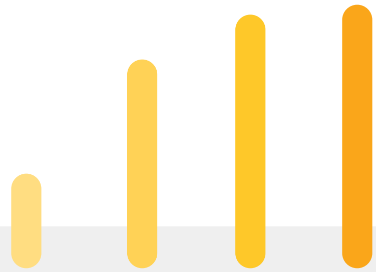
CURRENCY EXCHANGE INTERNATIONAL

# ANNUAL REPORT

CONNECTING THE WORLD THROUGH CURRENCY

# 2024

# Financial Highlights



| Total Revenue: In Millions | $30.6 | $67.5 | $82.0 | $85.2 | 4% Year Over Year |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 | |

## Revenue by Business Segment

81% Banknotes

19% Payments

| Total Assets: In Millions | $103.0 | $125.5 | $132.0 | $131.2 | -1% Year Over Year |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 | |

## Revenue by Geography

81% United States

19% Canada

All amounts in this report are stated in USD and are based on fiscal year end unless otherwise noted.

## 2024 Performance Metrics

| EBITDA<br>$ Millions | Net Income<br>$ Millions | Diluted EPS<br>Earnings Per Share | Return on Equity<br>% |
|---|---|---|---|
| **$13.4**<br>Reported<br>decreased by 30% YoY | **$2.5**<br>Reported<br>decreased by 76% YoY | **$0.38**<br>Reported<br>decreased by 75% YoY | **3%**<br>Reported<br>decreased by 77% YoY |
| **$19.7**<br>Adjusted[1]<br>increased by 3% YoY | **$10.2**<br>Adjusted[1]<br>remained flat YoY | **$1.56**<br>Adjusted[1]<br>increased by 3% YoY | **12%**<br>Adjusted[1]<br>decreased by 15% YoY |

[1] These are non-GAAP measures based on management-determined non-recurring items. For further information, refer to the key performance and non-GAAP financial measures, including a full reconciliation, refer to the key performance and non-GAAP financial measures section on page 27 in the MD&A.

## Quarterly Stock Price (TSX:CXI)

TSX stock prices are quoted in Cdn$

| $24.19 | $25.87 | $25.91 | $25.57 |
|---|---|---|---|
| Q1<br>(Ended 1/31/2024) | Q2<br>(Ended 4/30/2024) | Q3<br>(Ended 7/31/2024) | Q4<br>(Ended 10/31/2024) |

## Shareholder's Equity

$ millions

| $58.0 | $69.3 | $79.2 | $79.4 |
|---|---|---|---|
| 2021 | 2022 | 2023 | 2024 |

*Dear CXI Shareholders, Clients, Employees, and Friends, I am pleased to present the progress and achievements of Currency Exchange International, Corp. for our year ended October 31, 2024.*

**Randolph W. Pinna**
President and Chief Executive Officer

CXI's Group revenue grew over the prior year, allowing us to keep our balance sheet strong while continuing to focus on growth and operational efficiencies through automation and integrations. There were non-recurring items that materially impacted the Group's consolidated financial results for the 2024 fiscal year. It remains clear that the Group's business model is very strong in the US as it is diverse, with the continuous growth in CXI's payments business complemented by its successfully growing banknotes business. The banknotes business consists of a model for financial institutions and a direct-to-consumer (DTC) model operating through online, agent, and physical branch locations. CXI's management team and I remain committed to executing our strategic plan, which is focused on the return on capital for our shareholders. Our Group is confident we will continue to grow and become the leader in the supply of banknotes and international payments through continued customer growth while improving operations using new technologies and developing product enhancements.

## Strength in Comprehensive Solutions

CXI has been providing foreign currency services since 2007, starting with seven company-owned branches with a core focus on delivering the best experience possible to our customers. Over the past 17 years, we have been led by an innovative spirit developing best-in-class proprietary technology and expanding the business to become the leader in comprehensive international services for financial institutions, companies, and travelers.

This year, our business units continued to feel the impact of macroeconomic volatility. Despite geopolitical and economic challenges, CXI has maintained a clear strategic vision for growth, diversifying our product lines through innovative foreign exchange solutions. This approach has enabled the Group to capture more market share across our business units and build a loyal customer base. In fiscal year 2024, CXI demonstrated progress in both our banknotes and payments businesses, generating $85.2 million in total revenue, up from $82 million in 2023. This $3.2 million increase represents a 4% year-over-year growth.

For the first time, CXI has achieved higher revenue growth from its payments product line than from its banknote business line, with a $1.7 million year-over-year increase in revenue compared to a $1.6 million increase in our banknotes product line. However, this revenue growth was accompanied by a corresponding rise in operating expenses, including one-time costs. The increased operating expenses were due to strategic investments in initiatives, software infrastructure, and human resources. These investments support CXI's long-term growth objectives and create a more efficient operating environment.

CXI's payments business has two core models: servicing financial institutions in the US and Exchange Bank of Canada (EBC) servicing businesses in Canada. In fiscal year 2024, the payments business generated $16.0 million in revenue, up from $14.3 million in 2023, a 12% increase. CXI led this growth, generating a $2.5 million, or 32% increase in its revenue contribution, as we brought on more financial institution customers through our banking integration channel partners. EBC's corporate payments line partially offset the increase with a decline of $0.8 million, or 13% in revenue.

CXI's payments business growth directly resulted from our investments in banking integrations that financial institutions rely on to streamline payment services. Bringing banking system integrations online has opened previously inaccessible opportunities for the Company and made it easier for clients to switch to CXI. With the barrier to facilitating payment services for financial institutions on these bank platforms eliminated, CXI expanded our business with existing clients, adding another product line, and onboarding new clients. CXI's success with financial institutions and banking platforms has been noticed and has opened the doors with additional channel partners for CXI to integrate with in the future. CXI's "One Provider. One Platform." strategic priority also benefits operationally from our system integrations as the integrations enable more advanced features and higher processing speeds, all with less manual intervention.

## Targeted Growth in International Travel Service Points

With US outbound travel surpassing 2019's travel peak in 2024, international travel trade groups have predicted that both inbound and outbound US international travel will grow next year, though at more modest rates. Some of the most popular destinations continue to be Europe, Mexico, and Japan. The slower anticipated growth in travel highlights the need to capture more of the traveler market

# Message from the CEO

through CXI's service points and support demand generation around cash being an essential part of travel. CXI is committed to expanding the currency exchange service points for these travelers through our retail, online, and wholesale network.

In fiscal year 2024, CXI's banknote business generated $69.2 million in revenue, up from $67.6 million in 2023, a 2% increase. The DTC banknote business contributed $1.4 million, or 5% growth, of the $1.6 million increase in 2024 compared to the previous year. Revenue from DTC banknotes represented 34% of the total revenue in current and prior years.

CXI opened two new company-owned branch locations and two new agent airport locations in fiscal year 2024, resulting in 312 total DTC locations, including 40 company-owned branch locations, 47 airport agent locations, and 225 non-airport agent locations. CXI's company-owned locations are located in high-traffic shopping centers that cater to tourists, while each year, millions of international travelers at their ports of exit or entry see CXI's branded airport agent locations. CXI has no lease commitments or payroll for our agent locations. The agent operators and locations are supported by CXI's branding, marketing, foreign currency inventory, transaction processing, CXIFX platform, and compliance regime and oversight.

OnlineFX Home Delivery, CXI's consumer e-commerce platform, expanded services from 40 to 44 states across the US in 2024 enabling CXI access to 95% of the US population. The platform has received an overwhelmingly positive response from consumers, with 90% of our users saying they would recommend it to a friend. As a part of our growth strategy, the OnlineFX platform has integrated with marketing automation and digital advertising platforms, allowing robust customer lifecycle campaigns. CXI's enhanced data streams have also enabled attribution and audience targeting, ensuring our advertising spend generates the targeted return on investment to scale the business further.

## EBC's Strategic Review

On January 7, 2025, CXI announced the formation of a Special Committee of independent directors to consider a range of strategic options for our wholly-owned subsidiary, EBC, a federally chartered, non-deposit-taking Canadian Schedule I bank. The strategic review explored and considered several opportunities to maximize long-term value for shareholders and focus the Group's resources on our profitable US operations.

At the time of this report's printing, CXI has decided to discontinue EBC's operations and apply to the Finance Minister to discontinue EBC from the Bank Act so CXI can fully exit Canada, ideally in 2025. Referral agreements are being sought to allow for a smooth transition of customers and selected employees to the new vendors for the existing EBC customers in Canada. Refer to CXI's February 18, 2025 press release for more details.

## Strong Leadership in Place

CXI has invested in automation, new systems, and quality people because we are committed to a robust corporate infrastructure across the organization. Our focus has led to enhanced business insights and a deeper understanding of our clients and marketplace. These investments have also enabled more agile decision-making, which is benefiting all the business units and support teams.

Our process improvement team has significantly enhanced its impact across the organization through internal business automation and data democratization. These efforts have proven to be powerful enablement tools for our Managing Directors and their teams. The roles of Managing Directors promote direct accountability for each business unit, which are guided by strong leaders. This strategy aims to improve performance, streamline decision-making for greater flexibility, and support the growth of our teams.

CXI will continue to invest in our essential compliance and anti-money laundering programs through personnel and technology. These investments may not always be noticeable, but they are necessary to fulfill the changing regulatory and business requirements of today and the future. While we have invested in people and technology, we are also focusing on finding ways to reduce operating expenses. We made progress adjusting prices to account for the impact of inflation in postage and shipping.

## Positioned for Continued Growth

I am pleased with the past year's accomplishments, which included the difficult decision to consider exiting Canada. CXI stayed focused on innovation, customer experience, and the sustainable growth of revenues and profits. Through our strategic priorities, CXI is uniquely positioned to achieve even greater diversified growth. Our board of directors and executive team are confident in our plan and the team's ability to execute it.

I extend my gratitude and thanks to our team of nearly 400 employees across the US and Canada who embody our core values in all the work we do, as well as to our loyal customers, shareholders, and friends for their continued support of Currency Exchange International. As always, I remain available for feedback and to discuss our Group and its business with you personally.

Randolph W. Pinna
President and Chief Executive Officer

# Strategic Priorities

## Expanding Payment Services and Integrations to US Financial Institutions

CXI has established itself as a leading provider of FX services, including payments and wire processing solutions, supporting over 4,000 financial institutions across the US. Driven by a commitment to innovation and operational efficiency, CXI enables financial institutions to streamline operations through its One Provider, One Platform model. This advanced, web-based solution seamlessly integrates both international and domestic wire processes, covering everything from account information entry to compliance, fraud detection, and reporting. By eliminating redundancies and enhancing workflow precision, CXI's unified platform delivers unmatched reliability.

CXI has doubled its processing volumes and revenues over the past three years and achieved 30% growth in 2024. The company continues to invest strategically in banking system integrations to enhance wire processing for banks and credit unions. Through partnerships with major platforms such as Fiserv, Jack Henry, FIS, Finastra, Q2, Verafin, and Corelation, CXI offers an end-to-end automated solution that connects core banking, wire applications, digital banking, and fraud systems. CXI excels in international wire processing through its correspondent and SWIFT channels and provides automation throughout the entire wire processing lifecycle.

With these ongoing advancements and strategic investments, CXI is well-positioned to expand its rapidly growing portfolio in the coming years. Financial institutions leverage CXI's expertise to enhance operational efficiency and offer a comprehensive suite of international services. Customers benefit from competitive exchange rates, cutting-edge technology, and unparalleled customer service, all backed by CXI's extensive FX market experience, enabling institutions to expand their global financial reach with ease.

### Expand FX with US Banks and Credit Unions

**4,000+**

FInancial Institutions Supported

**30%**

Increase in Revenue in 2024

## Focused Corporate Payments Reorganization

EBC's corporate payments business grew in the number of active customers but saw a decline in the volume of payments processed and revenue generated. An active customer is one who transacted with EBC during the fiscal year. In the second half of the fiscal year, EBC reorganized its sales team to focus on its most valuable customers. This contributed to a recovery in its margin per payment and corporate payments revenue, including a 19% revenue increase in the fourth quarter of fiscal year 2024 compared to the previous year.

## Diversifying Payment Acquisition Channels

EBC successfully launched an integration with a fintech that operates an accounting management platform for businesses. The integration created a new customer acquisition channel for EBC. Through the integration approved customers can send FX payments directly on the accounting platform, with the payments seamlessly routed through EBC for straight-through processing. EBC built channel strategies that leverage integrations with banking platforms and corporate payment systems. The payment flows generated from these integrations are scaled without hiring additional staff, creating a strong cross-selling value proposition.

### Build Scale in Corporate International Payments

**19%**

Increase in Corporate Payments Processed

**1,000+**

Active Corporate Payment Customers

# Strategic Priorities

## Maximize Direct-to-Consumer Offering

**4**

New Branches (Airport & Company-Owned)

**94%**

US Adult Travel Population Eligible for OnlineFX

**108%**

2024 vs 2019 US Outbound Travel to the World

### Delivering Unmatched Convenience and Security to Consumers

Today's international travelers prioritize a currency exchange solution that offers both convenience and security. CXI's direct-to-consumer strategy embraces an omnichannel approach, meeting travelers wherever they are and delivering an exceptional experience that turns customers into loyal advocates.

In fiscal year 2024, CXI expanded its footprint by opening company-owned branches serving the Boston, Massachusetts, and Atlanta, Georgia metro areas and two new agent locations at major airports. CXI's extensive agent network, featuring exchange locations at key US entry points and partnerships with renowned travel brands like AAA, ensures travelers have easy access to its services. Additionally, CXI's e-commerce platform, OnlineFX, has grown to operate in 44 states and the District of Columbia, further enhancing its reach.

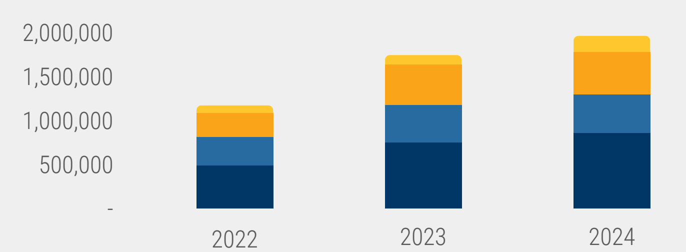
CXI's investment in digital infrastructure has positioned OnlineFX as a steady growth driver. Travelers can conveniently order currency for home delivery or branch pickup through the website. The platform enables CXI to build lifecycle marketing campaigns with users via its marketing automation system, deploying personalized digital tools that improve lead generation and customer lifetime value. CXI continues to scale customer awareness of OnlineFX across the US, yielding a strong return on ad spend.

Company-owned branches have also realized the benefits of digital enhancements, including customer generation touchpoints, leading to more than 60% of branch reservations occurring through OnlineFX. Additionally, the infrastructure improvements enabled reducing costs, boosting sales, and managing the branch's online reputation effectively through reporting dashboards and platform connectivity. These efforts have led to a year-over-year increase in same-store exchange volumes. Similarly, the agent network continues to grow, with recent locations maturing and contributing to higher volumes.

CXI will continue to tap into the growing number of travel advocates and amplify the message that cash is essential for international travel to expand its customer base.

## CXI Unique Number of Transactions by Product Line

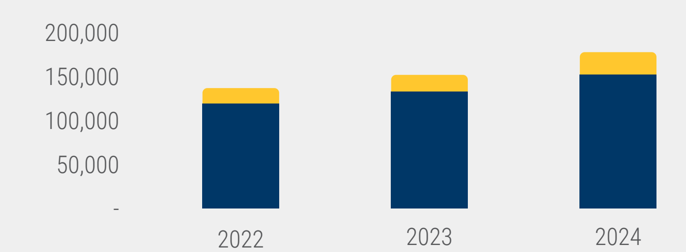
### Banknotes




| | 2022 | 2023 | 2024 |
|---|---|---|---|
| Total | 1,181,572 | 1,752,241 | 1,969,925 |

Financial Institutions · Agents · Company-Owned Branches · All Others

### Payments




| | 2022 | 2023 | 2024 |
|---|---|---|---|
| Total | 136,538 | 152,869 | 182,378 |

Financial Institutions · Corporate Clients

Unique transactions by product line and delivery channel

# Currency Exchange International, Corp.

## Management's Discussion and Analysis

## For the Three-Month Periods and
## Years Ended October 31, 2024 and 2023

## Scope of Analysis

This Management's Discussion and Analysis (MD&A) covers the results of operations and the financial condition of Currency Exchange International, Corp. (CXI, the Group, or the Company) and its subsidiaries for the three-month periods and years ended October 31, 2024 and 2023, including the notes thereto. This document is intended to assist the readers with better understanding and assessing operations and the financial results of the Company.

This MD&A was prepared as of January 22, 2025 and should be read in conjunction with the audited consolidated financial statements of the Company for the years ended October 31, 2024 and 2023, and the notes thereto. A detailed summary of the Company's material accounting policies is included in Note 2 of the Company's audited consolidated financial statements. The functional currency of the Company and its wholly owned subsidiary eZforex.com, Inc. (eZforex) is the U.S. Dollar. The functional currency of the Company's wholly owned Canadian subsidiary, Exchange Bank of Canada (EBC or the Bank), is the Canadian Dollar. The Company's presentation currency is the U.S. Dollar. Unless otherwise noted, all references to currency in this MD&A refer to U.S. Dollars. The audited consolidated financial statements and the MD&A have been reviewed by the Company's audit committee and approved by its board of directors.

Certain financial metrics included in this document do not have standardized meanings under generally accepted accounting principles (GAAP), which are based on the International Financial Reporting Standards (IFRS) Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards). These financial metrics are referred to as non-GAAP or adjusted financial results. The Company uses both reported financial results and adjusted financial results to measure its performance. These non-GAAP financial results, metrics, and ratios may not be comparable to similar metrics used by other companies. For further information, refer to key performance and non-GAAP financial measures section in this document.

In this document "Company," and "CXI" refer to Currency Exchange International, Corp. collectively with its wholly owned subsidiaries, eZforex and EBC.

## Additional Information

Additional information relating to the Company, including annual financial statements, and the Company's annual information form, is available on the Company's SEDAR+ profile at www.sedarplus.ca and on the Company's website at www.cxifx.com.

## Forward-Looking Statements

This MD&A contains certain "forward-looking information" as defined in applicable securities laws. These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking information. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "budgeted", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", variations or the negatives of such words and phrases, or state that certain actions, events, or results "may", "could", "would", "should", "might" or "will" be taken, occur, or be achieved. The forward-looking information in this MD&A is based on the date of this MD&A or based on the date(s) specified in such statements. The following table outlines certain significant forward-looking information contained in this MD&A and provides the material assumptions used to develop such forward-looking information and material risk factors that could cause actual results to differ materially from the forward-looking information.

| Forward-looking Information | Assumptions | Risk factors |
|---|---|---|
| Sensitivity analyses relating to foreign currencies and interest rates. | All factors other than the variable in question remain unchanged; CXI's entire unhedged balance of foreign currency holdings is affected uniformly by changes in exchange rates; CXI's interest-bearing instruments and obligations were constant during the period. | Fluctuations of exchange rates and interest rates. |

Inherent in the forward-looking information are risks, uncertainties, and other factors beyond the Company's ability to predict or control. Please refer to the Financial Risk Factors section below. Readers are cautioned that the above table does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking information in this MD&A, and the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially from those expressed or implied by the forward-looking information contained in this MD&A.

Forward-looking information involves known and unknown risks, uncertainties, and other factors that may cause the Company's actual results, performance, or achievements to be materially different from any of its future results, performance, or achievements expressed or implied by the forward-looking information. All forward-looking information herein is qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information, whether as a result of new information, future events, or otherwise, except as may be required by applicable securities laws. If the Company does update any forward-looking information, no inference should be drawn that it will make additional updates with respect to that or other forward-looking information, unless required by applicable securities laws.

## Overview

The Company is a publicly traded company (TSX: CXI; OTC: CURN) with its head office in Orlando, Florida, and is a reporting issuer in the provinces of British Columbia, Alberta, and Ontario. It specializes in providing currency exchange and related products to financial institutions, money service businesses, travel companies, other commercial and retail clients through its proprietary software platform, company-owned branches and vaults, and inventory on consignment locations throughout the United States and in Canada, through its wholly owned subsidiary, Exchange Bank of Canada. EBC, located in Toronto, Ontario, is a non-deposit-taking, non-lending Schedule 1 Canadian bank that participates in the Federal Reserve Bank of New York's (FRBNY) Foreign Bank International Cash Services (FBICS) program, a competitive advantage in the Canadian and global markets for the trade of U.S. Dollar banknotes. At October 31, 2024, the Company had 390 employees, 92 of which were employed on a part-time basis.

The Company has developed CXIFX, its proprietary, customizable, web-based software, as an integral part of its business and believes that it represents an important competitive advantage. CXIFX is also an online compliance and risk management tool that integrates with core bank processing platforms to allow a seamless transaction experience. This includes an OnlineFX platform that allows it to market foreign exchange products directly to consumers that operate in 43 states and the District of Columbia. The trade secrets associated with CXIFX are protected via copyright, restricted access to both the software and its source code, and secure maintenance of source code by a team of software engineers employed by the Company.

## Background

The Company has the following revenue streams which it reports in its financial documents as commissions or fees revenue:

i. Commissions revenue comprises the difference (spread) between the cost and selling price of foreign currency products, including banknotes, wire payments, cheque collections and draft issuances (foreign currency margin), together with the net (realized or unrealized) gain or loss from foreign currency forward contracts with customers, and the commissions paid on the sale and purchase of currencies. The amount of this spread is based on competitive conditions and the convenience, and value-added services offered.

(All amounts are expressed in U.S. Dollars unless otherwise noted)

Fees revenue primarily comprises the following:

i. Transaction fees generated from financial institution clients, at the Company's branch locations, via OnlineFX transactions and through inventory on consignment locations from foreign currency (banknote) exchange, and currency price protection; and
ii. Fees collected on foreign-denominated wire transfers, drafts, and cheque-clearing transactions.

The following are some of the characteristics of the Company's revenue streams:

The Company has recently opened a new vault in Louisville, Kentucky, which provides the Company's banknotes operations with another strategic location for logistics and shipment deliveries and provides improved resilience and operational efficiency for its branch network. With the addition of the Louisville vault, the Company now operates a total of six vaults serving its operations in both Canada and the United States. In the United States, the vaults act as distribution centers for the Company's branch network as well as order fulfillment centers for its customers including financial institutions, money-service businesses and other corporate clients. Revenue generated from vaults has greater scale as the Company maintains a sales force to increase its geographic customer base. Exchange rate margins vary from customer to customer and are dependent on criteria such as exchange volumes and customer setup. Onboarding of new clients, specifically banking clients, normally requires an upfront investment, such as training, and currency signage, as well as additional one-time shipping costs to distribute start-up materials. Normally the Company also absorbs information technology costs to customize the CXIFX software for specific client use during the customer implementation phase. There are two common customer setups:

i. Centralized setup - for customers with a high volume of foreign currency exchange who maintain and manage their own inventory in central vault facilities. The Company offers bulk wholesale banknote trading. Trades of this nature are generally executed at lower margins, as the cost per transaction is low and the average value is high. The customer implementation phase is normally shorter, and the costs of onboarding clients are low; and

ii. Decentralized setup - many customers have determined that it is advantageous to avoid a currency inventory and allow their locations to buy and sell directly from CXI. Transactions in a decentralized setup typically are executed at a higher margin, as the average transaction is low and the cost to fulfill each trade is higher than that of a centralized setup. Several of the Company's financial institutions outsource their currency needs in return for a commission, based upon exchange volume. When a customer outsources their currency needs, the Company is granted access to the entire branch network, thus, immediately increasing its geographic footprint and expanding its customer base. The customer implementation phase is normally longer in a decentralized setup and the cost of client onboarding is higher as these clients normally require additional training and support.

CXI and EBC maintain inventory in the form of domestic and foreign banknotes in financial institutions and other high-traffic locations. These locations can be very profitable as there are no occupancy costs or payroll. Foreign exchange currency is placed in these locations on a consignment basis. On October 31, 2024, the Company had inventory on consignment in 1,192 locations, primarily located inside financial institutions across the United States and Canada. To encourage inventory turnover, the Company offers commission as a percentage on volumes generated by these locations. The Company uses several measures to monitor the performance of its business and reviews these measures on a regular basis to ensure they are meaningful and align with the growing business. In the prior years, the Company presented wholesale customer relationships and the number of transacting locations as two of the main business measures. Upon reviewing these metrics during the current year, the Company has updated those measures into the number of unique transactions executed. Management has categorized these transactions by product line and delivery channels.

The table below lists the number of transactions in the current fiscal year and the past two years:

| | Banknotes | | | | | Payments | | |
|---|---|---|---|---|---|---|---|---|
| Fiscal year | Company-owned branches | Agents | Financial institutions | All others | **Total** | Financial institutions | Corporate clients | **Total** |
| 2022 | 321,235 | 266,105 | 507,505 | 86,727 | 1,181,572 | 119,511 | 17,027 | 136,538 |
| 2023 | 426,296 | 456,327 | 763,489 | 106,129 | 1,752,241 | 132,224 | 20,645 | 152,869 |
| 2024 | 442,332 | 481,008 | 870,038 | 176,547 | 1,969,925 | 157,810 | 24,568 | 182,378 |

(All amounts are expressed in U.S. Dollars unless otherwise noted)

The Company's strategy includes an omni-channel, direct-to-consumer approach that allows it to build its brand as a premier provider of foreign currencies in the United States. This includes operating a number of company-owned branch locations that are located in typically high-traffic areas in key tourism markets across the United States, staffed by CXI employees. These locations hold domestic and foreign currencies to buy and sell on demand. The currency exchange margins associated with the transactions occurring at these locations are generally higher in order to recapture the costs of deployed capital in the form of domestic and foreign currencies, rent, payroll, and other general and administrative costs. Company-owned branch locations generate a significant amount of revenue from the exchange of foreign currency, whereas CXI is generally a net seller of currencies to its bank and non-bank clients. Excess currency collected via the branch network can be redeployed to financial institutions and non-bank clients, which reduces the need to source currency through wholesale sources at a greater cost, thus increasing currency margins.

