Currency Exchange International, Corp.

Management's Discussion and Analysis

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

CURRENCY EXCHANGE
INTERNATIONAL

Scope of Analysis

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

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

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

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

Additional Information

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

Forward-Looking Statements

This MD&A contains certain "forward-looking information" as defined in applicable securities laws. These statements relate to future events or the Company's future performance. Such factors include, among others, the ability to acquire common shares in the market through the Company's normal course issuer bid and in compliance with regulatory requirements; share price volatility; availability of funds to purchase shares under the normal course issuer bid, as well as other risks as more fully described in the Company's annual information form. All statements other than statements of historical fact are forward-looking information. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "budgeted", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", variations or the negatives of such words and phrases, or state that certain actions, events, or results "may", "could", "would", "should", "might" or "will" be taken, occur, or be achieved. The forward-looking information in this MD&A is based on the date of this MD&A or based on the date(s) specified in such statements. The following table outlines certain significant forward-looking information contained in this MD&A and provides the material assumptions used to develop such forward-looking information and material risk factors that could cause actual results to differ materially from the forward-looking information.

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

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

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

Overview

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

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

Background

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

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

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

Fees revenue primarily comprises the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Selected Financial Data

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

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

*Certain historical numbers in this table have been restated to conform with the numbers presented in the current period's financial statements.
**These are non-GAAP financial metrics. For further details, refer to the key performance and non-GAAP financial measures section on page 21.
[1]The adjusted net income difference ($5,598,342) collectively reflects the impairment loss, regulatory compliance charges and non-recurring tax items in the fourth quarter.
[2]The adjusted net income difference ($709,634) reflects the regulatory compliance charges estimated in the third quarter.
[3]The adjusted net income difference ($1,429,853) reflects EBC's deferred tax asset adjustment in the second quarter.

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

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

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

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

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

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

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

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

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

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

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

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

**These are non-GAAP financial metrics. For further details, refer to the key performance and non-GAAP financial measures section on page 21.

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

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

The 1% growth in revenue was primarily due to growth in the Payments product line of $704,081, followed by growth in the Direct-to-Consumer business of $219,181, partially offset by a decline in Wholesale Banknotes by $660,255. Revenue in Canada increased by $548,137, or 14% over last year, while in the United States it declined by $285,130, or 2%. Operating expenses increased by $3,210,547, or 19% as it was impacted by a number of non-recurring items at year-end as illustrated further below. The Company reported net operating income of $2,871,128 in the current quarter, 51% lower than the same period in the prior year. Overall, the Company reported a net loss of $2,817,897 for the current quarter, compared to net income of $2,303,822 for the same period last year, primarily due to non-recurring items. For further details, refer to the key performance and non-GAAP financial measures section on page 21.

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

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

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

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

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

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

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

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

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

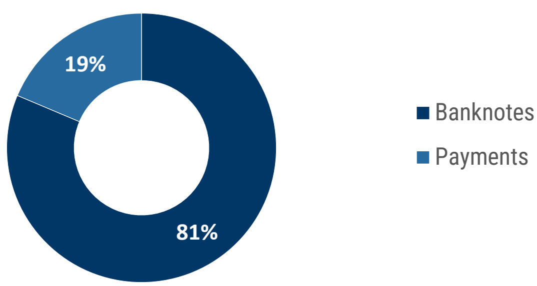
(All amounts are expressed in U.S. Dollars unless otherwise noted)

