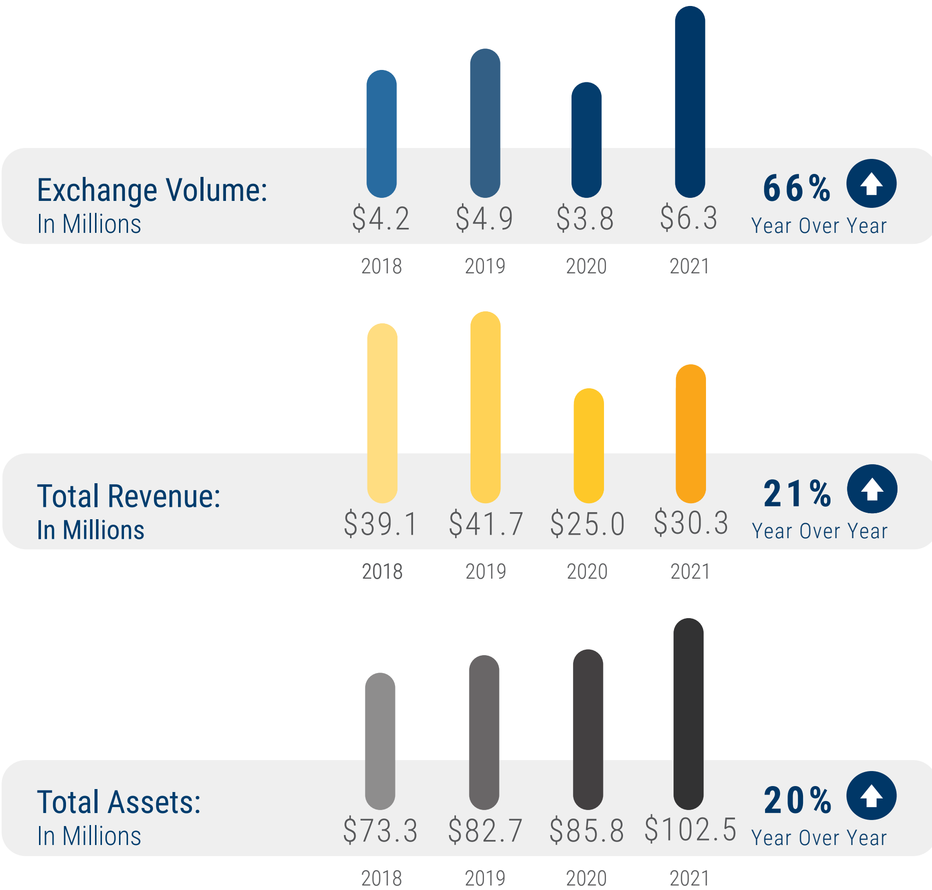
CURRENCY EXCHANGE
INTERNATIONAL

ANNUAL REPORT 2021

Financial Highlights



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

Revenue by Business Segment

Revenue by Geography

Corporate Customers and Transacting Locations

	2018	2019	2020	2021
Company-Owned Branch Locations	43	46	35	35
Wholesale Company Relationships*	1,267	1,878	1,667	2,653
Transacting Locations*	17,017	21,595	14,787	16,546

*These numbers show the companies and locations that transacted within the period specified.

Shareholder's Equity

$ millions

October 31, 2018	$62.7
October 31, 2019	$66.3
October 31, 2020	$58.2
October 31, 2022	$58.0

Quarterly Stock Price (TSX:CXI)

TSX stock prices are quoted in Cdn$

Q1 (Ended 1/31/2021)	$11.10
Q2 (Ended 4/30/2021)	$13.91
Q3 (Ended 7/31/2021)	$13.55
Q3 (Ended 10/31/2021)	$14.37

Key Ratios

	2020	2021
Earnings Per Share	$-1.33	$-0.18
Return On Assets	-9.9%	-1.1%
Return On Equity	-14.6%	-2.0%
Operating Margin	-15.9%	-0.2%

Message from the CEO

Dear CXI Shareholders, Clients, Employees and Friends, I am pleased to present the progress and achievements of Currency Exchange International, Corp. for our year ended October 31, 2021.

Randolph W. Pinna
President and Chief Executive Officer

In 2021, CXI employees displayed remarkable resiliency, innovation, and dedication through the second year of unprecedented disruption. Despite the significant challenges that the Covid-19 pandemic presented, the world has shown resiliency and a vast improvement in getting people back to work and reconnecting across borders. In a complex situation where company values and strategy are tested, CXI successfully delivered on its purpose, stayed true to its values, and executed its strategic plan. Collectively, CXI maintained effective health and safety protocols that focused on employees' well-being first while delivering uninterrupted service to our clients and produced the most transformative year ever for the company.

With many unknowns going into fiscal year 2021, we were certain the recovery of the international travel industry would be slower than most industries and would be uneven globally as governments took vastly different approaches to travel and keeping their economies functioning. The headwinds in the international travel industry put an emphasis on CXI diversifying the business by adeptly executing its corporate international payments growth plan. Additionally, increased market share in banknote services with financial institutions and significant agent locations, including airport clients, expanded our client reach well beyond our position just a year ago. The results of the multi-pronged strategy are increasing revenues and foundational support for our client base and sales pipeline in the years ahead. I'm proud of how CXI's employees continue to advance our strategies and have well-positioned the company's return to profitability even before global travel returns to 2019 levels.