As of October 31, 2024, the Company had 40 company-owned branch locations across the United States, as outlined below:

| Locations | City | State | Opened | Locations | City | State | Opened |
|---|---|---|---|---|---|---|---|
| Florida Mall | Orlando | FL | 2007 | Apple Bank – Upper East Side | New York | NY | 2014 |
| Ontario Mills Mall | Ontario | CA | 2007 | Cherry Creek | Denver | CO | 2014 |
| Potomac Mills Mall | Woodbridge | VA | 2007 | Citadel Outlets | Los Angeles | CA | 2014 |
| Sawgrass Mills Mall | Sunrise | FL | 2007 | Tyson's Corner Center | Tyson's Corner | VA | 2014 |
| Aventura Mall | Aventura | FL | 2008 | Garden State Plaza | Paramus | NJ | 2015 |
| Copley Place Mall | Boston | MA | 2009 | Mission Valley | San Diego | CA | 2015 |
| Dadeland Mall | Miami | FL | 2009 | The Orlando Eye (Icon Park) | Orlando | FL | 2015 |
| Dolphin Mall | Miami | FL | 2009 | International Market Place | Honolulu | HI | 2016 |
| MacArthur Mall | Norfolk | VA | 2009 | North County | Escondido | CA | 2017 |
| Apple Bank – Avenue of Americas | New York | NY | 2011 | Alderwood Mall | Lynnwood | WA | 2019 |
| Apple Bank – Grand Central | New York | NY | 2011 | Pearl Ridge | Aiea | HI | 2019 |
| San Francisco City Center | San Francisco | CA | 2011 | South Coast Plaza | Costa Mesa | CA | 2020 |
| San Jose Great Mall | San Jose | CA | 2011 | Stanford Shopping Center | Palo Alto | CA | 2022 |
| Arundel Mills Mall | Hanover | MD | 2012 | Century City Mall | Los Angeles | CA | 2022 |
| Santa Monica Place | Santa Monica | CA | 2012 | Town Center at Boca Raton | Boca Raton | FL | 2022 |
| SouthCenter | Tukwila | WA | 2012 | Jersey Gardens | New Jersey | NJ | 2023 |
| Apple Bank – Penn Station | New York | NY | 2013 | King of Prussia Mall | Pennsylvania | PA | 2023 |
| Mainplace at Santa Ana | Santa Ana | CA | 2013 | Orlando International Airport | Orlando | FL | 2023 |
| Montgomery at Bethesda | Bethesda | MD | 2013 | Burlington Mall | Burlington | MA | 2024 |
| Shops at Northbridge | Chicago | IL | 2013 | Lenox Square | Atlanta | GA | 2024 |

The Company has focused on growing its retail presence in the United States through agent locations with operators that bear the responsibility for the fixed costs, including lease commitments and other obligations associated with physical stores. In exchange for exclusive rights to supply and purchase foreign currencies to these agents, CXI consigns inventory to each location and licenses the right to use its name, thereby increasing its brand exposure. All agents are required to meet all of CXI's compliance and operational requirements under their agency agreements. CXI differentiates its agents between airport and non-airport locations, as airports have unique requirements. Through these relationships, CXI maintains a presence at some of the busiest airports in the United States for international traffic, including those in Charlotte, Chicago, Fort Lauderdale, Minneapolis, Newark, New York, Pittsburgh, Portland, Raleigh-Durham, and Philadelphia. CXI also has agency relationships with Duty Free Americas, which includes 29 locations at the busiest ports of entry across the border between the United States and Canada, and with the American Automobile Association, which includes more than 200 locations across 15 states. The Company continuously monitors the performance of its agent locations and, as necessary, may discontinue relationships and/or close locations when volumes or revenues do not meet targets.

CXI launched its proprietary OnlineFX platform in 2020 to extend its reach to American consumers outside of its branch and agent network. The platform allows consumers to purchase foreign currency banknotes easily and securely, prior to their international travel. The platform enables consumers to buy more than 90 foreign currencies with direct shipment to their homes or for pick up at one of the Company's branches across the United States. OnlineFX is a core strategic initiative and adoption rates for online purchases are expected to continue to grow.

(All amounts are expressed in U.S. Dollars unless otherwise noted)

The following table lists the number of retail locations by category and the number of states/district in which the Company's OnlineFX platform operated as of October 31, 2024, and at the end of each of the five preceding fiscal years:

| | 2019 | 2020 | 2021 | 2022 | 2023 | **2024** |
|---|---|---|---|---|---|---|
| Company-owned branch locations | 46 | 35 | 35 | 37 | 38 | 40 |
| Airport agent locations | - | 7 | 18 | 23 | 45 | 47 |
| Non-airport agent locations | 38 | 47 | 62 | 161 | 235 | 225 |
| States/district in which OnlineFX operates | - | 22 | 31 | 38 | 40 | 44 |

The Company's largest asset is cash. The cash position consists of local currency banknotes, both in United States and Canadian Dollars, and foreign currency banknotes held at the Company's vaults, branch locations, consignment locations, or in transit between Company locations, as well as minimum cash balances in bank accounts to facilitate currency transactions at various financial institution clients. The Company also has traditional bank deposits to support its ongoing operations.

Accounts receivable and payable balances relate primarily to bulk wholesale transactions that are awaiting collection and settlement. The credit risk associated with accounts receivable is limited, as the Company's accounts receivable consist primarily of bulk currency trades with a settlement cycle of 24 to 48 hours. The counterparty risk is generally low, as the majority of the Company's accounts receivable reside with financial institutions and money service business customers. The Company has longstanding relationships with most of its customers and has a strong repayment history.

## Selected Financial Data

The following table summarizes the performance of the Company over the last eight fiscal quarters*:

| Reported Results | | | | | | | Adjusted Results based on non-recurring items ** | |
|---|---|---|---|---|---|---|---|---|
| Three-month period ended | Revenue | Net operating income | Net (loss) income | Earnings/ (loss) per share (diluted) | Total assets | Total equity | Adjusted Net income | Adjusted Earnings per share (diluted) |
| | $ | $ | $ | $ | $ | $ | $ | $ |
| 10/31/2024 | 23,049,079 | 2,871,128 | (2,817,897) | (0.45) | 131,161,584 | 79,392,355 | 2,780,445[1] | 0.42 |
| 7/31/2024 | 23,993,252 | 6,747,390 | 3,935,350 | 0.59 | 163,224,374 | 83,103,393 | 4,644,984[2] | 0.69 |
| 4/30/2024 | 20,095,168 | 3,818,275 | 506,522 | 0.08 | 159,910,390 | 79,940,478 | 1,936,375[3] | 0.29 |
| 1/31/2024 | 18,106,918 | 2,247,267 | 849,874 | 0.13 | 133,780,438 | 80,520,993 | 849,874 | 0.13 |
| 10/31/2023 | 22,786,072 | 5,818,667 | 2,303,822 | 0.34 | 132,049,444 | 79,232,981 | 2,303,822 | 0.34 |
| 7/31/2023 | 23,587,589 | 6,438,354 | 4,056,478 | 0.60 | 129,643,409 | 77,590,126 | 4,056,478 | 0.60 |
| 4/30/2023 | 18,694,919 | 3,743,069 | 2,243,708 | 0.33 | 134,697,253 | 73,104,851 | 2,243,708 | 0.33 |
| 1/31/2023 | 16,886,189 | 2,734,159 | 1,589,499 | 0.24 | 133,072,968 | 71,448,732 | 1,589,499 | 0.24 |

*Certain historical numbers in this table have been restated to conform with the numbers presented in the current period's financial statements.
**These are non-GAAP financial metrics. For further details, refer to the key performance and non-GAAP financial measures section on page 27.

[1]The adjusted net income difference ($5,598,342) collectively reflects the impairment loss, regulatory compliance charges and non-recurring tax items in the fourth quarter.
[2]The adjusted net income difference ($709,634) reflects the regulatory compliance charges estimated in the third quarter.
[3]The adjusted net income difference ($1,429,853) reflects EBC's deferred tax asset adjustment in the second quarter.

While seasonality is generally not a consideration for the Payments product line, it has an impact on the Banknotes product line at the time when foreign currencies are in greater or lower demand. In a normal operating year, there is seasonality to the Company's operations with higher revenue generally from March through September and lower revenue from October through February. Periods with higher revenue coincide with peak tourism seasons in North America when there are generally more travelers entering and leaving the United States and Canada.

The Company developed a strategy of consolidation and diversification to mitigate the risk of financial losses associated with significant volatility in the domestic consumer driven banknote market. The strategy has five pillars, as follows:

i. Increase market penetration in the Direct-to-Consumer business in the United States by leveraging the agency model, OnlineFX platform and driving revenue growth at company-owned branches;

ii. Increase its banknote market penetration of the financial institution sector in the United States through its "One Provider, One Platform" multi-product approach through integration of its proprietary software system with the leading core processing platforms for banks;

iii. Increase its penetration in the global trade of banknotes by leveraging Exchange Bank of Canada's participation in the Federal Reserve Bank of New York's (FRBNY) Foreign Bank International Cash Services program (FBICS);

iv. Develop scale in global payments for small and medium enterprises in Canada and the United States by leveraging system integration advantage; and

v. Optimize infrastructure to support significant growth in transactional volumes and a matrix organizational structure.

The Company reviews the strategy annually and monitors its execution against key performance indicators quarterly. The diversification strategy has been a significant factor in the Company's resilience and considers geopolitical and macroeconomic factors that influence consumer demand for travel.

(All amounts are expressed in U.S. Dollars unless otherwise noted)

**Summary of the results of operations for the three-month periods ended October 31, 2024 and 2023**

| | **Three-month period ended October 31, 2024** | Three-month period ended October 31, 2023 | Change | Change |
|---|---|---|---|---|
| | $ | $ | $ | % |
| Revenue | 23,049,079 | 22,786,072 | 263,007 | 1% |
| Operating expenses | 20,177,951 | 16,967,405 | 3,210,546 | 19% |
| **Net operating income** | **2,871,128** | **5,818,667** | **(2,947,539)** | -51% |
| Other income, net | 104,819 | 124,699 | (19,880) | -16% |
| Impairment charges | (2,690,425) | - | (2,690,425) | 100% |
| **EBITDA*** | **285,522** | **5,943,366** | **(5,657,844)** | -95% |
| **Net (loss) income** | **(2,817,897)** | **2,303,822** | **(5,121,719)** | >-100% |
| Basic (loss) earnings per share | (0.45) | 0.36 | (0.81) | >-100% |
| Diluted (loss) earnings per share | (0.45) | 0.34 | (0.79) | >-100% |
| **Adjusted EBITDA**** | **5,898,541** | **5,943,366** | **(44,825)** | -0.1% |
| **Adjusted net income**** | **2,780,445** | **2,303,822** | **476,623** | 21% |
| Adjusted basic earnings per share** | 0.44 | 0.36 | 0.08 | 22% |
| Adjusted diluted earnings per share** | 0.42 | 0.34 | 0.08 | 24% |

*Earnings before interest, taxes, depreciation and amortization (EBITDA)

**These are non-GAAP financial metrics. For further details, refer to the key performance and non-GAAP financial measures section on page 27.

The Company generated revenue of $23,049,079 for the three-month period ended October 31, 2024, a 1% increase from the same period in the prior year. The revenue change over the comparable period was largely driven by a growth in the Payments and the Direct-to-Consumer Banknotes, in particular via the OnlineFX platform in the United States.

Compared to the third quarter of 2024, revenue decreased by $944,173 or 4%, as demand for foreign currency decreased consistently with the seasonality and the Company's cyclical pattern (this quarterly decline is in line with the same periods last year, when revenue decreased in the fourth quarter by $801,517 or 4%). The top five currencies by revenue in the current quarter were the U.S. Dollar (USD), Euro (EUR), Canadian Dollar (CAD), British Pound Sterling (GBP), and Mexican Peso (MXN) compared to the U.S. Dollar (USD), Euro (EUR), Canadian Dollar (CAD), Mexican Peso (MXN), and British Pound Sterling (GBP) in the prior period's quarter.

The 1% growth in revenue was primarily due to growth in the Payments product line of $704,081, followed by growth in the Direct-to-Consumer business of $219,181, partially offset by a decline in Wholesale Banknotes by $660,255. Revenue in Canada increased by $548,137, or 14% over last year, while in the United States it declined by $285,130, or 2%. Operating expenses increased by $3,210,547, or 19% as it was impacted by a number of non-recurring items at year-end as illustrated further below. The Company reported net operating income of $2,871,128 in the current quarter, 51% lower than the same period in the prior year. Overall, the Company reported a net loss of $2,817,897 for the current quarter, compared to net income of $2,303,822 for the same period last year, primarily due to non-recurring year-end adjustments. For further details, refer to the key performance and non-GAAP financial measures section on page 27.

The Company uses a combination of both reported results and adjusted results based on certain non-GAAP financial measures metrics to measure its performance, as illustrated in the beginning of this document. The Company believes that adjusted results offer a more consistent method for comparing performance across different periods. From a non-GAAP financial metrics perspective, adjusted EBITDA and adjusted EBITDA margin percentage for the current period were $5,898,539 and 26% compared to $5,943,366 and 26%, indicating a flat EBITDA over the prior period.

(All amounts are expressed in U.S. Dollars unless otherwise noted)

Adjusted net income grew by $476,624 or 21% compared to the same period last year, being $2,780,446 for the current quarter; comprised of an adjusted net income of $3,353,492 for the United States and an adjusted net loss in Canada of $573,046. This compares to an adjusted net income of $2,303,822 for the prior period; which comprised of adjusted net income of $3,550,118 in the United States and an adjusted net loss of $1,246,296 in Canada. For further details about the non-GAAP metrics, including a reconciliation, refer to the key performance and non-GAAP financial measures section below on page 27.

The Company continued its progression along its three-year strategic plan in the three-month period ended October 31, 2024 that included the following highlights:

i. Continued its growth in Direct-to-Consumer market through its network of company-owned locations, agent relationships and in states where the Company operates its OnlineFX platform. During the fourth quarter of 2024, the Company added two new company-owned locations in the states of Massachusetts and Georgia. The Company's business trading volume in the fourth quarter represented $123 million compared to $120 million in the same quarter last year;

ii. Increased its banknote market penetration into the financial institution sector in the United States, and despite the decline in volumes in the fourth quarter, the Company added 89 new clients in the fourth quarter. The Company's banknote business trading volume in the fourth quarter represented $1.88 billion compared to $2.06 billion in the same quarter last year;

iii. Continued its transaction growth in the International Payments product line in both Canada and the United States. EBC initiated trades with 59 new corporate clients, representing an active trading client base of 896 during the current quarter, compared to 761 for the same quarter last year. The Company processed 38,146 payment transactions, representing $1.99 billion in business trading volume in the fourth quarter, compared to 30,253 payment transactions on $1.44 billion of business trading volume in the same quarter last year, primarily due to the year over year growth in the United States.

The Company remained well capitalized at $79.4 million and maintains a revolving line of credit to support working capital needs in the amount of $40 million with its primary lender. This credit facility strengthens the Company's liquidity position during seasonal peaks and supports its strategic plan, refer to the Liquidity and Capital Resources section. The combination of a strong capital base and adequate borrowing capacity provides sufficient liquidity for the Company to meet its growth objectives. CXI is well positioned to support its strategic initiatives that include the organic and inorganic acquisition of new clients in both the Banknotes and Payments product lines.

| | **As of October 31, 2024** | As of October 31, 2023 |
|---|---|---|
| | $ | $ |
| Total assets | 131,161,584 | 132,049,444 |
| Total long term financial liabilities | 7,110,014 | 2,719,288 |
| Total equity | 79,392,355 | 79,232,981 |

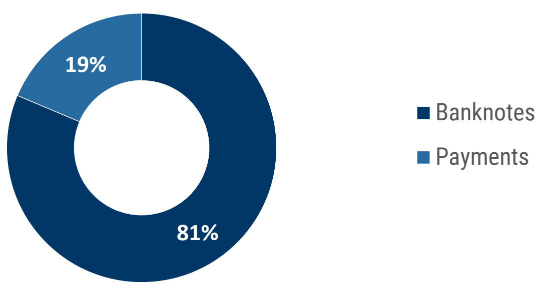
(All amounts are expressed in U.S. Dollars unless otherwise noted)

### Revenue analysis for the three-month periods ended October 31, 2024 and 2023 by product line and geographic location

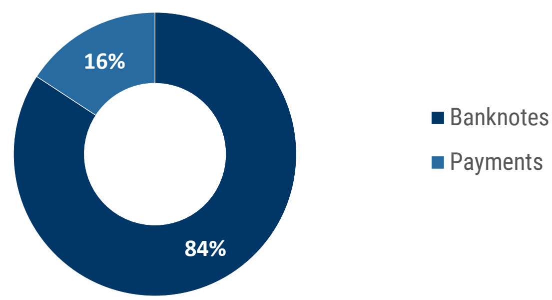
**Revenue by Product Line**

| | **Three-month period ended October 31, 2024** | Three-month period ended October 31, 2023 | Change | Change |
|---|---|---|---|---|
| | $ | $ | $ | % |
| Banknotes | 18,751,568 | 19,192,642 | (441,074) | -2% |
| Payments | 4,297,511 | 3,593,430 | 704,081 | 20% |
| **Total** | **23,049,079** | **22,786,072** | **263,007** | **1%** |

Three-month period ended October 31, 2024




Three-month period ended October 31, 2023




**Revenue by Product Line**

Banknotes

Revenue in the Banknotes product line decreased by $441,074 or 2% in the three-month period ended October 31, 2024, compared to the prior period. Despite the strong consumer demand for foreign currencies during the year, volumes in the current quarter declined, nonetheless Direct-to-Consumer Banknotes volumes continued to grow as international travel levels remained strong in the United States. Between August 2024 and October 2024, approximately 228 million travelers passed through TSA check points in United States airports, 14 million, or 6% more compared to last year.

Direct-to-Consumer Banknotes revenue increased by $219,181, or 3%, as the Company continued to capitalize on its market share through its diversified delivery channels that include the OnlineFX platform, company-owned branches and agent relationships. Growth in the current quarter was primarily led by OnlineFX revenue. With the Company's recent expansion, the OnlineFX platform can service 44 states including the District of Columbia, now with four additional states compared to the same time last year. Revenue in two of the active company-owned branches in Florida was slightly impacted by two hurricanes in the fourth quarter which forced closure for several days. Nonetheless, the Company maintained revenue levels via its third main channel, agent relationships, as these relationships continued to drive revenue growth from the increased demand for travel currencies, in particular the Euro currency during the current quarter. Business trading volumes based on Direct-to-Consumer Banknotes revenue was $123 million for the current three-month period compared to $120 million for the prior period. Overall, Direct-to-Consumer Banknotes revenue remained a growing business with its diversified delivery channels. For the company-owned branches, the Company has successfully opened two new locations in the States of Massachusetts and Georgia during the current quarter and now operates a total of 40 company-owned branches throughout the United States. Direct-to-Consumer revenue represented 34% of the total revenue in the current three-month period, compared to 33% in the same period in 2023.

Wholesale Banknotes revenue decreased by $660,255, or 6%. Business trading volumes based on Wholesale Banknotes revenue was $1.88 billion for the current three-month period compared to $2.06 billion for the prior period as a result of reduced volumes from certain key customers in the United States whose volumes tend to be sporadic in nature, whereas revenue from domestic and international financial institutions as well as money service businesses remained flat relative to the prior period. In Canada, Wholesale Banknotes grew due to strong domestic demand despite being partially offset by a decline in international revenue due to the declining volumes from existing clients and lower than expected volumes from new customers. Overall, Wholesale Banknotes accounted for 47% of total revenue in the current three-month period, compared to 51% for the same period last year.

(All amounts are expressed in U.S. Dollars unless otherwise noted)

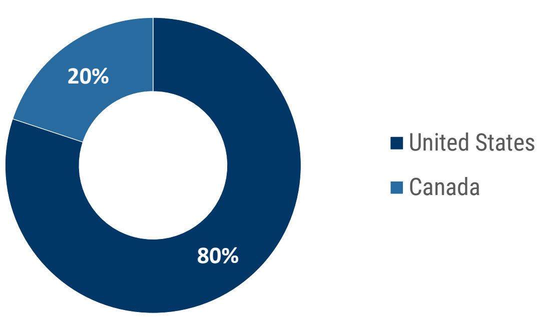
Payments

Revenue in the Payments product line increased by $704,081, or 20% in the three-month period ended October 31, 2024, compared to the prior period. In the United States, the Payments volumes increased significantly and led revenue to grow by $441,644, or 20% in the current quarter, as well as in Canada which also had an increase of $262,437, or 19% compared to the same period last year. Growth in the United States was primarily driven by the increased activity from existing financial institution customers and the onboarding of new customers, a direct result of the Company's continued investment in integrations with core banking platforms. In Canada, the Corporate Payments revenue grew although volumes were slightly lower than last year as the Company continued to add new customers, however, the primary driver for the increase in Canada during the current quarter was the settlement timing differences on Payment contracts which resulted in net gains in the current period. Business trading volumes based on Payments revenue for the Group were $1.99 billion for the current quarter compared to $1.44 billion for the prior period. Payments revenue represents 19% of the total revenue in the current three-month period, compared to 16% for the prior period.

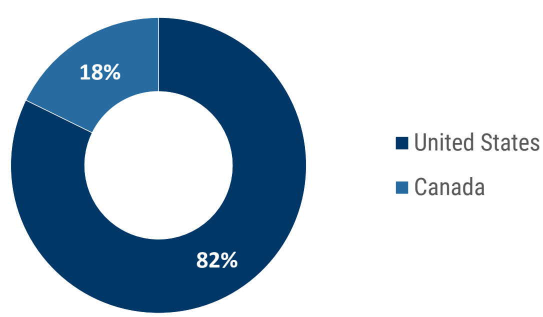
**Revenue by Geographic Location**

| | **Three-month period ended October 31, 2024** | Three-month period ended October 31, 2023 | Change | Change |
|---|---|---|---|---|
| | $ | $ | $ | % |
| United States | 18,460,391 | 18,745,521 | (285,130) | -2% |
| Canada | 4,588,688 | 4,040,551 | 548,137 | 14% |
| **Total** | **23,049,079** | **22,786,072** | **263,007** | **1%** |

Three-month period ended October 31, 2024




Three-month period ended October 31, 2023



**Revenue by Geographic Location**

United States

Revenue in the United States remained around the same level compared to last year with a slight decline in the current quarter; despite growth in Payments and Direct-to-Consumer Banknotes, there were volume-driven declines from certain key customers in Wholesale Banknotes. As outlined above, the Payments growth of $441,644, or 20%, in the United States was primarily driven by a significant increase in volumes within the Unites States as a result of new customer acquisitions and increased activity with existing financial institution customers. For Banknotes, Direct-to-Consumer remained strong and had growth of $219,181 or 2% as consumer demand for foreign currencies continued to strengthen, in particular by domestic and international financial institutions as well as money service businesses, in addition to increased volumes through the Company's OnlineFX platform due to the increased market share expanding the network to include two new states during the third quarter of this year. Yet, the decline in Wholesale Banknotes of $945,955, or 11%, was partially offset by growth achieved in the other businesses. For the current quarter, overall revenue in the United States has declined compared to the prior period by $285,130, or 2% and it accounted for 80% of total revenue by geographic location in the current quarter, compared to 82% in the same period in 2023.

Canada

Revenue in Canada increased by 14% in the fourth quarter compared to the same period last year in both Payments and Banknotes. In the Payments business, the primary driver for the revenue increase was settlement timing differences on Payment contracts as outlined above. When excluding the impact of settlement timing differences, Payments revenue was flat compared to the same period last year. In the Banknotes business, growth was driven by an increase in domestic revenue from both financial institutions and money service businesses, as demand for travel currencies increased, in particular the Euro and MXN currencies. This growth was partially offset by the decline in transactional volumes of international customers. Overall, the Payments revenue in Canada increased by $262,437, or 19% and Banknotes revenue increased by $285,700, or 11%. Revenue in Canada represented a 20% share of total revenue by geographic location in the current three-month period, compared to 18% in the same period in 2023.

**Operating Expenses**

During the three-month period ended October 31, 2024, the Company's operating expenses increased $3,210,547, or 19% compared to the same period last year, due to certain year-end non-recurring items as described in the key performance and non-GAAP financial measures section below. Variable costs within operating expenses, represented by postage and shipping, bank fees, sales commissions and incentive compensation totaled $4,915,405 compared to $5,642,758 in the three-month period ended October 31, 2023. The decline in variable costs was largely attributed to reduced management incentive compensation and cost management strategies that reduced shipping costs, as outlined further below. The ratio comparing total operating expenses to total revenue for the three-month period ended October 31, 2024 was 88% compared to 74% for the three-month period ended October 31, 2023.

(All amounts are expressed in U.S. Dollars unless otherwise noted)

The key components of operating expenses are presented in the table below, with commentary on some of the significant variances.

| | **Three-month period ended October 31, 2024** | Three-month period ended October 31, 2023 | Change | Change |
|---|---|---|---|---|
| | $ | $ | $ | % |
| Salaries and benefits | 9,207,004 | 9,304,785 | (97,781) | -1% |
| Postage and shipping | 2,626,479 | 2,820,228 | (193,749) | -7% |
| Legal and professional | 1,936,395 | 949,052 | 987,343 | >100% |
| Insurance, taxes and licensing | 1,378,792 | 294,567 | 1,084,225 | >100% |
| Losses and shortages | 1,373,963 | 1,506,621 | (132,658) | -9% |
| Information technology | 986,777 | 826,245 | 160,532 | 19% |
| Bank service charges | 857,218 | 646,391 | 210,827 | 33% |
| Rent | 535,395 | 454,219 | 81,176 | 18% |
| Foreign exchange losses | 379,236 | 6,666 | 372,570 | >100% |
| Travel and entertainment | 258,890 | 197,131 | 61,759 | 31% |
| Stock based compensation | 206,462 | (380,146) | 586,608 | >100% |
| Other general and administrative | 431,340 | 341,646 | 89,694 | 26% |
| **Operating expenses** | **20,177,951** | **16,967,405** | **3,210,546** | **19%** |

Legal and professional expenses increased primarily due to the costs of legal and advisory services associated with one-time regulatory compliance services in the fourth quarter which amounted to $627,958 (refer to losses and shortages below).

