UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended December 31, 2023

or

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from____________to_____________

Commission File Number: 001-38442

IBEX LIMITED
(Exact name of registrant as specified in its charter)

Bermuda	**00-0000000**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1717 Pennsylvania Avenue NW, Suite 825 Washington, DC	**20006**
(Address of principal executive offices)	(Zip Code)

(202) 580-6200
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common shares, par value $0.0001	**IBEX**	**Nasdaq Global Market**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. x Yes o No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). x Yes o No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	o	Accelerated filer	x
Non-accelerated filer	o	Smaller reporting company	o
		Emerging growth company	x

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). o Yes x No

The number of common shares outstanding of IBEX LIMITED as of January 31, 2024 was 17,572,123.

IBEX LIMITED
Quarterly Report on Form 10-Q
For Quarterly Period Ended December 31, 2023
Table of Contents

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (“Form 10-Q”) contains forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”) Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the Private Securities Litigation Reform Act of 1995, relating to our operations, expected financial position, and other business matters that are based on our current expectations, assumptions, and projections with respect to the future, and are not a guarantee of performance. Forward-looking statements provide management’s current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. Forward-looking statements may include words such as “anticipate,” “believe,” “budgeted,” “contemplate,” “estimate,” “expect,” “forecast,” “guidance,” “may,” “outlook,” “plan,” “projection,” “should,” “target,” “will,” “would” and other words, the negative forms of such words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events. Such forward-looking statements involve known and unknown risks, uncertainties, assumptions, and other important factors that could cause our actual results, performance or achievements or industry results, to differ materially from historical results or any future results, performance or achievements expressed, suggested, or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to statements about:

- General economic uncertainty in global markets and unfavorable economic conditions, including inflation, rising interest rates, recession, foreign exchange fluctuations and supply-chain issues;
- Geopolitical conditions, including developing or ongoing conflicts;
- Our ability to attract new business and retain key clients;
- Our profitability based on our utilization, pricing and managing costs;
- The potential for our clients or potential clients to consolidate;
- Our clients deciding to enter into or further expand their insourcing activities and current trends toward outsourcing services may reverse;
- Our ability to manage our international operations, particularly in the Philippines, Jamaica, Pakistan and Nicaragua;
- Our ability to anticipate, develop and implement information technology solutions that keep pace with evolving industry standards and changing client demands;
- Our ability to recruit, engage, motivate, manage and retain our global workforce;
- Our ability to comply with applicable laws and regulations, including those regarding privacy, data protection and information security, employment and anti-corruption;
- The effect of cyberattacks or cybersecurity vulnerabilities on our information technology systems; and
- Our ability to realize the anticipated strategic and financial benefits of our relationship with Amazon.

We derive many of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. We caution that it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results. Important factors that could cause actual results to differ materially from our expectations, or cautionary statements, are disclosed under Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for the fiscal year ended June 30, 2023. All written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by these cautionary statements as well as other cautionary statements that are made from time to time in our other filings with the United States Securities and Exchange Commission (“SEC”) and public communications. You should evaluate all forward-looking statements made in this Form 10-Q in the context of these risks and uncertainties.

We caution you that the important factors referenced above may not contain all of the factors that are important to you. In addition, we cannot assure you that we will realize the results or developments we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our operations in the way we expect. The forward-looking statements included in this Form 10-Q are made only as of the date hereof. We undertake no obligation to update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

IBEX LIMITED AND SUBSIDIARIES
Consolidated Balance Sheets
(Unaudited)
(in thousands, except share data)

	December 31, 2023	June 30, 2023
Assets		
Current assets		
Cash and cash equivalents	$ 49,016	$ 57,429
Accounts receivable, net	104,747	86,364
Prepaid expenses	5,278	6,616
Due from related parties	129	43
Tax advances and receivables	8,367	5,965
Other current assets	1,956	2,190
Total current assets	**169,493**	**158,607**
Non-current assets		
Property and equipment, net	35,950	41,151
Operating lease assets	69,190	70,919
Goodwill	11,832	11,832
Deferred tax asset, net	4,289	4,585
Other non-current assets	7,420	6,230
Total non-current assets	**128,681**	**134,717**
Total assets	**$ 298,174**	**$ 293,324**
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 17,934	$ 18,705
Accrued payroll and employee-related liabilities	32,387	29,360
Current deferred revenue	6,463	6,413
Current operating lease liabilities	13,608	13,036
Current maturities of long-term debt	441	413
Due to related parties	54	2,314
Income taxes payable	3,346	3,020
Total current liabilities	**74,233**	**73,261**
Non-current liabilities		
Non-current deferred revenue	1,634	1,383
Non-current operating lease liabilities	62,406	64,854
Long-term debt	560	600
Other non-current liabilities	3,228	3,262
Total non-current liabilities	**67,828**	**70,099**
Total liabilities	**142,061**	**143,360**
Commitments and contingencies (Note 7)		
Stockholders' equity		
Common stock: par value $0.0001, 108,057,967 shares authorized, 17,681,035 and 18,280,419 shares outstanding as of December 31, 2023 and June 30, 2023, respectively	2	2
Additional paid-in capital	207,638	204,734
Treasury stock at cost: 868,774 and 245,447 shares as of December 31, 2023 and June 30, 2023, respectively	(14,116)	(3,682)
Accumulated other comprehensive loss	(6,133)	(6,312)
Accumulated deficit	(31,278)	(44,778)
Total stockholders' equity	**156,113**	**149,964**
Total liabilities and stockholders' equity	**$ 298,174**	**$ 293,324**

See accompanying notes to unaudited consolidated financial statements.

IBEX LIMITED AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
(Unaudited)
(in thousands, except per share data)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2023	2022	2023	2022
Revenue	$ 132,634	$ 139,325	$ 257,243	$ 267,130
Cost of services (exclusive of depreciation and amortization presented separately below)	95,884	99,790	184,080	195,943
Selling, general and administrative	24,857	23,502	47,897	42,807
Depreciation and amortization	4,946	4,582	9,988	9,259
Total operating expenses	125,687	127,874	241,965	248,009
Income from operations	**6,947**	**11,451**	**15,278**	**19,121**
Interest income	512	138	1,098	186
Interest expense	(111)	(300)	(215)	(448)
Income before income taxes	**7,348**	**11,289**	**16,161**	**18,859**
Provision for income tax expense	(1,273)	(2,019)	(2,661)	(3,066)
Net income	**$ 6,075**	**$ 9,270**	**$ 13,500**	**$ 15,793**
Other comprehensive income / (loss)				
Foreign currency translation adjustments	$ 679	$ 554	$ (22)	$ (1,123)
Unrealized gain on cash flow hedging instruments, net of tax	395	814	201	553
Total other comprehensive gain / (loss)	**1,074**	**1,368**	**179**	**(570)**
Total comprehensive income	**$ 7,149**	**$ 10,638**	**$ 13,679**	**$ 15,223**
Net income per share				
Basic	$ 0.34	$ 0.51	$ 0.75	$ 0.87
Diluted	$ 0.33	$ 0.49	$ 0.72	$ 0.84
Weighted average common shares outstanding				
Basic	17,885	18,149	18,084	18,154
Diluted	18,440	18,860	18,667	18,759

See accompanying notes to unaudited consolidated financial statements.

IBEX LIMITED AND SUBSIDIARIES
Consolidated Statements of Stockholders' Equity
(Unaudited)
(in thousands)

Three months ended December 31, 2022 and 2023

	Common shares		Treasury Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income / (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Amount				
Balance, September 30, 2022	**18,230**	**$ 2**	**$ (3,682)**	**$ 198,898**	**$ (6,500)**	**$ (69,837)**	**$ 118,881**
Net income	—	—	—	—	—	9,270	9,270
Foreign currency translation adjustment	—	—	—	—	554	—	554
Changes in fair value of cash flow hedges	—	—	—	—	814	—	814
Provision for common stock warrants	—	—	—	310	—	—	310
Issuance of common shares	68	—	—	1,188	—	—	1,188
Share-based compensation expense	—	—	—	706	—	—	706
Balance, December 31, 2022	**18,298**	**$ 2**	**$ (3,682)**	**$ 201,102**	**$ (5,132)**	**$ (60,567)**	**$ 131,723**

	Common shares		Treasury Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income / (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Amount				
Balance, September 30, 2023	**18,169**	**$ 2**	**$ (5,726)**	**$ 206,323**	**$ (7,207)**	**$ (37,353)**	**$ 156,039**
Net income	—	—	—	—	—	6,075	6,075
Foreign currency translation adjustment	—	—	—	—	679	—	679
Changes in fair value of cash flow hedges	—	—	—	—	395	—	395
Purchase of treasury shares	(489)	—	(8,390)	—	—	—	(8,390)
Provision for common stock warrants	—	—	—	307	—	—	307
Issuance of common shares	1	—	—	6	—	—	6
Share-based compensation expense	—	—	—	1,002	—	—	1,002
Balance, December 31, 2023	**17,681**	**$ 2**	**$ (14,116)**	**$ 207,638**	**$ (6,133)**	**$ (31,278)**	**$ 156,113**

Table of Contents

Six months ended December 31, 2022 and 2023

	Common shares		Treasury Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income / (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Amount				
Balance, June 30, 2022	**18,247**	**$ 2**	**$ (3,406)**	**$ 197,785**	**$ (4,562)**	**$ (76,360)**	**$ 113,459**
Net income	—	—	—	—	—	15,793	15,793
Foreign currency translation adjustment	—	—	—	—	(1,123)	—	(1,123)
Changes in fair value of cash flow hedges	—	—	—	—	553	—	553
Purchase of treasury shares	(18)	—	(276)	—	—	—	(276)
Provision for common stock warrants		—	—	596	—	—	596
Issuance of common shares	69	—	—	1,209	—	—	1,209
Share-based compensation expense	—	—	—	1,512	—	—	1,512
Balance, December 31, 2022	**18,298**	**$ 2**	**$ (3,682)**	**$ 201,102**	**$ (5,132)**	**$ (60,567)**	**$ 131,723**

	Common shares		Treasury Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income / (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Amount				
Balance, June 30, 2023	**18,280**	**$ 2**	**$ (3,682)**	**$ 204,734**	**$ (6,312)**	**$ (44,778)**	**$ 149,964**
Net income	—	—	—	—	—	13,500	13,500
Foreign currency translation adjustment	—	—	—	—	(22)	—	(22)
Changes in fair value of cash flow hedges	—	—	—	—	201	—	201
Purchase of treasury shares	(623)	—	(10,434)	—	—	—	(10,434)
Provision for common stock warrants		—	—	594	—	—	594
Issuance of common shares	24	—	—	11	—	—	11
Share-based compensation expense	—	—	—	2,299	—	—	2,299
Balance, December 31, 2023	**17,681**	**$ 2**	**$ (14,116)**	**$ 207,638**	**$ (6,133)**	**$ (31,278)**	**$ 156,113**

See accompanying notes to unaudited consolidated financial statements.

