Currency Exchange International, Corp.

Consolidated Financial Statements

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

CURRENCY EXCHANGE
INTERNATIONAL

TABLE OF CONTENTS

Doane Grant Thornton LLP
11th Floor
200 King Street West
Toronto, ON
M5H 3T4

T +1 416 366 0100
F +1 416 360 4949

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.