Insurance, taxes and licensing increased due to a one-time, non-recurring tax estimate related to EBC's Harmonized Sales Tax (HST) for intercompany services exchanged with the parent Company (CXI) in the amount of $944,562. Refer to key performance and non-GAAP financial measures section for additional details on page 27.

Losses and shortages typically represent shipments lost in transit that the Company self-insures in addition to several other losses incurred in the normal course of business. In the prior period, the Company had a write off of non-recurring stale-dated items, while during the current quarter the Company accrued the remainder of the regulatory compliance charges. The Company had accrued an initial provision estimate of $613,187 in the third quarter before the final charges were confirmed and then recognized the difference of $1,174,648 in the fourth quarter. Refer to key performance and non-GAAP financial measures section on page 27.

Bank service charges reflect additional charges incurred to process wire transfers as a direct result from the growth in Payments volumes especially in the United States.

Foreign exchange losses represent the net result after considering hedging and risk management strategies designed to reduce the inherent risks in the Company's exposure to foreign exchange, thereby minimizing volatility in earnings. The Mexican Peso volatility was the largest contributor to net foreign exchange losses for the three-month period ended October 31, 2024. Refer to the Foreign Currency Risk section in this document.

Stock based compensation includes the non-cash amortization expense related to the vesting of issued and outstanding stock options, Restricted Stock Unit (RSU) and Deferred Stock Unit (DSU) awards, adjusted for the liability revaluation of RSU and DSU awards based on the stock price at the end of period. The increase from the prior period is primarily related to the share price movement.

The increase in other general and administrative expenses is attributable to higher marketing costs and office supplies.

(All amounts are expressed in U.S. Dollars unless otherwise noted)

Other income and expenses are comprised of the following:

| | **Three-month period ended October 31, 2024** | Three-month period ended October 31, 2023 |
|---|---|---|
| | $ | $ |
| Impairment charges | 2,690,425 | - |
| Depreciation of right-of-use assets | 544,161 | 456,562 |
| Depreciation and amortization | 512,931 | 398,478 |
| Interest expense | 216,513 | 173,401 |
| Interest on lease liabilities | 98,419 | 38,087 |
| Interest revenue | (104,819) | (96,666) |
| Other income | - | (26,889) |
| Gain on sale of assets | - | (1,144) |
| Income tax expense | 1,731,394 | 2,573,016 |
| **Total other expenses** | **5,689,024** | **3,514,845** |

Impairment charges represent impairment losses on Canada's long-term assets of $2,627,038 and some of the Company-owned branches of $63,387 as a result of the year-end impairment analysis. See Note 8 to the audited consolidated financial statements for further details.

Depreciation of right-of-use assets increased in the current period compared to the same period last year was primarily due to the opening of the new vault location in Louisville, Kentucky, in addition to annual increases in other right-of-use assets.

Depreciation and amortization of property and equipment increased in the current period compared to the same period last year due to an increase in internally developed software and leasehold improvements.

Interest expense increased in the current period compared to the same period last year as a result of a relative increase in average borrowings utilized for funding short-term working capital needs. The average outstanding borrowings by the Company amounted to $7,348,556 during the fourth quarter, compared to $7,014,979 during the same period last year. The average interest rate on borrowing was 8.6% compared to 8.5% for the same period last year.

Interest revenue for the period was primarily from interest earned on interest bearing bank accounts in the normal course of business.

Income tax expense for the current period is related to the United States Region. It primarily reflects the statutory tax rate, adjusted for permanent items, R&D credits as well as other non-deductible differences. See Note 10 to the audited consolidated financial statements for further details.

(All amounts are expressed in U.S. Dollars unless otherwise noted)

**Summary of the results of operations for the years ended October 31, 2024 and 2023**

| | **Year ended October 31, 2024** | Year ended October 31, 2023 | Change | Change |
|---|---|---|---|---|
| | $ | $ | $ | % |
| Revenue | 85,244,417 | 81,954,769 | 3,289,648 | 4% |
| Operating expenses | 69,560,357 | 63,220,520 | 6,339,837 | 10% |
| **Net operating income** | **15,684,060** | **18,734,249** | **(3,050,189)** | **-16%** |
| Other income, net | 402,030 | 463,841 | (61,811) | -13% |
| Impairment charges | (2,690,425) | - | (2,690,425) | 100% |
| **EBITDA*** | **13,395,665** | **19,198,090** | **(5,802,425)** | **-30%** |
| **Net income** | **2,473,849** | **10,193,507** | **(7,719,658)** | **-76%** |
| Basic earnings per share | 0.39 | 1.59 | (1.20) | -75% |
| Diluted earnings per share | 0.38 | 1.52 | (1.14) | -75% |
| **Adjusted EBITDA**** | **19,722,096** | **19,198,090** | **524,006** | 3% |
| **Adjusted net income**** | **10,211,678** | **10,193,507** | **18,171** | 0% |
| Adjusted basic earnings per share** | 1.62 | 1.59 | 0.03 | 2% |
| Adjusted diluted earnings per share** | 1.56 | 1.52 | 0.04 | 3% |

*Earnings before interest, taxes, depreciation and amortization (EBITDA)

**These are non-GAAP financial metrics. For further details, refer to the key performance and non-GAAP financial measures section on page 27.

The Company generated revenue of $85,244,417 for the year ended October 31, 2024, a 4% increase from the prior year. The revenue increase was primarily driven by strengthened international travel and new customer acquisition in the United States, partially offset by a decline in trades with foreign financial institutions in Canada.

The 4% growth in Group revenue was due to growth in both Banknotes and Payments product lines. Payments grew by $1,677,291, or 12%, Direct-to-Consumer Banknotes grew by $1,351,570 or 5% and Wholesale Banknotes had marginal growth of $260,787 or 1%.

In the United States revenue increased by $4,346,701, or 7% over the prior year, while in Canada it declined by $1,057,053, or 6%. Operating expenses increased, at a more accelerated level, by $6,339,837 or 10%, due to a number of non-recurring year-end transactions that occurred during the current year as outlined below. The Company reported net operating income of $15,684,060 for the year ended October 31, 2024, 16% lower than the prior year. The Company had net income of $2,473,849 compared to $10,193,507 last year.

The Company uses a combination of both reported results and adjusted results based on certain non-GAAP financial metrics to measure its performance, as illustrated in the beginning of this document. The Company believes that adjusted results offer a more consistent method for comparing performance across different periods.  From a non-GAAP financial metrics perspective, adjusted EBITDA and adjusted EBITDA margin for the current year were $19,722,096 and 23% compared to $19,198,090 and 23% in the prior year.

Adjusted net income grew from last year by $18,171 to $10,211,678. Adjusted net income for the current year comprised of adjusted net income of $13,394,143 in the United States and adjusted net loss of $3,182,465 in Canada, compared to $11,925,915 adjusted net income in the United States and $1,732,408 adjusted net loss in Canada in the prior year. The Company's adjusted Return on Equity (ROE) for the current year was 12% compared to 14% for the prior year. The 12% adjusted ROE of the current year reflects Canada's declining performance. For further details about the non-GAAP financial metrics, including a reconciliation, refer to the key performance and non-GAAP financial measures section on page 27.

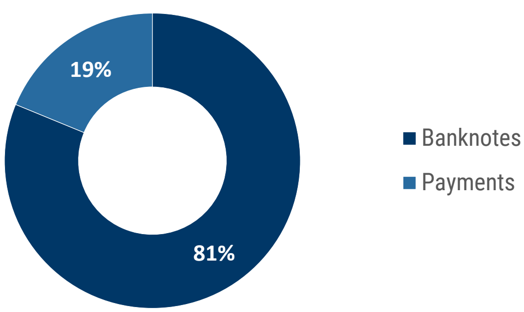
(All amounts are expressed in U.S. Dollars unless otherwise noted)

**Revenue analysis for the years ended October 31, 2024 and 2023 by product line and geographic location**

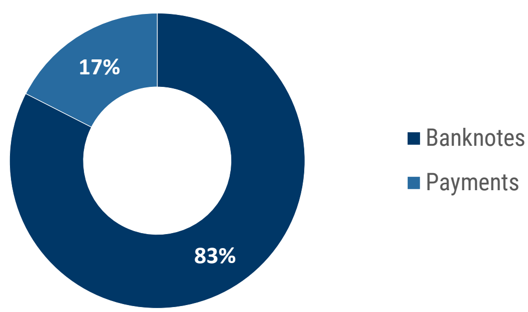
**Revenue by Product Line**

| | **Year ended October 31, 2024** | Year ended October 31, 2023 | Change | Change |
|---|---|---|---|---|
| | $ | $ | $ | % |
| Banknotes | 69,236,777 | 67,624,421 | 1,612,356 | 2% |
| Payments | 16,007,640 | 14,330,348 | 1,677,292 | 12% |
| **Total** | **85,244,417** | **81,954,769** | **3,289,648** | **4%** |

Year ended October 31, 2024




Year ended October 31, 2023




**Revenue by Product Line**

Banknotes

Revenue in the Banknotes product line increased by $1,612,356 or 2% in the year ended October 31, 2024, from the prior year, due to strong demand for both travel and investment currencies as a result of the increased travel levels as international travel continued to strengthen in the United States.

The growth in Banknotes revenue was driven by growth in both Direct-to-Consumer and Wholesale Banknotes revenue, Direct-to-Consumer increased by $1,351,570, or 5% primarily due to the increased demand for both investment and travel currencies via the Company's diversified delivery channels; (i) the Company-owned branch network continued to expand as more locations mature and their volumes increase, combined with increased demand for travel currencies, such as the Euro, and (ii) the geographic reach of the OnlineFX platform with its continued expansion and addition of 4 new states compared to the prior year (Alabama, Wisconsin, Maryland and Iowa). Revenue from Direct-to-Consumer Banknotes represented 34% of total revenue in both current and prior years.

The growth in Wholesale Banknotes amounted to $260,786, or 1% and was primarily driven by the United States from both existing and new customers of domestic financial institutions despite the reduced volumes that occurred in the fourth quarter from certain key customers. In Canada, despite the revenue from domestic banknotes remaining consistent with the prior year, overall revenue from banknotes was lower due to the continuing decline from international customers. Wholesale Banknotes revenue represented 47% of total revenue in the current year, compared to 49% in the prior year.

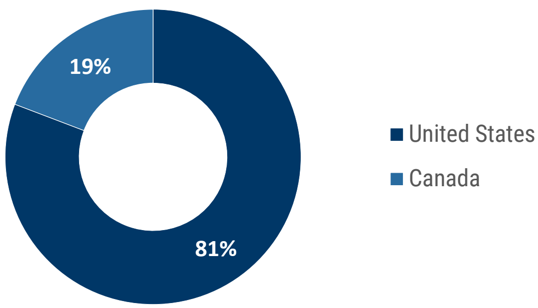
Payments

Revenue in the Payments product line increased by 12% in the current year, driven by $2,512,406, or 32% growth in the United States, partially offset by the decline in Canada's Corporate Payments of $835,114, or $13%. In the United States, the growth was driven by new customer acquisitions and increased activity from existing financial institution customers in the United States, a direct result of the Company's continued investment in integrations with core banking platforms. In Canada, revenue decline resulted from reduced volumes, steady declining economic conditions in Canada, and due to settlement timing differences on Payment contracts. Overall, the Company's business trading volumes based on the Payments revenue was $7.1 billion for the year compared to $5.4 billion for the prior year. The Payments revenue represented 19% of total revenue in the current year, compared to 17% in the prior year.

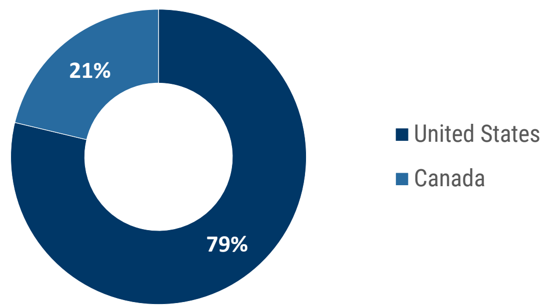
**Revenue by Geographic Location**

| | **Year ended October 31, 2024** | Year ended October 31, 2023 | Change | Change |
|---|---|---|---|---|
| | $ | $ | $ | % |
| United States | 68,877,946 | 64,531,245 | 4,346,701 | 7% |
| Canada | 16,366,471 | 17,423,524 | (1,057,053) | -6% |
| **Total** | **85,244,417** | **81,954,769** | **3,289,648** | **4%** |

Year ended October 31, 2024




Year ended October 31, 2023




**Revenue by Geographic Location**

United States

In the United States, revenue grew by 7% during the current year as a result of the strong growth in the region. Payments revenue grew by a significant $2,512,406, or 32%, while the growth in Banknotes revenue was $1,834,295 with Direct-to-Consumer growing by $1,351,570, or 5% and Wholesale Banknotes growing at $482,725, or 2% over the prior year. The Payments growth was mostly a result of the Company's investment in integrations with core banking platforms that expanded the onboarding of new customers during the year in addition to increased activity from existing financial institution customers. Banknotes revenue growth, including Direct-to-Consumer, was largely impacted by increased demand for both travel and investment currencies, complemented by growth across several branch locations and through the Company's proprietary OnlineFX platform. Revenue in the United States accounted for 81% of total revenue by geographic location in the current year, compared to 79% in the prior year.

Canada

Revenue declined by 6% primarily due to reduced transactional volumes from certain key clients in the Corporate Payments business and lower transacted volumes in U.S. Dollar with international clients, while Domestic Banknotes revenue remained relatively consistent compared to the prior year. Payments revenue declined by $835,114, or 13%, while Banknotes revenue declined by $221,939, or 2%, compared to the prior year. Revenue in Canada represented a 19% share of total revenue by geographic location in the current year, which is a reduction compared to the 21% in the prior year.

(All amounts are expressed in U.S. Dollars unless otherwise noted)

**Operating Expenses**

During the year ended October 31, 2024, the Company's operating expenses increased 10% compared to the prior year. Operating expenses grew by more than revenue growth due to declining revenues and non-recurring items in Canada in the fourth quarter. Variable costs within operating expenses, represented by postage and shipping, bank fees, sales commissions and incentive compensation, totaled $19,338,491 compared to $21,203,278 in the prior year. This represents a 9% decrease from last year and was primarily driven by a significant decrease in postage and shipping expenses of $1,948,444 as a result of the Company's cost management initiatives as illustrated further below. The ratio comparing total operating expenses to total revenue for the year ended October 31, 2024 was 82% compared to 77% for the prior year.

The components of operating expenses are presented in the table below, with commentary on some of the significant variances.

| | **Year ended October 31, 2024** | Year ended October 31, 2023 | Change | Change |
|---|---|---|---|---|
| | $ | $ | $ | % |
| Salaries and benefits | 37,137,778 | 33,935,281 | 3,202,497 | 9% |
| Postage and shipping | 10,189,437 | 12,137,881 | (1,948,444) | -16% |
| Legal and professional | 4,203,169 | 3,204,240 | 998,929 | 31% |
| Information technology | 3,790,450 | 3,009,268 | 781,182 | 26% |
| Bank service charges | 2,754,470 | 2,450,353 | 304,117 | 12% |
| Losses and shortages | 2,570,157 | 3,215,773 | (645,616) | -20% |
| Insurance, taxes and licensing | 2,295,703 | 1,179,383 | 1,116,320 | 95% |
| Rent | 2,020,859 | 1,702,594 | 318,265 | 19% |
| Stock based compensation | 1,592,354 | 1,017,823 | 574,531 | 56% |
| Foreign exchange losses (gains) | 782,341 | (711,763) | 1,494,104 | >100% |
| Travel and entertainment | 760,788 | 884,357 | (123,569) | -14% |
| Other general and administrative | 1,462,851 | 1,195,330 | 267,521 | 22% |
| **Operating expenses** | **69,560,357** | **63,220,520** | **6,339,837** | **10%** |

Salaries and benefits increased when compared to the prior year, due to the increase in headcount and inflation in base salaries and other related benefits in addition to certain severance costs incurred.

Postage and shipping had a 16% decrease when compared to the same period last year despite the growth in Banknotes volumes. This reflects cost management initiatives implemented by the Company to control the increase in shipping prices which were adopted during the second half of 2023.

Legal and professional expenses increased primarily due to the costs of legal and advisory services associated with one-time regulatory compliance services during the year (refer to losses and shortages below) in addition to increase in audit and professional service fees.

Information technology expenses include non-capital expenditure on software and related service contracts that do not meet the capitalization criteria. The increased costs during the year were associated with the Company's continued development of its technological solutions to support and streamline its business and customers service delivery, including expansions in the Payments product line and core banking platforms. Increased costs include costs to strengthen the Company's security systems and technology solutions in addition to implementing the treasury management system and continuous maintenance of the CXIFX platform.

(All amounts are expressed in U.S. Dollars unless otherwise noted)

Losses and shortages primarily represent shipments lost in transit that the Company self-insures in addition to several other losses incurred in the normal course of business. The favorable variance was primarily due to the non-recurring losses of stale-dated items in addition to higher costs related to lost shipments that were recognized in the prior year, partially offset by regulatory compliance charges imposed on Exchange Bank of Canada in the current year. Refer to the key performance and non-GAAP financial measures section on page 27.

Insurance, taxes and licensing increased primarily due to one-time, non-recurring tax estimates related to EBC's Harmonized Sales Tax (HST) for intercompany services exchanged with the parent company (CXI) in the amount of $944,562. Refer to the key performance and non-GAAP financial measures section on page 27.

Rent increased due to the reopening of the Montreal vault in Canada and the opening of the Company's branch in Orlando International Airport in the fourth quarter of 2023, in addition to the opening of the Company's new vault in Louisville, Kentucky during the current quarter.

Stock based compensation includes the non-cash amortization expense related to the vesting of issued and outstanding stock options, Restricted Stock Unit (RSU) and Deferred Stock Unit (DSU) awards, adjusted for the liability revaluation of RSU and DSU awards based on the stock price prevailing at the end of the year. The increase from the prior period is primarily related to the share price movement.

Foreign exchange losses (gains) represent the net result after considering hedging and risk management strategies designed to reduce the inherent risks in the Company's exposure to foreign exchange, thereby minimizing volatility in earnings. The Mexican Peso was the largest driver of foreign exchange losses for the current year, while the gains in the same period last year represented natural gains from the Company's unhedged foreign currency inventory. Refer to the Foreign Currency Risk section further below.

The increase in other general and administrative expenses is primarily attributable to higher marketing expenses in addition to office supplies and other administrative expenses.

Other income and expenses are comprised of the following:

| | **Year ended October 31, 2024** | Year ended October 31, 2023 |
|---|---|---|
| | $ | $ |
| Impairment charges | 2,690,425 | - |
| Depreciation of right-of-use assets | 1,967,928 | 1,895,566 |
| Depreciation and amortization | 1,802,438 | 1,509,674 |
| Interest expense | 719,115 | 1,088,161 |
| Interest on lease liabilities | 233,237 | 179,904 |
| Interest revenue | (402,096) | (435,903) |
| Other expense (income), net | 66 | (58,465) |
| Loss on sale of assets, net | - | 30,527 |
| Income tax expense | 6,199,098 | 4,331,278 |
| **Total other expenses** | **13,210,211** | **8,540,742** |

Impairment charges represent impairment losses on Canada's long-term assets of $2,627,038 and some of the Company-owned branches of $63,387 as a result of the year-end impairment analysis. See Note 8 to the audited consolidated financial statements for further details.

Depreciation and amortization of property and equipment increased in the current year compared to the prior year due to an increase in internally developed software and leasehold improvements.

Interest expense has declined in the current year compared to the prior year as a result of a notable decline in the average borrowings utilized for funding short-term working capital needs during the current year. The average outstanding borrowings by the Company amounted to $6,587,793 during the current year, compared to $12,833,570 during the prior year, which led to the significant reduction in the interest expense. The average interest rate on borrowings was 8.7% for the current period versus 7.6% for the same period last year. At October 31, 2024, the Company had $5,032,894 drawn on its lines of credit, with $45,326,599 available for use. This compares to $14,679,991 drawn at October 31, 2023, and $35,680,577 available. Refer to the Liquidity and Capital Resources section below.

Interest revenue for the period was primarily interest earned on interest bearing bank accounts in the normal course of business. The prior period included amounts received from the Internal Revenue Service (IRS) relating to an expected refund for an Employee Retention Credit (ERC).

Income tax expense reflected the statutory tax rate adjusted for permanent items, R&D credits and other non-deductible differences, including the reversal of an allowance for deferred tax assets in Canada in the amount of $1,429,852. The amount reflects the reversal of an allowance for deferred tax assets recognized for periods on or before October 31, 2022. See Note 10 to the audited consolidated financial statements for further details.

## Financial Results by Region

The following table provides a summary of the Company's selected financial results by region, all numbers are in U.S. Dollars:

**United States**

| | **Three-month period ended October 31, 2024** | Three-month period ended October 31, 2023 | **Year ended October 31, 2024** | Year ended October 31, 2023 |
|---|---|---|---|---|
| **Reported results** | $ | $ | $ | $ |
| Revenue | 18,460,391 | 18,745,521 | 68,877,946 | 64,531,245 |
| *Revenue growth (year-over-year)* | *-2%* | *26%* | *7%* | *28%* |
| Operating expenses | 12,508,334 | 12,389,772 | 48,111,420 | 45,672,936 |
| **EBITDA** | **5,925,681** | **6,403,011** | **20,840,661** | **19,076,881** |
| **Net income** | **3,325,306** | **3,550,118** | **13,342,517** | **11,925,916** |
| Efficiency ratio * | 68% | 66% | 70% | 71% |
| EBITDA margin** | 32% | 34% | 30% | 30% |
| **Adjusted results*** ** | | | | |
| Operating expenses - adjusted | 12,465,472 | 12,389,772 | 48,041,340 | 45,672,936 |
| **EBITDA - adjusted** | **5,968,543** | **6,403,011** | **20,910,741** | **19,076,881** |
| **Net income - adjusted** | **3,353,491** | **3,550,118** | **13,394,143** | **11,925,916** |
| Efficiency ratio - adjusted | 68% | 66% | 70% | 71% |
| EBITDA margin - adjusted | 32% | 34% | 30% | 30% |

*Efficiency ratio is a non-GAAP financial measure and is calculated as operating expenses divided by total revenue.

**EBITDA margin is a non-GAAP financial measure and is calculated as EBITDA divided by total revenue.

***These are non-GAAP financial metrics. For further details, refer to the key performance and non-GAAP financial measures section on page 27.

## United States Summary

Despite a 2% decline in revenue during the three-month period ended October 31, 2024, there was 7% growth in the current year compared to the prior year which shows an overall steady growth in revenue due to the diversified revenue channels reflecting the continued increase in international travel levels. While operating expenses increased, it was surpassed by higher revenue growth, resulting in a positive operating leverage, indicating sustained business and steady growth in this region.

(All amounts are expressed in U.S. Dollars unless otherwise noted)

**Canada**

| | **Three-month period ended October 31, 2024** | Three-month period ended October 31, 2023 | **Year ended October 31, 2024** | Year ended October 31, 2023 |
|---|---|---|---|---|
| **Reported results** | $ | $ | $ | $ |
| Revenue | 4,588,688 | 4,040,551 | 16,366,471 | 17,423,524 |
| *Revenue growth (year-over-year)* | *14%* | *-19%* | *-5%* | *5%* |
| Operating expenses | 7,669,617 | 4,577,633 | 21,448,937 | 17,547,584 |
| **EBITDA** | **(5,640,159)** | **(459,645)** | **(7,444,996)** | **121,209** |
| **Net loss** | **(6,143,203)** | **(1,246,296)** | **(10,868,668)** | **(1,732,409)** |
| Efficiency ratio * | >100% | >100% | >100% | >100% |
| EBITDA margin** | <-100% | -11% | -45% | 1% |
| **Adjusted results*** ** | | | | |
| Operating expenses - adjusted | 4,726,498 | 4,577,633 | 17,819,624 | 17,547,584 |
| **EBITDA - adjusted** | **(70,002)** | **(459,645)** | **(1,188,645)** | **121,209** |
| **Net loss - adjusted** | **(573,046)** | **(1,246,296)** | **(3,182,465)** | **(1,732,409)** |
| Efficiency ratio | >100% | >100% | >100% | >100% |
| EBITDA margin | -1.5% | -11% | -7% | 1% |

*Efficiency ratio is a non-GAAP financial measure and is calculated as operating expenses divided by total revenue.

**EBITDA margin is a non-GAAP financial measure and is calculated as EBITDA divided by total revenue.

***These are non-GAAP financial metrics. For further details, refer to the key performance and non-GAAP financial measures section on page 27.

## Canada Summary

In Canada, for the three-month period ended October 31, 2024, revenue was up 14% primarily due to the revaluation of outstanding forward contracts. For the year ended October 31, 2024, the decline in revenue is attributable to currency movements and local factors that reduced transacted volumes for USD Banknotes with international clients, and the reduction in Payments revenue was attributable to margin compression and customer attrition, despite continued onboarding of new clients. While the Bank was able to maintain its Domestic Banknotes revenue and manage its ongoing operating expenses effectively in the period, the magnitude of the non-recurring charges recognized in the fourth quarter combined with the decline in international Banknotes and Payments revenue have contributed to the region's overall unfavourable efficiency ratio and EBITDA margin compared to planned levels.