IBEX LIMITED AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(Unaudited)
(in thousands)

	Six Months Ended December 31, 2023	Six Months Ended December 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 13,500	$ 15,793
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	9,988	9,259
Noncash lease expense	6,522	7,273
Warrant contra revenue	594	596
Deferred income tax	296	1,506
Share-based compensation expense	2,275	2,655
Allowance of expected credit losses	6	117
Change in assets and liabilities:		
Increase in accounts receivable	(18,336)	(18,272)
(Increase) / decrease in prepaid expenses and other current assets	(2,192)	3,223
Increase / (decrease) in accounts payable and accrued liabilities	544	(1,282)
Increase / (decrease) in deferred revenue	301	(2,905)
Decrease in operating lease liabilities	(6,451)	(7,108)
Net cash inflow from operating activities	**7,047**	**10,855**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(4,944)	(11,506)
Net cash outflow from investing activities	**(4,944)**	**(11,506)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	96	39,314
Repayments of line of credit	(148)	(46,300)
Repayment of debt	—	(3,524)
Proceeds from the exercise of options	11	1,209
Principal payments on finance leases	(204)	(266)
Purchase of treasury shares	(10,274)	(276)
Net cash outflow from financing activities	**(10,519)**	**(9,843)**
Effects of exchange rate difference on cash and cash equivalents	3	(255)
Net decrease in cash and cash equivalents	(8,413)	(10,749)
Cash and cash equivalents, beginning	57,429	48,831
Cash and cash equivalents, ending	**$ 49,016**	**$ 38,082**
Supplemental cash flow disclosures		
Cash paid for interest	$ 215	$ 448
Cash paid for income taxes	$ 4,018	$ 1,982
Supplemental non-cash disclosures		
Change in accounts payable related to fixed assets	$ (416)	$ (766)

See accompanying notes to unaudited consolidated financial statements.

IBEX LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
(Unaudited)
(in thousands, except per share amounts)

1. OVERVIEW AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

OVERVIEW

IBEX Limited ("IBEX" and together with its subsidiaries, the "Company," "ibex," "we," "us," or "our") was incorporated on February 28, 2017 in Hamilton, Bermuda. Our registered office in Bermuda is Crawford House, 50 Cedar Avenue, Hamilton HM 11, Bermuda. We are a "controlled company" within the meaning of the rules of Nasdaq, with The Resource Group International Limited ("TRGI") being our controlling shareholder. TRG Pakistan Limited holds a controlling interest in TRGI. On August 7, 2020, the Company was admitted to trade on the Nasdaq Global Market under the ticker symbol "IBEX."

The Company is an end-to-end provider of technology-enabled customer lifecycle experience ("CLX") solutions. Through the Company's integrated CLX platform, a comprehensive portfolio of solutions is offered to optimize customer acquisition, engagement, expansion and experience for clients. The Company leverages sophisticated technology and proprietary analytics, in combination with its global footprint and business process outsourcing expertise, to protect and enhance clients' brands.

Our services cover three main areas:

- ***ibex Connect:*** Our Connect business lies at the core of our offerings and generates the majority of the Company's revenue. This business unit delivers differentiated customer service (assisting our clients' customers with information about our clients and their products or services), technical support (providing specialized teams to provide information, assistance and technical guidance to our clients' customers on a specific product or service), revenue generation (upselling and cross selling) and other value-added outsourced back office services (finance and accounting, marketing support, sales operations, and human resources administration) to our clients. We deploy these capabilities through a true omni-channel CX model, which integrates voice, email, chat, SMS, social media and other communication applications.

- ***ibex Digital:*** Our ibex Digital suite of solutions works with consumer-facing businesses to help them build, grow and scale technology-driven customer acquisition solutions, while helping drive digital transformation. We offer digital marketing, e-commerce technology, and platform solutions for our clients, helping them build new customer acquisition channels, increase acquired customers, and often do both at a reduced cost.

- ***ibex CX:*** Our CX business measures, monitors and manages our clients' holistic customer experiences. By offering a 360-degree CX approach, our clients can harness the power of data and customer feedback to differentiate themselves within today's "customer expectation economy." We enable our clients to improve retention of their customers, identify and manage service issues in real time, predict future behavior and outcomes, derive impact analysis scenarios and assign "action plans" throughout the enterprise.

Operating segments

An operating segment is defined as a component of a company for which separate financial information is available and which is regularly evaluated by the chief operating decision maker ("CODM") for the purpose of making decisions regarding resource allocation and performance assessment. The Company's CODM is the chief executive officer ("CEO"). The Company's CODM reviews consolidated financial results to make decisions, allocate resources and assess performance. Therefore, the Company has determined that it operates in a single operating and reportable segment.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and principles of consolidation

The Company’s interim consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”), and include the financial results of all wholly-owned subsidiaries. When the Company does not have majority ownership in an entity but exerts significant influence over that entity, the Company accounts for the entity under the equity method of accounting. All intercompany balances and transactions have been eliminated in consolidation.

These unaudited consolidated financial statements and accompanying notes have been prepared in accordance with U.S. GAAP for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by U.S. GAAP for complete financial statements and should be read in conjunction with the Company’s audited consolidated financial statements and notes thereto included in the Annual Report on Form 10-K for the fiscal year ended June 30, 2023 (the “Annual Report”) as filed with the SEC. There have been no changes to the Company’s significant accounting policies described in the Annual Report that have had a material impact on the Company’s consolidated financial statements and related notes.

In the opinion of the Company, these unaudited consolidated financial statements contain all adjustments, consisting of only normal recurring adjustments, necessary for a fair statement of its financial position as of December 31, 2023, its results of operations, comprehensive income, and shareholders’ equity for the three and six months ended December 31, 2023 and 2022, and cash flows for the six months ended December 31, 2023 and 2022. The consolidated balance sheet as of June 30, 2023, was derived from the audited annual financial statements included in the Annual Report.

Use of estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. Significant items subject to such estimates and assumptions include useful lives for property and equipment; impairment of long-lived assets, operating lease assets and liabilities, goodwill, and other intangible assets; allowance for credit losses; valuation allowances for deferred tax assets and other receivables; fair value of share-based compensation, warrants, and derivatives, and legal provisions. The Company bases its estimates on historical experience and other assumptions it believes are reasonable, including the use of outside experts as necessary, and updates these estimates on an ongoing basis and as new events occur, more experience is acquired and/or more information is obtained. Actual results could differ materially from these estimates.

Concentration of credit risk

The Company is exposed to credit risk in the normal course of business, primarily related to accounts receivable and derivative instruments. Historically, the losses related to credit risk have been immaterial. The Company regularly monitors its credit risk to mitigate losses. The Company evaluates the creditworthiness of its clients prior to and throughout the life of the client relationship. The Company does not believe it is exposed to more than a nominal amount of credit risk in its derivative instruments as all of its counterparties are investment-grade financial institutions.

Leases

The Company determines whether an arrangement contains a lease at inception in accordance with the provisions of Accounting Standards Codification (“ASC”) 842, *Leases*. Operating leases are included in operating lease assets and current and non-current operating lease liabilities, and assets leased under finance leases are included in property and equipment and current and long-term debt in the consolidated balance sheets.

Operating lease assets represent the Company’s right to use an underlying asset for the lease term, and operating lease liabilities represent the Company’s obligation to make lease payments arising from the lease. Operating lease expense is recognized on a straight-line basis over the lease term in cost of services or selling, general and administrative expense, as applicable. Interest on finance leases is included in interest expense in the consolidated statements of comprehensive income.

Share-based compensation plans

The Company accounts for its share-based awards in accordance with provisions of ASC 718, *Compensation - Stock Compensation*. The Company calculates the fair value of option awards using the Black-Scholes model. For equity-classified awards, total compensation cost is based on the grant date fair value. For liability-classified awards, total compensation cost is based on the fair value of the award on the date the award is granted and is subsequently re-measured at each reporting date until settlement.

The Company recognizes share-based compensation expense over the requisite vesting period using a graded vesting model. Awards to employees and directors may contain service, performance and/or market vesting conditions. For unvested awards with performance conditions, the Company assesses the probability of attaining the performance conditions at each reporting period. Awards that are deemed probable of attainment are recognized in expense over the requisite service period. The Company accounts for forfeitures as they occur.

Share repurchase programs

The board of directors may authorize share repurchases of the Company's common shares. Purchases made pursuant to these authorizations may be carried out through open market transactions at prevailing market prices, in privately negotiated transactions, in block trades and/or through other legally permissible means, depending on the market conditions and in accordance with applicable rules and regulations, at times and in such amounts as the Company deems appropriate. Shares repurchased under such authorizations are held in treasury for general corporate purposes, including issuances under various employee share-based award plans. When Company shares are repurchased, the amount of the consideration paid (including directly attributable costs, net of any tax effects) is recognized as a deduction of additional paid in capital. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are subsequently sold or reissued, the amount received is recognized as an increase in additional paid in capital, and any resulting surplus or deficit on the transaction is reclassified to accumulated deficit.

Cloud Computing Software Implementation Costs

The Company incurs costs to implement cloud computing arrangements that are hosted by a third-party vendor. In accordance with Accounting Standards Codification ("ASC") 350-40, *Goodwill and Other, Internal-Use Software,* for cloud computing arrangements that meet the definition of a service contract, the Company capitalizes qualifying implementation costs incurred during the application development stage as a component of prepaid expenses or other non-current assets. Capitalized costs are primarily comprised of third-party consulting fees, direct labor, and related expenses. Capitalization of these costs concludes once the project is substantially complete and the software is ready for the Company's intended use. Once available for its intended use, the capitalized costs will be amortized on a straight-line basis over the term of the associated hosting arrangement including periods covered by an option to extend, and are included in selling, general and administrative expenses in the consolidated statements of comprehensive income. Costs related to data conversion, overhead, general and administrative activities, and training are expensed as incurred. Post-configuration training and maintenance costs are expensed as incurred.

The Company capitalized $0.8 million and $1.2 million during the three and six months ended December 31, 2023, respectively. There were no costs capitalized during the three and six months ended December 31, 2022.

Emerging Growth Company

The Company currently qualifies as an "emerging growth company" under the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). Accordingly, the Company has the option to adopt new or revised accounting guidance either (i) within the same periods as those otherwise applicable to non-emerging growth companies or (ii) within the same time periods as private companies pursuant to Section 13(a) of the Exchange Act. The Company has elected to use the extended transition period until we are no longer an emerging growth company or until we choose to opt out of the extended transition period affirmatively and irrevocably.

Recently Issued Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update ("ASU") No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures,* which improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. In addition, the amendments enhance interim disclosure requirements, clarify segment disclosure requirements for entities with a single reportable segment, and contain other disclosure requirements. The amendments in ASU No. 2023-07 are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. We are currently evaluating the impact of the new guidance on the disclosures to our consolidated financial statements.

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which modifies the rules on income tax disclosures to require entities to disclose (1) specific categories in the rate reconciliation, (2) the income or loss from continuing operations before income tax expense or benefit (separated between domestic and foreign), and (3) the income tax expense or benefit from continuing operations (separated by federal, state and foreign). This update also requires entities to disclose their income tax payments to international, federal, state and local jurisdictions, among other changes. The amendments in ASU No. 2023-09 are effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. We are currently evaluating the impact of the new guidance on the disclosures to our consolidated financial statements.

2. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company recognizes revenues for services for which control has transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring the promised services. This process involves identifying the customer contract, determining the performance obligations in the contract, determining the transaction price, allocating the transaction price to the distinct performance obligations in the contract, and recognizing revenue when the performance obligations have been satisfied. A performance obligation is considered distinct from other obligations in a contract when it (a) provides a benefit to the customer either on its own or together with other resources that are readily available to the customer and (b) is separately identified in the contract. The Company considers a performance obligation satisfied as it provides services to a customer, meaning the customer has the ability to direct the use and obtain the benefit of the service.

