,313

d) Other

The Company has accumulated non-capital losses for federal and Québec tax purposes of approximately $2,649,000 for which the future tax benefit has been recognized in the accounts this year. These losses may be carried forward and used to reduce taxable income in future years, and will expire as follows:

	$
2026	-
2027	553,000
2028	116,000
2029	198,000
2030	93,000
2031	146,000
Thereafter	1,543,000
	2,649,000

A US subsidiary company has non-capital losses amounting to approximately US$1,671,000 (CA$2,204,000) for which no future tax benefit has been recognized in the accounts. These losses may be carried forward and used to reduce taxable income in the United States in future years. For losses arising in taxable years beginning before January 1, 2018, the credit may be carried forward 20 years, with existing credits expiring between 2026 and 2039. For losses arising in taxable years beginning after January 1, 2018, the carry forward period is unlimited (I.R.C. §172(b)) but utilization is limited to 80% of taxable income for the year (I.R.C. §172(a)).

	$
2026	15,000
2027	15,000
2028	16,000
2029	16,000
2030	17,000
2031	17,000
2032	16,000
2033	17,000
2034	834,000
2037	102,000
2038	487,000
2039	180,000
2040	410,000
2041	0
2042	21,000
2043	17,000
2044	24,000
	2,204,000

11 Segment information and economic dependence

Reliance on key customers

The Company is highly reliant on sales from a small number of customers. During the year ended July 31, 2023, 75% of its sales derived from its top three customers (July 31, 2022 – 71%).

	July 31, 2023 %	July 31, 2022 %
Customer A	**55**	51
Customer B	**13**	11
Customer C	**7**	9

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 year ended July 31, 2023 and 2022 were as follows:

	July 31, 2023 %	July 31, 2022 %
Canada	**19**	20
United States	**62**	57
Germany	**6**	7
United Kingdom	**8**	11
Other	**5**	5
	100	100

12 Share capital

Authorized – Unlimited as to number

- 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.

Issued and fully paid

	July 31, 2023		July 31, 2022	
	Number of common shares	**Book value $**	Number of common shares	Book value $
Beginning balance	**24,823,244**	**52,680,158**	24,823,244	52,680,158
Shares repurchased	**(64,600)**	**137,095**	-	-
Ending balance	**24,758,644**	**52,543,063**	24,823,244	52,680,158

NCIB

On July 17, 2023, the Company announced that the Toronto Stock 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. A total of 1,500,000 shares can be repurchased under the 2024 NCIB. 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 114,400 shares have been repurchased and cancelled for the 2024 NCIB at a cost of $111,820.

Stock options

Stock options are granted to directors, full-time employees and consultants. The terms and conditions of the grants thereunder are contingent on the market value of the Company's stock, the discretion of the Board of Directors and regulatory requirements. The number of common shares reserved for issuance under this stock option plan is 2,400,000. The maximum term permissible under the plan is 10 years. The terms and the vesting privileges are determined at the date of grant. The vesting privileges for the options range from immediate to a three-year vesting term.

The following tables summarize the IBEX stock option plan for the year ended July 31, 2023 and the year ended July 31 2022:

	July 31, 2023		July 31, 2022	
	Number of options	**Weighted average exercise price $**	Number of options	Weighted average exercise price $
Beginning balance	1,615,000	0.25	1,350,000	0.17
Granted	-	-	450,000	0.48
Expired	-	-	(185,000)	0.19
Ending balance	1,615,000	0.25	1,615,000	0.25

The following table summarizes the IBEX stock options outstanding as at July 31, 2023:

	Options outstanding and currently exercisable		
Exercise prices $	**Number outstanding**	**Number vested and exercisable**	**Weighted average remaining contractual life (years)**
0.14	**405,000**	**405,000**	**6.49**
0.15	**300,000**	**300,000**	**5.40**
0.20	**425,000**	**425,000**	**4.39**
0.24	**35,000**	**35,000**	**3.73**
0.48	**450,000**	**425,000**	**8.40**
	1,615,000	**1,590,000**	

13 Commitments and contingency

Operating lease commitments – Company as lessee

The Company leases offices under operating leases.

The future minimum payments for all commitments are as follows:

Years ending July 31	**$**
2024	283,101
2025	290,988
2026	292,747
2027	296,932
2028	298,691
Thereafter	462,170

The Company's objectives in managing its capital are to safeguard its ability to continue as a going concern by ensuring it has sufficient cash resources to maintain its ongoing operations, to provide returns for shareholders and to minimize the cost of capital (see Note 3). The Company defines its capital as equity plus long-term debt, if applicable.

There has been no change to the capital risk management strategy during the year ended July 31, 2023 and 2022.