## Cash Flows

Cash flows from operating activities during the year ended October 31, 2024, resulted in an inflow of $26,669,378 compared to an outflow of $1,131,607 during the year ended October 31, 2023. The accounts receivable and accounts payable balances fluctuate due to the volume of activity and timing of transaction settlements. In most instances, accounts receivable and accounts payable have a settlement cycle of 24 to 48 hours. Excluding changes in working capital, operating cash flow generated by commission and fee income, adjusted for operating expenses, was an inflow of $14,092,980 for the year ended October 31, 2024, versus an inflow of $12,034,372 in the prior year.

Cash flows from investing activities during the year ended October 31, 2024, resulted in an outflow of $3,003,123 compared to an outflow of $1,280,023 during the prior year. Cash outflows from investing activities are mainly related to leasehold improvements, internally developed software, furniture, and equipment.

Cash flows from financing activities during the year ended October 31, 2024, resulted in an outflow of $14,315,334 compared to an inflow of $6,916,000 during the prior year. This was primarily the result of the Company's repayment of one of its lines of credit in addition to cash payments of $2,749,308 for cancellation of the Company's shares during the current year. The Company's outstanding balance on lines of credit amounted to $5,032,894 at October 31, 2024 compared to $14,679,991 on October 31, 2023.

## Key Performance and non-GAAP financial measures

The Company measures and evaluates the performance of the consolidated operations and each of its product lines using a number of financial metrics, such as net income and ROE. Certain financial metrics, including ROE, do not have standardized meanings under generally accepted accounting principles (GAAP), which are based on IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards). These non-GAAP financial results, metrics, and ratios may not be comparable to similar metrics used by other companies.

We believe that certain non-GAAP financial measures and ratios are more reflective of the Company's consolidated operating results and provide the readers with a better understanding of management's perspective on the Company's performance. These measures improve the comparability of the financial performance for the year ended October 31, 2024 with the results from the prior year. The following describes the non-GAAP financial measures that we use in evaluating our operating results in this MD&A:

### Adjusted results

The Company believes that providing adjusted results as well as certain measures and ratios excluding the impact of the specified items discussed below enhances comparability with the prior year and enables the readers to assess trends better. As such, the results for the current reported three-month period and year ended October 31, 2024 were adjusted for the following specified items:

1) Impairment loss related to the Company's long-term assets in its wholly-owned subsidiary EBC. During the current year, the Company has written down the carrying amounts of EBC to $Nil for all of the different long-term asset categories except for computer equipment, which were written down to its fair value less cost to sell.

2) An administrative monetary penalty imposed on EBC of $1,787,835 (CAD$ 2,457,750) and related third-party advisory costs of $728,184.

3) One-time charges for Quebec compensation taxes and Harmonized Sales Tax (HST). The amounts are specifically recognized in EBC as they relate to Canadian tax reporting.

4) The reversal of a reserve for Deferred Tax Asset (DTA) benefits related to the unused EBC loss carry forwards for the fiscal years prior to 2023 deemed to be unrecoverable.

(All amounts are expressed in U.S. Dollars unless otherwise noted)

Below is a reconciliation of reported results to adjusted results. The reconciliation illustrates the calculation of the adjusted results and measures presented, which are non-GAAP financial measures and ratios:

| | **Three-month period ended October 31, 2024** | Three-month period ended October 31, 2023 | **Year ended October 31, 2024** | Year ended October 31, 2023 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Revenue | 23,049,079 | 22,786,072 | 85,244,417 | 81,954,769 |
| Operating expenses | 20,177,951 | 16,967,405 | 69,560,357 | 63,220,520 |
| **EBITDA** | **285,522** | **5,943,366** | **13,395,665** | **19,198,090** |
| Income before income tax | (1,086,504) | 4,876,839 | 8,672,947 | 14,524,785 |
| **Net (loss) income** | **(2,817,897)** | **2,303,822** | **2,473,849** | **10,193,507** |
| Basic (loss) earnings per share | (0.45) | 0.36 | 0.39 | 1.59 |
| Diluted (loss) earnings per share | (0.45) | 0.34 | 0.38 | 1.52 |
| ROE (annualized) | N/A | N/A | 3% | 14% |
| Effective income tax rate | (159%) | 53% | 71% | 30% |
| **Adjusting items' impact on net income** | | | | |
| *Specified item: Impairment charges* | *2,627,038* | - | *2,627,038* | - |
| *Specified item: Regulatory compliance charges* | *1,802,607* | - | *2,516,019* | - |
| *Specified item: Non-recurring tax items* | *1,183,374* | - | *1,183,374* | - |
| *Specified item: Deferred tax assets reversal* | - | - | *1,429,852* | - |
| **Adjusted results** | | | | |
| **EBITDA – adjusted** | **5,898,541** | **5,943,366** | **19,722,096** | **19,198,090** |
| Income before income tax – adjusted | 4,526,515 | 4,876,839 | 14,999,378 | 14,524,785 |
| Income taxes – adjusted | 1,746,070 | 2,573,017 | 4,787,700 | 4,331,278 |
| **Net income – adjusted** | **2,780,445** | **2,303,822** | **10,211,678** | **10,193,507** |
| Basic earnings per share – adjusted | 0.44 | 0.36 | 1.62 | 1.59 |
| Diluted earnings per share – adjusted | 0.42 | 0.34 | 1.56 | 1.52 |
| ROE (annualized) – adjusted | N/A | N/A | 12% | 14% |
| Effective income tax rate – adjusted | 39% | 53% | 32% | 30% |
| **Efficiency ratio – adjusted** | | | | |
| Revenue | 23,049,079 | 22,786,072 | 85,244,417 | 81,954,769 |
| Operating expenses | 20,177,951 | 16,967,405 | 69,560,357 | 63,220,520 |
| *Specified item: Regulatory compliance charges* | *1,802,607* | - | *2,516,019* | - |
| *Specified item: Non-recurring tax items* | *1,183,374* | - | *1,183,374* | - |
| Operating expenses – adjusted | 17,191,970 | 16,967,405 | 65,860,964 | 63,220,520 |
| Efficiency ratio | 88% | 74% | 82% | 77% |
| Efficiency ratio – adjusted | 75% | 74% | 77% | 77% |

## Liquidity and Capital Resources

On October 31, 2024, the Company had net working capital of $73,849,764 compared to $70,146,433 at October 31, 2023.

The Company maintains lines of credit to meet borrowing needs during peak business periods. On June 15, 2022, the Company entered into an Amended and Restated Credit Agreement with BMO Bank, N.A. The Amended and Restated Credit Agreement increased the revolving line of credit limit from $20,000,000 to $30,000,000 and provided an accordion feature for up to an additional $10,000,000 with the lender's approval. The Amended and Restated Credit Agreement provided a term of two years (maturity date on June 15, 2024). The Amended and Restated Credit Agreement was updated on July 18, 2022, in the form of a Second Amended and Restated Credit Agreement, to reflect the exercised accordion feature, which increased the line of credit to $40,000,000, and a reduced margin spread in the borrowing rate by 25 bps. The form of Second Amended and Restated Credit Agreement was further amended on July 12, 2023, to provide a seasonal increase in the borrowing capacity by $10,000,000 to $50,000,000, effective through August 31, 2023, and extended the maturity on the facility to June 15, 2025. The Company updated the agreement on June 27, 2024, in the form of a Third Amended and Restated Credit Agreement to accommodate a Normal Course Issuer Bid (NCIB) up to $4 million annually. The updated agreement eliminates the resting period on the intercompany loan and extends the maturity on the facility to June 15, 2026. The credit line is secured against the Company's cash and other assets and bears interest at the one month Secured Overnight Financing Rate (SOFR) plus 2.25% (5.34% at October 31, 2024 and 5.31% at October 31, 2023). At October 31, 2024, the balance outstanding was $Nil (October 31, 2023, $11,074,308).

On October 19, 2020, the Company's wholly owned Canadian subsidiary, EBC, established a fully collateralized revolving line of credit with Desjardins Group (Desjardins) with a limit of CAD 2,000,000 ($1,437,970), payable on demand, and being secured against cash collateral of CAD 2,000,000 ($1,437,970). On April 25, 2023, EBC amended this facility reducing the revolving line of credit to CAD 500,000 ($359,492), payable on demand, and being secured against cash collateral of CAD 500,041 ($359,522). The line of credit bears interest at the Canadian Prime Rate plus 0.25% (5.95% at October 31, 2024 and 7.20% at October 31, 2023). At October 31, 2024, the balance outstanding was $Nil (October 31, 2023, $Nil)

On April 7, 2021, EBC entered into a $20,000,000 USD revolving loan agreement with a private lender. On July 18, 2022, EBC amended this facility through an Amended and Restated Revolving Loan Agreement, whereby $10,000,000 of this facility was moved from EBC to CXI. On January 19, 2023, the Company entered into a Moratorium Agreement (CXI facility) where the Company will not utilize the $10,000,000 without prior written consent from the lender. Additionally, the Company will not incur any standby charges or fees during the period of the Moratorium. Pursuant to the January 19, 2023 amended agreement, the interest rate on the $10,000,000 facility granted to EBC increased from 6% to a floating rate with a floor of 8%, with a standby charge of $1,500 per month if the total interest in the month is less than $20,000. On April 25, 2024, EBC amended this facility to extend the maturity to January 19, 2027, to specify the interest rate at 8.9%, and to limit the borrowing capacity to a maximum amount not greater than 10% of the guarantor's total liabilities as set out in the statements of financial position of the guarantor's most recent, publicly filed financial statements. The entire $20,000,000 facility is guaranteed by the Company and is subordinated to the Company's and EBC's obligations to primary lenders. These facilities are used for working capital purposes and for daily operational activity; however, these facilities may be terminated on 90-days' notice by either party. The total outstanding balance at October 31, 2024, was $5,032,894 (October 31, 2023, $3,605,683).

The Company had available unused lines of credit amounting to $45,326,599 at October 31, 2024 (October 31, 2023, $35,680,577).

The Company's cash balances consist of banknote inventory in vaults, in transit, on consignment, at tills in Company locations, and in operating cash in the Company's bank accounts. Banknote inventory fluctuates with seasonal demand for travel currencies, which typically coincides with peak travel seasons for the United States and Canada. Increases in inventory may coincide with increased net working capital borrowing requirements for the Company. The Company facilitates this requirement through its access to revolving lines of credit with its primary lenders. The Company manages inventory levels within approved thresholds to align with prudent liquidity risk management objectives established in the Company's Liquidity Risk Management Policies. Operating cash balances correspond largely to offsetting holding account balances and accounts payable. Certain customers of the Company's Banknotes and Payments product lines settle transactions using a holding account, from which funds are cleared and dispersed for final settlement with the customer. Holding account balances are not always cleared on the value date of the transaction. This results in excess cash in the Company's operating bank accounts on the audited consolidated statements of financial position. Accounts payable are largely offset by bank account balances, which are prefunded to facilitate the settlement of outgoing international wires in foreign currency on behalf of the Company's customers. After considering the impact of holding account balances and accounts payable, the Company's excess operating cash balances may vary and are used to manage the Company's credit facilities and capital structure requirements.

(All amounts are expressed in U.S. Dollars unless otherwise noted)

The Company has leases for corporate offices as well as its retail store locations. With the exception of short-term leases and leases of low-value underlying assets, each lease, meeting the definition under IFRS 16, is reflected on the audited consolidated statements of financial position as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate, such as lease payments based on a percentage of the Company's sales, are excluded from the initial measurement of the lease liability and asset. During the year certain leases for corporate offices were modified based on their amended lease agreements, with any gains or losses being recognized in profit or loss. The Company classifies its right-of-use assets in a consistent manner to its property and equipment (see Notes 7 and 9 to the audited consolidated financial statements).

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be canceled by incurring a substantial termination fee. Some leases contain an option to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over corporate offices and retail store locations, the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

The table below describes the nature of the Company's leasing activities by the type of right-of-use asset recognized on the audited consolidated statements of financial position:

| Right-of-use asset | No. of right-of-use assets leased | Range of remaining term | Average remaining lease term | No. of leases with extension options | No. of lease with options to purchase | No. of leases with variable payments linked to an index | No. of leases with termination options |
|---|---|---|---|---|---|---|---|
| Equipment | 1 | 5 years | 5 | 1 | - | - | - |
| Corporate offices | 8 | 0-12 years | 2 | 5 | - | - | - |
| Retail store locations | 23 | 0-4 years | 2 | - | - | - | - |
| **Total** | **32** | **0-12 years** | **2** | **6** | - | - | - |

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at October 31, 2024, were as follows:

| | Within 1 year | 1-2 years | 2-3 years | 3-4 years | 4-5 years | After 5 years | Total |
|---|---|---|---|---|---|---|---|
| Lease payments | 1,609,334 | 1,233,696 | 915,246 | 874,920 | 529,212 | 2,950,116 | **8,112,524** |
| Finance charges | 343,889 | 283,691 | 238,119 | 197,779 | 163,726 | 577,447 | **1,804,652** |
| **Net present values** | **1,265,445** | **950,004** | **677,127** | **677,141** | **365,486** | **2,372,669** | **6,307,872** |

(All amounts are expressed in U.S. Dollars unless otherwise noted)

## Selected Annual Financial Information

The following tables set out selected consolidated financial information of the Company for the years indicated. Each investor should read the following information in conjunction with those audited consolidated financial statements for the relevant period and notes related thereto. The operating results for any past period are not necessarily indicative of results for any future period.

The selected financial information set out below has been derived from the audited consolidated financial statements of the Company.

| | Year ended October 31, 2024 | Year ended October 31, 2023 | Year ended October 31, 2022 | Year ended October 31, 2021 | Year ended October 31, 2020 |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| Revenue | 85,244,417 | 81,954,769 | 67,498,673 | 30,565,660 | 25,013,423 |
| Net operating income | 15,684,060 | 18,734,249 | 18,721,473 | (48,929) | (3,985,791) |
| Net income (loss) | 2,473,849 | 10,193,507 | 11,783,124 | (1,131,684) | (8,524,029) |
| Basic earnings per share | 0.39 | 1.59 | 1.83 | (0.18) | (1.33) |
| Diluted earnings per share | 0.38 | 1.52 | 1.78 | (0.18) | (1.33) |
| Total assets | 131,161,584 | 132,049,444 | 125,528,832 | 102,982,531 | 85,758,518 |
| Total liabilities | 51,769,229 | 52,816,463 | 56,223,323 | 44,966,732 | 27,528,783 |
| Non-current financial liabilities | 7,110,014 | 2,719,288 | 4,163,543 | 3,679,493 | 4,065,164 |
| Working capital | 73,849,764 | 70,146,433 | 60,378,879 | 49,880,879 | 47,755,694 |

## Off-Balance Sheet Arrangements

There are currently no off-balance sheet arrangements.

## Foreign Currency Forward and Option Contracts

The Company enters into foreign currency forward contracts and purchased put option contracts with non-client counterparties to mitigate the risk of fluctuations in the exchange rates of exposures in certain major currencies related to its Banknotes product line. Forward contracts are entered into daily, with maturities up to 30 days. Option contracts are entered into selectively once per quarter, with a maturity up to 90 days.

The foreign currency forward contracts can be closed immediately resulting in any collateral being liquidated. The foreign currency option contracts are held to maturity and are either exercised for a net gain or expire at no obligation to the Company.

The fair value of forward and option contracts, which represents the amount that would be received by the Company if the contracts were terminated at October 31, 2024 was $404,918 (October 31, 2023, $1,066,467).

At October 31, 2024 the Company had cash collateral balances related to forward contracts being held of $2,880,207 (October 31, 2023, $3,119,888). They are reflected as restricted cash held in escrow in the audited consolidated statements of financial position.

## Critical Accounting Estimates

When preparing the audited consolidated financial statements, management undertakes several judgments, estimates, and assumptions about recognition and measurement of assets, liabilities, income, and expenses. The actual results may differ from judgments, estimates, and assumptions made by management, and will seldom equal the estimated results. For an expanded narrative on considering critical accounting estimates, please refer to Note 3 in the audited consolidated financial statements.

(All amounts are expressed in U.S. Dollars unless otherwise noted)

## Transactions with Related Parties

The remuneration of directors and key management personnel during the three-month periods and years ended October 31, 2024 and 2023 were as follows:

| | **Three-month period ended October 31, 2024** | Three-month period ended October 31, 2023 | **Year ended October 31, 2024** | Year ended October 31, 2023 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Short-term benefits | 765,591 | 983,615 | 4,560,090 | 4,316,361 |
| Post-employment benefits | 33,052 | 18,923 | 189,073 | 161,385 |
| Stock based compensation | 94,262 | 12,832 | 442,772 | 83,532 |
| Restricted and Deferred Share Units | 111,256 | (395,187) | 1,143,426 | 920,387 |
| **Total** | **1,004,161** | **620,183** | **6,335,361** | **5,481,665** |

The Company incurred legal and professional fees in the aggregate amount of $33,123 and $121,526 for the three-month periods and years ended October 31, 2024 (October 31, 2023, $20,702 and $139,594) charged by entities controlled by directors or officers of the Company.

The Company has clients that are considered related parties through one of its directors. The Company generated $47,694 and $550,780 in revenue from these clients' activities for the three-month periods and years ended October 31, 2024 (October 31, 2023, $47,053 and $288,128). As of October 31, 2024, accounts receivable included $Nil from related parties (October 31, 2023, $Nil).

On October 1, 2011, the Company entered into an employment agreement with the President and CEO of the Company. Such agreement contains clauses requiring additional payments of a minimum of $450,000 to be made upon the occurrence of certain events, such as a change of control of the Company or termination for reasons other than cause. As the likelihood of a change of control of the Company is not determinable, the contingent payments have not been reflected in the audited consolidated financial statements.

The Company supports EBC through a $20,000,000 revolving Line of Credit, renewed on July 18, 2022, which attracts interest commensurate with interest charged on the Company's primary line of credit with BMO Bank, N.A., is repayable on demand, and is unsecured. At October 31, 2024, the intercompany loan balance was $8,640,646 (October 31, 2023, $10,642,528) and was eliminated upon consolidation.

Key management personnel and directors occasionally conduct transactions with the Company as individuals. Such transactions are immaterial individually and in total, including for the three-month periods and years ended October 31, 2024 and 2023, and are conducted pursuant to the Company's policies.

All transactions with related parties as noted above are carried out in the normal course of business and at prevailing market rates.

## Stock Option Grants

The Company offers an incentive stock option plan (the Plan) which was established on April 28, 2011 and was amended most recently March 23, 2023. The Plan is a rolling stock option plan, under which 15% of the outstanding shares at any given time are available for issuance thereunder. The purpose of the Plan is to promote the profitability and growth of the Company by facilitating the efforts of the Company to attract and retain directors, senior officers, employees, and management. Under the terms of the Plan, vesting for the Company's directors and management will occur 1/3 upon the first anniversary, 1/3 upon the second anniversary, and 1/3 upon the third anniversary of the grant. All the options have a five-year term, unless otherwise specified by the Board of Directors. During the year ended October 31, 2024, the Company recognized $448,928 of stock based compensation expense in relation to employees' stock option awards that have vested during the period (October 31, 2023, $97,436).

(All amounts are expressed in U.S. Dollars unless otherwise noted)

The following table sets out the information related to each option grant that has not expired and, or cancelled at the end of the reporting period:

| Date of grant | Expiry date | Share price at grant date (CAD$) | Amount granted and outstanding | Risk-free interest rate | Expected volatility | Exercise price (CAD$)* | Fair value of option at grant date (USD) |
|---|---|---|---|---|---|---|---|
| 23-Oct-19 | 23-Oct-24 | 17.03 | 139,786 | 1.58% | 24% | 17.36 | 3.07 |
| 24-Jun-20 | 24-Jun-25 | 12.50 | 22,662 | 0.33% | 23% | 12.74 | 1.87 |
| 29-Jul-20 | 29-Jul-25 | 10.98 | 18,000 | 0.26% | 23% | 10.83 | 1.76 |
| 29-Oct-20 | 29-Oct-25 | 10.00 | 196,347 | 0.37% | 23% | 10.83 | 1.33 |
| 28-Jan-21 | 28-Jan-26 | 11.00 | 3,873 | 0.41% | 23% | 11.02 | 2.55 |
| 28-Oct-21 | 28-Oct-26 | 14.49 | 112,049 | 1.16% | 22% | 14.35 | 2.57 |
| 28-Apr-22 | 28-Apr-27 | 17.44 | 20,000 | 2.81% | 21% | 18.10 | 3.16 |
| 21-Sep-22 | 21-Sep-27 | 19.65 | 5,748 | 3.57% | 37% | 18.93 | 4.45 |
| 31-Oct-22 | 31-Oct-27 | 19.35 | 111,419 | 3.73% | 37% | 18.37 | 4.34 |
| 30-Oct-23 | 29-Oct-28 | 18.20 | 89,004 | 4.37% | 36% | 20.07 | 4.70 |
| 30-Oct-24 | 29-Oct-29 | 19.08 | 80,152 | 3.04% | 29% | 25.89 | 4.52 |

*Exercise price is determined by the volume-weighted average share price for the previous 20 trading days

The outstanding stock options at October 31, 2024, and the respective changes during the period are summarized as follows:

| | Number of options | Weighted average price |
|---|---|---|
| | # | CAD$ |
| **Outstanding at October 31, 2023** | **857,484** | **15.53** |
| Granted | 80,152 | 25.89 |
| Exercised | (116,493) | 15.62 |
| Expired | (13,316) | 25.83 |
| Forfeited/cancelled | (8,787) | 18.51 |
| **Outstanding at October 31, 2024** | **799,040** | **16.35** |

(All amounts are expressed in U.S. Dollars unless otherwise noted)

The following options were outstanding and exercisable at October 31, 2024:

| Grant Date | Exercise price (CAD$) | Number outstanding | Average remaining contractual life (years) | Number exercisable |
|---|---|---|---|---|
| 23-Oct-19* | $17.36 | 139,786 | - | 139,786 |
| 24-Jun-20 | $12.74 | 22,662 | 0.65 | 22,662 |
| 29-Jul-20 | $10.83 | 18,000 | 0.74 | 18,000 |
| 29-Oct-20 | $10.83 | 196,347 | 0.99 | 196,347 |
| 28-Jan-21 | $11.02 | 3,873 | 1.24 | 3,873 |
| 28-Oct-21 | $14.35 | 112,049 | 1.99 | 112,049 |
| 28-Apr-22 | $18.10 | 20,000 | 2.49 | 13,334 |
| 21-Sep-22 | $18.93 | 5,748 | 2.89 | 3,833 |
| 31-Oct-22 | $18.37 | 111,419 | 3.00 | 74,410 |
| 30-Oct-23 | $20.07 | 89,004 | 4.00 | 29,671 |
| 30-Oct-24 | $25.89 | 80,152 | 5.00 | - |
| **Total** | | **799,040** | | **613,965** |

*The term of this grant lapsed on October 23, 2024, however due to the fact that the options expired during an ongoing blackout period, option holders are legally permitted to exercise these options up to 10 business days from the date the blackout is lifted in the future.

Out of the total number of outstanding options, the Company had 112,930 options outstanding and granted on October 23, 2019 that were made outside of the Company's stock option plan, and in accordance with the policies of the TSX were approved by the shareholders on March 25, 2020.

During the year ended October 31, 2024, the Company granted 80,152 stock option awards at a fair value of CAD$25.89. Also a total number of 116,493 stock options were exercised, out of which 77,889 options were cancelled as consideration in lieu of cash by participants who elected to exercise their options without paying cash proceeds. Accordingly, the Company issued 38,604 shares on settlement in addition to $117,737 cash proceeds received. During the year ended October 31, 2024, 8,787 options had forfeited in relation to employees who had left the Company and 13,316 options that have expired before being exercised.

## Restricted Stock Unit and Deferred Stock Unit Plans

On November 1, 2020 the Company made its inaugural cash-settled grants under the DSU Plan and RSU Plan (the Plans). The awards that may be granted under each of the Plans can be realized in cash only and may not be converted into common shares of the Company. The purpose of these Plans is to promote the profitability and growth of the Company by facilitating the efforts of the Company to attract and retain directors, senior officers, employees, and management. Under the terms of the Plans, vesting of the awards that may be granted under the Plans for management occurs on a one-third (1/3) basis upon the first, the second, and the third anniversary of the grant date, while awards that may be granted under the Plans for directors will vest fully on a quarterly basis in the first year after the grant. All the awards have a three-year term unless otherwise specified by the Board of Directors. On October 30, 2023, the Board of Directors of the Company resolved that only those directors who have not met their ownership requirements must receive a portion of their base retainer in the form of DSU awards.

On November 1, 2023, the Company made an annual DSU award under the Deferred Share Unit (DSU) Plan. The Company granted 10,169 DSU awards in the amount of $145,000. In the year ended October 31, 2024, the Company recognized stock based compensation expenses of $1,143,426 (October 31, 2023, $920,387) in relation to RSU and DSU awards that have vested during the period, out of which $697,018 was recognized for RSU awards and $446,408 was recognized for DSU awards, (October 31, 2023, $517,377 and $403,010, for RSU and DSU awards, respectively).

(All amounts are expressed in U.S. Dollars unless otherwise noted)

## Share Capital

As of October 31, 2024, the Company had 6,333,931 common shares outstanding, 613,965 vested, and 185,075 unvested stock options, and no warrants outstanding (October 31, 2023, 6,443,397).

On November 29, 2023, the Company announced acceptance by the TSX of the Company's notice of Intention to make a Normal Course Issuer Bid (the NCIB) to purchase for cancellation a maximum amount of 322,169 common shares representing 5% of the Company's issued and outstanding common shares for one year from December 1, 2023 to November 30, 2024. During the year ended on October 31, 2024, the Company purchased for cancellation 148,070 common shares at the normal market prices trading in TSX for $2,749,308. These shares were immediately cancelled and removed from treasury by the Company.