Transformative Strategic Priorities on Track

Though CXI's 2021 fiscal year began with a strong balance sheet we were challenged by global economic turmoil and minimal international travel. As we moved into 2021, subsequent quarter-by-quarter improvements were seen in the global economy and the local communities we serve. Travel restrictions in some areas around the world were rolled back. With the reopening of travel, TSA security check throughput data and consumer surveys showed travelers were becoming more open to flying. By March 2021, considerable increases in demand for destinations like Mexico validated travelers' sentiments. The return of international travel is showing positive momentum, yet its bounce-back continues to be slower than other industries and is still not projected to return to 2019 levels in 2022. Even so, in the fourth quarter of fiscal year 2021, CXI experienced its first quarter of positive earnings since the pandemic was declared in March 2020.

CXI's journey to generating $1.6 million net income in the fourth quarter of fiscal year 2021, compared to a $3.5 million loss in 2020 was the culmination of successfully advancing and executing the company's strategic plan. The expansion of CXI's market share, improved travel demand, and an efficient operating structure provided a path to profitability with quarter-by-quarter improvements. New business growth was seen in both banknote and payments businesses. Notably, in fiscal year 2021, CXI transacted with more than 1,119 new financial institution and business clients. This raises the total number of wholesale clients served by CXI to more than 2,653, a year-over-year increase of more than 59%.

CXI's ongoing focus to diversify the company from the volatility of the travel and tourism industry has led to an increase in payments business revenue. The payments business generated $7.4 million in revenue in 2021, up from $3.4 million in 2020, a 117% increase. In 2021, the payments business contributed 24% of the company's revenues compared to 14% of the company's revenues in 2020.

CXI grew its international payments by building a strong payments team with experienced traders embodying client-first values, streamlining process improvements, and expanding its system integrations. Growing the sales team with proven traders and Exchange Bank of Canada's (EBC) acquisition of an international payments business's assets in 2020 has demonstrated the Company's ability to acquire a significant number of new clients and focus on revenue generation. EBC added 399 new corporate payment clients, which helped the bank generate more than three times its payment revenue compared to 2020. EBC will continue to scale its international payments by investing in technology that enables operational efficiencies and people who provide client-centric service through market knowledge and proactive, personal relationships.

In August 2021, EBC announced it was approved to participate in the Federal Reserve's Foreign Bank International Cash Services (FBICS)

Message from the CEO

program. Through FBICS, EBC receives access to the Federal Reserve's International Cash Services program. By becoming an approved participant of the FBICS program, EBC is well positioned to serve international based clients who have few avenues to source bulk and mint US dollar shipments, a definitive, unique advantage for clients and prospects. With a high barrier for entry, the competition in the global wholesale banknotes sector has been limited for many years. EBC has already onboarded new global financial institutions through a rigorous risk-based approach, thereby allowing for significant new revenues with a low-risk profile.

Core to CXI expanding its foreign exchange services to financial institution clients is integrating the company's proprietary web-based FX software CXIFX with established client endpoints. In 2021, CXI announced its participation in Jack Henry Banking®'s Vendor Integration Program, enabling CXIFX to integrate with their SilverLake, CIF 20/20, and Core Director platforms. This follows CXIFX's 2019 integration with Fiserv's WireXchange. The integration with Jack Henry Banking increases the addressable bank and credit union market for CXI. Developing integrations into core platforms improves client processes and makes transitioning to CXI, their one provider for multiple foreign exchange services, an easier process.

Travel Is Down But a Larger Network Is Paying Off

Travel estimates from the US Travel Association and US National Travel and Tourism Office show more than a 60% decline in US inbound and outbound international travelers between 2019 and 2021. During this time, CXI increased its total FX exchange volume to $6.3 billion in 2021 from $4.9 billion in 2019. The stark difference is proof of CXI's market penetration gains in its wholesale relationships, globally and in the US, and its direct-to-consumer operations.

CXI's calculated expansion of its agent program this past year included bringing on airport foreign exchange businesses. The airport currency exchange businesses feature CXI branding, licensing, software, client support, full-service foreign banknote exchange, and a captive audience. The use of the agent relationship benefits CXI without adding lease and personnel overhead costs. CXI Airports now has nine branches at five international airports, including the busiest international air passenger gateway into North America; JFK International Airport in New York. Over the past two fiscal years, CXI targeted unique agent relationships such as its agreement with Duty Free Americas in December 2019. This past November, CXI executed an agreement with AAA National, setting the stage for AAA clubs to opt-in to CXI's agent program. The foreign currency program "AAA powered by CXI" allows AAA club members to order currency through their local AAA branches or website based on the club's preference. There are more than 50 million members across all AAA clubs.

In 2021, CXI's direct-to-consumer operations closed one branch in Fort Lauderdale, Florida and added one branch in Costa Mesa, California leading to a total of 35 company-owned branches. CXI's consumer e-commerce website, OnlineFX Home Delivery, expanded services from 22 states to 31 states across the US. OnlineFX also provides popular click-and-collect currency reservations for branch pick-up. This omnichannel approach has been critical to meeting US international travelers wherever and whenever they want to order currency. Additionally, this allows for enhanced client engagement, a greater understanding of our clients and their foreign currency needs, and client loyalty gains.

Our Focus Ahead

In 2022, our scalable business model, long-term strategic initiatives, and essential investments will allow us to expand CXI's and EBC's products and services, offer proactive client-first support, and continue to drive diversified growth. While the improvement of international travel will strongly impact profitability, widening CXI's banknotes market share across consumers, wholesale, and international channels means more volumes are exchanged within our network. CXI is positioned for record exchange volumes and revenue, even with reduced travel. The scale of CXI's banknote network is second to no other non-bank entity in North America.

The transformation of CXI and EBC's payments businesses has been impressive. Client-centric solutions that are made simple, secure, and convenient by technology will continue to be the winning recipe for years ahead. CXI's development of its proprietary web-based software CXIFX and its API connections to third-party systems build sticky, long-term clients that know we are consistently investing in solutions to improve their processes.

We will continue to support our communities, promote inclusion, and work with our stakeholders to focus on building ESG capabilities as we believe that going forward sustainable growth should positively impact our clients, employees, and community.