Revenues from contact center services, which consist of customer service, technical support and other value-added outsourced back-office services, are recognized as the services are performed on the basis of the number of billable minutes or hours, contractual rates, and other contractually agreed metrics, if applicable. Certain of our client contracts include bonus and penalty provisions. Revenues related to training that occurs upon commencement of a new client contract or statement of work are deferred and recognized on a straight-line basis over the estimated life of the client program, as it is not considered to have a standalone value to the customer. The related expenses are expensed as incurred. Revenues are recognized over time as performance obligations are satisfied and in the period in which the Company has a right to invoice, net of discounts, incentives, and/or penalties as per contractual terms. Bonuses and penalties accrue for the current billing period and do not depend on future performance. In some cases, we may estimate these bonuses or penalties using the “most likely amount” method based on actual data and historical experience.

Revenues from digital services are recognized at a point in time upon the successful consumer activation or purchase of clients’ services. We utilize third parties in the satisfaction of this performance obligation; however, because we retain control over these third parties and are solely responsible for the risk and reward associated with this performance obligation, we have determined that we are the principal in these transactions and therefore recognize revenue on a gross basis.

Revenues from CX software-as-a-service products are recognized over time based on the term of the subscription. Set-up fees to customize the customer experience solution for client’s specific needs are deferred and recognized on a straight-line basis over the term of the subscription. Revenues related to additional consulting services are recognized over the period as the related services are performed on a per hour basis.

All of our contracts include the right to invoice for services on a monthly basis. None of our contracts include significant termination penalties, and generally may be terminated for convenience at any time with a short notice period (generally 30 to 120 days).

The Company generally does not incur significant upfront costs to fulfill or obtain a contract that would qualify for capitalization under ASC 606, *Revenue from Contracts with Customers*.

Disaggregation of Revenue

The majority of the Company's revenues are derived from contracts with customers who are located in the United States of America (the "United States" or "U.S."). However, the Company delivers most of its services from regional customer experience delivery centers that are located in geographies outside of the United States. Our global delivery model is built on regional customer experience delivery centers and includes a unique ability to support work-at-home capabilities in any region that we currently operate.

The Company generated approximately 97% of its revenue from clients based in the United States for both the three and six months ended December 31, 2023, as follows:

	Three Months Ended December 31,		Six Months Ended December 31,	
($000s)	2023	2022	2023	2022
Revenue				
United States	$ 128,606	$ 135,597	$ 249,790	$ 259,510
Other countries	4,028	3,728	7,453	7,620
Total	**$ 132,634**	**$ 139,325**	**$ 257,243**	**$ 267,130**

The following table presents the breakdown of the Company's revenues by geographical location, based on where the services are provided:

	Three Months Ended December 31,		Six Months Ended December 31,	
($000s)	2023	2022	2023	2022
Revenue				
Onshore (United States)	$ 29,911	$ 37,423	$ 61,447	$ 75,600
Offshore (Philippines, Pakistan)	64,910	59,292	122,269	110,448
Nearshore (Jamaica, Nicaragua, Honduras)	37,813	42,610	73,527	81,082
Total	**$ 132,634**	**$ 139,325**	**$ 257,243**	**$ 267,130**

The following table presents the breakdown of the Company's revenue by pattern of revenue recognition:

	Three Months Ended December 31,		Six Months Ended December 31,	
($000s)	2023	2022	2023	2022
Pattern of Revenue recognition				
Services transferred over time	$ 124,801	$ 131,514	$ 240,139	$ 249,868
Services transferred at a point in time	7,833	7,811	17,104	17,262
Total	**$ 132,634**	**$ 139,325**	**$ 257,243**	**$ 267,130**

Table of Contents

The movement in the Company's deferred revenue is as follows:

($000s)	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	Six Months Ended December 31, 2023	Six Months Ended December 31, 2022
Beginning balance	$ 7,424	$ 11,329	$ 7,796	$ 12,593
Revenue recognized	(2,261)	(4,001)	(4,933)	(7,949)
Revenue deferred	2,934	2,360	5,234	5,044
Ending balance	**$ 8,097**	**$ 9,688**	**$ 8,097**	**$ 9,688**

3. ACCOUNTS RECEIVABLE AND SIGNIFICANT CLIENTS

Accounts receivable, net in the accompanying consolidated balance sheets consists of the following:

($000s)	December 31, 2023	June 30, 2023
Accounts receivable	$ 104,864	$ 86,484
Less: Allowance for credit losses	(117)	(120)
Accounts receivable, net	**$ 104,747**	**$ 86,364**

The Company estimates its expected credit losses using the lifetime expected credit loss model. The allowance for credit losses is calculated quarterly based on the Company's historical loss percentages, net of recoveries. In addition to the evaluation of historical losses, the Company considers current and future economic conditions and events such as changes in customer credit quality and liquidity. The Company will write-off accounts receivable against the allowance when it determines a balance is uncollectible.

Activity in the Company's allowance for credit losses consists of the following:

($000s)	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	Six Months Ended December 31, 2023	Six Months Ended December 31, 2022
Beginning balance	$ 131	$ 1,191	$ 120	$ 1,290
Provision for credit losses	13	136	24	138
Reversal of provision for credit losses	(18)	(21)	(18)	(21)
Uncollectible receivables written off	(11)	(951)	(11)	(951)
Effect of foreign exchange	2	69	2	(32)
Ending balance	**$ 117**	**$ 424**	**$ 117**	**$ 424**

Significant Client

During the six months ended December 31, 2023 and 2022, the Company had one client that contributed approximately 12.9% and 13.5% of total revenue, respectively.

To limit the Company's credit risk with its clients, management regularly monitors the aging of customer receivables, maintains allowances for credit losses and may require prepayment for services from certain clients. Based on currently available information, management does not believe significant credit risk exists as of December 31, 2023.

4. LEASES

The Company has operating lease obligations primarily for our delivery centers and finance lease obligations primarily for vehicles and other equipment. Leases typically have initial terms of two to fifteen years, and may include renewal options if the Company is reasonably certain to exercise such options.

The components of lease cost are as follows:

($000s)	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	Six Months Ended December 31, 2023	Six Months Ended December 31, 2022
Operating lease cost:				
Operating lease cost	$ 4,992	$ 5,589	$ 9,878	$ 10,873
Variable lease cost	785	1,146	1,566	2,201
Total operating lease cost	**$ 5,777**	**$ 6,735**	**$ 11,444**	**$ 13,074**
Finance lease cost:				
Amortization of right of use assets	$ 114	$ 89	$ 214	$ 169
Interest on lease liabilities	47	24	90	43
Total finance lease cost	**$ 161**	**$ 113**	**$ 304**	**$ 212**

The following table presents supplemental balance sheet information related to leases:

($000s)	December 31, 2023	June 30, 2023
Operating lease assets	**$ 69,190**	**$ 70,919**
Operating lease liabilities, current	13,608	13,036
Operating lease liabilities, non-current	62,406	64,854
Total operating lease liabilities	**$ 76,014**	**$ 77,890**
Finance lease assets, net	$ 944	$ 929
Finance lease liabilities, current	441	361
Finance lease liabilities, non-current	560	600
Total finance lease liabilities	**$ 1,001**	**$ 961**

The following table presents supplemental cash flow information related to leases:

($000s)	Six Months Ended December 31, 2023	Six Months Ended December 31, 2022
Cash paid for amounts included in the measurement of lease liabilities	$ 6,451	$ 7,108
Operating cash flows paid for interest portion of finance leases	90	43
Financing cash flows paid for principal portion of finance leases	204	266

The following table presents supplemental noncash information related to leases:

($000s)	Six Months Ended December 31, 2023	Six Months Ended December 31, 2022
Right-of-use assets obtained in exchange for lease obligations		
Operating leases	$ 4,622	10,023
Finance leases	$ 218	294

	December 31, 2023	June 30, 2023
Weighted average remaining lease term (in years)		
Operating leases	5.4	5.7
Finance leases	2.2	2.6
Weighted average discount rate		
Operating leases	10.1 %	9.2 %
Finance leases	19.8 %	13.4 %

The following table presents the maturities of our lease liabilities as of December 31, 2023:

($000s)	Operating Leases	Finance Leases
2024-remainder of year	$ 9,935	$ 302
2025	18,479	539
2026	17,141	324
2027	16,953	58
2028	14,098	—
Thereafter	23,906	—
Total undiscounted lease payments	100,512	1,223
Less: liability accretion	(24,498)	(222)
Total lease liabilities	**$ 76,014**	**$ 1,001**

5. DERIVATIVES

Cash flow hedges

Interest rate swap

In March 2020, the Company entered into a three-year $15 million notional floating to fixed interest rate swap to hedge the interest rate risk on the first $15 million of the balance outstanding under our $80 million revolving credit facility (as amended, the "PNC Credit Facility") with PNC Bank, N.A. ("PNC"). At the time the hedge was executed, all critical terms matched between the hedge and the hedged item. Hedge effectiveness was assessed prospectively at inception, and on an ongoing basis by confirming that the critical terms continue to match. Any hedge ineffectiveness is recorded in interest expense in the consolidated statements of comprehensive income. For the three and six months ended December 31, 2022, there was no hedge ineffectiveness. The hedge expired in March 2023 and was not replaced.

Foreign exchange contracts

From time to time, the Company enters into foreign currency exchange contracts, consisting of offsetting foreign exchange option contracts (“collars”), to mitigate foreign exchange fluctuations on the Philippine Peso (“PHP”) within a certain range and on a certain percentage of its PHP operating costs. The collars are designated as cash flow hedges upon inception, in accordance with ASC 815, in order to match the financial results of the hedges with the forecasted transactions. These contracts cover periods commensurate with the expected exposure, generally three to twelve months. We execute our contracts with our primary banking partner, PNC. The Company has not experienced and does not anticipate experiencing any material issues related to derivative counterparty defaults.

The following tables show the notional amount and fair value of our foreign exchange cash flow hedging instruments as of December 31, 2023 and June 30, 2023:

Settlement date	Hedged currency	Foreign currency rate	Notional amount ($000s)	Fair Value ($000s)
Foreign currency option contracts - assets				
January 5, 2024 through December 19, 2024	PHP	52.50 - 57.60	$ 32,694	
Fair value as of June 30, 2023				**$ —**
Fair value as of December 31, 2023				**$ 63**

Settlement date	Hedged currency	Foreign currency rate	Notional amount ($000s)	Fair Value ($000s)
Foreign currency option contracts - liabilities				
January 5, 2024 through December 19, 2024	PHP	52.50 - 57.60	$ 32,694	
Fair value as of June 30, 2023				**$ 100**
Fair value as of December 31, 2023				**$ —**

The fair value of the collars is included in other current assets and accounts payable and accrued liabilities in the consolidated balance sheets.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in accumulated other comprehensive income ("AOCI"). Amounts previously recognized in AOCI are reclassified to cost of services in the periods in which the hedged expenses occur.

Refer to Note 12. "Stockholders' Equity" for further details on the change in fair value of our cash flow hedges and the net gain or loss reclassified to earnings from effective hedges during the three and six months ended December 31, 2023 and 2022.

6. DEBT

Debt consists of the following:

($000s)	December 31, 2023	June 30, 2023
Debt		
PNC Credit Facility	$ —	$ 52
Finance leases	1,001	961
Total debt	**$ 1,001**	**$ 1,013**
Less: Current maturities of long-term debt and finance leases	(441)	(413)
Total long-term debt	**$ 560**	**$ 600**

As of December 31, 2023, the Company had $80.0 million of borrowing available under the PNC Credit Facility based on eligible collateral.