The following represents information about the Company's share price:

**Share Information**

| | October 31, 2024 | October 31, 2023 |
|---|---|---|
| | $ | $ |
| Closing share price (TSX) in CAD$ | 25.57 | 20.50 |
| Shares outstanding | 6,333,931 | 6,443,397 |
| Market capitalization[1] | 116,445,781 | 95,254,664 |
| Book value per share[2] | 12.53 | 12.30 |
| Market value to book value multiple[3] | 2.04 | 1.67 |

[1]Based on the TSX closing market price at period end, converted into USD using the Company's CAD to USD rate at the end of each reporting period
[2]Book value per share is total equity divided by the number of shares outstanding
[3]Market value to book value multiple is the ratio of the share's market value represented in the closing price as per the TSX divided by the book value per share

## Accounting Standards and Policies

A summary of significant accounting policies is described in Note 2 of the Company's audited consolidated financial statements for the years ended October 31, 2024 and 2023.

## Financial Risk Factors

### International Conflict

International conflict and other geopolitical tensions and events, including war, military action, terrorism, trade disputes, and international responses thereto have historically led to, and may in the future lead to, uncertainty or volatility in global commodity, energy, and financial markets.

Russia's invasion of Ukraine has led to sanctions being levied against Russia by the international community and may result in additional sanctions or other international action, any of which may have a destabilizing effect on commodity prices and global economies more broadly. Volatility in commodity prices may adversely affect our business, financial condition, and results of operations. Changes in commodity prices may affect oil and natural gas activity levels and the costs of energy in the jurisdiction in which the Company operates. In addition, an escalation in the Ukraine conflict may have an adverse effect on global travel conditions and/or consumer sentiment on travel and tourism, which may adversely impact our business.

The extent and duration of the current Russian-Ukrainian conflict and related international action cannot be accurately predicted at this time and the effects of such conflict may magnify the impact of the other risks identified in this MD&A, including those relating to commodity price volatility and global financial conditions. The situation is rapidly changing, and unforeseeable impacts may materialize and may have an adverse effect on our business, results of operation, and financial condition.

**Network Security Risks**

Despite the implementation of network security measures by the Company, its infrastructure is potentially vulnerable to computer intrusions and similar disruptive problems. Concerns over Internet security have been, and will continue to be, a barrier to commercial activities requiring consumers and businesses to send confidential information over the Internet. Computer viruses, intrusions or other security problems could lead to misappropriation of confidential or proprietary information, and cause interruptions, delays or cessation in service to the Company's customers. Any such intrusion could have a negative reputational impact on the Company which could affect its revenue and ability to raise capital. Any such intrusion could also compromise the privacy of the Company's proprietary CXIFX software which is integral to its business. In such a case, the Company may be required to spend significant resources to monitor and protect its intellectual property rights. Litigation brought to protect and enforce those rights could be costly, time-consuming and distracting to management and could result in the impairment or loss of portions of the Company's intellectual property. Any failure to secure, protect and enforce its intellectual property rights could seriously harm the Company and adversely affect its business. Moreover, the security and privacy concerns of existing and potential customers may inhibit the growth of the Internet as a medium for commerce. Any actual or perceived breach of customers' privacy and security could harm the Company's business.

**Risk of Downturn in International Travel**

International travel is the main driver of a significant part of the Company's business. Uncertainty and negative trends in general economic conditions in the United States, Canada and abroad, including rising costs of living, have the potential to create a difficult environment for companies operating in the travel industry. Many factors, including those beyond the control of the Company, could have a detrimental impact on its performance by causing a significant decrease in international travel. These factors include general economic conditions, unemployment levels, energy costs and interest rates, as well as events such as natural disasters, acts of war, terrorism and catastrophes.

**Outbreak of Infectious Diseases**

The Company's Banknotes product line, which represents a significant portion of commission revenue, is highly correlated to international travel patterns by consumers. The Company's business has been and may continue to be adversely affected by the effects of the widespread outbreak of respiratory illnesses (like COVID-19) and other infectious diseases in its primary North American market, as well as by travel restrictions imposed by governments to limit the effects of these on the health of the local and global population, including restrictions on air travel to and from North America. The impacts of the COVID-19 pandemic have stabilized; however, it is not possible to reliably estimate the potential impact of this, or future global disruptions or infectious disease, on the financial position and results of future periods.

**Regulatory Compliance Risk**

Regulatory compliance risk is the risk of potential non-compliance with laws, regulations, and prescribed practices in the jurisdictions in which the Company operates. Issues regarding compliance with laws and regulations can be associated with privacy, market conduct, consumer protection, business conduct and money laundering. Furthermore, in Canada, the Company's subsidiary is a Schedule 1 bank and is subject to additional guidelines from the Office of the Superintendent of Financial Institutions (OSFI). In conducting its business, the Company is subject to regulatory examinations and inquiries and may, at any given time, be subject to the payment of additional charges as a resolution of matters arising from these examinations or other non-compliance matters. Additional charges, where applicable, are recorded in the Company's audited consolidated financial statements as a provision, in the period in which the recognition criteria in accordance with IFRS Accounting Standards are met.

Compliance policies and procedures have been developed to enable the Company to manage regulatory compliance risk. The Company has an established regulatory compliance management framework which outlines how it manages and mitigates the regulatory compliance risks associated with potential non-compliance with regulatory requirements and changing laws and regulations as applicable.

(All amounts are expressed in U.S. Dollars unless otherwise noted)

### Credit Risk

Credit risk is the risk of financial loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash in bank accounts, accounts receivable, and forward and option contracts from hedging counterparties.

All banking relationships are negotiated by senior management. The Company maintains accounts in high-quality financial institutions. At various times, the Company's bank balances exceed insured limits.

The credit risk associated with accounts receivable is limited, as the Company's receivables consist primarily of bulk currency trades with a settlement cycle of 24 to 48 hours. The majority of the Company's receivables reside with banks, money service business customers, and other financial institutions. The Company has longstanding relationships with most of its money service business customers and a strong repayment history. For the purpose of risk control, the customers are grouped as follows: domestic and international financial institutions, money service businesses, and other customers. Credit limits are established for each customer, whereby the credit limit represents the maximum open amount without requiring payments in advance. These limits are adjudicated and reviewed regularly by senior management. Due to seasonality, amounts in accounts receivable are usually at their highest during peak periods.

A breakdown of accounts receivable by category is below:

| | As of October 31, 2024 | As of October 31, 2023 |
|---|---|---|
| **Customer type** | $ | $ |
| Domestic and international financial institutions | 6,017,980 | 18,339,600 |
| Money service businesses | 3,001,066 | 2,171,215 |
| Other | 1,977,272 | 614,731 |
| **Total** | **10,996,318** | **21,125,546** |

The maximum exposure to credit risk is represented by the carrying amount of each financial asset on the audited consolidated statements of financial position. There are no commitments that could increase this exposure to more than the carrying amount.

### Financial Instruments and Risk Management

IFRS 9 requires that financial statements include certain disclosures about the fair value of financial instruments as set out in IFRS 13 and IFRS 7. These disclosures include the classification of fair values within a three-level hierarchy. The three Levels are defined based on the observation of significant inputs to the measurement, as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - unobservable inputs for the asset or liability.

The fair value determination is the estimated amount that the Company would receive to sell a financial asset or pay to transfer a financial liability in an orderly transaction between market participants at the measurement date.

There were no transfers between Level 1 and Level 2 during the years ended October 31, 2024 and 2023.

(All amounts are expressed in U.S. Dollars unless otherwise noted)

The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value:

| October 31, 2024 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **Financial assets** | | | | |
| Cash | 101,877,263 | - | - | 101,877,263 |
| Forward and option contract assets | - | 404,918 | - | 404,918 |
| **Total assets** | **101,877,263** | **404,918** | **-** | **102,282,181** |
| **Financial liabilities** | | | | |
| Restricted and deferred share units | - | 2,066,192 | - | 2,066,192 |
| **Total liabilities** | **-** | **2,066,192** | **-** | **2,066,192** |

| October 31, 2023 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **Financial assets** | | | | |
| Cash | 92,720,293 | - | - | 92,720,293 |
| Forward and option contract assets | - | 1,066,467 | - | 1,066,467 |
| **Total assets** | **92,720,293** | **1,066,467** | **-** | **93,786,760** |
| **Financial liabilities** | | | | |
| Restricted and deferred share units | - | 1,328,582 | - | 1,328,582 |
| **Total liabilities** | **-** | **1,328,582** | **-** | **1,328,582** |

### Foreign Currency Risk

The volatility of the Company's foreign currency holdings may increase as a result of the political and financial environment of the corresponding issuing country. Several currencies have a limited exchange rate exposure as they are pegged to the U.S. Dollar, the reporting currency of the Company. Management mitigates its exposure to foreign currency fluctuations through a layered risk management strategy that includes forward hedges and selective use of purchased options. Due to their nature, some minor and investment foreign currencies cannot be hedged or are too cost prohibitive to hedge. These exposures are managed to acceptable risk appetite levels using a historical Value-at-Risk (VaR) methodology. Foreign currency exposure, in the form of exchange gains and losses arising from normal trading activities and business operations, are included in operating expenses for the period.

Foreign exchange losses (gains) represent the net result after considering hedging and risk management strategies designed to reduce the inherent risks in the Company's exposure to foreign exchange, thereby minimizing volatility in earnings. Due to the unpredictable nature of foreign exchange markets, Management cannot reliably predict future movements in foreign currency valuations, and therefore hedges the Company's exposures in a consistent and prudent manner in alignment with the Company's FX Policy. As a result, Management employs a layered approach to managing its exposure to foreign exchange in major currencies through a combination of foreign currency forward contracts and a selective use of purchased put option contracts. Results after hedging vary each period and are largely driven by the magnitude of banknote holdings in certain currencies. Net results are seldom neutral because of the costs linked to hedging, which include forward point differentials on forward contracts and premiums on purchased options. The Company does not hedge its exposure to investment currencies as there is generally no established hedging market or the cost of hedging those currencies is prohibitively high. Variations in these unhedged exposures may lead to fluctuations in results each period.

In order to further mitigate the risks associated with holding these foreign currencies, the Company assigns wider bid/ask spreads and maintains specific inventory targets to minimize the impact of exchange rate fluctuations. These targets are reviewed regularly and are increased or decreased to accommodate demand within acceptable risk tolerances. The amount of unhedged inventory held in tills, vaults, on consignment, and in transit on October 31, 2024, was $9,812,382 (October 31, 2023, $9,361,900). The amount of currency that is unhedged and that is not pegged to the U.S. Dollar is $8,419,094 (October 31, 2023, $7,833,228). A 2% increase/reduction in the market price for the aggregate of the Company's unhedged/un-pegged foreign currencies would result in an exchange gain/loss of approximately +$168,000/-$168,000 (October 31, 2023, gain/loss of approximately +$157,000/-$157,000).

On a consolidated basis, the Company is also exposed to foreign currency fluctuations between the U.S. Dollar and the Canadian Dollar, being the functional currency of its Canadian subsidiary. The Company does not hedge its net investment in its Canadian subsidiary and the related foreign currency translation of its earnings.

**Interest Rate Risk**

At October 31, 2024, the Company had access to interest-bearing financial instruments in cash and its lines of credit. A significant amount of the Company's cash is held as foreign currency banknotes in tills, on consignment, and in its own vaults. These amounts are not subject to interest rate risk. Cash held in some of the Company's bank accounts are interest-bearing. The Company is subject to a small amount of cash flow interest rate risk from the borrowings on its lines of credit, however, as borrowings have declined and remained within policy limits, the risk is low. Borrowings bear interest at variable rates. Currently, the interest rate exposure is unhedged.

If interest rates had been 50 basis points higher/lower with all other variables held constant, after-tax profit for the year ended October 31, 2024 would have been approximately +$25,000/-$25,000 higher/lower as a result of credit lines held at variable interest rates.

**Liquidity Risk**

Liquidity risk is the risk of the Company incurring losses resulting from the inability to meet payment obligations in a timely manner when they become due or from being unable to do so at a sustainable cost. To effectively manage liquidity risk, the Company has implemented preventative risk monitoring measures, including setting a liquidity risk ratio target of 120% or greater, which measures the proportion of unencumbered highly liquid assets to short-term net cash outflows, and setting a minimum liquidity balance requirement of total available cash or undrawn lines of credit to be greater than $5,000,000 notional daily. As required, the Treasurer and CFO report any liquidity issues to the Chief Executive Officer (CEO), Chief Risk Officer (CRO), and the audit committee in accordance with established policies and guidelines. Management has assessed the Company's cash position at October 31, 2024 and determined that it is sufficient to meet its financial obligations.

(All amounts are expressed in U.S. Dollars unless otherwise noted)

The following are non-derivative contractual financial liabilities:

October 31, 2024

| Non-derivative financial liabilities | Carrying amount | Estimated contractual amount | Next fiscal year | Future fiscal years |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Accounts payable | 19,540,154 | 19,540,154 | 19,540,154 | Nil |
| Holding accounts | 9,032,535 | 9,032,535 | 9,032,535 | Nil |
| Lines of credit | 5,032,894 | 5,032,894 | 5,032,894 | Nil |

October 31, 2023

| Non-derivative financial liabilities | Carrying amount | Estimated contractual amount | Next fiscal year | Future fiscal years |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Accounts payable | 21,021,910 | 21,021,910 | 21,021,910 | Nil |
| Holding accounts | 5,909,235 | 5,909,235 | 5,909,235 | Nil |
| Lines of credit | 14,679,991 | 14,679,991 | 14,679,991 | Nil |

**Capital Management**

The Company manages capital through its financial and operational forecasting processes. The Company defines working capital as total current assets less total current liabilities. The Company reviews its working capital and forecasts its cash flows based on operating expenditures, and other investing and financing activities related to its daily operations.

| | **October 31, 2024** | October 31, 2023 |
|---|---|---|
| | $ | $ |
| Current assets | 118,508,979 | 120,243,608 |
| Current liabilities | (44,659,215) | (50,097,175) |
| **Working capital** | **73,849,764** | **70,146,433** |

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, obtaining loan financing, adjusting capital spending, repurchasing shares, or disposing of assets. The capital structure is reviewed by management and the board of directors on an ongoing basis.

**Changes in Internal Control over Financial Reporting**

There have been no changes in the Company's internal control over financial reporting during the year ended October 31, 2024, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## Subsequent Events

The Company evaluated subsequent events through January 22, 2025, the date these audited consolidated financial statements were issued. There were no material subsequent events that required recognition or additional disclosure in the audited consolidated financial statements.

# Currency Exchange International, Corp.

## Consolidated Financial Statements

## For the Years Ended October 31, 2024 and 2023
## (Expressed in U.S. Dollars)

CURRENCY EXCHANGE
INTERNATIONAL

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**Doane Grant Thornton LLP**
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# Independent auditor's report

To the shareholders of

**Currency Exchange International, Corp**

## Opinion

We have audited the consolidated financial statements of Currency Exchange International, Corp. and its subsidiaries ("the Group"), which comprise the consolidated statements of financial position as at October 31, 2024, and October 31, 2023 and the consolidated statements of income and comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at October 31, 2024 and October 31, 2023 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

*Assessment of the recoverable amount of cash generating units ("CGU") to which goodwill has been allocated or indicators of impairment exist*

Refer to Notes 2, 3, 7, 8 and 9 of the consolidated financial statements.

IAS 36 – *Impairment of Assets* ("IAS 36") requires indefinite life intangible assets to be tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. The

Group has recorded goodwill of $1.310 million and other intangible asssets of $2.122 million as at October 31, 2024.

The recoverable amount of a CGU (or group of CGUs), which is a significant estimate, is the higher of its value in use and its fair value less costs of disposal. In determining the recoverable amount of the CGU (or group of CGUs) on a value in use basis, the Group uses significant assumptions including projected future revenues, income, terminal growth rate and discount rate.

Given the significance of management's judgements and estimates in determining the value in use of each CGU, we have identified the assessment of the recoverable amount of CGU's to which goodwill has been allocated or indicators of impairment exist as a key audit matter.

Our audit procedures included, amongst other procedures:

- We evaluated the reasonableness of management's cash flow projections used to establish the recoverable amount of the CGUs by comparing them to the Group's historical cash flows
- We compared management's historical forecasts of cash flow projections with actual results to assess management's ability to accurately predict cash flows
- We involved valuation professionals with specialized skills and knowledge, who assisted in evaluating the reasonableness of the terminal growth rates and discount rates used by management. This included an assessment of the reasonableness of the required inputs into the two rates
- We assessed how management addressed estimation uncertainty by obtaining support for management's sensitivity analysis of their calculations of each CGU's value in use, future cash flows and terminal growth and discount rates.

## Information Other than the Consolidated Financial the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

## Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

Doane Grant Thornton LLP

Toronto, Canada
January 22, 2025

Chartered Professional Accountants
Licensed Public Accountants

# Consolidated Statements of Financial Position

As of October 31, 2024 and 2023
(Expressed in U.S. Dollars)

| | October 31, 2024 | October 31, 2023 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | $ | $ |
| Cash (Note 5) | 101,877,263 | 92,720,293 |
| Restricted cash held in escrow (Note 6) | 3,239,729 | 3,480,485 |
| Accounts receivable (Note 14) | 10,996,318 | 21,125,546 |
| Forward and option contract assets (Notes 13 and 15) | 404,918 | 1,066,467 |
| Other current assets (Note 20) | 1,990,751 | 1,850,817 |
| **Total current assets** | **118,508,979** | **120,243,608** |
| Property and equipment (Note 7) | 2,373,134 | 1,033,948 |
| Right-of-use assets (Note 9) | 5,422,660 | 2,558,715 |
| Intangible assets (Note 8) | 2,122,185 | 3,668,740 |
| Goodwill (Note 8) | 1,309,701 | 2,172,180 |
| Deferred tax asset, net (Note 10) | 1,260,430 | 2,266,114 |
| Other assets | 164,495 | 106,139 |
| **Total assets** | **131,161,584** | **132,049,444** |
| **LIABILITIES AND EQUITY** | | |
| **Current liabilities** | | |
| Lines of credit (Note 12) | 5,032,894 | 14,679,991 |
| Accounts payable | 19,540,154 | 21,021,910 |
| Accrued expenses | 9,011,177 | 5,624,280 |
| Holding accounts | 9,032,535 | 5,909,235 |
| Deferred revenues | 601,453 | 648,818 |
| Income taxes payable | 175,557 | 635,183 |
| Lease liabilities (Note 9) | 1,265,445 | 1,577,758 |
| **Total current liabilities** | **44,659,215** | **50,097,175** |
| **Long term liabilities** | | |
| Lease liabilities (Note 9) | 5,042,427 | 1,388,961 |
| Other long term liabilities | 2,067,587 | 1,330,327 |
| **Total long term liabilities** | **7,110,014** | **2,719,288** |
| **Total liabilities** | **51,769,229** | **52,816,463** |
| **Equity** | | |
| Share capital | 6,333,931 | 6,443,397 |
| Equity reserves | 27,875,614 | 30,080,623 |
| Retained earnings | 45,182,810 | 42,708,961 |
| **Total equity** | **79,392,355** | **79,232,981** |
| **Total liabilities and equity** | **131,161,584** | **132,049,444** |

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

# Consolidated Statements of Income and Comprehensive Income

For the years ended October 31, 2024 and 2023
(Expressed in U.S. Dollars)

| | Year ended October 31, 2024 | Year ended October 31, 2023 |
|---|---|---|
| **Revenues** | $ | $ |
| Commissions revenue | 80,466,220 | 77,043,358 |
| Fee revenue | 4,778,197 | 4,911,411 |
| **Total revenues (Note 4)** | **85,244,417** | **81,954,769** |
| **Operating expenses (Note 18)** | 69,560,357 | 63,220,520 |
| **Net operating income** | **15,684,060** | **18,734,249** |
| **Other income (loss)** | | |
| Interest revenue | 402,096 | 435,903 |
| Loss on sale of assets | - | (30,527) |
| Impairment charges (Notes 7, 8 and 9) | (2,690,425) | - |
| Other (expense) income, net | (66) | 58,465 |
| **Total other (expense) income** | **(2,288,395)** | **463,841** |
| **Earnings before interest, taxes, depreciation and amortization** | **13,395,665** | **19,198,090** |
| Interest expense (Note 12) | 719,115 | 1,088,161 |
| Interest on lease liabilities (Note 9) | 233,237 | 179,904 |
| Depreciation and amortization | 1,802,438 | 1,509,674 |
| Depreciation of right-of-use assets (Note 9) | 1,967,928 | 1,895,566 |
| **Income before income taxes** | **8,672,947** | **14,524,785** |
| Income tax expense (Note 10) | 6,199,098 | 4,331,278 |
| **Net income for the period** | **2,473,849** | **10,193,507** |
| **Other comprehensive income, after tax** | | |
| Net income for the period | 2,473,849 | 10,193,507 |
| **Items that may subsequently be reclassified to profit or loss** | | |
| Exchange differences on translating foreign operations | 61,026 | (340,045) |
| **Total other comprehensive income** | **2,534,875** | **9,853,462** |
| **Earnings per share (Note 17)** | | |
| - Basic | 0.39 | 1.59 |
| - Diluted | 0.38 | 1.52 |
| **Weighted average number of common shares outstanding (Note 17)** | | |
| - Basic | 6,287,096 | 6,424,751 |
| - Diluted | 6,560,427 | 6,696,942 |

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

# Consolidated Statements of Changes in Equity

For the years ended October 31, 2024 and 2023
(Expressed in U.S. Dollars)

| | Share Capital | | Equity Reserves | | | | Retained Earnings | Total Equity |
|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Share Premium | Accumulated Other Comprehensive Loss | Stock Options | | Amount | Amount |
| | # | $ | $ | $ | # | $ | $ | $ |
| **Balance at November 1, 2023** | **6,443,397** | **6,443,397** | **32,827,629** | **(6,584,811)** | **857,484** | **3,837,805** | **42,708,961** | **79,232,981** |
| Stock based compensation (Note 16) | - | - | - | - | 58,049 | 448,928 | - | 448,928 |
| Issue of share capital and share premium on exercise of stock options (Note 16) | 38,604 | 38,604 | 196,502 | - | (116,493) | (310,227) | - | (75,121) |
| Shares purchased for cancellation (Note 16) | (148,070) | (148,070) | (2,601,238) | - | - | - | - | (2,749,308) |
| Gain on foreign currency translation | - | - | - | 61,026 | - | - | - | 61,026 |
| Net income | - | - | - | - | - | - | 2,473,849 | 2,473,849 |
| **Balance, October 31, 2024** | **6,333,931** | **6,333,931** | **30,422,893** | **(6,523,785)** | **799,040** | **3,976,506** | **45,182,810** | **79,392,355** |
| | | | | | | | | |
| **Balance at November 1, 2022** | **6,429,489** | **6,429,489** | **32,698,075** | **(6,244,766)** | **820,762** | **3,907,257** | **32,515,454** | **69,305,509** |
| Stock based compensation (Note 16) | - | - | - | - | 91,456 | 97,436 | - | 97,436 |
| Issue of share capital and share premium on exercise of stock options (Note 16) | 13,908 | 13,908 | 129,554 | - | (54,734) | (166,888) | - | (23,426) |
| Loss on foreign currency translation | - | - | - | (340,045) | - | - | - | (340,045) |
| Net income | - | - | - | - | - | - | 10,193,507 | 10,193,507 |
| **Balance, October 31, 2023** | **6,443,397** | **6,443,397** | **32,827,629** | **(6,584,811)** | **857,484** | **3,837,805** | **42,708,961** | **79,232,981** |

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

# Consolidated Statements of Cash Flows

For the years ended October 31, 2024 and 2023
(Expressed in U.S. Dollars)

| | October 31, 2024 | October 31, 2023 |
|---|---|---|
| **Cash flows from operating activities** | $ | $ |
| **Net income** | **2,473,849** | **10,193,507** |
| **Adjustments to reconcile net income to net cash flows from operating activities** | | |
| Depreciation and amortization | 1,802,438 | 1,509,674 |
| Depreciation of right-of-use assets | 1,967,928 | 1,895,566 |
| Impairment charges (Note 8) | 2,690,425 | - |
| Stock based compensation | 1,592,354 | 1,017,823 |
| Gain on disposal, impairment of assets and leases | - | (30,527) |
| **Increase (decrease) in cash due to change in:** | | |
| Accounts receivable | 10,159,487 | (6,916,030) |
| Restricted cash held in escrow | 235,471 | 262,364 |
| Change in fair value of forward and option contract positions | 672,387 | (175,830) |
| Income taxes receivable | 226 | (229) |
| Other assets | (204,092) | 3,050,288 |
| Net deferred tax assets | 1,032,546 | (599,021) |
| Deferred revenues | (47,106) | 143,629 |
| Payments related to stock based compensation (Note 16) | (405,816) | (766,032) |
| Accounts payable, accrued expenses, holding accounts and other liabilities | 4,699,281 | (10,716,789) |
| **Net cash flows from operating activities** | **26,669,378** | **(1,131,607)** |
| **Cash flows from investing activities** | | |
| Purchase of property and equipment | (2,211,914) | (761,214) |
| Purchase of intangible assets | (791,209) | (528,809) |
| Proceeds from the sale of long term assets | - | 10,000 |
| **Net cash flows from investing activities** | **(3,003,123)** | **(1,280,023)** |
| **Cash flows from financing activities** | | |
| Proceeds related to stock based compensation, net (Note 16) | (75,121) | (23,425) |
| Repayment of lease liabilities | (2,119,343) | (2,093,022) |
| Interest on lease liabilities | 232,946 | 179,856 |
| Net (payment) borrowing on line of credit | (9,604,508) | 8,852,591 |
| Purchase of common shares for cancellation (Note 16) | (2,749,308) | - |
| **Net cash flows from financing activities** | **(14,315,334)** | **6,916,000** |
| **Net change in cash** | **9,350,921** | **4,504,370** |
| Cash, beginning of period | 92,720,293 | 88,559,268 |
| Exchange difference on foreign operations | (193,951) | (343,345) |
| **Cash, end of period** | **101,877,263** | **92,720,293** |

| | | |
|---|---|---|
| **SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION** | | |
| Cash paid during the period for income taxes | 5,604,320 | 6,882,949 |
| Cash paid during the period for interest | 139,240 | 920,787 |
| Cash received during the period for interest | 402,096 | 435,903 |

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

# 1. Nature of Operations and Basis of Presentation

## Nature of Operations

Currency Exchange International, Corp. (the Company) was originally incorporated under the name Currency Exchange International, Inc. under the Florida Business Corporation Act on April 7, 1998. The Company changed its name to Currency Exchange International, Corp. on October 19, 2007 and commenced its current business operations at that time. The Company is a public corporation whose shares are listed and posted for trading on the Toronto Stock Exchange (TSX) under the symbol "CXI" and the over-the-counter market (OTC in the United States under the symbol "CURN." The Company operates as a money service and payments business that provides currency exchange, wire transfer, and cheque cashing services from its locations in the United States and Canada. The Company maintains a head office and 6 main vaults as well as 40 branch locations and 390 employees. The Company's registered head office is located at 6649 Westwood Boulevard, Suite 250, Orlando, Florida, 32821, United States of America. The Company's wholly owned Canadian subsidiary, Exchange Bank of Canada (EBC) is a non-deposit-taking, non-lending Schedule 1 bank engaged in foreign exchange services.