I am truly proud of our employees' resilience as they've adapted to meet the challenges the pandemic engendered, all with care and dedication to their colleagues and our clients. Our Board of Directors and Executive Team are confident in our plan and the team's ability to execute it. Thank you to our loyal clients, employees, shareholders, and friends for their continued support of Currency Exchange International. As always, I remain available for feedback and to discuss our company and its business with you personally.

Randolph W. Pinna
President and Chief Executive Officer

Mission and Purpose

For more than 10 years, CXI has been driven by our commitment to be Customer-First. We are a diverse community of experts who channel a shared passion and collaborative approach into the excellence of Customer-First service. Inclusion is what we celebrate, integrity is our source of pride, and innovation is how we transform the future.

Strategic Priorities

Expand FX with US Banks and Credit Unions

Be the best solution for all the foreign exchange needs of banks and credit unions. One Provider. One Platform.

Global Expansion of Wholesale Banknotes

Be the foreign banknote provider of choice for leading banks around the world.

Our Mission

Make foreign exchange simple and secure by combining technology, industry expertise, and highly personal service.

Build Scale in Corporate International Payments

Make foreign exchange easy for businesses with personalized service backed by the expertise and security of Exchange Bank of Canada. Canada's Foreign Exchange Bank™.

Our Vision

Be the preferred financial services provider of foreign exchange solutions tailored to client needs.

Maximize Direct-to-Consumer Offering

Deliver convenient, cost-effective ways to exchange foreign currency for US residents and international travelers visiting the US.

Strengthen and Optimize Corporate Infrastructure

Enable the business to scale to support growth and manage risk.

Our values are our commitments

Customer First

Earn the right to be our customer's first choice.

Collaborative

Win as a team.

Innovative

Find new methods to deliver change and advance technology to the industry.

Integrity

Hold ourselves to the highest standard to build trust.

Passionate

Driven to be the best in class.

Strategic Priorities

Simplifying FX with Core Integrations

In 2021, CXI developed and launched new integrations for its proprietary web-based FX software CXIFX. CXIFX utilizes integrations including APIs, imports and exports, and file exchanges that simplify transactions, enhance security, and support compliance with federal and state regulations. CXIFX's integrations with common core banking systems and other third-party platforms streamline client processes for an easy-to-use, powerful foreign currency exchange and international payments software environment.

With more integrations each year, CXI has expanded the number of financial institutions that rely on it for multiple foreign exchange services supporting its goal to be the client's "One Provider. One Platform". As a result, in the US, CXI increased its payments revenue from financial institutions by 40%.

Client-First Values

CXI's values are embodied by our employees daily and with each client interaction. CXI's client-first experience is cultivated within the company and measured through annual client surveys and account reviews. In 2021, CXI is proud to share that its wholesale clients rated the company a Net Promoter Score of 83 and a client satisfaction score of 95%. A Net Promoter Score of 80 or more for the financial services industry is in the 90th percentile and considered "world-class".

Expand FX with US Banks and Credit Unions

2
Core Banking Integrations

83
Net Promoter Score

Personalized Services that Scale

EBC has built a strong foundation to scale its corporate international payments business by providing client-centric services through market knowledge and proactive, personal relationships. Investing in its technology, processes, and people in the coming years has EBC ready to attain profitable growth. The investment in technology and process improvements have been critical and necessary in the bank to efficiently process the increasing volumes of trades and payments this year and in future years.

As EBC gains more clients, small and medium enterprises are gaining awareness that they have alternatives to Canada's big banks. EBC provides competitive pricing, specialization, and personal service that is tailored to their business needs. In 2021, EBC traded with more than 600 clients including 399 first-time trades with new clients.

Payment Volumes on the Rise

Volumes for international payments through cross-border network provider SWIFT were 10% higher in December 2020 compared to the prior year according to the 2021 McKinsey Global Payments Report. An increase in international payments volume is also expected to be reported for 2021. EBC is positioned to further diversify its revenue streams through its corporate payments business insulating the company from the international travel market and enabling a quicker path to profitability with significant long-term growth potential.

Build Scale in Corporate International Payments

399
New Payment Clients

600+
Active Payment Clients

Global Expansion of Wholesale Banknotes

3
Months of FBICS Participation

10+
Countries

Federal Reserve's Foreign Bank International Cash Services (FBICS)

EBC was approved to be a participant in the FBICS program in the fourth quarter of its fiscal year. Even with less than three months of trading activity, the impact was notable. Immediately, established clients were able to benefit from EBC's direct relationship with the Federal Reserve for bulk US dollar shipments. Additionally, new clients have been onboarded specifically for EBC's program, while new prospects are in discussion phases. The full-year impact of being a direct source for bulk US dollars will be realized in 2022.

A Global Landscape

CXI and EBC can provide banks in select countries a premium provider with strong Anti-Money Laundering (AML) compliance practices, supported by global logistics experience, relationships with currency suppliers around the world, and exceptional service. Many financial institutions around the globe are finding fewer options when looking to outsource the management of foreign banknotes. Over the past few years, traditional wholesale banknote providers are either not investing in, or are exiting, the business.

CXI works with banks in regions such as the Caribbean, Mexico, and South America that have FX and US dollar needs and want to deal with a provider that has strong AML practices.

Maximize Direct-to-Consumer Offering

9
New Airport Branches

9
OnlineFX States Added

CXI Airports

Prior to fiscal year 2021, CXI had no visible presence in airports. This changed dramatically with the expansion of the CXI's agent program. CXI Airports are wholesale relationships using CXI licenses, technology, compliance and client support, and branding at international travel gateways. CXI Airports using the company's branding includes nine branches at five airports including New York JFK International Airport, Charlotte International Airport, Portland International Airport, Newark International Airport, and Minneapolis-St. Paul International Airport. More than 100 million travelers visited these airports in 2019 providing a new client base and massive new exposure for CXI.