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

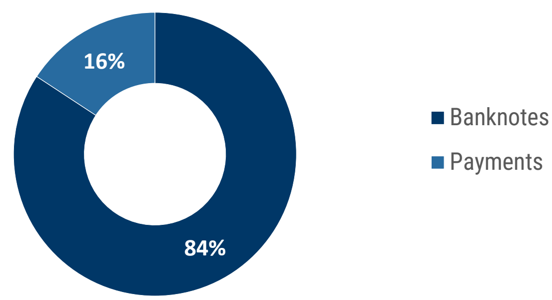
Revenue by Product Line

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

Three-month period ended October 31, 2024



Three-month period ended October 31, 2023



Revenue by Product Line

Banknotes

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

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

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

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

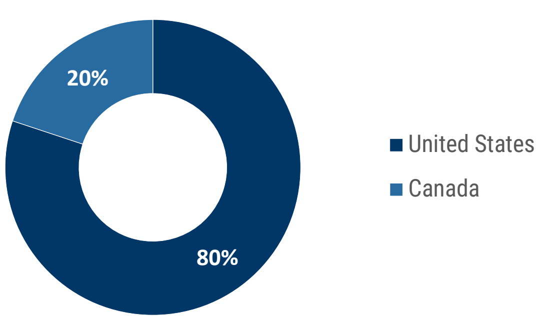
Payments

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

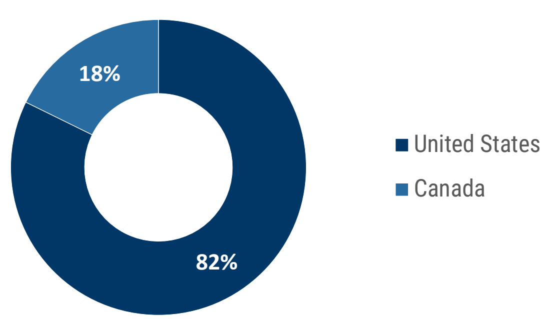
Revenue by Geographic Location

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

Three-month period ended October 31, 2024



Three-month period ended October 31, 2023



Revenue by Geographic Location

United States

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

Canada

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

Operating Expenses

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

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

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

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

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

Insurance, taxes and licensing increased due to a one-time, non-recurring tax estimate related to EBC's Harmonized Sales Tax (HST) for intercompany services exchanged with the parent Company (CXI) in the amount of $944,562. Refer to key performance and non-GAAP financial measures section for additional details on page 21.

Losses and shortages typically represent shipments lost in transit that the Company self-insures in addition to several other losses incurred in the normal course of business. In the prior period, the Company had a write off of non-recurring stale-dated items, while during the current quarter the Company accrued the remainder of the regulatory compliance charges. The Company had accrued an initial provision estimate of $613,187 in the third quarter before the final charges were confirmed and then accrued the difference of $1,174,648 in the fourth quarter. Refer to key performance and non-GAAP financial measures section on page 21.

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

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

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

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

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

Other income and expenses are comprised of the following:

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

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

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

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

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

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

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

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

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

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

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

**These are non-GAAP financial metrics. For further details, refer to the key performance and non-GAAP financial measures section on page 21.

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

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

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

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

Adjusted net income grew from last year by $18,171 to $10,211,678. Adjusted net income for the current year comprised of adjusted net income of $13,394,143 in the United States and adjusted net loss of $3,182,465 in Canada, compared to $11,925,915 adjusted net income in the United States and $1,732,408 adjusted net loss in Canada in the prior year. The Company's adjusted Return on Equity (ROE) for the current year was 12% compared to 14% for the prior year. The 12% adjusted ROE of the current year reflects Canada's declining performance. For further details about the non-GAAP financial metrics, including a reconciliation, refer to the key performance and non-GAAP financial measures section on page 21.

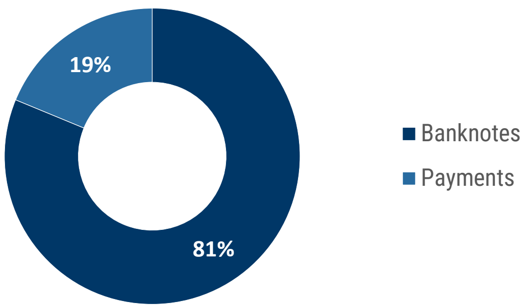
(All amounts are expressed in U.S. Dollars unless otherwise noted)