## Basis of Presentation

The presentation currency of the Company's consolidated financial statements is the U.S. Dollar. The accounting policies set out in Note 2 of the consolidated financial statements have been applied consistently to all periods presented in these consolidated financial statements. These consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities, which are stated at their fair value: financial instruments classified as Fair Value Through Profit or Loss (FVTPL), foreign currency forward and option contracts, and share based payment plans. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

## Statement of Compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

These consolidated financial statements were authorized for issue and approved by the board of directors on January 22, 2025.

## Comparative Figures

Certain comparative figures have been reclassified to conform to the presentation in the current period.

# 2. Summary of Material Accounting Policies

## Recently Adopted Accounting Standards and Future Accounting Pronouncements

Certain pronouncements were issued by the International Accounting Standards Board (IASB) or International Financial Reporting Interpretations Committee (IFRIC) and have been adopted in the current period or are applicable for future periods. None of these pronouncements have, or are expected to have, a material impact on the Company's consolidated financial statements.

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- Lease Liability in a Sale and Leaseback (Amendment to IFRS 16);
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7); and
- Non-current Liabilities with Covenants (Amendments to IAS 1).

## Future Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRIC. Many are not applicable or do not have a significant impact to the Company and have been excluded.

The following amended standards and interpretations have not yet been adopted and are not expected to have a significant impact on the Company's consolidated financial statements:

- Lack of Exchangeability (Amendments to IAS 21);
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and 7); and
- IFRS 19*, Subsidiaries without Public Accountability: Disclosure*.

Management is currently in the process of evaluating the potential impact of IFRS 18, *Presentation and Disclosure in Financial Statements*. It has not yet been determined whether this will have a significant impact on the Company's financial statements.

## Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its wholly owned subsidiaries, EBC, a Schedule 1 bank in Canada and eZforex.com, Inc. (eZforex) - a Texas-based money service business. Subsidiaries are entities over which the Company has control, where control is defined as the power to govern financial and operating policies of an entity to obtain benefit from its activities. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. All material intercompany transactions are eliminated on consolidation.

## Cash

Cash includes, but is not limited to local and foreign currencies:

- held in tills and vaults;
- in transit;
- at customer locations on consignment;
- in branches or distribution centers; and
- in bank accounts.

Foreign cash is recorded at fair value based on foreign exchange rates as at October 31, 2024 and 2023, respectively.

## Accounts Receivable

Trade accounts receivable are stated net of an allowance for doubtful accounts. Accounts receivable balances consist primarily of bulk currency trades with a settlement cycle of 24 to 48 hours. The amount of accounts receivable varies widely from period to period due to the volume of activity and timing differences. The Company applies a simplified approach in accounting for the allowance for doubtful accounts based on lifetime expected credit losses in accordance with IFRS 9, *Financial Instruments* (IFRS 9). These consider the potential for default during the life of the financial instrument and are the expected shortfalls in contractual cash flows. To estimate the expected shortfall, the Company considers specific customers, historical information, external indicators, and forward-looking information. There is minimal counter-party risk as the majority of the Company's receivables reside with banks, money service business customers, and other financial institutions. The Company has longstanding relationships with most of its customers and has a strong repayment history. The Company does not accrue interest on past due receivables. Management determined that the allowance for doubtful accounts was $171,509 as of October 31, 2024 (October 31, 2023, $400,000).

## Revenue Recognition

IFRS 15, *Revenue from Contracts with Customers* (IFRS 15) provides a comprehensive framework for the recognition, measurement, and disclosure of revenue from contracts with customers. To determine whether to recognize revenue, the Company follows a five-step process whereby the Company: (i) identifies the contract with the customer; (ii) identifies the performance obligations; (iii) determines the transaction price; (iv) allocates the transaction price to the performance obligations; and (v) recognizes revenue when or as performance obligations are satisfied.

Commission revenues are the difference (spread) between the cost and the selling price of foreign currency products, including banknotes, wire payments, cheque collections and draft issuances (foreign currency margin), together with the net (realized or unrealized) gain or loss from foreign currency forward contracts with customers, and commissions paid on the sale and purchase of currencies. The amount of this spread is based on competitive conditions and the convenience and value-added services offered. These revenue contracts are short term in nature and generally have a single performance obligation. Revenue is recognized when each transaction occurs, the performance obligation is satisfied, the currency is delivered, or at the end of each reporting period when revaluations of foreign exchange positions take place. For contracts whose performance obligations are not satisfied (or partially not satisfied) at the end of the reporting period, amounts as such are not recognized in the consolidated statements of income and comprehensive income and are recorded in the consolidated statements of financial position as deferred revenues until the performance obligation is satisfied.

Fee income includes fees collected on wire transfers, cheque collections, and currency exchange transactions. These revenue contracts are short term in nature and generally have a single performance obligation with revenue being recognized when the transaction occurs, the performance obligation is satisfied, and when the currency is delivered.

## Foreign Currency Translation

Transactions denominated in foreign currencies are translated to the functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the consolidated statements of financial position date are translated at rates as at that date. The functional currency of EBC is the Canadian Dollar and the functional currency of the Company and eZforex is the United States Dollar.

In situations where the functional currency is not the same as the presentation currency, foreign currency-denominated assets and liabilities are translated to their presentation currency equivalents using foreign exchange rates in effect at the consolidated statements of financial position date. Revenues and expenses are translated at average rates of exchange during the period. Exchange gains or losses arising from the consolidation of the Canadian subsidiary are included in accumulated other comprehensive income. On disposal of a foreign operation, the related cumulative translation differences recognized in equity reserves are reclassified to profit or loss and are recognized as part of the gain or loss on disposal.

## Foreign Currency Forward and Option Contracts

The Company enters into foreign currency forward and option contracts with non-client counterparties, to mitigate the risk of fluctuations in exchange rates of its exposure to certain major currencies related to its Banknotes product line. Forward contracts are entered into daily, with maturities up to 30 days.  Option contracts are entered into selectively once per quarter, with a maturity up to 90 days.

Foreign currency forward and option contracts are recognized on the Company's consolidated statements of financial position when the Company becomes a party to the contractual provisions of the instrument. The instrument is derecognized from the consolidated statements of financial position when the contractual rights or obligations expire or are extinguished.

These non-client counterparty foreign currency forward and option contracts, as referred to above, are recognized at fair value and changes in fair value are included in operating expenses in the consolidated statements of income and comprehensive income and are recorded as either contract assets or contract liabilities at the end of the reporting period.

## Property and Equipment

Property and equipment are initially recorded at their cost and depreciated over its estimated useful life. Cost includes expenditures which are directly attributable to bringing the asset into working condition for its intended use. Depreciation is calculated on a straight-line basis, as follows:

- Vehicles 3 years
- Computer equipment 3 years
- Furniture and equipment 3-5 years
- Leasehold improvements the lesser of the lease term or useful life

When parts of an asset have different useful lives, depreciation is calculated on each separate part. In determining the useful lives of the component parts, the Company considers both the physical condition of the parts as well as technological life limitations. Estimates of remaining useful lives and residual values are reviewed annually. Changes in estimates are accounted for prospectively.

## Goodwill and Intangible Assets

Goodwill, representing the excess of the purchase price over the fair value of the net assets acquired in a business combination, is carried at its original value based on the acquisition, less impairment losses determined subsequent to the acquisition.

Intangible assets are comprised of the Company's internally developed software (CXIFX) and its related modules, as well as software and customer trading relationships acquired through business combinations or asset purchase transactions.

Costs that are directly attributable to a project's development phase are recognized as intangible assets, provided they have met the following recognition requirements:

- the development costs can be measured reliably;
- the project is technically and commercially feasible;
- the Company intends to and has sufficient resources to complete the project;
- the Company has the ability to use or sell the software; and
- the software will generate probable future economic benefits.

Development costs not meeting these criteria for capitalization are expensed as incurred.

Amortization for intangibles is computed on an individual basis over the estimated economic life using the straight-line method as follows:

- Internally developed software 5 years
- Acquired software 2 years
- Customer trading relationships 5-10 years
- Trade name, non-competition agreements 5 years

Residual values and useful lives are reviewed at each reporting date.

## Business Combinations

Business combinations are accounted for by applying the acquisition method. The acquisition method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the financial statements prior to acquisition. The acquiree's identifiable assets and liabilities that meet the conditions for recognition under IFRS 3, *Business Combinations* (IFRS 3) are recognized at their fair value at the acquisition date.

The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value. Transaction costs related to the acquisition are expensed as they are incurred.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is determined to be a financial asset or liability will be recognized in accordance with IFRS 9, at FVTPL. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill arising on acquisition is recognized as an asset that represents the excess of acquisition cost over the fair value of the Company's share of the identifiable net assets of the acquiree on the date of the acquisition. Any excess of identifiable net assets over the acquisition cost is recognized in net income immediately after acquisition.

Where goodwill forms part of a cash-generating unit (CGU), and part of the operation within that unit is disposed of, it is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair value of the operation disposed of and the portion of the CGU retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that time.

The measurement period may be up to one year from the acquisition date. Upon conclusion of the measurement period or final determination of the values of assets acquired and liabilities assumed, whichever occurs first, any subsequent adjustments are recorded to income within the consolidated statements of income and comprehensive income.

For a given acquisition, the Company may identify certain pre-acquisition contingencies as of the acquisition date and may extend its review and evaluation of these pre-acquisition contingencies throughout the measurement period to obtain sufficient information to assess these contingencies as part of acquisition accounting, as applicable.

### Impairment Testing of Goodwill; Other Intangible Assets; and Property and Equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows, referred to as CGU's. As a result, some assets are tested individually for impairment, and some are tested at the CGU level. Except for goodwill arising from business acquisitions, IAS 36, *Impairment of Assets* (IAS 36) requires that an entity performs an assessment for impairment of assets if, at the end of the year, there is an objective indication of impairment for the individual assets or the identified CGU. Goodwill is allocated to those CGUs that are expected to benefit from synergies of a related business combination and represent the lowest level within the Company at which management monitors goodwill. CGUs to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or CGUs are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's (or CGU's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each CGU and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget and are adjusted as necessary to exclude the effects of future reorganizations and asset enhancements. Discount factors are determined individually for each CGU and reflect current market assessments of the Time Value of Money (TVM) and asset-specific risk factors. Impairment losses for CGUs first reduce the carrying amount of any goodwill allocated to that CGU. Any remaining impairment loss is charged pro rata to the other assets in the CGU. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or CGU's recoverable amount exceeds it carrying amount.

## Provisions

Provisions are recognized when, (i) the Company has a present obligation (legal or constructive) as a result of a past event, and (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statements of income and comprehensive income, net of any reimbursement. This net expense is recorded in operating expenses, typically with losses and shortages, in the period in which the obligation is recognized. If the effect of the TVM is material, provisions are discounted using a current pretax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

No liability is recognized if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

Provisions for legal disputes, onerous contracts, regulatory compliance matters, or other claims are recognized when the Company has a present legal or constructive obligation as a result of a past event, or it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. The timing or amount of the outflow may still be uncertain.

Restructuring provisions are recognized only if a detailed formal plan for the restructuring exists and management has either communicated the plan's main features to those affected or started implementation. Provisions are not recognized for future operating losses.

## Holding Accounts

Holding accounts represent funds received from customers that are held by the Company in the customer's transactional currency on behalf of the customer, who has the unilateral right to transfer out or convert the funds at any time. Amounts are initially measured at fair value, net of any transaction costs directly attributable to the issuance of the financial instrument.

Holding accounts are subsequently measured at amortized cost, using the effective interest rate method.

## Share Based Payments

The Company's Deferred Share Unit (DSU) Plan and Restricted Stock Unit (RSU) Plan (collectively the Plans) allow certain employees and directors to receive restricted and deferred share units (Units) of the Company. The Units are cash-settled only and are, therefore, classified as a financial liability. The Units are measured at the fair value of the Company's equity instruments at the grant date as a financial liability in the consolidated statements of financial position. The fair value determined at the grant date of the cash-settled, share based payments is expensed on a straight-line basis over the period during which the employees and directors become unconditionally entitled to the instrument. At the end of each reporting period, the Company revises its estimate of the Unit's liability based on the fair value of the Company's equity instruments. The impact of the revision of the original estimates, if any, is recognized in profit or loss, such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the liability.

## Financial Instruments

Financial assets and financial liabilities are recognized on the consolidated statements of financial position when the Company becomes a party to the contractual provisions of the financial instrument. The Company is required to initially recognize all of its financial assets and liabilities, including derivatives and embedded derivatives in certain contracts, at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, canceled, or expired.

## Classification and Measurement of Financial Assets

IFRS 9 provides guidance on the classification and measurement of financial assets and prescribes an Expected Credit Loss (ECL) model for the impairment of financial assets. IFRS 9 also contains requirements on the application of a hedging model to align hedge accounting more closely with entities' risk management activities.

IFRS 9 includes a classification and measurement approach for financial assets that considers the business model in which the assets are managed and their cash flow characteristics. Subsequent to initial recognition, financial assets are not reclassified unless the Company adopts changes in its business model for managing those assets. Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories: amortized cost; Fair Value Through Profit or Loss (FVTPL); or Fair Value Through Other Comprehensive Income (FVTOCI).

Subsequent to initial recognition, financial liabilities are measured at amortized cost using the effective interest method, except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recorded in the consolidated statements of income and comprehensive income.

The Company's financial assets and liabilities are classified and measured as follows:

| | |
|---|---|
| • Cash | Fair value through profit or loss |
| • Restricted cash held in escrow | Amortized cost |
| • Accounts receivable | Amortized cost |
| • Forward and option contract assets | Fair value through profit or loss |
| • Lines of credit | Amortized cost |
| • Accounts payable | Amortized cost |
| • Holding accounts | Amortized cost |
| • Restricted and deferred share units | Fair value through profit or loss |

Transaction costs, other than those related to financial instruments classified as FVTPL or FVTOCI, which are expensed as incurred are added to, or deducted from, the fair value of the financial asset or financial liability, as appropriate, on initial recognition and amortized using the effective interest method.

## Financial Instruments Recorded at Fair Value

Financial instruments recorded at fair value in the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1- quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - unobservable inputs for the asset or liability.

## Derivative Financial Instruments and Hedge Accounting

Derivative financial instruments are accounted for at FVTPL, except for derivatives designated as hedging instruments in cash flow hedge relationships, of which the Company has none.

## Impairment of Financial Assets

IFRS 9's impairment requirements incorporates the Expected Credit Loss (ECL) model which uses forward-looking information to recognize expected credit losses. Instruments within the scope of IFRS 9 include loans and other debt-type financial assets measured at amortized cost and FVTOCI, trade receivables, contract assets recognized and measured under IFRS 15, as well as loan commitments and some financial guarantee contracts that are not measured at FVTPL.

Under IFRS 9, the Company considers a wider range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable projections that impact the collectability of the future cash flows of the instrument.

### Leases

At the inception of a lease contract, the Company assesses whether the contract is or contains a lease. A contract is or contains a lease if the contract conveys that right of control of the use of an identified asset for a period of time in exchange for consideration. In assessing whether a contract conveys the right to control the use of an identified asset, the Company assess whether: (i) the contract involves the use of an identified asset; (ii) the Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period, and/or; (iii) the Company has the right to direct the use of the asset.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site in which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term plus expected renewal options which are available to the Company. In addition, the right-of-use asset is reduced by impairment losses, if any identified, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that have not been paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability may be comprised of: (i) fixed payments; (ii) variable lease payments that depend on an index rate, initially measured using the index as the commencement date; (iii) amounts expected to be payable under a residual value guarantee; (iv) the exercise price under purchase option that the Company is reasonably certain to exercise; (v) lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and (vi) penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension, or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use has been reduced to zero. The Company recognizes a depreciation charge for the right-of-use assets and interest expense on lease liabilities in the consolidated statements of income and comprehensive income. Lease payments for short-term leases and for leases of low-value assets that are not included in the measurement of the lease liability are classified as cash flows from operating activities.

The remeasurement of the lease liability, is dealt with by a reduction in the carrying amount of the right-of-use asset to reflect the full or partial termination of the lease for lease modifications that reduce the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognized in profit or loss. The right-of-use asset is adjusted for all other lease modifications.

### Accounts Receivable

The Company applies a simplified approach in accounting for the loss allowance for receivables and contract assets as lifetime expected credit losses. These consider the potential for default during the life of the financial instrument and are the expected shortfalls in contractual cash flows. To estimate the expected shortfall, the Company considers specific customers, historical information, external indicators, and forward-looking information.

### Earnings per Share

The Company presents basic and diluted earnings per share data for its common shares, calculated by dividing the earnings attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the earnings attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive warrants and options outstanding that may add to the total number of common shares.

### Income Taxes

Current income tax assets and liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the consolidated statements of financial position date.

Deferred income taxes are calculated using the liability method on temporary differences. Tax losses available to be carried forward as well as other income tax credits are assessed for recognition as deferred tax assets.

Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted at the consolidated statements of financial position date. This provision is not discounted. Deferred tax liabilities are generally recognized in full, although Income Taxes (IAS 12) specifies limited exemptions. Deferred tax assets are recognized to the extent that it is probable that they will be able to be offset against future taxable income.

Management bases its assessment of the probability of future taxable income on the Company's latest approved forecasts, which are adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The specific tax rules in the numerous jurisdictions in which the Company operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, that deferred tax asset is recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on specific facts and circumstances.

Changes in deferred tax assets and liabilities are recognized as a component of tax expense in the consolidated statements of income and comprehensive income, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

## 3. Significant Management Judgment in Applying Accounting Policies and Estimation Uncertainty

When preparing the consolidated financial statements, management undertakes several judgments, estimates, and assumptions about the recognition and measurement of assets, liabilities, income, and expenses. The actual results may differ from judgments, estimates, and assumptions made by management, and will seldom equal the estimated results.

The judgments, estimates, and assumptions applied in the consolidated financial statements, including the key sources of estimation uncertainty, have been updated based on information at October 31, 2024 and with particular respect to the analysis of income taxes and recoverability of potential deferred tax assets as well as the analysis of potential impairment of the Company’s assets, including goodwill, and its ability to continue as a going concern.

### Significant Management Judgment

The following are significant management judgments in applying the accounting policies of the Company and have the most significant effect on the consolidated financial statements:

### Carrying Value of Internally Developed Software

The Company makes significant judgments about the value of its proprietary software, CXIFX. Once the scope of a project is deemed technologically feasible, the Company capitalizes costs incurred for the planning, development, and testing phases of modules developed within its software. Subsequent to the completion of the software development cycle, each module is amortized over its estimated useful economic life, which has been assessed as a period of five years. Costs relating to software maintenance, regular software updates, and minor software customizations are expensed as incurred. The Company reviews completed software modules within CXIFX for impairment on an ongoing basis.

### Income Taxes and Recoverability of Potential Deferred Tax Assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, intercompany allocations in accordance with its transfer pricing policy, expected timing of reversals of existing temporary differences, and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are (1) within the Company's control, (2) feasible, and (3) within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period. During the three-month period ended April 30, 2024, management reassessed the recoverability of its deferred tax asset, specifically related to the unused loss carry forwards in its wholly-owned subsidiary, EBC. As a result, the deferred tax asset was eliminated and a corresponding increase in deferred tax expense in the amount of $1,429,852 was recorded in the statement of income and comprehensive income. This increased deferred tax expense resulted in a 39% increase in the effective tax rate for the year ended October 31, 2024.

### Impairment of Financial Assets

All financial assets except for those at FVTPL are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or group of financial assets is impaired.

### Impairment of Non-financial Assets

In the determination of carrying values and impairment charges, management looks at the recoverable amount, which is the higher of the value-in-use or fair value less costs of disposal and at objective evidence for a significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period. The Company reviews property and equipment and intangible assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Goodwill is tested for impairment at least annually, in the fourth quarter, and at other times when such indicators exist. The Company performed its annual impairment assessment as of October 31, 2024 and, as a result, recognized an impairment loss during the year. See Note 8 for further details.

### Estimation Uncertainty

Estimates and underlying assumptions are reviewed on an ongoing basis. Information about estimates and assumptions that have the most significant effect on recognition and measurements of assets, liabilities, income, and expenses is provided below. Actual results may be substantially different.

### Share Based Payments

Management determines the overall expense for share based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. The determination of the most appropriate valuation model is dependent on the terms and conditions of the grant. Assumptions are made and judgments are used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates, future employee stock option exercise behaviors, and corporate performance. The assumptions and models used for estimating fair value for share based payment transactions are disclosed in Note 16 Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

(Expressed in U.S. Dollars)

### Depreciation and Amortization Expenses

The Company's property and equipment and intangible assets are depreciated and amortized over their estimated useful economic lives. Useful lives are based upon management's best estimates of the length of time that the assets will generate revenue, which is reviewed at least annually for appropriateness. Changes to these estimates can result in variations in the amounts charged for depreciation or amortization and in the assets' carrying amounts.

### Fair Value Measurement

Management uses valuation techniques to determine the fair value of certain financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as much as possible, but this data is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm’s length transaction at the reporting date.

### Contingencies

The Company is subject to contingencies that are not recognized as liabilities because they are either:

- possible obligations that have yet to be confirmed whether the Company has a present obligation that could lead to an outflow of resources embodying economic benefits; or
- present obligations that do not meet recognition criteria because either it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a sufficiently reliable estimate of the amount of the obligation cannot be made.

## 4. Segments

The Company operates in the United States and Canada. The Company’s revenue from external customers and information about its assets by geographical location and product line are detailed below:

Revenues by Geography

| | United States | Canada | Total |
|---|---|---|---|
| **Year ended October 31, 2024** | **68,877,946** | **16,366,471** | **85,244,417** |
| Year ended October 31, 2023 | 64,531,245 | 17,423,524 | 81,954,769 |

Revenues by Product Line

| | Banknotes | Payments | Total |
|---|---|---|---|
| **Year ended October 31, 2024** | **69,236,777** | **16,007,640** | **85,244,417** |
| Year ended October 31, 2023 | 67,624,421 | 14,330,348 | 81,954,769 |

(Expressed in U.S. Dollars)

| | October 31, 2024 | | | October 31, 2023 | | |
|---|---|---|---|---|---|---|
| | United States | Canada | Total | United States | Canada | Total |
| **Assets** | $ | $ | $ | $ | $ | $ |
| Cash | 66,218,081 | 35,659,182 | 101,877,263 | 58,238,107 | 34,482,186 | 92,720,293 |
| Restricted cash held in escrow | - | 3,239,729 | 3,239,729 | - | 3,480,485 | 3,480,485 |
| Accounts receivable | 8,743,640 | 2,252,678 | 10,996,318 | 16,927,524 | 4,198,022 | 21,125,546 |
| Forward and option contract assets | 113,511 | 291,407 | 404,918 | 160,654 | 905,813 | 1,066,467 |
| Other current assets | 1,418,886 | 571,865 | 1,990,751 | 1,491,564 | 359,253 | 1,850,817 |
| Property and equipment | 2,366,782 | 6,352 | 2,373,134 | 938,501 | 95,447 | 1,033,948 |
| Right-of-use assets | 5,422,660 | - | 5,422,660 | 2,144,912 | 413,803 | 2,558,715 |
| Intangible assets | 2,122,185 | - | 2,122,185 | 2,109,849 | 1,558,891 | 3,668,740 |
| Goodwill | 1,309,701 | - | 1,309,701 | 1,309,701 | 862,479 | 2,172,180 |
| Deferred tax asset, net | 1,260,430 | - | 1,260,430 | 858,709 | 1,407,405 | 2,266,114 |
| Other assets | 164,495 | - | 164,495 | 106,139 | - | 106,139 |
| **Total assets** | **89,140,371** | **42,021,213** | **131,161,584** | **84,285,660** | **47,763,784** | **132,049,444** |

## 5. Cash

Included within cash of $101,877,263 at October 31, 2024 (October 31, 2023 - $92,720,293) are the following cash balances:

| | October31,2024 | October 31, 2023 |
|---|---|---|
| | $ | $ |
| Cash held in transit, vaults, tills, and consignment locations | 68,622,843 | 65,714,489 |
| Cash deposited in bank accounts in jurisdictions in which the Company operates | 33,254,420 | 27,005,804 |
| **Total** | **101,877,263** | **92,720,293** |

## 6. Restricted Cash Held in Escrow

Certain of the Company's secured transactions and derivative contracts require the Company to post cash collateral or maintain minimum cash balances in escrow. Foreign currency forward contracts that require margin can be closed immediately resulting in the collateral being liquidated. The Company has also been required to post the collateral associated with its credit facility with Desjardins Group (see Note 12). At October 31, 2024, the Company had cash collateral balances of $3,239,729 (October 31, 2023 - $3,480,485), represented by $2,880,207 (October 31, 2023 - $3,119,888) being held as collateral on forward contracts and $359,522 (October 31, 2023 - $360,597) being held as collateral for the Desjardins Group credit facility. These balances are reflected as restricted cash held in escrow in the consolidated statements of financial position.