OnlineFX Brings Omni-Channel Client Engagement

OnlineFX is CXI's e-commerce platform enabling home delivery and click-and-collect in-branch pickup orders. The platform has been quickly adopted by CXI's existing consumer base becoming its #1 reservation source and has introduced the company to new consumers in communities beyond its brick-and-mortar locations. At the end of the 2021 fiscal year, CXI offered OnlineFX services in 31 states and has continued to expand the number of states it can service in 2022.

In addition, CXI provides a white-labeled version of OnlineFX for wholesale clients. More than 70 wholesale clients have adopted the platform to make ordering foreign currency easier for their consumer clients.

Environmental, Social, and Governance

> For 2022, CXI has adopted a Board-approved Environmental, Social, and Governance (ESG) Vision:
>
> CXI is committed to an ESG Vision that integrates the Corporation's core cultural values with stakeholder collaboration to actively drive responsible growth. It is our commitment to a higher purpose - a way of life, a means to do good.

Commerce with a Conscience
Our ESG Vision is embraced by four key pillars:

People

We equitably support the health and wellness of our employees by enabling a culture that promotes diversity, inclusion, collaboration, and integrity.

Environment

We actively endorse the global transition to a low-carbon economy by overlaying climate change considerations into our governance of decision-making, operations, strategy, partnerships, and financial products and services.

Partners

We are committed to managing ESG risk and innovating opportunities to provide our clients, shareholders, partners, and regulators with our commitment to excellence in client service, accountability, and ethics.

Community

We are passionate about enriching the quality of life in the communities we serve by holding ourselves to the highest standards to build trust, accountability, and community outreach.

ESG Strategic Framework

In 2022, CXI will work toward establishing business goals which support the ESG vision and pillars. This involves building a framework essential to protecting the rights and interests of our employees, shareholders, partners, and community. In January 2022, the Board approved an ESG Strategic Framework outlining the timeline for integrating ESG initiatives, delegation of authority and decision making, overarching key impacts, risks, opportunities, and strengths as per the four pillars. The corporation will launch an inventory of current environmental, social and /or governance practices, and plans for the implementation of ESG-forward solutions.

CURRENCY EXCHANGE INTERNATIONAL, CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE-MONTHS AND YEAR-ENDED OCTOBER 31, 2021 AND 2020

CURRENCY EXCHANGE
INTERNATIONAL

Scope of Analysis

This Management Discussion and Analysis ("**MD&A**") covers the results of operations, and financial condition of Currency Exchange International, Corp. and its subsidiaries (together, the "**Company,**" or "**CXI**") for the three-months and year-ended October 31, 2021, including the notes thereto. This document is intended to assist the reader in better understanding and assessing operations and the financial results of the Company.

This MD&A has been prepared as at January 26, 2022 in accordance with International Financial Reporting Standards ("**IFRS**) issued by the International Accounting Standards Board ("**IASB**") and interpretations of the International Financial Reporting Interpretations Committee ("**IFRIC**") and should be read in conjunction with the audited consolidated financial statements of the Company for the three-months and year-ended October 31, 2021 and 2020, and the notes thereto. A detailed summary of the Company's significant accounting policies is included in note 2 of the Company's audited consolidated financial statements for the year ended October 31, 2021. 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**"), 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.

In this document, "our", "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, is available on the Company's SEDAR profile at www.sedar.com and on the Company's website at www.ceifx.com ("**CEIFX**").

Forward Looking Statements

This MD&A contains certain “forward-looking information” as defined in applicable securities laws. These statements relate to future events or the Company’s future performance. All statements other than statements of historical fact are forward-looking information. Often, but not always, forward-looking information can be identified by the use of words such as “plans”, “expects”, “budgeted”, “scheduled”, “estimates”, “continues”, “forecasts”, “projects”, “predicts”, “intends”, “anticipates” or “believes”, or variations of, 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 speaks only as of the date of this MD&A or as of the date 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	Exchange rate and interest rate fluctuations

Inherent in forward-looking information are risks, uncertainties, and other factors beyond the Company’s ability to predict or control. Please also make reference to those risk factors referenced in the “Risk Factors” section beginning on page 23. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking information in this MD&A, and that 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 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 or 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

CXI is a publicly traded company (TSX:CXI;OTCBB:CURN), 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, and other commercial clients through its proprietary payments' platform, company owned branches and vaults, and inventory on consignment locations, throughout the United States and Canada, by utilizing the Company's sophisticated software application, CEIFX. The Company has developed CEIFX, its proprietary customizable web-based software, as an integral part of its business and believes that it represents an important competitive advantage. CEIFX is also an on-line compliance and risk management tool. The trade secrets associated with CEIFX are protected via copyright, restricted access to both the software and its source code, and secure maintenance of source code by the head office. CEIFX is updated regularly and ongoing system development and enhancement is a core activity of the Company. CXI had 267 employees at October 31, 2021, of which 62 were part-time.

Issuance of banking license

On November 23, 2012, the Company submitted its application to continue its wholly owned Canadian subsidiary, Currency Exchange International of Canada Corp ("**CXIC**"), as a new Canadian Schedule I bank. In September of 2016, the Office of the Superintendent of Financial Institutions ("**OSFI**") and the Minister of Finance issued letters patent for the bank, which continued operations as Exchange Bank of Canada ("**EBC**"). The head office of EBC is located in Toronto, Ontario, Canada.