The PNC Credit Facility contains certain financial, operating, and other covenants, including, among other things, covenants restricting additional borrowings, paying any dividends and making certain investments. The Company was in compliance with all debt covenants as of December 31, 2023.

7. COMMITMENTS AND CONTINGENCIES

The Company is subject to claims and lawsuits filed in the ordinary course of business. Although management does not believe that any such proceedings will have material adverse effect on its consolidated financial position, results of operations, or cash flows, no assurances to that effect can be given based on the uncertainty of litigation and demands of third parties. The Company records a liability for pending litigation and claims where losses are both probable and can be reasonably estimated.

Indemnification

In addition, in the ordinary course of business, we enter into agreements of varying scope and terms pursuant to which we agree to indemnify clients, vendors and other business partners with respect to certain matters, including, but not limited to, losses arising out of breach of such agreements, cybersecurity breach, services to be provided by us or from intellectual property infringement claims made by third parties. Historically, we have not experienced significant losses on these types of indemnification obligations.

8. WARRANT

On November 13, 2017, and as subsequently amended, the Company issued to Amazon.com NV Investment Holdings LLC, a subsidiary of Amazon.com, Inc. (“Amazon”), a 10-year warrant to acquire approximately 1,674,017 common shares (the "warrant shares"), representing 10.0% of our equity on a fully diluted basis at the time of the warrant's issuance. The warrant is exercisable at a price per share of $9.42. The warrant provides for net share settlement, that if elected by the holder, will reduce the number of shares issued upon exercise to reflect the net settlement of the exercise price. The warrant is classified as an equity instrument in accordance with ASU No. 2019-08, which was adopted retroactively on July 1, 2020. The Company determined the grant date fair value of the warrant using the Black-Scholes option pricing model.

The warrant shares vest on the satisfaction of specified milestones tied to Amazon’s purchase of services from the Company during a seven-and-a-half-year period ending on June 30, 2024. The vesting is partially accelerated in the event of a reorganization transaction (as defined in the warrant). Amazon is entitled to customary shelf and piggy-back registration rights with respect to the shares issued upon exercise of the warrant. Amazon may not transfer the warrant except to a wholly-owned subsidiary of Amazon.

As of December 31, 2023 and June 30, 2023, 1,004,410 and 1,004,410 warrant shares were vested, respectively. To date, the warrant has not been exercised, expired or cancelled.

The Company recorded contra revenue of approximately $0.3 million and $0.6 million, respectively, during the three and six months ended for both December 31, 2023 and 2022.

9. SHARE BASED COMPENSATION

Share-based compensation expense

The following tables summarize the components of share-based compensation expense recognized in the Company's consolidated statements of comprehensive income, both by line item and by plan:

($000s)	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	Six Months Ended December 31, 2023	Six Months Ended December 31, 2022
Cost of services	$ 172	$ 264	$ 69	$ 383
Selling, general and administrative	1,255	1,269	2,206	2,272
Total share-based compensation expense	**$ 1,427**	**$ 1,533**	**$ 2,275**	**$ 2,655**

	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	Six Months Ended December 31, 2023	Six Months Ended December 31, 2022
Phantom Stock Plans	$ 425	$ 827	$ (24)	$ 1,143
2018 Restricted Stock Award Plan	—	—	—	(7)
2020 Long term Incentive Plan	1,002	706	2,299	1,519
Total share-based compensation expense	**$ 1,427**	**$ 1,533**	**$ 2,275**	**$ 2,655**

As of December 31, 2023, there was $6.9 million of total unrecognized compensation expense related to non-vested share-based awards, which is expected to be recognized over a weighted-average period of 3.3 years.

10. FAIR VALUE

The fair value hierarchy prioritized the input to valuation techniques used to measure fair value. The hierarchy requires that the Company maximize the use of observable inputs and minimize the use of unobservable inputs. The levels of the fair value hierarchy are as follows:

Level 1: Quoted prices for identical instruments traded in active markets.

Level 2: Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3: Unobservable inputs that cannot be supported by market activity and that are significant to the fair value of the asset, liability, or equity such as the use of certain pricing models, discounted cash flow models and similar techniques that use significant unobservable inputs.

The carrying value of our cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, accrued payroll and employee-related liabilities, approximate fair value because of their short-term nature. The Company measures its debt at carrying value including accrued interest, which approximates fair value because of its short-term nature.

Derivatives designated as cash flow hedges

The values of our derivative instruments are derived from pricing models using inputs based upon market information, including contractual terms, market prices and yield curves. The inputs to the valuation pricing models are observable in the market, and as such the derivatives are classified as Level 2 in the fair value hierarchy.

Phantom stock awards

The Company uses the Black-Scholes option pricing model to value our phantom stock awards. All inputs to the model are derived from active market information for identical or similar instruments, including stock price, volatility, and interest rates. The inputs to the valuation pricing models are observable in the market, and as such the phantom stock awards are classified as Level 2 in the fair value hierarchy.

The following is a summary of the Company’s fair value measurements on a recurring basis as of December 31, 2023 and June 30, 2023:

As of December 31, 2023	**Fair Value Measurements Using**		
($000s)	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets			
Cash flow hedge - foreign currency collars, net	$ —	$ 63	$ —
Total assets	$ —	$ 63	$ —
Liabilities			
Phantom stock options	$ —	$ 1,143	$ —
Total liabilities	**$ —**	**$ 1,143**	**$ —**

As of June 30, 2023	**Fair Value Measurements Using**		
($000s)	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Liabilities			
Cash flow hedge - foreign currency collars, net	$ —	$ 100	$ —
Phantom stock options	—	1,173	—
Total liabilities	$ —	**$ 1,273**	**$ —**

These balances are included in other current assets and accounts payable and accrued liabilities and other non-current liabilities in the consolidated balance sheets.

There were no transfers between the different hierarchy levels in the three and six months ended December 31, 2023 and 2022**.**

11. INCOME TAXES

In determining its interim provision for income taxes, the Company used an estimated annual effective tax rate, which is based on expected income before taxes, statutory tax rates and tax planning opportunities available in the various jurisdictions in which the Company operates. Certain significant or unusual items are separately recognized in the period in which they occur and can be a source of variability in the effective tax rate from quarter to quarter.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The Company records valuation allowances against its deferred tax assets based on whether it is more likely than not that the deferred tax assets will be realized.

The Company's income tax provision includes the results of the Company's U.S. operations and its various foreign operations including subsidiaries based in the United Kingdom, European Union, Canada, Jamaica, Nicaragua, Pakistan, Senegal, Honduras, and the Philippines. Historically, the Company's Bermuda-based companies are not subject to income tax as there was no corporate income tax in Bermuda. On December 27, 2023 the Bermuda Corporate Income Tax Act 2023 was passed and provides for a 15% corporate tax rate beginning on or after January 1, 2025 for Companies with revenue in excess of 750 million Euros. The Company is evaluating the impact of this legislation, but it does not anticipate that it will have a material impact on the Company's operations.

The Company recorded a provision for income taxes of $1.3 million and $2.7 million in the three and six months ended December 31, 2023, respectively. The effective tax rate was 17.3% and 16.5% for the three and six months ended December 31, 2023, respectively. The Company recorded a provision for income taxes of $2.0 million and $3.1 million in the three and six months ended December 31, 2022, respectively. The effective tax rate was 17.9% and 16.3% for the three and six months ended December 31, 2022, respectively. The changes in effective tax rates between these periods was primarily attributable to changes in revenue mix across our taxable jurisdictions.

The difference between the effective tax rate and the 21% federal statutory rate in the three and six months ended December 31, 2023 was primarily due to "Tax Holidays" in certain countries in which we operate and the distribution of taxable income in countries with differing tax rates. We have been granted Tax Holidays as an incentive to attract foreign investment by the governments of Nicaragua, Pakistan, Honduras, Jamaica, and certain qualifying locations in the Philippines. Generally, a Tax Holiday is an agreement between us and a foreign government under which we receive certain tax benefits in that country.

The aggregate reduction in income tax expense due to the above Tax Holidays were $1.2 million and $2.6 million for the three and six months ended December 31, 2023, respectively. The aggregate reduction in income tax expense per diluted share was $0.07 and $0.14 for the three and six months ended December 31, 2023, respectively. The aggregate reduction in income tax expense due to the above Tax Holidays were $0.9 million and $1.8 million for the three and six months ended December 31, 2022, respectively. The aggregate reduction in income tax expense per diluted share was $0.05 and $0.10 for the three and six months ended December 31, 2022, respectively.

As of December 31, 2023, we had no unrecognized tax positions and do not expect changes to our uncertain tax positions within the next 12 months.

12. STOCKHOLDERS' EQUITY

AOCI

The following table presents changes by component for the three months ended December 31, 2022 and 2023:

($000s)	Foreign Currency Translation Adjustment	Derivative Valuation	Defined Benefit Plan	Total
Balance as of September 30, 2022	$ (5,703)	$ (900)	$ 103	$ (6,500)
Foreign currency translation	554	—	—	554
Unrealized loss on cash flow hedges	—	(825)	—	(825)
Reclassifications to earnings	—	1,639	—	1,639
Balance as of December 31, 2022	$ (5,149)	$ (86)	$ 103	$ (5,132)

($000s)	Foreign Currency Translation Adjustment	Derivative Valuation	Defined Benefit Plan	Total
Balance as of September 30, 2023	$ (6,961)	$ (318)	$ 72	$ (7,207)
Foreign currency translation	679	—	—	679
Unrealized gain on cash flow hedges	—	365	—	365
Reclassifications to earnings	—	30	—	30
Balance as of December 31, 2023	$ (6,282)	$ 77	$ 72	$ (6,133)

The following table presents changes by component for the six months ended December 31, 2022 and 2023:

($000s)	Foreign Currency Translation Adjustment	Derivative Valuation	Defined Benefit Plan	Total
Balance as of June 30, 2022	$ (4,026)	$ (639)	$ 103	$ (4,562)
Foreign currency translation	(1,123)	—	—	(1,123)
Unrealized loss on cash flow hedges	—	(487)	—	(487)
Reclassifications to earnings	—	1,040	—	1,040
Balance as of December 31, 2022	$ (5,149)	$ (86)	$ 103	$ (5,132)

($000s)	Foreign Currency Translation Adjustment	Derivative Valuation	Defined Benefit Plan	Total
Balance as of June 30, 2023	$ (6,260)	$ (124)	$ 72	$ (6,312)
Foreign currency translation	(22)	—	—	(22)
Unrealized gain on cash flow hedges	—	130	—	130
Reclassifications to earnings	—	71	—	71
Balance as of December 31, 2023	$ (6,282)	$ 77	$ 72	$ (6,133)

Share buyback

On September 18, 2023, the Company announced that the board of directors (the "Board") had authorized a share repurchase program under which the Company may repurchase up to $30 million of its shares over the next six months beginning September 18, 2023 (the “Share Repurchase Program”). During the three and six months ended December 31, 2023, we repurchased 488,803 and 623,327 shares of our common shares under the Share Repurchase Program for $8.4 million and $10.4 million, respectively, which the Company funded with available cash. As of December 31, 2023, approximately $19.6 million remained available for share repurchases under our Share Repurchase Program.

During the six months ended December 31, 2022, we repurchased 17,558 shares of our common shares under our previous share repurchase program for $0.3 million. The previous share repurchase program was announced in December 2021 and expired a year later.