(Expressed in U.S. Dollars)

# 7. Property and Equipment

Property and equipment for the period consist of the following:

| | Vehicles | Computer equipment | Furniture and equipment | Leasehold improvements | Total |
|---|---|---|---|---|---|
| **Cost** | $ | $ | $ | $ | $ |
| Balance, October 31, 2022 | 48,251 | 577,687 | 1,175,105 | 3,122,707 | 4,923,750 |
| Additions | 50,036 | 147,742 | 256,058 | 307,378 | 761,214 |
| Disposals | (31,646) | (281,035) | (142,948) | (412,553) | (868,182) |
| Net exchange differences | - | (3,692) | (7,231) | (12,078) | (23,001) |
| Balance, October 31, 2023 | 66,641 | 440,702 | 1,280,984 | 3,005,454 | 4,793,781 |
| Additions | - | 267,600 | 1,097,293 | 847,021 | 2,211,914 |
| Net exchange differences | - | (981) | (1,280) | (3,126) | (5,387) |
| **Balance, October 31, 2024** | **66,641** | **707,321** | **2,376,997** | **3,849,349** | **7,000,308** |

| | Vehicles | Computer equipment | Furniture and equipment | Leasehold improvements | Total |
|---|---|---|---|---|---|
| **Depreciation and impairment** | $ | $ | $ | $ | $ |
| Balance, October 31, 2022 | 48,251 | 547,412 | 1,066,311 | 2,550,329 | 4,212,303 |
| Additions | 15,289 | 38,320 | 58,150 | 325,939 | 437,698 |
| Disposals | (31,646) | (281,035) | (142,948) | (412,553) | (868,182) |
| Net exchange differences | - | (2,760) | (6,352) | (12,874) | (21,986) |
| Balance, October 31, 2023 | 31,894 | 301,937 | 975,161 | 2,450,841 | 3,759,833 |
| Additions | 16,679 | 89,513 | 218,439 | 426,810 | 751,441 |
| Impairment charges | 185 | 32,400 | 45,200 | 43,966 | 121,751 |
| Net exchange differences | - | (1,138) | (1,676) | (3,037) | (5,851) |
| **Balance, October 31, 2024** | **48,758** | **422,712** | **1,237,124** | **2,918,580** | **4,627,174** |

| | Vehicles | Computer equipment | Furniture and equipment | Leasehold improvements | Total |
|---|---|---|---|---|---|
| **Carrying amounts** | $ | $ | $ | $ | $ |
| **Balance, October 31, 2023** | **34,747** | **138,765** | **305,823** | **554,613** | **1,033,948** |
| **Balance, October 31, 2024** | **17,883** | **284,609** | **1,139,873** | **930,769** | **2,373,134** |

For the year ended October 31, 2024, the impairment charge of $121,751 represented the write down of certain items of property and equipment assets operating in both the Canadian and the United States segments to the recoverable amount because of a decline in the value in use. This was recognized in other income (loss) in the consolidated statements of income and comprehensive income. The recoverable amount as of October 31, 2024 was determined based on the fair value less costs of disposal which was determined to be higher than the value in use and it was determined at the CGU level. See Note 8 for further details.

(Expressed in U.S. Dollars)

## 8. Goodwill and Intangible Assets

Intangible assets comprise the Company's internally developed software (CXIFX) and its related modules, as well as software and customer trading relationships acquired through various business combinations.

Goodwill and intangible assets for the period consist of the following:

| | Internally developed software | Acquired software | Customer trading relationships | Trade name, non-compete & unpatented tech cost | Goodwill | Total |
|---|---|---|---|---|---|---|
| **Cost** | $ | $ | $ | $ | $ | $ |
| Balance, October 31, 2022 | 3,767,748 | 804,318 | 7,378,413 | 1,011,997 | 2,187,445 | 15,149,921 |
| Additions | 523,772 | 5,038 | - | - | - | 528,810 |
| Disposals | (254,180) | - | - | - | - | (254,180) |
| Net exchange differences | 8,850 | (6,900) | (259,555) | (5,948) | (15,265) | (278,818) |
| Balance, October 31, 2023 | 4,046,190 | 802,456 | 7,118,858 | 1,006,049 | 2,172,180 | 15,145,733 |
| Additions | 791,209 | - | - | - | - | 791,209 |
| Net exchange differences | (60) | (57) | (8,995) | (1,003) | 16,461 | 6,346 |
| **Balance, October 31, 2024** | **4,837,339** | **802,399** | **7,109,863** | **1,005,046** | **2,188,641** | **15,943,288** |
| | Internally developed software | Acquired software | Customer trading relationships | Trade name, non-compete & unpatented tech cost | Goodwill | Total |
| **Amortization and impairment** | $ | $ | $ | $ | $ | $ |
| Balance, October 31, 2022 | 2,809,387 | 748,669 | 4,520,262 | 601,532 | - | 8,679,850 |
| Amortization | 415,532 | 6,509 | 456,308 | 193,627 | - | 1,071,976 |
| Disposals | (207,580) | - | - | - | - | (207,580) |
| Net exchange differences | (35,214) | 36,813 | (236,256) | (4,776) | - | (239,433) |
| Balance, October 31, 2023 | 2,982,125 | 791,991 | 4,740,314 | 790,383 | - | 9,304,813 |
| Amortization | 430,761 | 5,239 | 441,710 | 173,286 | - | 1,050,996 |
| Impairment charges | 15,182 | 1,684 | 1,241,082 | 43,813 | 868,997 | 2,170,758 |
| Net exchange differences | (163) | (116) | (22,393) | (2,436) | 9,943 | (15,165) |
| **Balance, October31, 2024** | **3,427,905** | **798,798** | **6,400,713** | **1,005,046** | **878,940** | **12,511,402** |
| | Internally developed software | Acquired software | Customer trading relationships | Trade name, non-compete & unpatented tech cost | Goodwill | Total |
| **Carrying amounts** | $ | $ | $ | $ | $ | $ |
| **Balance, October 31, 2023** | **1,064,065** | **10,465** | **2,378,544** | **215,666** | **2,172,180** | **5,840,920** |
| **Balance, October 31, 2024** | **1,409,434** | **3,601** | **709,150** | **-** | **1,309,701** | **3,431,886** |

(Expressed in U.S. Dollars)

For the year ended October 31, 2024, the impairment charge of $2,170,758 represented the write down of certain items of goodwill and intangible assets operating in both the Canadian and the United States segments to the recoverable amount because of decline in the value in use. This was recognized in other income (loss) in the consolidated statements of income and comprehensive income. The recoverable amount as of October 31, 2024 was determined based on the value in use and it was determined at the CGU level. See below for further details.

The movement in the net carrying amount of goodwill are as follows:

| | Denarius | eZforex | Total |
|---|---|---|---|
| **Gross carrying amount** | $ | $ | $ |
| **Balance, October 31, 2022** | 877,744 | 1,309,701 | 2,187,445 |
| Impact from Canadian Dollar retranslation | (15,265) | - | (15,265) |
| **Balance, October 31, 2023** | **862,479** | **1,309,701** | **2,172,180** |
| Impact from Canadian Dollar retranslation | 16,461 | - | 16,461 |
| **Balance, October 31, 2024** | **878,940** | **1,309,701** | **2,188,641** |
| | | | |
| **Accumulated Impairment** | | | |
| **Balance, October 31, 2022** | - | - | - |
| Impairment loss recognized | - | - | - |
| **Balance, October 31, 2023** | - | - | - |
| Impairment loss recognized | (868,997) | - | (868,997) |
| Impact from Canadian Dollar retranslation | (9,943) | - | (9,943) |
| **Balance, October 31, 2024** | **(878,940)** | - | **(878,940)** |
| **Carrying amount at October 31, 2024** | **-** | **1,309,701** | **1,309,701** |

## Impairment Testing

The Company performed its annual impairment tests as of October 31, 2024 and 2023 by comparing the carrying amount of each CGU to its recoverable amount. The recoverable amount of each CGU is determined based on the higher of estimated value-in-use and the fair value less costs of disposal. For the impairment test, goodwill acquired through a business acquisition transaction cannot be tested for impairment individually and, therefore, was allocated to the CGUs that benefit from the synergies of the business combination in which the goodwill arises. This is assessed for impairment annually, or more frequently if there are objective indications of impairment. The Company has goodwill acquired through the Denarius acquisition in Canada and goodwill acquired through the eZforex acquisition in the US.

Below is a summary of the carrying amounts and recoverable amounts of goodwill allocated to the respective CGUs:

| | October 31, 2024 | October 31, 2023 |
|---|---|---|
| **Carrying amount of goodwill allocated to cash generating units** | $ | $ |
| Denarius (allocated to Canada Payments) | - | 862,479 |
| eZforex (allocated to U.S. Banknotes) | 1,309,701 | 1,309,701 |
| **Total** | **1,309,701** | **2,172,180** |

| | October 31, 2024 | October 31, 2023 |
|---|---|---|
| **Recoverable amount of each cash generating unit** | $ | $ |
| Payments in Canada | 2,197 | 2,996,082 |
| Banknotes in U.S. | 76,943,419 | 34,684,734 |

In determining the CGUs asset allocations for the purpose of the impairment review, management has reviewed the sources of revenues, projected cash flows and the usage of its assets in generating those revenues including product lines, regions, individual locations and projected growth rates. Additionally, management reviewed how the Company makes decisions about continuing or disposing of its assets and operations. Based on above factors, management has determined that, for the purpose of the allocation of goodwill and the annual impairment assessment, there were two separately identifiable CGUs, being Payments in Canada (including Denarius) and Banknotes in the U.S. (including eZforex). Goodwill related to Denarius acquisition was allocated to the Payments in Canada CGU while goodwill related to eZforex was allocated to the Banknotes in the U.S. CGU.

## Canada Segment

The Canadian segment includes two CGUs, Payments and Banknotes. Based on the required annual impairment test performed at October 31, 2024 and the information available for the Company, the Company has determined that there were indicators of impairment and that the estimated value in use for each of the Canadian CGUs was lower than the carrying amount of these CGUs based on the projected cash flows resulting from a lack of sufficient revenue growth in these CGUs and the slow economy trend in Canada, indicating an impairment of goodwill and impairment of the assets of these operating Canadian CGUs.

## Payments in Canada

The Payments segment's recoverable amount in Canada of $2,197 as of October 31, 2024 was determined based on the fair value less costs of disposal, which was greater than the estimated value in use calculation. The value in use calculation utilized cash flow projections from senior management's approved 3 year budget as described further below. The projected cash flow for this CGU reflected slow revenue growth that led to a lack of positive projected cash flows sufficient to support the recoverability of the carrying amounts of assets allocated to this CGU as of October 31, 2024. Further, the projected cash flows were determined to be lower than the carrying amounts of the assets operating within this CGU. Accordingly, management has estimated fair value less costs of disposal and has determined that the recoverable amount would equal the fair value less costs of disposal since it was greater than the estimated value in use, and that the carrying amounts of all the operating assets within this CGU should be written down to the fair value less costs of disposal, except for goodwill related to the Denarious acquisition, which should be fully written down to $nil. As a result of this analysis, management has recognized, in the current year, a total impairment charge of $2,317,549 in this CGU, of which $868,997 was charged against goodwill, $1,286,631 against intangible assets, $35,708 against property and equipment, and $126,213 against right-of-use assets. These assets operate within Canada segment and the impairment charges were recognized under the other income (expense) line item in the statements of income and comprehensive income.

## Banknotes in Canada

The Banknotes segment's recoverable amount in Canada of $4,154 as of October 31, 2024 was determined based on the fair value less costs of disposal, which was greater than the estimated value in use calculation. The value in use calculation utilized cash flow projections derived from the Board approved 3 years budget as described further below. The projected cash flows of this CGU reflected slow revenue growth that led to a lack of positive projected cash flows sufficient to support the recoverability of the carrying amounts of assets allocated to this CGU as of October 31, 2024. Further, it was determined to be lower than the carrying amounts of the assets operating within this CGU. Accordingly, management has estimated fair value less costs of disposal and has determined that the recoverable amount would equal the fair value less costs of disposal since it was greater than the estimated value in use, and that the carrying amounts of all the operating assets within this CGU should be written down to the fair value less costs of disposal. As a result of this analysis, management has recognized in the current year a total impairment charge of $309,489 in this CGU, of which $3,283 was charged against intangible assets, $67,527 against property and equipment, and $238,679 against right-of-used assets within this CGU. These assets operate within the Canada segment and the impairment charges were recognized under other income (expense) line item in the statements of income and comprehensive income.

## United States segment

The United States segment includes Payments, Wholesale Banknotes and Wholesale OnlineFX in addition to each of the Company-owned branches (40 company-owned branches as of October 31, 2024), which have been assessed individually as separate CGUs each for the purpose of the impairment testing. Based on the required annual impairment test performed at October 31, 2024, the Company has determined that the recoverable amount of each of these CGUs is equal to the estimated value in use at the CGU level. The Company did not find indications for impairment in each of the Payments, Wholesale Banknotes, Banknotes OnlineFX and all of the Company-owned branches within the United States segment other than as indicated further below.

## Retail Banknotes in the United States (Company-owned branches)

Management has determined that each of the Company-owned branches represent a separate CGU and accordingly has assessed for impairment each of these branches individually at the end of October 31, 2024 and 2023. The carrying amount of each branch has been determined by summing all of the assets from which these branches benefit from in addition to allocating corporate assets across all branches using an appropriate methodology. Further, management has determined that the recoverable amount of each branch is represented by the estimated value in use calculation using cash flows projections from the senior management approved 3 years budget, extrapolated, as appropriate, up to a maximum 5 years using an appropriate declining growth rate.

In estimating the value in use for each branch, the Company considered a number of factors such as the geographic location of the branch, historical performance, future plans for the branch, any potential relocation plans, the ability to continue to operate under the same location and incremental costs included, and the options to renew lease agreements, in addition to other qualitative factors impacting the business. As a result of this analysis, management has determined that the carrying amount of 3 branches is in excess of the estimated value in use, therefore, management has recognized a total impairment charge of $63,387 during the current year. The impairment charge recognized during the year was recognized as follows: $11,846 against intangible assets, $18,516 against property and equipment and $33,025 against right-of-use assets. These assets operate within the United States segment and the impairment charges were recognized under other income (expense) line item in the consolidated statements of loss and comprehensive loss.

The following were the key assumptions applied in goodwill impairment testing:

## Discount Rates

The present value of the expected cash flow of each CGU is determined by applying a suitable pre-tax discount rate based on the weighted average cost of capital (WACC) considering current market assessments. The discount rate reflects appropriate adjustments relating to market risk and specific risk factors applicable to the Company’s business model.

## Terminal Growth Rates

The earnings included in the goodwill impairment testing were based on the Company’s internal forecast, which projects expected cash flow over the next three years. Beyond the initial cash flow projection period, cash flows were assumed to increase at a steady rate using a nominal long-term growth rate (terminal growth rate). Terminal growth rates reflect management’s best estimate of the expected long-term growth rates for the product mix and industry of the CGUs. The growth rates are in-line with general standards and are conservative in nature when compared to historical growth rates due to potential uncertainty.

The Company’s projected cash flow has been developed based on the expected margins of each CGU, which have been determined based on a combination of past experience in the markets in which the Company operates, as well as historical information and the expected growth in the forecast period. The Company’s management believes that this is the best available input for forecasting these markets.

(Expressed in U.S. Dollars)

Other than the considerations described in determining the recoverable amount of the CGUs described above, there are no other key assumptions.

In considering the sensitivity of the key assumptions used, management determined that a reasonable change in any of the above would not result in the recoverable amounts of CGUs to be less than their carrying amount. Cash flow projections are based derived from the Board approved 3 years budgets, followed by an extrapolation of expected cash flows, as appropriate to each CGU, for a maximum 5 year period. Below is a summary of growth rates used in extrapolation and the discount rates used in each segment:

| | October 31, 2024 | October 31, 2023 |
|---|---|---|
| **Terminal growth rate** | | |
| Canada | 0% | 2% |
| United States | 2% | 2% |
| **Discount rate** | | |
| Canada | 19% | 22% |
| United States | 19% | 22% |

## 9. Right-of-use Assets and Lease Liabilities

Lease liabilities are presented in the consolidated statements of financial position as follows:

| | October 31, 2024 | October 31, 2023 |
|---|---|---|
| | $ | $ |
| Current lease liabilities | 1,265,445 | 1,577,758 |
| Non-current lease liabilities | 5,042,427 | 1,388,961 |
| **Total** | **6,307,872** | **2,966,719** |

The Company has leases for corporate offices as well as its retail store locations. With the exception of short-term leases and leases of low-value underlying assets, each lease, meeting the definition under IFRS 16, is reflected on the consolidated statements of financial position as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate, such as lease payments based on a percentage of Company sales, are excluded from the initial measurement of the lease liability and asset. During the year certain leases for corporate offices were modified based on their amended lease agreements, with any gains or losses being recognized in profit or loss. The Company classifies its right-of-use assets in a consistent manner to its property and equipment (see Note 7).

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be canceled by incurring a substantial termination fee. Some leases contain an option to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over corporate offices and retail store locations, the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

(Expressed in U.S. Dollars)

The table below describes the nature of the Company's leasing activities by the type of right-of-use asset recognized on the consolidated statements of financial position:

| Right-of-use asset | No. of right-of-use assets leased | Range of remaining term | Average remaining lease term | No. of leases with extension options | No. of lease with options to purchase | No. of leases with variable payments linked to an index | No. of leases with termination options |
|---|---|---|---|---|---|---|---|
| Equipment | 1 | 5 years | 5 | 1 | - | - | - |
| Corporate offices | 8 | 0-12 years | 2 | 5 | - | - | - |
| Retail store locations | 23 | 0-4 years | 2 | - | - | - | - |
| **Total** | **32** | **0-12 years** | **2** | **6** | **-** | **-** | **-** |

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at October 31, 2024 were as follows:

| | Within 1 Year | 1-2 years | 2-3 years | 3-4 years | 4-5 years | After 5 years | Total |
|---|---|---|---|---|---|---|---|
| Lease payments | 1,609,334 | 1,233,696 | 915,246 | 874,920 | 529,212 | 2,950,116 | **8,112,524** |
| Finance charges | 343,889 | 283,692 | 238,119 | 197,779 | 163,726 | 577,447 | **1,804,652** |
| **Net present values** | **1,265,445** | **950,004** | **677,127** | **677,141** | **365,486** | **2,372,669** | **6,307,872** |

The Company has elected not to recognize a lease liability for short-term leases (leases with an expected term of 12 months or less) or for leases of low-value assets. In addition, the Company has not recognized a right-of-use asset or lease liability with respect to leases identified where the lessor was determined to have substantive substitution rights. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognized as lease liabilities and are expensed as incurred.

The expense relating to payments not included in the measurement of the lease liability is as follows:

| | Year ended October 31, 2024 | Year ended October 31, 2023 |
|---|---|---|
| | $ | $ |
| Leases with substantial substitution rights | 663,905 | 584,540 |
| Short-term leases | 244,624 | 115,826 |
| Variable lease payments | 731,111 | 790,544 |
| **Total** | **1,639,640** | **1,490,910** |

At October 31, 2024, the Company was committed to short-term leases and the total commitment at that date was $237,139 (October 31, 2023, $103,126).

The total cash outflow for leases for the year ended October 31, 2024, was $2,119,343 (October 31, 2023, $2,093,022). For the year ended October 31, 2024, the Company incurred interest expense on lease liabilities in the amount of $233,237 (October 31, 2023, $179,904) and recognized as interest expense on lease liabilities in the consolidated statements of income and comprehensive income.

(Expressed in U.S. Dollars)

Additional information on the right-of-use assets by class of assets is as follows:

Year ended October 31, 2024

| | Carrying Amount | Depreciation Expense | Impairment |
|---|---|---|---|
| | $ | $ | $ |
| Equipment | - | 1,748 | 8,559 |
| Corporate offices | 3,794,669 | 728,172 | 389,195 |
| Retail store locations | 1,627,991 | 1,238,008 | 162 |
| **Total right-of-use assets** | **5,422,660** | **1,967,928** | **397,916** |

Year ended October 31, 2023

| | Carrying Amount | Depreciation Expense | Impairment |
|---|---|---|---|
| | $ | $ | $ |
| Equipment | 282 | 1,395 | - |
| Corporate offices | 777,085 | 623,586 | - |
| Retail store locations | 1,781,348 | 1,270,585 | - |
| **Total right-of-use assets** | **2,558,715** | **1,895,566** | **-** |

In 2024, the impairment charge of $397,916 represented the write down of certain items of right-of-use assets operating in both Canada and the United States segments to the recoverable amount as a result of a decline in the value in use. This was recognized under other income (expense) line item in the consolidated statements of loss and comprehensive loss. The recoverable amount as of October 31, 2024 was determined based on the value in use and it was determined at the level of the CGU. See Note 8 for further details.

(Expressed in U.S. Dollars)

## 10. Income Taxes

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities as of October 31, 2024 and 2023 consist of the following:

| | Year ended October 31, 2024 | Year ended October 31, 2023 |
|---|---|---|
| **Deferred tax assets** | $ | $ |
| Accrued expenses | 452,031 | 539,393 |
| Stock-based compensation | 1,056,449 | 539,361 |
| Other | 48,660 | 111,712 |
| Net property and equipment | 81,095 | 277,367 |
| Software costs | 622,780 | 383,720 |
| Net intangible assets | - | 298,448 |
| Non-capital loss benefits | - | 891,640 |
| Right-of-use assets, net | 89,415 | 38,953 |
| Total deferred tax assets | **2,350,430** | **3,080,594** |
| **Deferred tax liabilities** | | |
| Net property and equipment | (503,741) | (213,014) |
| Net intangible assets | (320,192) | (265,901) |
| Other | (266,067) | (335,565) |
| Total deferred tax liabilities | **(1,090,000)** | **(814,480)** |
| **Net deferred tax asset** | **1,260,430** | **2,266,114** |

Reconciliation of the provision for income taxes to the amount calculated using the Company's statutory tax rate for the years ended October 31, 2024 and 2023 are as follows:

| | Year ended October 31, 2024 | Year ended October 31, 2023 |
|---|---|---|
| | $ | $ |
| **Income before taxes** | 8,672,947 | 14,524,785 |
| Statutory tax rate | 27.79% | 25.91% |
| Tax expense at statutory rate | 2,409,998 | 3,763,893 |
| Permanent items | (319,368) | (112,802) |
| Research and development (R&D) credit | (96,297) | (69,936) |
| Benefit not recognized on non-capital losses | 3,976,323 | - |
| Other adjustments | 228,442 | 750,123 |
| **Income tax expense** | **6,199,098** | **4,331,278** |

The statutory rate is a weighted average that is based on the enacted Federal tax rates in 2024 for both the United States of 21% (2023, 21%) and Canada of 15% (2023, 15%) plus the rates for the states and provinces where the Company operates, based on the proportional allocation of taxable income as defined by each jurisdiction.

In the year ended October 31, 2024, the Company incurred an income tax expense of $6,199,098, which was the statutory tax rate and adjusted for permanent items, R&D credits and other non-deductible differences, including the reversal of an allowance for deferred tax assets in Canada in the amount of $1,429,852. The amount reflects deferred tax assets recognized for periods on or before October 31, 2022.

(Expressed in U.S. Dollars)

In the year ended October 31, 2023, the Company incurred an income tax expense of $4,331,278, which was at the statutory tax rate and adjusted for permanent items, R&D credits and other non-deductible differences.

The provision for income taxes for the years ended October 31, 2024 and 2023 consists of the following:

| | Year ended October 31, 2024 | Year ended October 31, 2023 |
|---|---|---|
| | $ | $ |
| Current tax expense | 5,172,776 | 4,930,189 |
| Deferred tax expense (benefit) | 1,026,322 | (598,911) |
| **Income tax expense** | **6,199,098** | **4,331,278** |

## 11. Seasonality of Operations

While seasonality is generally not a consideration for the Payments product line, seasonality of Banknotes product line is reflected in the timing of when foreign currencies are in greater or lower demand. In a normal operating year, there is some seasonality to the Company's operations with higher commissions generally from March until September and lower commissions from October to February. This coincides with peak tourism seasons in North America when there are generally more travelers entering and leaving the United States and Canada.

## 12. Lines of Credit

The Company maintains lines of credit to meet borrowing needs during peak business periods. On June 15, 2022, the Company entered into an Amended and Restated Credit Agreement with BMO Harris Bank, N.A. The Amended and Restated Credit Agreement increased the revolving line of credit limit from $20,000,000 to $30,000,000 and provided an accordion feature for up to an additional $10,000,000 with the lender's approval. The Amended and Restated Credit Agreement provided a term of two years (maturity date on June 15, 2024). The Amended and Restated Credit Agreement was updated on July 18, 2022, in the form of a Second Amended and Restated Credit Agreement, to reflect the exercised accordion feature, which increased the line of credit to $40,000,000, and a reduced margin spread in the borrowing rate by 25 bps. The form of Second Amended and Restated Credit Agreement was further amended on July 12, 2023, to provide a seasonal increase in the borrowing capacity by $10,000,000 to $50,000,000, effective through August 31, 2023, and extended the maturity on the facility to June 15, 2025. The Company updated the agreement on June 27, 2024, in the form of a Third Amended and Restated Credit Agreement to accommodate a Normal Course Issuer Bid (NCIB) up to $4 million annually. The updated agreement eliminates the resting period on the intercompany loan and extends the maturity on the facility to June 15, 2026. The credit line is secured against the Company's cash and other assets, and bears interest at the one month Secured Overnight Financing Rate (SOFR) plus 2.25% (5.34% at October 31, 2024 and 5.31% at October 31, 2023). At October 31, 2024, the balance outstanding was $Nil (October 31, 2023, $11,074,308).