The objective of EBC is to become a leading "banker's bank" for foreign exchange products and services. Obtaining a Canadian bank charter benefits the Canadian banking system by providing a domestic alternative for foreign exchange services to financial institutions and commercial entities in Canada. The foreign currency bank note market for financial institutions in Canada is primarily serviced by foreign financial institutions. A Canadian bank charter affords the Company numerous advantages including the opportunity to bank with Central Banks, thereby obtaining a source of stable, cost-effective funds, as well as collateral reductions with correspondent banks, and enhancing existing financial institution relationships.

Background

The Company has the following sources of revenues which are reported as commissions and fees:

Commission revenue comprises the spread between the cost and selling price of foreign currency products, including bank notes, wire transmissions, cheque collections and draft issuances and the revaluation of open foreign exchange positions to market value, together with the net gain or loss from foreign currency forward and option contracts used to offset the revaluation of inventory positions and commissions paid to bank and non-bank financial institutions on the sale and purchase of currency products. The amount of this spread is based on competitive conditions and the convenience and value-added services offered; and

Fee revenue comprises the following:

i. Fees generated at the Company's branch locations and certain inventory on consignment locations from foreign currency (bank note) exchange, traveler's cheques, currency price protection and fees collected on payroll cheque cashing; and

ii. Fees collected on foreign-denominated wire transfers, drafts, and cheque clearing transactions.

Overview (continued)

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

The Company operates four main vaults (one of which is temporarily closed), that serve Canada and the United States as well as two small vaults that serve local markets on the West Coast and Northeast Regions of the United States and serve as distribution centers for its branch network as well as order fulfillment centers for its clients including financial institutions, money service businesses, and other corporate clients. Revenues generated from vaults have 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. On-boarding 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. The Company also normally absorbs information technology costs to customize the CEIFX 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 bank note 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 on-boarding clients is low;

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 client 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 on-boarding is higher as these clients normally require additional training and support;

CXI and EBC currently maintain inventory in the form of domestic and foreign bank notes 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. At October 31, 2021 the Company had inventory on consignment in 779 locations, primarily located inside financial institutions across the United States and Canada. To encourage inventory turnover, the Company pays commissions as a percentage on volumes generated by these locations.

The Company operates 35 branch locations that are located in typically high tourist traffic areas 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 costs of deployed capital in the form of domestic and foreign currencies, rent, payroll, and other general and administrative costs. Company owned branch locations generally act as a net buyer of foreign currency whereas CXI is generally a net seller 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.

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

Overview (continued)

In the years prior to the COVID-19 pandemic, the Company had steadily grown its branch network to 46 locations, in addition to the number of wholesale relationships. In response to the significant decline in travel and tourism as a result of measures taken to control the spread of the COVID-19 virus, the Company permanently closed 12 branch locations, the last of which on December 31, 2020. The Company capitalized on an opportunity to secure a new location in a strategic market, opening a branch in Costa Mesa, CA on November 9, 2020. Below is a summary of the Company's wholesale company relationships and transacting locations as well as a listing of its 35 branch locations at October 31, 2021.

Store	City	State	Start date	Store	City	State	Start date
Alderwood Mall	Lynnwood	WA	2019	Mechanics Bank - Berkeley	Berkeley	CA	2007
Apple Bank - Avenue of Americas	New York	NY	2011	Mechanics Bank - San Francisco	San Francisco	CA	2008
Apple Bank - Grand Central Station	New York	NY	2011	Mission Valley	San Diego	CA	2015
Apple Bank - Penn Station	New York	NY	2013	Montgomery at Bethesda	Bethesda	MD	2013
Apple Bank - Upper East Side	New York	NY	2014	North County	Escondido	CA	2017
Apple Bank - Union Square	New York	NY	2014	Ontario Mills Mall	Ontario	CA	2007
Arundel Mills Mall	Hanover	MD	2012	Pearl Ridge	Aiea	HA	2019
Aventura Mall	Aventura	FL	2008	Potomac Mills Mall	Woodbridge	VA	2007
Cherry Creek	Denver	CO	2014	San Francisco City Center	San Francisco	CA	2011
Citadel Outlets	Los Angeles	CA	2014	San Jose Great Mall	San Jose	CA	2011
Copley Place Mall	Boston	MA	2009	Santa Monica Place	Santa Monica	CA	2012
Dadeland Mall	Miami	FL	2009	Sawgrass Mills Mall Booth #1	Sunrise	FL	2007
Dolphin Mall	Miami	FL	2009	Shops at Northbridge	Chicago	IL	2013
Florida Mall Booth #1	Orlando	FL	2007	South Center	Tukwila	WA	2012
Garden State Plaza	Paramus	NJ	2015	South Coast Plaza	Costa Mesa	CA	2020
International Market Place	Honolulu	HI	2016	The Orlando Eye	Orlando	FL	2015
MacArthur Mall	Norfolk	VA	2009	Tyson's Corner Center	Tyson's Corner	VA	2014
Mainplace at Santa Ana	Santa Ana	CA	2013				

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Company owned branch locations	38	41	43	46	35	35
Wholesale company relationships*	927	954	1,267	1,878	1,667	2,481
Number of transacting locations*	11,975	14,587	17,017	21,595	14,787	15,202

*These numbers show the companies and locations that transacted within the period specified.

The Company's largest asset is cash. The cash position consists of local currency notes, both in U.S. and Canadian Dollars, held in inventory at its branch and consignment locations to facilitate the buying and selling of foreign currency, as well as foreign currency notes held at the Company's vaults, branch locations, consignment locations, or cash inventory in transit between Company locations. The Company also has traditional bank deposits which act as reserves to maintain operations and as settlement accounts to facilitate currency transactions at various financial institutions.

Accounts receivable consist primarily of bulk wholesale transactions where the Company is awaiting payment. 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 counterparty risk is generally low, as the majority of the Company's receivables 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, with one exception (see note 24 to the consolidated financial statements).