13. WEIGHTED AVERAGE SHARE COUNTS

The following table sets forth the components of the computation from basic to diluted earnings per share for net income for the three and six months ended December 31, 2023 and 2022:

	Three Months Ended December 31,		Six Months Ended December 31,	
(000s)	2023	2022	2023	2022
Shares used in basic earnings per share calculation	17,885	18,149	18,084	18,154
Effect of dilutive securities:				
Employee share-based compensation	95	223	104	168
Warrant	460	488	479	437
Total effects of dilutive securities	555	711	583	605
Shares used in dilutive earnings per share calculation	18,440	18,860	18,667	18,759
Shares considered anti-dilutive using the treasury method	(527)	(349)	(512)	(408)

14. RELATED PARTY TRANSACTIONS

The Company has agreements with multiple companies under the control of our controlling shareholder, TRGI, and with companies which have common directors with us, in the normal course of business. These transactions were executed on mutually agreed terms and include contact center services, back office support services and an office lease. During the three and six months ended December 31, 2023, the Company recognized revenue of $0.02 million and $0.03 million, respectively, with these related parties. During the three and six months ended December 31, 2022, the Company recognized revenue of $0.01 million and $0.03 million, respectively, with these related parties. As of December 31, 2023 and June 30, 2023, the Company had accounts receivable of $0.1 million and $0.04 million, respectively, and accounts payable of $0.05 million and $2.3 million, respectively, with these related parties.

15. INVESTMENT IN JOINT VENTURE

The Company has an investment in Lake Ball, LLC to procure and sell commercial leads for its customers. The Company’s ownership interest is 47.5% and is accounted for under the equity method. The Company’s investment of $0.4 million at December 31, 2023 and June 30, 2023, respectively, is included in other non-current assets in the consolidated balance sheets, while net earnings from the joint venture is included in selling, general and administrative expense in the consolidated statements of comprehensive income.

The table below presents our investment in the joint venture*:*

($000s)	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	Six Months Ended December 31, 2023	Six Months Ended December 31, 2022
Beginning balance	$ 385	$ 384	$ 372	$ 382
Dividends received	(270)	(177)	(527)	(327)
Share of profit	255	173	525	325
Ending balance	$ 370	$ 380	$ 370	$ 380

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the unaudited condensed consolidated financial statements and related notes included in Part I, Item 1 of this Quarterly Report on Form 10-Q (this "Form 10-Q"), the financial statements and related notes included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2023 (the "Annual Report"), as filed with the Securities and Exchange Commission (the "SEC"), and the information included under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the Annual Report. In addition to historical data, the following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed in our forward-looking statements as a result of various factors, including but not limited to those discussed under "Cautionary Note Regarding Forward-Looking Statements" in this Form 10-Q and under Part I, Item 1A, "Risk Factors" in the Annual Report.

This Form 10-Q includes certain historical consolidated financial and other data for IBEX (“ibex,” “we,” “us,” “our” or the “Company”). The following discussion provides a narrative of our financial condition and results of operations for the three and six months ended December 31, 2023 compared to the three and six months ended December 31, 2022.

Overview

ibex delivers innovative business process outsourcing (“BPO”), smart digital marketing, online acquisition technology, and end-to-end customer engagement solutions to help companies acquire, engage, and retain valuable customers. Today, ibex operates a global CX delivery center model consisting of 31 delivery centers around the world, while deploying next-generation technology to drive superior customer experiences for many of the world’s leading companies across various verticals, including Retail & E-commerce, HealthTech, FinTech, Utilities and Logistics. ibex leverages its diverse global team of approximately 32,000 employees together with industry-leading technology, including its Wave X platform, to manage customer interactions on behalf of our clients, driving a truly differentiated customer experience.

Business Highlights

During the second quarter of our fiscal year ending June 30, 2024, the Company continued to deliver solid financial performance, in particular, growth in our digital first solutions with leading clients in our HealthTech and Retail & E-commerce verticals, while optimizing our geographic diversity for delivery of services to our clients. Despite macroeconomic trends impacting our historical growth trends, as well as the unfavorable impact on our revenue from shifting mix from onshore to offshore geographies, the business performed well in several important areas, including new client wins with key clients in strategic verticals.

Recent Financial Highlights

The Company delivered revenues of $132.6 million during the three months ended December 31, 2023, a 4.8% decline compared to same quarter in the prior year, largely due to the year over year shift of delivery from onshore to higher margin offshore regions, macroeconomic conditions, lower training revenue recognized, and external factors impacting the FinTech and Telecommunications verticals, partially offset by revenue increases in the Retail & E-commerce and HealthTech verticals. Net income during the three months ended December 31, 2023 was $6.1 million, a decrease of 34.5% from $9.3 million during the same quarter in the prior year. Fully diluted earnings per share for the three months ended December 31, 2023 of $0.33, a decrease of 33% from $0.49 per share during the same quarter in the prior year.

The Company delivered revenues of $257.2 million during the six months ended December 31, 2023, a 3.7% decline compared to same period in the prior year, largely due to aforementioned macroeconomic conditions. Net income during the six months ended December 31, 2023 was $13.5 million, a decrease of 14.5% from $15.8 million during the same period in the prior year. The decrease in net income was primarily driven by lower revenue, including training revenue recognized, and planned investments in our technology, and sales and marketing, and client service functions as we continue to focus on revenue growth. Fully diluted earnings per share for the six months ended December 31, 2023 of $0.72, a decrease of 14% from $0.84 per share during the same period in the prior year.

Trends and Factors Affecting our Performance

There are a number of key trends and factors that have affected and may affect our results of operations.

Macroeconomic Trends

Macroeconomic factors, including but not limited to, increasing inflation and interest rates, global economic and geopolitical uncertainty, changes in foreign currency exchange rates, and the impact that these factors are having on our clients and their customers, have also impacted our financial results during the six months ended December 31, 2023. Some of our customers have increased their focus on cost reduction, resulting in decisions to shift work from onshore sites to offshore sites, which has contributed to a modest decline in revenue during the six months ended December 31, 2023 when compared to the same period in the prior year. We expect that these factors will continue to impact our operations in the near term; however, we also believe that they present opportunities with both new and existing clients, as companies maintain a focus on cost reduction.

Artificial Intelligence ("AI")

With the increasing applicability of AI in enhancing business processes, the customer care industry is starting to integrate AI into its range of solutions to improve the customer experience and improve efficiencies. The proliferation and evolution of generative AI may have impacts on the CX sector. Potential automation in back-end and middle-office business processes, as well as potential increased use of bots to respond to pre-defined queries, could impact assisted customer interactions. Additionally, productivity, data availability and quality due to generative AI could result in an increased volume of work, as agents may be up-skilled to deploy improved analytical capabilities. However, the adoption of generative AI also presents key challenges in the forms of data security, governance, implementation and coordination of an overall customer service solution. These challenges create opportunities for trusted CX partners.

We are moving aggressively to develop the “Next wave of Wave X” by leveraging generative AI in our business. We have created our three-pronged AI strategy, which continues to keep ibex at the forefront of digital transformation. Our solutions are focused on increasing agent productivity, providing deeper customer insights to elevate the customer experience and putting AI in front of the customer journey with voice and chat bots. We believe we are well positioned to leverage our leadership position in adopting new technology in the CX sector and to create significant value for our clients through the application of AI. More information on the risks related to the adoption of AI is described in Part 1. Item 1A of the Annual Report.

Client’s Underlying Business Performance

Demand for customer interaction services reflects a client’s underlying business performance and priorities. Growth in a client’s business often results in increased demand for our customer engagement solutions. Conversely, a decline in a client’s business generally results in a decrease in demand for our customer engagement solutions, shifting volume to lower cost geographies, and potential increases in demand for our customer acquisition and expansion solutions. The correlation between business performance and demand for outsourced customer interaction solutions can therefore be complex, and depends upon several factors, such as industry consolidation, client investments in growth, and overall macroeconomic environment, all of which can result in short term revenue volatility for providers. Demand during the six months ended December 31, 2023 was constrained when compared to the same period in the prior year, due in large part to the aforementioned macroeconomic conditions.

Capacity Utilization

As a significant portion of our customer interaction services are performed by customer-facing agents located in delivery centers, our margins are impacted by the level of capacity utilization in those facilities. We incur substantial fixed costs in operating such facilities. The greater the volume of interactions handled, the higher the utilization level of workstations within those facilities and the revenues generated to cover those fixed costs, thus the greater the percentage operating margin.

As demand for delivery locations has continued to shift towards lower cost geographies during the six months ended December 31, 2023, we have continued to fill the additional capacity in our offshore region, and expect this capacity to be absorbed quickly as clients and prospective clients look to relocate work to cost advantageous markets in the near term. We also realized cost savings as we reduced the number of onshore and nearshore delivery centers year over year.

Labor Costs

When compensation levels of our employees increase, we may not be able to pass on such increased costs to our clients or do so on a timely basis, which tends to depress our operating profit margins if we cannot generate sufficient offsetting productivity gains. During the six months ended December 31, 2023, we continued to see increasing wage pressure in all of our geographies, in part brought on by the current global inflation and labor shortage, which is increasing competition for contact center agents from other sectors of the economy. During the six months ended December 31, 2023, we have offset some of these wage increases with higher agent quality and increased productivity, higher agent retention, and increased client prices under contractual cost of living adjustments (“COLA”). Furthermore, our overall labor cost as a percentage of revenue is impacted by the aforementioned shift in delivery location from onshore delivery centers to offshore centers.

Delivery Location

We generate greater profit margins from our work carried out by agents located in offshore and nearshore geographies compared to our work carried out from onshore locations in the United States. As a result, our operating margins are influenced by the proportion of our work delivered from these higher margin locations. Over time we have expanded and further diversified our delivery network by adding facilities in these locations, offering a significant relative cost advantage. Our percentage of workstations in nearshore and offshore centers is approximately 94% as of December 31, 2023. We regularly evaluate new markets to continue to service our clients.

Provider Performance

Generally, our clients will re-allocate spend and market share in favor of outsourcing providers who consistently perform better and add more value than their competitors. Such re-allocation of spend can either take place on a short-term basis as higher performing providers are shielded by the client against demand volatility, or on a longer term basis as the client shifts more and more of its overall outsourcing spend and volume to higher performing providers. Our revenues have generally increased as a result of performance-based market share gains with our existing clients, as well as due to our new client wins.

Sales Cycles and New Client Wins

We have a strong track record of winning key new client accounts and as a result of our land and expand strategy, we have been successful in winning an increasing number of new client engagements, and subsequently increasing our revenues with these clients period over period. Historically, our in-year new client wins have generated 2.5x to 3.0x revenue in the second and third years of the engagement. However, in the current slowing economic environment, our sales cycles have lengthened. We believe that the sales activity has and will continue to pick up pace in fiscal year 2024.

Client Concentration

During the six months ended December 31, 2023, our largest client accounted for 13%, while our three largest clients accounted for 31% of our consolidated revenues. We believe client diversification is an important attribute in a challenging market.

Seasonality

Our business performance is subject to seasonal fluctuations. These seasonal effects cause differences in revenues and expenses among the various quarters of any financial year, which means that the individual quarters should not be directly compared with each other or be used to predict annual financial results.

Pricing

Our revenues are dependent upon both volumes and unit pricing for our services. Client pricing is often expressed in terms of a base price per minute or hour as well as, in limited cases, with bonuses and occasionally penalties depending upon our achievement of certain client objectives. During the fiscal year ended June 30, 2023 and the six months ended December 31, 2023, the tightening in the global labor market and corresponding wage inflation, as well as increasing facilities expenses has resulted in us pursuing and successfully negotiating price increases or COLA with many of our clients.