On October 19, 2020, the Company's wholly owned Canadian subsidiary, EBC, established a fully collateralized revolving line of credit with Desjardins Group (Desjardins) with a limit of CAD 2,000,000 ($1,437,970), payable on demand, and being secured against cash collateral of CAD 2,000,000 ($1,437,970). On April 25, 2023, EBC amended this facility reducing the revolving line of credit to CAD 500,000 ($359,492), payable on demand, and being secured against cash collateral of CAD 500,041 ($359,522). The line of credit bears interest at the Canadian Prime Rate plus 0.25% (5.95% at October 31, 2024 and 7.20% at October 31, 2023). At October 31, 2024, the balance outstanding was $Nil (October 31, 2023, $Nil)

On April 7, 2021, EBC entered into a $20,000,000 USD revolving loan agreement with a private lender. On July 18, 2022, EBC amended this facility through an Amended and Restated Revolving Loan Agreement, whereby $10,000,000 of this facility was moved from EBC to CXI. On January 19, 2023, the Company entered into a Moratorium Agreement (CXI facility) where the Company will not utilize the $10,000,000 without prior written consent from the lender. Additionally, the Company will not incur any standby charges or fees during the period of the Moratorium. Pursuant to the January 19, 2023 amended agreement, the interest rate on the $10,000,000 facility granted to EBC increased from 6% to a floating rate with a floor of 8%, with a standby charge of $1,500 USD per month if the total interest in the month is less than $20,000 USD. On April 25, 2024, EBC amended this facility to extend the maturity to January 19, 2027, to specify the interest rate at 8.9%, and to limit the borrowing capacity to a maximum amount not greater than 10% of the guarantor's total liabilities as set out in the statements of financial position of the guarantor's most recent, publicly filed financial statements. The entire $20,000,000 facility is guaranteed by the Company and is subordinated to the Company's and EBC's obligations to primary lenders. These facilities are used for working capital purposes and for daily operational activity; however, these facilities may be terminated on 90-days' notice by either party. The total outstanding balance for the Company at October 31, 2024, was $5,032,894 (October 31, 2023, $3,605,683).

(Expressed in U.S. Dollars)

Interest expense primarily relates to interest payments on lines of credit. Interest expense for the year ended October 31, 2024 was $719,115 (October 31, 2023, $1,088,161).

## 13. Fair Value Measurement of Financial Instruments

The fair value determination is the estimated amount that the Company would receive to sell a financial asset or pay to transfer a financial liability in an orderly transaction between market participants at the measurement date.

There were no transfers between Level 1 and Level 2 during the year ended October 31, 2024. The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value.

| October 31, 2024 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **Financial assets** | | | | |
| Cash | 101,877,263 | - | - | 101,877,263 |
| Forward and option contract assets | - | 404,918 | - | 404,918 |
| **Total assets** | **101,877,263** | **404,918** | **-** | **102,282,181** |
| **Financial liabilities** | | | | |
| Restricted and deferred share units | - | 2,066,192 | - | 2,066,192 |
| **Total liabilities** | **-** | **2,066,192** | **-** | **2,066,192** |

| October 31, 2023 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **Financial assets** | | | | |
| Cash | 92,720,293 | - | - | 92,720,293 |
| Forward and option contract assets | - | 1,066,467 | - | 1,066,467 |
| **Total assets** | **92,720,293** | **1,066,467** | **-** | **93,786,760** |
| **Financial liabilities** | | | | |
| Restricted and deferred share units | - | 1,328,582 | - | 1,328,582 |
| **Total liabilities** | **-** | **1,328,582** | **-** | **1,328,582** |

### Cash (Level 1)

The Company’s cash balances consisting of local and foreign currency notes held in tills, vaults, bank accounts, and in transit are based upon foreign exchange rates quoted in active markets as of October 31, 2024 and 2023.

### Forward and Option Contract Positions, and Long-term Liability from Restricted and Deferred Share Units (Level 2)

Other long-term liabilities include the Company’s liability for restricted and deferred share unit awards which are valued using a volume-weighted average price for the five days that precede the date of grant. The cost of the awards is recorded on a straight-line basis over the vesting period. At each reporting date, the vested portion of the awards are remeasured at the current fair value using the same approach as at initial recognition (see Note 16).

The Company’s forward contract positions are traded in active markets. The fair value of these instruments has been determined using observable forward exchange rates. The effects of non-observable inputs are not significant for foreign contract positions.

Due to their short-term nature, the carrying value of the following financial instruments approximates their fair value at the dates of the consolidated statements of financial position:

- Accounts receivable;
- Restricted cash held in escrow;
- Lines of credit;
- Accounts payable; and
- Holding accounts.

## 14. Risk Management

The Company's activities expose it to a variety of financial risks: credit risk, foreign currency risk, interest rate risk, and liquidity risk. The Company's risk management policies are designed to minimize the potential adverse effects on the Company's financial performance.

Financial risk management is carried out by the Chief Financial Officer (CFO) under policies approved by senior management and the board of directors. Policies are in place to evaluate and monitor risk and in some cases, prescribe that the Company hedge its financial risks.

The analysis below presents information about the Company's exposure to each of these financial risks arising from financial instruments and the Company's objectives, policies, and processes for measuring and managing these risks.

### Credit Risk

Credit risk is the risk of financial loss associated with the counterparty’s inability to fulfill its payment obligations. The Company’s credit risk is primarily attributable to cash in bank accounts, accounts receivable, and forward contracts from hedging counterparties.

All banking relationships are negotiated by senior management. The Company maintains accounts in high-quality financial institutions. At various times, the Company's bank balances exceed insured limits.

The credit risk associated with accounts receivable is limited, as the Company's receivables consist primarily of bulk currency trades with a settlement cycle of 24 to 48 hours. The majority of the Company's receivables reside with banks, money service business customers, and other financial institutions.

For the purpose of risk control, the customers are grouped as follows: domestic and international banks, money service businesses, and other customers. Credit limits are established for each customer, whereby the credit limit represents the maximum open amount without requiring payments in advance. These limits are reviewed regularly by senior management.

(Expressed in U.S. Dollars)

A breakdown of accounts receivable by category is below:

| | October 31, 2024 | October 31, 2023 |
|---|---|---|
| **Customer type** | $ | $ |
| Domestic and international financial institutions | 6,017,980 | 18,339,600 |
| Money-service businesses | 3,001,066 | 2,171,215 |
| Other | 1,977,272 | 614,731 |
| **Total** | **10,996,318** | **21,125,546** |

The maximum exposure to credit risk is represented by the carrying amount of each financial asset on the consolidated statements of financial position. There are no commitments that could increase this exposure to more than the carrying amount.

## Foreign Currency Risk

The volatility of the Company's foreign currency holdings may increase as a result of the political and financial environment of the corresponding issuing country. Several currencies have a limited exchange rate exposure as they are pegged to the U.S. Dollar, the reporting currency of the Company. Management mitigates its exposure to foreign currency fluctuations through a layered risk management strategy that includes forward hedges and selective use of purchased options. Due to their nature, some minor and exotic foreign currencies cannot be hedged or are too cost prohibitive to hedge. These exposures are managed to acceptable risk appetite levels using a historical Value-at-Risk (VaR) methodology. Foreign currency exposure, in the form of exchange gains and losses arising from normal trading activities and business operations, are included in operating expenses for the period.

In order to further mitigate the risks associated with holding these foreign currencies, the Company assigns wider bid/ask spreads and maintains specific inventory targets to minimize the impact of exchange rate fluctuations. These targets are reviewed regularly and are increased or decreased to accommodate demand within acceptable risk tolerances. The amount of unhedged inventory held in tills, vaults, on consignment, and in transit on October 31, 2024, was $9,812,382 (October 31, 2023, $9,361,900). The amount of currency that is unhedged and that is not pegged to the U.S. Dollar is $8,419,094 (October 31, 2023, $7,833,228). A 2% increase/reduction in the market price for the aggregate of the Company's unhedged/un-pegged foreign currencies would result in an exchange gain/loss of approximately +$168,000/-$168,000 (October 31, 2023, gain/loss of approximately +$157,000/-$157,000).

On a consolidated basis, the Company is also exposed to foreign currency fluctuations between the U.S. Dollar and the Canadian Dollar, being the functional currency of its Canadian subsidiary. The Company does not hedge its net investment in its Canadian subsidiary and the related foreign currency translation of its earnings.

## Interest Rate Risk

At October 31, 2024, the Company had access to interest-bearing financial instruments in cash and lines of credit. A significant amount of the Company's cash is held as foreign currency banknotes in tills, on consignment, and its own vaults. These amounts are not subject to interest rate risk. Cash held in some of the Company’s accounts are interest-bearing. The Company is subject to a small amount of cash flow interest rate risk from the borrowings on its lines of credit; however, as borrowings have declined and remained within policy limits, this risk is low. Borrowings bear interest at variable rates. Currently, the interest rate exposure is unhedged. For the interest rate profile of the Company's interest-bearing financial liabilities, refer to Note 12.

If interest rates had been 50 basis points higher/lower with all other variables held constant, after-tax profit for the year ended October 31, 2024 would have been approximately +$25,000/-$25,000 higher/lower as a result of credit lines held at variable interest rates.

(Expressed in U.S. Dollars)

## Liquidity Risk

Liquidity risk is the risk of the Company incurring losses resulting from the inability to meet payment obligations in a timely manner when they become due or from being unable to do so at a sustainable cost. To effectively manage liquidity risk, the Company has implemented preventative risk monitoring measures, including setting a Liquidity Risk Ratio target of 120% or greater, which measures the proportion of unencumbered highly liquid assets to short-term net cash outflows, and setting a minimum liquidity balance requirement of total available cash or undrawn lines of credit to be greater than $5,000,000 notional daily. As required, the Treasurer and CFO report any liquidity issues to the Chief Executive Officer (CEO), Chief Risk Officer (CRO), and the audit committee in accordance with established policies and guidelines. Management has assessed the Company's cash position at October 31, 2024 and determined that it is sufficient to meet its financial obligations.

The following are non-derivative contractual financial liabilities:

October 31, 2024

| Non-derivative financial liabilities | Carrying amount | Estimated contractual amount | Next fiscal year | Future fiscal years |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Accounts payable | 19,540,154 | 19,540,154 | 19,540,154 | Nil |
| Holding accounts | 9,032,535 | 9,032,535 | 9,032,535 | Nil |
| Lines of credit | 5,032,894 | 5,032,894 | 5,032,894 | Nil |

October 31, 2023

| Non-derivative financial liabilities | Carrying amount | Estimated contractual amount | Next fiscal year | Future fiscal years |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Accounts payable | 21,021,910 | 21,021,910 | 21,021,910 | Nil |
| Holding accounts | 5,909,235 | 5,909,235 | 5,909,235 | Nil |
| Lines of credit | 14,679,991 | 14,679,991 | 14,679,991 | Nil |

The Company had available unused lines of credit amounting to $45,326,599 at October 31, 2024 (October 31, 2023, $35,680,577).

## Capital Management

The Company manages capital through its financial and operational forecasting processes. The Company defines working capital as total current assets less current liabilities. The Company reviews its working capital and forecasts its cash flows based on operating expenditures, and other investing and financing activities related to its daily operations.

| | October 31, 2024 | October 31, 2023 |
|---|---|---|
| | $ | $ |
| Current assets | 118,508,979 | 120,243,608 |
| Current liabilities | (44,659,215) | (50,097,175) |
| **Working capital** | **73,849,764** | **70,146,433** |

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives, given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, obtaining loan financing, adjusting capital spending, repurchasing shares, or disposing of assets. The capital structure is reviewed by management and the board of directors on an ongoing basis.

## 15. Foreign Currency Forward and Option Contracts

The Company enters into foreign currency forward contracts and purchased put option contracts with non-client counterparties to mitigate the risk of fluctuations in the exchange rates of exposures in certain major currencies. Changes in fair value of these contracts and the corresponding gains or losses are included in operating expenses in the consolidated statements of income and comprehensive income. The Company's management strategy is to mitigate the inherent risks in the Company's exposure to foreign exchange, thereby minimizing volatility in earnings.

The foreign currency forward contracts can be closed immediately resulting in any collateral being liquidated. The foreign currency option contracts are held to maturity and are either exercised for a net gain or expire at no obligation to the Company.

The fair value of forward and option contracts, which represents the amount that would be received by the Company if the contracts were terminated at October 31, 2024 was $404,918 (October 31, 2023, $1,066,467).

At October 31, 2024 the Company had cash collateral balances related to forward contracts being held of $2,880,207 (October 31, 2023, $3,119,888). They are reflected as restricted cash held in escrow in the consolidated statements of financial position (see Note 6).

## 16. Equity

### Share Capital

The authorized share capital consists of 100,000,000 common shares. The common shares have a par value of $1.00. As of October 31, 2024, the Company had 6,333,931 common shares outstanding (October 31, 2023, 6,443,397).

On November 29, 2023, the Company announced acceptance by the TSX of the Company's notice of Intention to make a normal course issuer bid (the NCIB) to purchase for cancellation a maximum amount of 322,169 common shares representing 5% of the Company's issued and outstanding common shares for one year from December 1, 2023 to November 30, 2024. During the year ended on October 31, 2024, the Company purchased for cancellation 148,070 common shares at the normal market prices trading in TSX for $2,749,308. These shares were immediately cancelled and removed from treasury by the Company.

During the year ended on October 31, 2024, the Company recorded total stock-based compensation expense of $1,592,354 (October 31, 2023, $1,017,823), out of which $448,928 was recognized for stock option grants and $1,143,426 was related to RSU and DSU awards (October 31, 2023, $97,436 and $920,387, respectively), as described below.

### Stock Options

The Company offers an incentive stock option plan (the Plan) which was established April 28, 2011 and was amended most recently March 23, 2023. The Plan is a rolling stock option plan, under which 15% of the outstanding shares at any given time are available for issuance thereunder. The purpose of the Plan is to promote the profitability and growth of the Company by facilitating the efforts of the Company to attract and retain directors, senior officers, employees, and management. Under the terms of the Plan, vesting for the Company's directors and management will occur 1/3 upon the first anniversary, 1/3 upon the second anniversary, and 1/3 upon the third anniversary of the grant. All the options have a five-year term, unless otherwise specified by the Board of Directors.

(Expressed in U.S. Dollars)

The outstanding options at October 31, 2024 and the respective changes during the periods are summarized as follows:

| | Number of options | Weighted average price |
|---|---|---|
| | # | CDN$ |
| **Outstanding at October 31, 2023** | **857,484** | **15.53** |
| Granted | 80,152 | 25.89 |
| Exercised | (116,493) | 15.62 |
| Expired | (13,316) | 25.83 |
| Forfeited/cancelled | (8,787) | 18.51 |
| **Outstanding at October 31, 2024** | **799,040** | **16.35** |

The following options are outstanding and exercisable at October 31, 2024:

| Grant Date | Exercise price (CAD$) | Number outstanding | Average remaining contractual life (years) | Number exercisable |
|---|---|---|---|---|
| 23-Oct-19* | $17.36 | 139,786 | - | 139,786 |
| 24-Jun-20 | $12.74 | 22,662 | 0.65 | 22,662 |
| 29-Jul-20 | $10.83 | 18,000 | 0.74 | 18,000 |
| 29-Oct-20 | $10.83 | 196,347 | 0.99 | 196,347 |
| 28-Jan-21 | $11.02 | 3,873 | 1.24 | 3,873 |
| 28-Oct-21 | $14.35 | 112,049 | 1.99 | 112,049 |
| 28-Apr-22 | $18.10 | 20,000 | 2.49 | 13,334 |
| 21-Sep-22 | $18.93 | 5,748 | 2.89 | 3,833 |
| 31-Oct-22 | $18.37 | 111,419 | 3.00 | 74,410 |
| 30-Oct-23 | $20.07 | 89,004 | 4.00 | 29,671 |
| 30-Oct-24 | $25.89 | 80,152 | 5.00 | - |
| **Total** | | **799,040** | | **613,965** |

**The term of this grant lapsed on October 23, 2024, however due to the fact that the options expired during an ongoing blackout period, the term of the grant was extended by 10 business days in accordance with the terms of the Company's stock option plan.*

During the year ended October 31, 2024, the Company granted 80,152 stock option awards at an exercise price of Canadian $25.89. Also a total number of 116,493 stock options were exercised, out of which 77,889 options were cancelled as consideration in lieu of cash by participants who elected to exercise their options without paying cash proceeds. Accordingly, the Company issued 38,604 shares on settlement in addition to $117,737 cash proceeds received. During the year ended October 31, 2024, 8,787 options had forfeited in relation to employees who had left the Company and 13,316 options that have expired before being exercised.

## Restricted Stock Unit and Deferred Stock Unit Plans

On November 1, 2023, the Company made an annual DSU award under the Deferred Share Unit (DSU) Plan. The Company granted 10,169 DSU awards in the amount of $145,000. In the year ended October 31, 2024, the Company recognized stock-based compensation expenses of $1,143,426 (October 31, 2023, $920,387) in relation to RSU and DSU awards that have vested during the period, out of which $697,018 was recognized for RSU awards and $446,408 was recognized for DSU awards, (October 31, 2023, $517,377 and $403,010, for RSU and DSU awards, respectively). The amounts related to the vested portions of granted RSU and DSU awards are recorded within other long-term liabilities in the consolidated statements of financial position. The liability from these awards as of October 31, 2024 amounted to $2,066,192 (October 31, 2023, $1,328,582). The awards that may be granted under each of the Plans can be realized in cash only and may not be converted into common shares of the Company. The Units awarded are issued based upon the market value equal to the price of the Company's stock price as at the date of the grant and vest over one-year or three-year periods.

(Expressed in U.S. Dollars)

The purpose of these Plans is to promote the profitability and growth of the Company by facilitating the efforts of the Company to attract and retain directors, senior officers, employees, and management. Under the terms of the plans, vesting of the awards that may be granted under the Plans for management will occur 1/3 upon the first anniversary, 1/3 upon the second anniversary, and 1/3 upon the third anniversary of the grant, while awards that may be granted under the plans for directors will vest on a quarterly basis in the first year after the grant. All the management awards have a three-year term, unless otherwise specified by the board of directors. The directors' awards cannot be redeemed until the director retires from the board. On October 30, 2023, the Board of Directors of the Company resolved that only those directors who have not met their ownership requirements must receive a portion of their base retainer in the form of DSU awards.

## 17. Earnings per Share

The calculation of basic and diluted earnings per share is presented below. Equity instruments that are anti-dilutive, such as various stock options granted, are not included in the calculation of the weighted average number of shares outstanding.

| | Year ended October 31, 2024 | Year ended October 31, 2023 |
|---|---|---|
| | $ | $ |
| **Basic** | | |
| Net earnings | 2,473,849 | 10,193,507 |
| Weighted average number of shares outstanding | 6,287,096 | 6,424,751 |
| Basic earnings per share | 0.39 | 1.59 |
| **Diluted** | | |
| Net earnings | 2,473,849 | 10,193,507 |
| Weighted average number of shares outstanding | 6,560,427 | 6,696,942 |
| Diluted earnings per share | 0.38 | 1.52 |

(Expressed in U.S. Dollars)

## 18. Operating Expenses

The table below identifies the composition of the nature and amounts included within the operating expenses presented in the consolidated statements of income and comprehensive income for the years ended on October 31, 2024 and 2023.

| | Year ended October 31,2024 | Year ended October 31,2023 |
|---|---|---|
| | $ | $ |
| Salaries and benefits | 37,137,778 | 33,935,281 |
| Postage and shipping | 10,189,437 | 12,137,881 |
| Legal and professional | 4,203,169 | 3,204,240 |
| Information technology | 3,790,450 | 3,009,268 |
| Bank service charges | 2,754,470 | 2,450,353 |
| Losses and shortages | 2,570,157 | 3,215,773 |
| Insurance, taxes and licensing | 2,295,703 | 1,179,383 |
| Rent | 2,020,859 | 1,702,594 |
| Stock based compensation | 1,592,354 | 1,017,823 |
| Foreign exchange losses (gains) | 782,341 | (711,763) |
| Travel and entertainment | 760,788 | 884,357 |
| Other general and administrative | 1,462,851 | 1,195,330 |
| **Operating expenses** | **69,560,357** | **63,220,520** |

## 19. Compensation of Key Management Personnel and Related Party Transactions

In accordance with Related Party Disclosures (IAS 24), key management personnel are those persons having authority and responsibility for planning, directing, and controlling activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and other members of key management personnel during years ended on October 31, 2024 and 2023 was as follows:

| | Year ended October 31, 2024 | Year ended October 31, 2023 |
|---|---|---|
| | $ | $ |
| Short-term benefits | 4,560,090 | 4,316,361 |
| Post-employment benefits | 189,073 | 161,385 |
| Stock based compensation | 442,772 | 83,532 |
| Restricted and Deferred Share Units | 1,143,426 | 920,387 |
| **Total** | **6,335,361** | **5,481,665** |

The Company incurred legal and professional fees in the aggregate of $121,526 for the year ended October 31, 2024 (October 31, 2023, $139,594) charged by entities controlled by directors or officers of the Company.

(Expressed in U.S. Dollars)

The Company has clients that are considered related parties through one of its directors. The Company generated $550,780 in revenue from these clients' activities for the year ended October 31, 2024 (October 31, 2023, $288,128). As at October 31, 2024, accounts receivable included $Nil from related parties (October 31, 2023, $Nil).

On October 1, 2011, the Company entered into an employment agreement with the President and CEO of the Company. Such agreement contains clauses requiring additional payments of a minimum of $450,000 to be made upon the occurrence of certain events, such as a change of control of the Company or termination for reasons other than cause. As the likelihood of a change of control of the Company is not determinable, the contingent payments have not been reflected in the consolidated financial statements.

The Company supports EBC through a $20,000,000 revolving line of credit, renewed on July 18, 2022 which attracts interest commensurate with interest charged on the Company's primary line of credit with BMO Harris, N.A., are repayable on demand, and are unsecured. At October 31, 2024, the intercompany loan balance was $8,640,646 (October 31, 2023, $10,642,528) and was eliminated upon consolidation.

Key management personnel and directors occasionally conduct transactions with the Company as individuals. Such transactions are immaterial individually and in total including for the years ended October 31, 2024 and 2023 and are conducted pursuant to the Company's policies.

All transactions with related parties as noted above are carried out in the normal course of business and at prevailing market rates.

## 20. Other Current Assets

| | October 31,2024 | October 31, 2023 |
|---|---|---|
| | $ | $ |
| Prepaid rent | 7,134 | 6,527 |
| Prepaid personnel | - | 6,600 |
| Prepaid software as a service | 666,067 | 687,216 |
| Prepaid insurance | 812,960 | 856,992 |
| Prepaid advertising | - | 15,898 |
| Other current assets | 504,590 | 277,584 |
| **Total** | **1,990,751** | **1,850,817** |

## 21. Subsequent Events

The Company evaluated subsequent events through January 22, 2025, the date these consolidated financial statements were issued. There were no material subsequent events that required recognition or additional disclosure in these consolidated financial statements.

# Board of Directors

## Chirag Bhavsar

Chair of the Board of CXI
Director of EBC
Committees: Audit Committee Member, Governance Committee Member, Risk Committee Member
Independent board member since 2012

## Chitwant Kohli

Director of CXI
Chair of the Board of EBC
Committees: Chair of the Audit Committee, Governance Committee Member
Independent board member since 2018

## Mark D. Mickleborough

Director of CXI
Director of EBC
Board member since 2007

## Stacey Mowbray

Director of CXI
Director of EBC
Committees: Chair of the Governance Committee Member, Risk Committee Member
Independent board member since 2019

## Randolph W. Pinna

Director of CXI
Director of EBC
President and CEO of CXI
President and CEO of EBC
Board member since 2007

## Carol Poulsen

Director of CXI
Director of EBC
Committees: Audit Committee Member, Risk Committee Member
Independent board member since 2023

## V. James Sardo

Director of CXI
Director of EBC
Committees: Audit Committee Member, Governance Committee Member
Independent board member since 2012

## Daryl Yeo

Director of CXI
Director of EBC
Committees: Chair of the Risk Committee, Audit Committee Member
Independent board member since 2019

# Shareholder Information

### Annual General Meeting of Shareholders

Shareholders are invited to attend the annual meeting of Currency Exchange International, Corp. to be held on March 25, 2025 at 3:00 p.m. (EST).

Details on how to attend will be listed on CXI's investor relations webpage:
www.ceifx.com/investor-relations

### Investor Relations

Financial analysts, portfolio managers and other investors requiring financial information may contact our Investor Relations department:

(USA) Telephone: (407) 240 0224
(USA) Toll-Free: (888) 998 3948
(USA) Email: InvestorRelations@cxifx.com
(CANADA) Telephone: (416) 479 9547
(CANADA) Email: bill.mitoulas@cxifx.com

### Shareholder Services

For information or assistance regarding your share account, including dividends, changes of address or ownership, lost certificates, to eliminate duplicate mailings or to receive shareholder material electronically, please contact our Transfer Agent in Canada.

### Transfer Agent

Computershare Investor Services
100 University Ave, 8th Floor, South Tower
Toronto, Ontario Canada M5J 2Y1

Telephone: (800) 564 6253 (Toll Free)
Facsimile: (888) 453 0330 (Toll Free)
Web Site: www.computershare.com

Computershare offices are also located in Calgary, Halifax, Montreal, Richmond Hill and Vancouver.

### Auditors

Doane Grant Thornton LLP
Chartered Professional Accountants
Licensed Professional Accountants
Mississauga, Canada

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INTERNATIONAL

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