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

Overview (continued)

Accounts payable consist mainly of foreign currency transactions and commissions payable at period end where the Company receives currency from a customer and then remits payment at a subsequent date.

SELECTED FINANCIAL DATA

The below chart summarizes the performance of the Company over the last eight fiscal quarters.

Three-months ending	Revenue $	Net operating income (loss) $	Net income (loss) $	Total assets $	Total equity $	Earnings (loss) per share (diluted) $
10/31/2021	9,967,107	776,345	1,634,364	102,525,187	58,015,799	0.25
7/31/2021	8,633,413	1,047,889	(120,246)	92,962,398	56,319,701	(0.02)
4/30/2021	6,573,570	(558,010)	(924,698)	79,856,635	56,520,124	(0.14)
1/31/2021	5,089,428	(1,315,153)	(1,721,104)	82,354,069	57,039,436	(0.27)
10/31/2020	4,935,917	(1,852,195)	(3,465,632)	85,758,517	58,229,735	(0.54)
7/31/2020	3,879,873	(1,993,117)	(2,274,719)	96,105,961	61,462,798	(0.35)
4/30/2020	6,323,344	(2,316,356)	(2,942,948)	99,263,039	62,965,874	(0.43)
1/31/2020	9,874,289	1,162,930	159,274	108,319,219	66,323,630	0.02

Seasonality is reflected in the timing of when foreign currencies are in greater or lower demand. In a normal operating year there is seasonality to the Company's operations with higher revenues generally from March through September and lower revenues from October through February. This coincides with peak tourism seasons in North America when there are generally more travelers entering and leaving the United States and Canada.

CXI has a strong capital base and liquidity position to continue to meet its financial obligations. Management continues to execute against a strategic plan that is focused on a return to sustained profitability through increased penetration in a consolidating market, continued acquisition of corporate payment clients, and expansion in the international marketplace. CXI is well-positioned to support additional growth initiatives, including prospective merger and acquisition opportunities.

	October 31, 2021	October 31, 2020
Total assets	102,525,187	85,758,517
Total long term financial liabilities	3,679,493	4,065,164
Total equity	58,015,799	58,229,735

On March 11, 2020 the World Health Organization officially declared COVID-19, the disease caused by a novel coronavirus (“COVID-19”), a pandemic. The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada and the United States of America, businesses have been forced to cease or limit operations for long or indefinite periods of time. Measures have been taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of nonessential services. These measures have triggered significant disruptions to business worldwide, resulting in reduced economic activity. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. In response to measures implemented to curtail the effects of COVID-19, the Company permanently closed 12 of its retail locations, and one vault on a temporary basis. In addition, the Company restructured its operations, including a consolidation of management positions, resulting in a 26% reduction in employee headcount, from a peak of 361 at March

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

Overview (continued)

11, 2020 to 262 at October 31, 2021. Many of the Company's commercial customers have been impacted by the pandemic, resulting in significantly reduced demand for banknotes. While the Company continues to operate, the threat posed by COVID-19 variants remain a threat that make it impossible to reliably estimate the duration and severity of these consequences as well as their impact on the financial position and results of future periods. Some nations maintain advisories against travel to the United States and Canada as a result of recent increases in COVID-19 cases. The Company continues to pursue a strategy of diversification to reduce reliance on domestic consumer driven banknote trade. This has included growing its international payments segment as well as increasing its presence in the global trade of banknotes with financial institutions in other countries.

Selected Financial Results for the three-months ended October 31, 2021 and 2020

The Company generated revenue for the three-month period ended October 31, 2021 of $9,967,107, a 102% increase over the same period in the prior year. It also represents a 13% decline relative to the three-month period ending October 31, 2019, the last comparative period prior to the declaration of the COVID-19 pandemic of $11,967,079. The increase from the prior year reflects not only an improvement in the demand for foreign currencies as international travel recovers, but also the acquisition of new clients in both the banknote and payments segment. The Company recorded net operating income of $776,345 in the three-months ended October 31, 2021 versus a net operating loss of $1,842,199 in the same period in the prior year. This represents the second and successive quarter in which the Company has generated positive operating leverage since the three-month period ended January 31, 2020, the last quarter prior to the commencement of the COVID-19 pandemic,

The Company continued its progression along its three-year strategic plan in the three-month period ended October 31, 2021, that included the following highlights:

i. Continued its growth in the international payments segment in Canada, initiating trades with 53 new corporate clients that had not previously transacted with the Company (399 in the year-ended October 31, 2021), enabling it to almost triple its payment revenue over the same quarter in the prior year;
ii. Increased its penetration of the financial institution sector in the United States with the addition of 204 new clients, representing 256 locations (676 and 1,624, respectively, for the year-ended October 31, 2021);
iii. Exchange Bank of Canada began trading under the Foreign Bank International Cash Services (FBICS) program with the Federal Reserve Bank of New York (FRBNY) that was publicly announced on August 16, 2021.

	Three-months ended October 31, 2021	**Three-months ended October 31, 2020**
	$	**$**
Revenue	9,967,107	4,935,917
Operating expenses	9,190,762	6,778,116
Net Operating Income/(loss)	**776,345**	**(1,842,199)**
Other income	6,710	(12,648)
Government Grants	3,498,229	343,818
Other expenses	(13,177)	(680,261)
EBITDA*	4,268,107	(1,511,029)
Net loss	**1,634,364**	**(3,296,835)**
Basic (loss) earnings per share	0.25	(0.51)
Diluted (loss)earnings per share	0.25	(0.51)

*Earnings 8efore interest, taxes. Depreciation and amortization

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

Results of operations – three-month periods ended October 31, 2021 and 2020 (continued)