The current economic environment is also encouraging our clients to consider locating more of their support offshore. Within our customer engagement solutions, pricing for services delivered from onshore locations is higher than pricing for services delivered from offshore locations, largely driven by higher wage levels in onshore locations. Accordingly, a shift in service delivery location from onshore to offshore locations results in a lower price for our clients and a decline in our absolute revenues; however, our margins tend to increase, in percentage and often in absolute terms, as compared to onshore service delivery.

Results of Operations

The following summarizes the results of our operations for the three and six months ended December 31, 2023 and 2022:

	Three Months Ended December 31,		Six Months Ended December 31,	
($000s)	**2023**	**2022**	**2023**	**2022**
Revenue	$ 132,634	$ 139,325	$ 257,243	$ 267,130
Cost of services	95,884	99,790	184,080	195,943
Selling, general and administrative	24,857	23,502	47,897	42,807
Depreciation and amortization	4,946	4,582	9,988	9,259
Income from operations	**$ 6,947**	**$ 11,451**	**$ 15,278**	**$ 19,121**
Interest income	512	138	1,098	186
Interest expense	(111)	(300)	(215)	(448)
Income before income taxes	**$ 7,348**	**$ 11,289**	**$ 16,161**	**$ 18,859**
Provision for income tax expense	(1,273)	(2,019)	(2,661)	(3,066)
Net income	**$ 6,075**	**$ 9,270**	**$ 13,500**	**$ 15,793**

Three Months Ended December 31, 2023 and 2022

Revenue

Our revenue was $132.6 million during the three months ended December 31, 2023, a decrease of $6.7 million, or 4.8%, compared to the prior year quarter. This decrease was primarily driven by macroeconomic factors impacting the FinTech and Telecommunications verticals, which decreased $8.6 million or 32.3%, and $3.6 million or 15.4%, respectively, from the comparative period. These decreases were partially offset by increases in the HealthTech vertical of $4.1 million, or 34.0%, and Retail & E-commerce vertical of $0.9 million, or 2.5%, from the comparative period.

As a percentage of total revenue, the revenue from our Retail & E-commerce vertical increased to 29.0% during the three months ended December 31, 2023 compared to 26.9%, and the revenue from our HealthTech vertical increased to 12.2% compared to 8.7% during the prior year quarter. Conversely, the revenue from our FinTech vertical decreased to 13.7% compared to 19.2%, and the revenue from our Telecommunications vertical decreased to 14.8% compared to 16.7% during the prior year quarter.

Operating Expenses

Cost of services

Cost of services was $95.9 million during the three months ended December 31, 2023, a decrease of $3.9 million, or 3.9%, compared to the prior year quarter. The decrease in cost of services was primarily due to decreases in payroll and related costs, facilities, and local transportation expenses, partially offset by an increase in lead costs.

Payroll and related costs were $74.3 million during the three months ended December 31, 2023, a decrease of $3.4 million, or 4.4%, compared to the prior year quarter. As a percent of revenue, payroll costs remained consistent at 56.0% during the three months ended December 31, 2023 compared to 55.8% during the prior year quarter.

Facilities expenses, including rent and utilities, were $13.0 million during the three months ended December 31, 2023, a decrease of $0.5 million, or 3.4%, compared to the prior year quarter, and local transportation expenses were $1.7 million during the three months ended December 31, 2023, a decrease of $0.2 million, or 10.7%, compared to the prior year quarter. These decreases were primarily due to the site optimization efforts completed in the fourth quarter of fiscal year 2023.

Lead expenses were $2.9 million during the three months ended December 31, 2023, an increase of $0.4 million, or 17.3%, compared to the prior year quarter. These increases were primarily due to increases in the utilization of our third-party affiliates for inbound inquiries as well as search engine costs in connection with our digital sales and marketing efforts, which may continue throughout the remainder of fiscal year 2024.

Selling, general and administrative expense (“SG&A”)

SG&A expense was $24.9 million during the three months ended December 31, 2023, an increase of $1.4 million, or 5.8%, compared to the prior year quarter. The increase in SG&A expense was primarily due to increases in payroll and related costs, IT expenses, rent and utilities, partially offset by decreases in legal and professional fees.

The increase in payroll and related costs of $0.6 million was primarily driven by continued investments in our technology, sales and marketing, and client service functions as we continue to focus on revenue growth. IT expenses increased $0.7 million due to continued investments in cybersecurity and core business management systems. Rent increased $0.3 million due to an overall increase in utility expenses in certain regions, which were driven by higher fuel prices. These increases were partially offset by a decrease in legal and professional fees of $0.1 million.

Depreciation and amortization expense (“D&A”)

D&A expense was $4.9 million during the three months ended December 31, 2023, an increase of $0.4 million or 7.9% compared to the prior year quarter. As a percentage of revenue, depreciation and amortization expense increased to 3.7% during the three months ended December 31, 2023 compared to 3.3% in the comparative period.

Income from operations

Income from operations was $6.9 million during the three months ended December 31, 2023 compared to $11.5 million compared to the prior year quarter. The operating margin was 5.2% for three months ended December 31, 2023, down from 8.2% for the three months ended December 31, 2022. The decrease was primarily driven by lower revenue, including training revenue recognized, as well as planned investments in technology, sales and marketing, and client service functions as we continue to focus on revenue growth.

Interest income

Interest income during the three months ended December 31, 2023 was $0.5 million compared to $0.1 million for the three months ended December 31, 2022 as income on invested funds increased compared to the prior year quarter.

Interest expense

Interest expense during the three months ended December 31, 2023 was $0.1 million, down from $0.3 million during the three months ended December 31, 2022 driven by lower borrowings for this quarter.

Provision for Income Taxes

Income tax expense was $1.3 million during three months ended December 31, 2023, a decrease of $0.7 million when compared with the same period of the prior year, primarily due to lower pre-tax income in the current year.

Six Months Ended December 31, 2023 and 2022

Revenue

Our revenue was $257.2 million during the six months ended December 31, 2023, a decrease of $9.9 million, or 3.7%, compared to the same prior year period. This decrease was primarily driven by macroeconomic factors impacting the FinTech and Telecommunications verticals, which decreased $15.6 million or 30.0%, and $4.7 million or 10.4%, respectively, from the comparative period. These decreases were partially offset by increases in the HealthTech vertical of $5.9 million, or 23.5%, Retail & E-commerce vertical of $2.9 million, or 4.4%, and Cable vertical of $1.8 million, or 17.8%, from the comparative period.

As a percentage of total revenue, the revenue from our Retail & E-commerce vertical increased to 26.3% during the six months ended December 31, 2023 compared to 24.2%, and the revenue from our HealthTech vertical increased to 12.0% compared to 9.4% during the same prior year period. Conversely, the revenue from our FinTech vertical decreased to 14.2% compared to 19.6%, and the revenue from our Telecommunications vertical decreased to 15.8% compared to 17.0% during the same prior year period.

Operating Expenses

Cost of services

Cost of services was $184.1 million during the six months ended December 31, 2023, a decrease of $11.9 million, or 6.1%, compared to the same prior year period. The decrease in cost of services was primarily due to decreases in payroll and related costs, facilities, telecom, printing and production related, and local transportation expenses, partially offset by an increase in lead costs.

Payroll and related costs were $141.1 million during the six months ended December 31, 2023, a decrease of $10.2 million, or 6.7%, compared to the same prior year period. As a percent of revenue, payroll costs decreased to 54.9% during the six months ended December 31, 2023 compared to 56.6% during the same period in the prior year driven by an increasing percentage of revenue generated from nearshore and offshore regions with lower labor costs.

Facilities expenses were $9.0 million during six months ended December 31, 2023, a decrease of $0.8 million, or 8.2%, compared to the same period in the prior year, local transportation expenses were $3.3 million during the three months ended December 31, 2023, a decrease of $0.3 million, or 9.0%, compared to the same period in the prior year, and telecom, printing and production related expenses were $4.3 million during the six months ended December 31, 2023, a decrease of $1.0 million, or 18.6%, compared to the same period in the prior year. These decreases were primarily due to the site optimization efforts completed in the fourth quarter of fiscal year 2023.

Lead expenses were $6.5 million during the six months ended December 31, 2023, an increase of $0.9 million, or 15.5%, compared to the same period in the prior year. These increases were primarily due to increases in the utilization of our third-party affiliates for inbound inquiries as well as search engine costs in connection with our digital sales and marketing efforts, which may continue throughout the remainder of fiscal year 2024.

Selling, general and administrative expense (“SG&A”)

SG&A expense was $47.9 million during the six months ended December 31, 2023, an increase of $5.1 million, or 11.9%, compared to the same period in the prior year. The increase in SG&A expense was primarily due to increases in payroll and related costs, IT expenses, legal and professional fees, and travel and other expenses.

The increase in payroll and related costs of $2.2 million was primarily driven by continued investments in our technology, sales and marketing, and client service teams as we continue to focus on revenue growth. IT expenses increased $1.3 million due to continued investments in cybersecurity and core business management systems. The increase in legal and professional fees of $1.1 million was primarily related to strategic projects and higher compliance expenses. Travel and other expenses increased by $0.4 million as the business continues to expand in our offshore region.

Depreciation and amortization expense ("D&A")

D&A expense was $10.0 million during the six months ended December 31, 2023, an increase of $0.7 million or 7.9%, compared to the same prior year period. As a percentage of revenue, depreciation and amortization expense increased to 3.9% during six months ended December 31, 2023 compared to 3.5% in the comparative period.

Income from operations

Income from operations was $15.3 million during the six months ended December 31, 2023 compared to $19.1 million compared to the same period in the prior year. The operating margin was 5.9% for six months ended December 31, 2023, down from to 7.2% for the six months ended December 31, 2022. The decrease was primarily driven by lower revenue, including training revenue recognized, and planned investments in our technology, sales and marketing, and client service functions as we continue to focus on revenue growth.

Interest income

Interest income during the six months ended December 31, 2023 was $1.1 million compared to $0.2 million for the six months ended December 31, 2022 as income on invested funds increased compared to the same period in the prior year.

Interest expense

Interest expense during the six months ended December 31, 2023 was $0.2 million, down from $0.4 million during the six months ended December 31, 2022 driven by lower borrowings.

Provision for Income Taxes

Income tax expense was $2.7 million during six months ended December 31, 2023, a decrease of $0.4 million when compared with the same period in the prior year, primarily due to lower pre-tax income in the current year.

Non-GAAP Financial Measures

We present non-GAAP financial measures because we believe that they and other similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. We also use these measures internally to establish forecasts, budgets and operational goals to manage and monitor our business, as well as evaluate our underlying historical performance, as we believe that these non-GAAP financial measures provide a more helpful depiction of our performance of the business by encompassing only relevant and manageable events, enabling us to evaluate and plan more effectively for the future. The non-GAAP financial measures may not be comparable to other similarly titled measures of other companies, have limitations as analytical tools, and should not be considered in isolation or as a substitute for analysis of our operating results as reported in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). Non-GAAP financial measures and ratios are not measurements of our performance, financial condition or liquidity under U.S. GAAP and should not be considered as alternatives to operating profit or net income (loss) or as alternatives to cash flow from operating, investing or financing activities for the period, or any other performance measures, derived in accordance with U.S. GAAP.