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

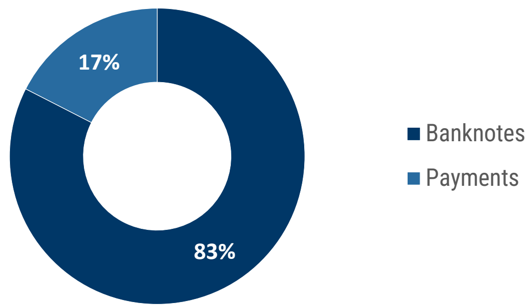
Revenue by Product Line

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

Year ended October 31, 2024



Year ended October 31, 2023



Revenue by Product Line

Banknotes

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

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

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

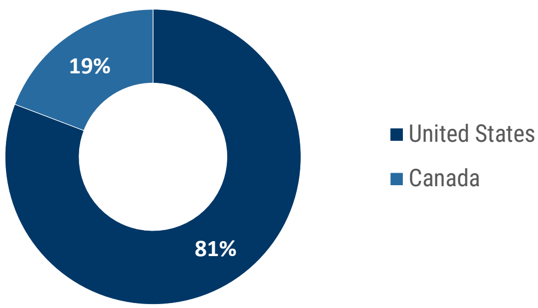
Payments

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

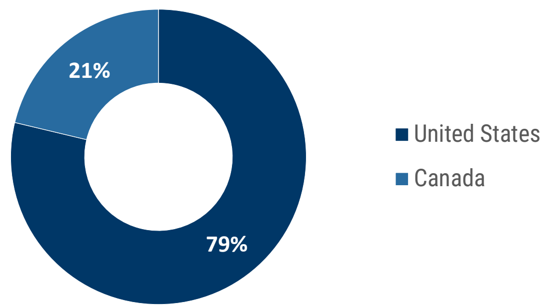
Revenue by Geographic Location

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

Year ended October 31, 2024



Year ended October 31, 2023



Revenue by Geographic Location

United States

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

Canada

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

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

Operating Expenses

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

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

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

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

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

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

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

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

Losses and shortages primarily represent shipments lost in transit that the Company self-insures in addition to several other losses incurred in the normal course of business. The favorable variance was primarily due to the non-recurring losses of stale-dated items in addition to higher costs related to lost shipments that were recognized in the prior year, partially offset by regulatory compliance charges imposed on Exchange Bank of Canada in the current year. Refer to the key performance and non-GAAP financial measures section on page 21.

Insurance, taxes and licensing increased primarily due to one-time, non-recurring tax estimates related to EBC's Harmonized Sales Tax (HST) for intercompany services exchanged with the parent company (CXI) in the amount of $944,562. Refer to the key performance and non-GAAP financial measures section on page 21.

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

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

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

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

Other income and expenses are comprised of the following:

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

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

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

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

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

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

Financial Results by Region

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

United States

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

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

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

***These are non-GAAP financial metrics. For further details, refer to the key performance and non-GAAP financial measures section on page 21.

United States Summary

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

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

Canada

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

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

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

***These are non-GAAP financial metrics. For further details, refer to the key performance and non-GAAP financial measures section on page 21.

Canada Summary

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

Cash Flows

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

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

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

Key Performance and non-GAAP financial measures

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

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

Adjusted results

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

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

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

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

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

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

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

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

Liquidity and Capital Resources

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Selected Annual Financial Information

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

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

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

Off-Balance Sheet Arrangements

There are currently no off-balance sheet arrangements.

Foreign Currency Forward and Option Contracts

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

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

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

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

Critical Accounting Estimates

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

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

Transactions with Related Parties

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

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

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

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

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

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

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

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

Stock Option Grants

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

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

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

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

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

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

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

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

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

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

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

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

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

Restricted Stock Unit and Deferred Stock Unit Plans

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

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

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

Share Capital

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

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

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

Share Information

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

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

Accounting Standards and Policies

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

Financial Risk Factors

International Conflict

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

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

The extent and duration of geo-political conflicts such as Russia's invasion of Ukraine cannot be accurately predicted at this time and the effects of such conflicts may magnify the impact of the other risks identified in this MD&A, including those relating to commodity price volatility and global financial conditions. Unforeseeable impacts may materialize and may have an adverse effect on our business, results of operation, and financial condition.

Network Security Risks

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

Risk of Downturn in International Travel

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

Outbreak of Infectious Diseases

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

Regulatory Compliance Risk

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

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

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

Normal Course Issuer Bid Risks

The Company's ability to repurchase shares and the actual amount of shares repurchased under its normal course issuer bid program is dependent upon, among other things, the Company's financial performance, the Company's working capital requirements, the Company's future tax obligations, the Company's future capital requirements, and compliance with applicable legislation and the policies of the TSX. There is no guarantee that the Company will repurchase the remaining shares which are available under its current normal course issuer bid program, nor that it will apply to the TSX for a new program when the current normal course issuer bid program expires in December 2025.

Credit Risk

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

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

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

A breakdown of accounts receivable by category is below:

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

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

Financial Instruments and Risk Management

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

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

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

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

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

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

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

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

Foreign Currency Risk

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

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

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

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

Interest Rate Risk

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

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

Liquidity Risk

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

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

The following are non-derivative contractual financial liabilities:

October 31, 2024

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

October 31, 2023

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

Capital Management

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

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

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

Changes in Internal Control over Financial Reporting

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

Subsequent Events

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