Revenue for the three-month period ended October 31, 2021 increased by 93% over the same period in the prior year. Payments revenue more than doubled in the three-months ending October 31, 2021, increasing from $1,074,766 in the same period in 2021 to $2,074,766. This demonstrates the Company's success in focusing on the growth of payments through key client relationships and addition of key staff to drive the business since the acquisition made on July 29, 2020. The revenue for banknotes increased by 104% from $3,861,151 in October 31, 2020 to $7,888,888 during the same period in 2021. The increase is a result of several factors. Firstly, consumer demand for foreign currencies has improved as restrictions on international travel have eased. Secondly, the Company's success at increasing its market share, as indicated by the increase in new clients. Thirdly, the Company has increased its penetration in the global banknote trade. The increase over the prior year period has been higher at Exchange Bank of Canada, reflecting its success in growing both the corporate international payments segment as well as international banknote trade, aided by the launch of the FBICS program with the Federal Reserve Bank of New York during the three-month period ended October 31, 2021.

The diversification strategy has been a significant factor in the Company's resilience in the face of the ongoing pandemic. It is anticipated that it may take several years for consumer demand for foreign banknotes to fully recover as it is dependent on a return to pre-pandemic mobility patterns. Until then, demand will likely fluctuate based on the risk of transmission from COVID-19 variants, the severity of symptoms associated with them and travel related restrictions in various geographic markets.

A breakdown of revenue by geographic location is presented below:

	Three-months ended October 31, 2021	Three-months ended October 31, 2020	Change	Change
	$	$	$	%
		Revenues by Geography		
United States	7,755,266	4,034,114	3,721,152	92%
Canada	2,211,841	901,803	1,310,038	145%
Total	**9,967,107**	**4,935,917**	**5,031,190**	**102%**
		Revenues by Product Line		
Banknotes	7,888,888	3,861,151	4,027,737	104%
Payments	2,078,219	1,074,766	1,003,453	93%
Total	**9,967,107**	**4,935,917**	**5,031,190**	**102%**

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

Results of operations – three-month periods ended October 31, 2021 and 2020 (continued)

During the three-month period ended October 31, 2021, operating expenses increased 36% to $9,190,762 compared to $6,778,116 for the three-month period ended October 31, 2020. The major components of operating expenses are presented in the table below, with commentary for significant variances.

	Three-months ended October 31, 2021 $	Three-months ended October 31, 2020 $	Change $	Change %
Salaries and benefits	4,917,533	3,776,658	1,140,875	30%
Rent	271,213	305,229	(34,015)	-11%
Legal and professional	1,030,361	913,018	117,343	13%
Postage and shipping	1,148,430	338,745	809,685	239%
Stock based compensation	240,791	175,339	65,452	37%
Travel and entertainment	66,097	48,855	17,242	35%
Bank service charges	418,937	325,410	93,527	29%
Information technology	422,165	368,317	53,849	15%
Losses and shortages	28,590	(6,617)	35,208	-532%
Insurance	208,718	145,256	63,462	44%
Foreign exchange (gains) losses	213,624	131,201	82,422	63%
Other general and administrative	224,303	256,705	(32,402)	-13%
Operating expenses	**9,190,762**	**6,778,116**	**2,412,646**	**36%**

Salaries and benefits increased 30% to $4,917,533 from $3,776,658. $545,993 of the increase relates to an increase in incentive compensation, primarily driven by the Company's financial performance. Higher commission expense was the other large contributor to the variance by $397,987. While the net employment base did not change significantly, many of the positions that were eliminated in the restructuring actions implemented in 2020 have been offset by new roles in support of the strategic initiatives.

Rent expense decreased 11% to $271,213 from $305,229 primarily due to the permanent closure of the 12 retail locations in addition to certain office space in Orlando and Toronto that was deemed surplus at October 31, 2020. The Company entered into an agreement to sublet its surplus office space in Toronto that commenced on April 1, 2021.

Legal and professional fees increased 13% to $1,030,361 from $913,018. The increase is primarily attributable to higher costs related to tax and audit services, as well as recruiting fees for key roles.

Postage and shipping increased 229% to $1,148,430 from $338,745 and is primarily a result of increased volumes associated with the banknotes segment. The Company also recorded $161,797 in expenses in the three-months ending October 31, 2021 on the settlement of a matter with one of its international counterparties that related to shipping costs for prior periods.

Stock-based compensation increased 37% to $240,791 from $175,339 due primarily to the implementation of Restricted Stock Units (RSU) and Deferred Stock Units (DSU) as a component of the Long-Term Incentive Plan ("LTIP") on November 1, 2020. The RSUs and DSUs are based on the fair value of the Company's common stock and subject to variable accounting treatment. The Company recorded expenses of $222,565 related to RSU and DSU awards in the three-months ended October 31, 2021 as part of stock-based compensation.

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

Results of operations – three-month periods ended October 31, 2021 and 2020 (continued)

Travel and entertainment expenses increased 35% to $66,097 from $48,855 as certain employees of the Company began to travel as conferences, trade shows and intra-company meetings returned as the pandemic restrictions eased. The Company is also subsidizing the cost for certain employees to travel to work by car who, prior to the COVID-19 pandemic, used public transit. The affected employees are primarily supporting vault operations and cannot carry out their job functions from home.

Bank service charges increased 29% to $418,937 from $325,410. The increase is related to increased volumes for payments activity. These charges are offset partially by fees collected on payments, which are captured in revenue.

Information technology expenses increased 15% to $422,165 from $368.317. The increase is mainly due to variable costs associated with the increased payments volume as the Company relies on third-party technology to deliver those products.

Losses and shortages increased to $28,590 from a gain $6,617. These costs primarily represent losses incurred on low-value shipments that disappear while in transit.

Insurance expense increased 44% to $208,718 from $145,256, which is related to general rate increases on insurance premiums, most notably the Directors & Officers liability coverage as a result of the increased risk profile associated with the COVID-19 pandemic.