Adjusted net income and adjusted earnings per share

Adjusted net income is a non-GAAP profitability measure that represents net income before the effect of the following items: non-recurring expenses (including legal and settlement costs), warrant contra revenue, foreign currency gains and losses, and share-based compensation expense, net of the tax impact of such adjustments. We define adjusted earnings per share as adjusted net income divided by weighted average diluted shares outstanding.

We use adjusted net income and adjusted earnings per share internally to establish forecasts, budgets and operational goals to manage and monitor our business, as well as evaluate our underlying historical performance. We believe that adjusted net income and adjusted earnings per share are meaningful indicators of performance as it reflects what we believe is closer to the actual results of our business performance by removing items that we believe are not reflective of our underlying business. We also believe that adjusted net income and adjusted earnings per share may be widely used by investors, securities analysts and other interested parties as a supplemental measure of performance.

Adjusted net income and adjusted earnings per share may not be comparable to other similarly titled measures of other companies and has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of our operating results as reported under U.S. GAAP. Because of these limitations, you should consider adjusted net income and adjusted earnings per share in conjunction with other U.S. GAAP financial performance measures, including net income from operations and net income, among others.

The following table provides a reconciliation of net income and net income margin to adjusted net income and adjusted net income margin, and diluted earnings per share to adjusted earnings per share for the periods presented:

($000s, except per share amounts)	Three Months Ended December 31,		Six Months Ended December 31,	
	2023	2022	2023	2022
Net income	**$ 6,075**	**$ 9,270**	**$ 13,500**	**$ 15,793**
Net income margin	**4.6 %**	**6.7 %**	**5.2 %**	**5.9 %**
Non-recurring expenses	—	792	—	792
Warrant contra revenue	307	310	594	596
Foreign currency losses / (gains)	697	752	(100)	(97)
Share-based compensation expense	1,427	1,533	2,275	2,655
Total adjustments	**$ 2,431**	**$ 3,387**	**$ 2,769**	**$ 3,946**
Tax impact of adjustments[1]	(482)	(425)	(671)	(710)
Adjusted net income	**$ 8,024**	**$ 12,232**	**$ 15,598**	**$ 19,029**
Adjusted net income margin	**6.0 %**	**8.8 %**	**6.1 %**	**7.1 %**
Diluted earnings per share	$ 0.33	$ 0.49	$ 0.72	$ 0.84
Per share impact of adjustments to net income	0.11	0.16	0.12	0.17
Adjusted earnings per share	**$ 0.44**	**$ 0.65**	**$ 0.84**	**$ 1.01**
Weighted average diluted shares outstanding	**18,440**	**18,860**	**18,667**	**18,759**

EBITDA, adjusted EBITDA, and adjusted EBITDA margin

EBITDA is a non-GAAP profitability measure that represents net income before the effect of the following items: interest expense, income tax expense, and depreciation and amortization. Adjusted EBITDA is a non-GAAP profitability measure that represents EBITDA before the effect of the following items: non-recurring expenses (including legal and settlement costs), interest income, warrant contra revenue, foreign currency gains and losses, and share-based compensation expense. Adjusted EBITDA margin is a non-GAAP profitability measure that represents adjusted EBITDA divided by revenue.

We use EBITDA, adjusted EBITDA, and adjusted EBITDA margin internally to establish forecasts, budgets and operational goals to manage and monitor our business, as well as evaluate our underlying historical performance. We may use adjusted EBITDA as a vesting trigger in some performance-based restricted stock units. We believe that EBITDA, adjusted EBITDA and adjusted EBITDA margin are meaningful indicators of the health of our business as they provide additional information to investors about certain non-cash or non-recurring charges that we believe may not continue at the same level in the future or be reflective of our long-term performance. We also believe that EBITDA, adjusted EBITDA and adjusted EBITDA margin are widely used by investors, securities analysts, and other interested parties as a supplemental measure of performance.

EBITDA, adjusted EBITDA and adjusted EBITDA margin may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation

[1] The tax impact of each adjustment is calculated using the effective tax rate in the relevant jurisdictions.

or as a substitute for analysis of our operating results as reported under U.S. GAAP. Some of these limitations are as follows:

- although depreciation and amortization expense is a non-cash charge, the assets being depreciated and amortized may have to be replaced in the future. EBITDA, adjusted EBITDA and adjusted EBITDA margin do not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- EBITDA, adjusted EBITDA and adjusted EBITDA margin are not intended to be a measure of free cash flow for our discretionary use, as they do not reflect: (i) changes in, or cash requirements for, our working capital needs; (ii) debt service requirements; (iii) tax payments that may represent a reduction in cash available to us; and (iv) other cash costs that may recur in the future;
- other companies, including companies in our industry, may calculate similarly titled measures differently, which reduces their usefulness as comparative measures.

Because of these and other limitations, you should consider EBITDA, adjusted EBITDA and adjusted EBITDA margin in conjunction with U.S. GAAP financial performance measures, including cash flows from operating activities, investing activities and financing activities, net income, net income margin, and other financial results.

The following table provides a reconciliation of net income and net income margin to EBITDA, adjusted EBITDA and adjusted EBITDA margin for the periods presented:

	Three Months Ended December 31,		Six Months Ended December 31,	
($000s)	2023	2022	2023	2022
Net income	**$ 6,075**	**$ 9,270**	**$ 13,500**	**$ 15,793**
Net income margin	**4.6 %**	**6.7 %**	**5.2 %**	**5.9 %**
Interest expense	111	300	215	448
Income tax expense	1,273	2,019	2,661	3,066
Depreciation and amortization	4,946	4,582	9,988	9,259
EBITDA	**$ 12,405**	**$ 16,171**	**$ 26,364**	**$ 28,566**
Non-recurring expenses	—	792	—	792
Interest income	(512)	(138)	(1,098)	(186)
Warrant contra revenue	307	310	594	596
Foreign currency losses / (gains)	697	752	(100)	(97)
Share-based compensation expense	1,427	1,533	2,275	2,655
Adjusted EBITDA	**$ 14,324**	**$ 19,420**	**$ 28,035**	**$ 32,326**
Adjusted EBITDA margin	**10.8 %**	**13.9 %**	**10.9 %**	**12.1 %**

Net income margin

Net income margin was 4.6% for the three months ended December 31, 2023 compared to 6.7% during the prior year quarter and 5.2% for the six months ended December 31, 2023 compared to 5.9% during the prior year period. The decrease was primarily the result of lower income from operations driven by lower revenue, including training revenue recognized, and planned investments in our technology, sales and marketing, and client service functions as we continue to focus on revenue growth.

Adjusted EBITDA margin

Adjusted EBITDA margin was 10.8% for the three months ended December 31, 2023 compared to 13.9% during the prior year quarter, and 10.9% for the six months ended December 31, 2023 compared to 12.1% during the prior year period. The decrease was primarily driven by lower revenue, including training revenue recognized, and planned investments in our technology, sales and marketing, and client service functions as we continue to focus on revenue growth

Free cash flow

Free cash flow is a non-GAAP liquidity measure that represents net cash provided by operating activities less capital expenditures. While we believe that free cash flow provides useful information to investors in understanding and evaluating our liquidity position in the same manner as our management, our use of free cash flow has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our financial results as reported under U.S. GAAP. Further, other companies, including companies in our industry, may adjust their cash flows differently, which may reduce the value of free cash flow as a comparative measure. The following table reconciles net cash provided by operating activities to free cash flow, for the periods presented:

	Three Months Ended December 31,		Six Months Ended December 31,	
($000s)	2023	2022	2023	2022
Net cash / (used in) provided by operating activities	$ (1,637)	$ 5,293	$ 7,047	$ 10,855
Less: capital expenditures	2,892	7,948	4,944	11,506
Free cash flow	**$ (4,529)**	**$ (2,655)**	**$ 2,103**	**$ (651)**

Net cash

Net cash is a non-GAAP liquidity measure that represents cash and cash equivalents less total debt. We believe that net cash provides useful information to investors in understanding and evaluating our ability to pay off debt. Our use of net cash has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our financial results as reported under GAAP. Further, other companies, including companies in our industry, may adjust their cash or debt differently, which may reduce the value of net cash as a comparative measure.

Net cash is calculated below:

($000s)	December 31, 2023	June 30, 2023
Cash and cash equivalents	$ 49,016	$ 57,429
Debt		
Current	$ 441	$ 413
Non-current	560	600
Total debt	$ 1,001	$ 1,013
Net cash	**$ 48,015**	**$ 56,416**

The decrease in cash and cash equivalents and net cash was primarily driven by stock repurchases during the six months ended December 31, 2023.

JOBS Act Accounting Election

We qualify as an emerging growth company pursuant to the provisions of the JOBS Act. The JOBS Act permits an emerging growth company like us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. We have elected to use the extended transition period until we are no longer an emerging growth company or until we choose to opt out of the extended transition period affirmatively and irrevocably. As a result, our financial statements may not be comparable to companies that comply with new or revised accounting pronouncements applicable to public companies.

Liquidity and Capital Resources

As of December 31, 2023, our principal sources of liquidity were cash and cash equivalents totaling $49.0 million, cash flows from operations, and the unused availability under our existing credit facilities of $80.0 million.

As of December 31, 2023, our total indebtedness was $1.0 million, consisting of our finance leases. We were in compliance with all debt covenants as of December 31, 2023. See Note 6, "Debt" in the consolidated financial statements included in this Form 10-Q for additional information regarding our debt.

We use these resources to finance our operations, expand current delivery centers, open new delivery centers, invest in upgrades of technology, service offerings, and for other strategic initiatives, such as acquiring or investing in complementary businesses or intellectual property rights. Our future liquidity requirements will depend on many factors, including our growth rate and the timing and extent of spending to engage in the activities mentioned above. We believe that our existing cash balance together with cash generated from our operations, and availability under our existing credit facilities will be sufficient to meet our liquidity requirements for at least the next twelve months.

To the extent additional funds are necessary to meet our long-term liquidity needs as we execute on our business strategy, we anticipate that they will be obtained through the utilization of current availability under our $80 million revolving credit facility (as amended, the "PNC Credit Facility") with PNC Bank, N.A. ("PNC"), additional indebtedness, additional equity financings or a combination of these potential sources of funds; however, such additional financing may not be available on favorable terms, or at all. If we are unable to raise additional funds when desired, our business, financial condition and results of operations could be adversely affected.

On September 18, 2023, the Company announced that the board of directors (the "Board") had authorized a share repurchase program under which the Company may repurchase up to $30 million of its shares over the next six months beginning September 18, 2023 (the “Share Repurchase Program”). During the three and six months ended December 31, 2023, we repurchased 488,803 and 623,327 shares of our common shares under the Share Repurchase Program for $8.4 million and $10.4 million, respectively, which we funded with available cash. As of December 31, 2023, approximately $19.6 million remained available for share repurchases under our Share Repurchase Program. Fiscal year to date through January 31, 2024, we repurchased 740,346 shares of our common shares, with approximately $17.5 million remaining under the Share Repurchase Program.

The following discussion highlights our cash flow activities during the six months ended December 31, 2023:

($000s)	Six months ended December 31, 2023	2022
Net cash inflow / (outflow) from		
Operating activities	$ 7,047	$ 10,855
Investing activities	(4,944)	(11,506)
Financing activities	(10,519)	(9,843)
Effects of exchange rate difference on cash and cash equivalents	3	(255)
Net increase / (decrease) in cash and cash equivalents	$ (8,413)	$ (10,749)
Cash and cash equivalents at beginning of the period	57,429	48,831
Cash and cash equivalents at the end of the period	**$ 49,016**	**$ 38,082**

Cash and cash equivalents

The Company manages a centralized global treasury function with a focus on safeguarding and optimizing the use of its global cash and cash equivalents. The majority of the Company’s cash is held in large U.S. banks in U.S. dollars and outside of the U.S. in U.S. dollars and foreign currencies in regional or local banks in the countries it operates in. The Company believes that its cash management policies and practices effectively mitigate its risk relating to its global cash. However, the Company can provide no assurances that it will not sustain losses.

As of December 31, 2023, we had cash and cash equivalents of $49.0 million, including $4.9 million located outside of the United States, and $1.7 million that is subject to certain local regulations on repatriation. As of June 30, 2023, we had cash and cash equivalents of $57.4 million, including $5.6 million located outside of the United States, and $1.7 million that is subject to certain local regulations on repatriation. Our cash position as of December 31, 2023 decreased primarily due to share repurchases during the period, partially offset by lower capital expenditures and debt repayments compared to prior periods.

Cash Flows from Operating Activities

Net cash inflow from operating activities during the six months ended December 31, 2023 decreased to $7.0 million compared to $10.9 million during the same period in the prior year. The decrease in net cash inflow from operating activities was primarily driven by weaker operating results due to lower revenue, including training revenue recognized, and net changes in operating assets and liabilities of $0.2 million.

Free cash flow for the six months ended December 31, 2023 increased to $2.1 million compared to $(0.7) million during the same period in the prior year, due to lower capital expenditures as we utilize capacity built out over the last two years, partially offset by lower operating cash flow.

Cash Flows from Investing Activities

During the six months ended December 31, 2023, we had net expenditures of $4.9 million on investing activities primarily related to purchases of IT and telecommunications equipment.

During the six months ended December 31, 2022, we had expenditures of $11.5 million on investing activities related to purchases of leasehold improvements, IT and telecommunications equipment.

Cash Flows from Financing Activities

During the six months ended December 31, 2023, we expended $10.5 million on financing activities, primarily related to purchasing our common shares under the Share Repurchase Program for $10.3 million.

During the six months ended December 31, 2022, we expended $9.8 million on financing activities, including $10.8 million related to the repayment of debt, both term and revolving, offset primarily by net cash received from issuance of common stock of $0.9 million.

Critical Accounting Policies and Estimates

The Company’s consolidated financial statements and accompanying notes included in this Form 10-Q are prepared in accordance with U.S. GAAP. A summary of the Company’s significant accounting policies and critical accounting estimates can be found in the "Management’s Discussion and Analysis of Financial Condition and Results of Operations" section of the Annual Report. There have been no material changes to our significant accounting policies or critical accounting estimates as reported in the Annual Report.

The Company capitalizes qualifying implementation costs in accordance with ASC 350-40, *Goodwill and Other, Internal-Use Software.* During the six months ended December 31, 2023, the Company commenced the upgrade of our Enterprise Resource Planning and Human Capital Management systems to a cloud computing software solution, and capitalized $0.8 million and $1.2 million of qualifying implementation costs during the three and six months ended December 31, 2023, respectively. The Company will continue to capitalize qualifying implementation costs until the new software solution is substantially complete and ready for the Company's intended use.

Recent Accounting Pronouncements

Refer to Note 1, "Overview and Summary of Significant Accounting Policies" in the consolidated financial statements included in this Form 10-Q for additional information regarding recently adopted accounting pronouncements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company’s activities expose it to a variety of financial and market risk (including foreign currency and interest rate risk).

Foreign currency exchange risk

The Company serves many of its U.S.-based clients through our delivery centers located in various countries, primarily in the Philippines, Pakistan, Nicaragua, and Jamaica. Although contracts with these clients are typically priced in U.S. dollars, a substantial portion of related costs is denominated in the local currency of the country where services are provided, resulting in foreign currency exposure that could have an impact on our results of operations. Our primary foreign currency exposures are in Philippine Peso ("PHP"), Jamaican Dollar, and Pakistani Rupee. There can be no assurance that we can take actions to mitigate such exposure in the future, and if taken, that such actions will be successful or that future changes in currency exchange rates will not have a material adverse impact on our future operating results. A significant change in the value of the U.S. dollar against the currency of one or more countries where we operate may have a material adverse effect on our financial condition and results of operations.

To mitigate foreign exchange fluctuations on the PHP, we hedge a portion of our Philippine operating costs. While our hedging strategy can protect us from short term risks related to foreign currency movements, an overall strengthening of the PHP would adversely impact margins over the long term.

Based upon our level of operations during the six months ended December 31, 2023, a 10% appreciation/depreciation in the PHP against the U.S. dollar would have increased or decreased our expenses incurred and paid in PHP by approximately $6.2 million or $5.1 million, respectively. Based upon our level of operations during the six months ended December 31, 2023, a 10% appreciation/depreciation in the Jamaican Dollar against the U.S. dollar would have increased or decreased our expenses incurred and paid in Jamaican Dollar by approximately $3.0 million or $2.4 million, respectively. Based upon our level of operations during the six months ended December 31, 2023, a 10% appreciation/depreciation in the Pakistani Rupee against the U.S. dollar would have increased or decreased our expenses incurred and paid in Pakistani Rupee by approximately $1.9 million or $1.6 million, respectively.

To mitigate against credit and default risk, we only enter into derivative contracts and other financial instruments with investment grade financial institutions and our derivative valuations reflect the creditworthiness of our counterparties. As of the date of this Form 10-Q, we have not experienced, nor do we anticipate experiencing, any counterparty defaults.

Refer to Note 5. “Derivatives”, in the consolidated financial statements for further information on our foreign currency hedging program.

Interest rate risk

The Company’s exposure to market risk for changes in interest rates relates primarily to the cash and bank balances and credit facilities. Borrowings under the PNC Credit Facility bear interest at SOFR plus 1.75% and/or negative 0.5% of the PNC Commercial Lending Rate for domestic loans. The Company did not have any outstanding balances on its credit facilities as of December 31, 2023. Accordingly, a hypothetical 10% increase or decrease in SOFR would not cause a material increase or decrease in our interest expense over the next 12 months.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act of 1934, as amended (the "Exchange Act")) that are designed to ensure that information required to be disclosed in our reports that we file or submit under the Exchange Act, are recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer (our principal executive officer) and Chief Financial Officer (our principal financial officer) as appropriate, to allow for timely decisions regarding required disclosure.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2023. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that as of December 31, 2023, our disclosure controls and procedures were not effective because of the material weakness in internal control over financial reporting related to complex non-routine transactions as described in Part II, Item 9A “Controls and Procedures” of our Annual Report, which also discloses our remediation plan.

The Company is continuing to implement its remediation plan. In accordance with the Company’s internal controls policies, the material weakness will not be considered fully remediated until the actions in the remediation plan have been completed and have operated effectively for a sufficient period of time. Accordingly, the material weakness has not been remediated as of December 31, 2023.

Changes in Internal Control Over Financial Reporting

Except for the execution of our remediation plan of the material weakness noted above, there have been no changes in our internal controls over financial reporting during the quarter ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

The information required with respect to this item can be found under Note 7, "Commitments and Contingencies" in the unaudited consolidated financial statements included in this Form 10-Q.

Item 1A. Risk Factors

We are subject to various risks that could have a material adverse impact on our financial position, results of operations or cash flows. Although it is not possible to predict or identify all such risks and uncertainties, they may include, but are not limited to, the factors discussed under "Risk Factors" in the Annual Report. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our financial position, results of operations or cash flows. There have been no material changes to the risk factors included in the Annual Report. We encourage you to carefully consider the risk factors set forth in the Annual Report and the other information set forth elsewhere in this Form 10-Q.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Purchases of Equity Securities By The Issuer

On September 18, 2023, the Company announced that the Board had authorized a share repurchase program under which the Company may repurchase up to $30 million of its shares over the next six months beginning September 18, 2023 (the "Share Repurchase Program").

The Company's proposed repurchases may be made from time to time through open market transactions at prevailing market prices, in privately negotiated transactions, in block trades and/or through other legally permissible means, depending on the market conditions and in accordance with applicable rules and regulations. The timing and dollar amount of repurchase transactions will be subject to SEC Rule 10b-18 and/or Rule 10b5-1 requirements.

The Board will review the Share Repurchase Program periodically and may authorize adjustment of its terms and size or suspend or discontinue the program. The Company expects to fund the repurchases under this Share Repurchase Program with its existing cash balance. The Share Repurchase Program will be executed consistent with the Company's capital allocation strategy, which will continue to prioritize aggressive investments to grow the business.

The Share Repurchase Program does not obligate the Company to acquire any particular amount of ordinary shares, and may be suspended or discontinued at any time at the Company's discretion.

During the three months ended December 31, 2023, our purchases of common shares were as follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Program ($000s)
October 1 - October 31, 2023	230,577	$ 16.15	230,577	$ 24,237
November 1 - November 30, 2023	126,062	$ 17.42	126,062	$ 22,042
December 1 - December 31, 2023	132,164	$ 18.56	132,164	$ 19,589
Total	**488,803**	**$ 17.13**	**488,803**	**$ 19,589**

Recent Sale of Unregistered Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

(c) *Trading Plans*

During the quarter ended December 31, 2023, the Company's directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted or terminated (including by modification) a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement, as such terms are defined in Item 408 of Regulation S-K, as follows:

On November 14, 2023, Mr. Jeff Cox, the Company's President of ibex Digital, adopted a trading plan intended to satisfy Rule 10b5-1(c) to sell up to 150,000 shares of the Company's common stock between February 13, 2024 and June 1, 2024, subject to such shares reaching certain price points.

Item 6. Exhibits

EXHIBIT INDEX

Exhibit Number	Description of Document	Incorporated by Reference Form	File Number	Exhibit	Filing Date	Filed or Furnished Herewith
3.1	Memorandum of Association	F-1	333-239821	3.1	07/29/2020	
3.2	Amended and Restated By-laws	20-F	001-38442	1.2	10/23/2020	
31.1	Certification by the Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act					X
31.2	Certification by the Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act					X
32.1	Certification of the Chief Executive Officer and the Chief Financial Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350					X
101.INS	Inline XBRL Instance Document					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X
104	Cover Page Interactive Data File (formatted in Inline XBRL and included as Exhibit 101)					X

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

IBEX LIMITED
(Registrant)

Date:	February 8, 2024	By:	/s/ Robert Dechant Robert Dechant Chief Executive Officer (Principal Executive Officer)
Date:	February 8, 2024	By:	/s/ Taylor Greenwald Taylor Greenwald Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION

I, Robert Dechant, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended December 31, 2023 of IBEX Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date:	February 8, 2024
By:	/s/ Robert Dechant
Name:	Robert Dechant
Title:	Chief Executive Officer (Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Taylor Greenwald, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended December 31, 2023 of IBEX Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date:	February 8, 2024
By:	/s/ Taylor Greenwald
Name:	Taylor Greenwald
Title:	Chief Financial Officer (Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report on Form 10-Q of IBEX Limited, (the “Company”) for the quarter ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned Chief Executive Officer and Chief Financial Officer of the Company hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of their knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By:	/s/ Robert Dechant
Name:	Robert Dechant
Title:	Chief Executive Officer (Principal Executive Officer)

By:	/s/ Taylor Greenwald
Name:	Taylor Greenwald
Title:	Chief Financial Officer (Principal Financial Officer)

February 8, 2024