Foreign exchange (gains)/losses increased from a $131,201 loss in the three-month period ended October 31, 2020 to a $213,624 loss for the same period in 2021. This is mainly due to the change in value of foreign denominated balances between the time of recognition and settlement or translation at period end rates. Other general and administrative expenses decreased 13% to $224,303 from $256,705 This decrease
was mainly driven by the reduction in the retail footprint and the migration to remote work as a result of the COVID-19 pandemic.

The ratio of operating expenses to total revenue for the three-month period ended October 31, 2021 was 92% compared to 138% for the three-month period ended October 31, 2020, reflecting the growth in revenue outpacing the growth in expenses.

Other income and expenses are comprised of the following:

	Three months ended October 31, 2021 **$**	**Three months ended October 31, 2020** **$**
Other income	156	1,390
Government grants	3,498,229	343,818
Provision for loss	-	(680,261)
Gain on sale of assets	6,554	390
Other expenses	(13,177)	(14,428)
Interest expense	(267,330)	(45,508)
Interest on lease liabilities	(41,765)	(62,147)
Depreciation and amortization	(402,213)	(479,780)
Depreciation of right-of-use-assets	(426,004)	(475,495)
Restructuring and Impairment charges	-	(1,072,472)
Income tax (expense) benefit	(1,496,431)	871,055
Total other income (expense)	**858,019**	**(1,613,438)**

Results of operations – three-month periods ended October 31, 2021 and 2020 (continued)

The Company recognized government grant income of $3,498,229 in the three-month period ended October 31, 2021, an increase from $343,818 recognized in the comparative period in the prior year. The significant increase relates to $3,400,190 recognized for a wage subsidy program in the United States. On March 27, 2020, Congress passed legislation known as the Employee Retention Credit (ERC) which was section 2031 of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). On December 21, 2020, Congress passed an additional round of stimulus which enhanced provisions related to the ERC. The ERC provides a subsidy towards wages and healthcare costs incurred for U.S. employees retained by eligible companies that meet certain criteria relative to a decline in revenue following the declaration of the COVID-19 pandemic, referred to as a gross receipts test. The Company met the eligibility criteria including the gross receipts test beginning with the period commencing April 1, 2020 and ending on September 30, 2021. Virtually all of the $3,400,190 recognized related to subsidies for eligible wages incurred in the year ending October 31, 2021, all of which was a receivable as of the reporting date.

The Company also recorded $98,039 in grant income related to Exchange Bank of Canada, which continued to qualify for support from two federal programs. The Canada Emergency Wage Subsidy ("CEWS") program became effective for periods beginning on March 15, 2020 to support organizations that have been significantly impacted by the COVID-19 pandemic. Under this program, EBC received a subsidy of up to 75% of qualified employees' wages in each qualifying four-week period that it met certain tests for revenue reduction. The Canada Emergency Rent Subsidy ("CERS") program became effective for periods beginning on September 27, 2020. All of the amounts recognized in the three-month period ended October 31, 2020 were in relation to these two programs.

In the three-month period ended October 31, 2020, the Company recorded a loss of $680,261 related to a customer that was declared bankrupt. The Company had previously recorded an initial loss of $1,012,946 on April 30, 2020. The subsequent provision on October 31, 2020 was recorded pursuant to a claim made by the Trustee in Bankruptcy to recover amounts it alleged the Company received from the customer in preference, and thereby in contravention of the Bankruptcy and Insolvency Act (Canada). On April 6, 2021, the Company reached a settlement with the Trustee in Bankruptcy whereby the Company paid $825,000 of $1,000,000 in funds it was alleged to have received in preference. As part of the settlement, the Trustee accepted claims totaling $1,825,000 by the Company against the bankrupt customer. The Company has not recognized any benefit associated with a future recovery that is anticipated to be in the range of 6% to 20% of the total claim when the bankrupt's assets are distributed. The Company has no additional liability, contingent or otherwise, related to this bankruptcy.

Interest expense increased to $267,330 from $45,508. This is related to a higher interest rate associated with a new credit facility with a private lender that Exchange Bank of Canada secured in April 2021. The facility bears interest at 6% per annum, which is used to fund short-term working capital needs for international banknote volumes. As at October 31, 2021, the Company had $4,037,468 in outstanding borrowing, with $27,577,519 available. This compares to $3,305,605 outstanding on October 31, 2020 and $22,701,303 available.

Interest on lease liabilities calculated according to IFRS 16, decreased to $41,765 from $62,147 as a result of the 12 retail branches closed and surplus office space that was impaired in the year ended October 31, 2020.

Depreciation and amortization decreased to $402,213 from $479,780, primarily due to assets that became fully depreciated during the year.

Depreciation on right-of-use assets decreased to $426,004 from $475,495 due to the leases that were impaired or non-renewed related to the retail closures and surplus office space at October 31, 2020, which also led to a corresponding lower balance of Right of Use assets.

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

Results of operations – three-month periods ended October 31, 2021 and 2020 (continued)

The company recorded income tax expense of $1,496,431 in the three-month period ended October 31, 2021in comparison to a benefit of $871,055 in the prior period. This is related to the improvement in taxable income in the United States as the Company did not recognize a future income tax benefit on losses at Exchange Bank of Canada.

Selected Financial Results for the year -ended October 31, 2021 and 2020

The Company generated revenue for the year-ended October 31, 2021 of $30,263,518, a 21% increase over the year-ended October 31, 2020. Revenue increased progressively throughout the year in part due to a relaxation of restrictions on international travel that enabled a partial recovery in demand for foreign currencies in the domestic North American market. Revenue growth was also driven by successful execution in further penetration of the financial institution market in the U.S. and growth in the corporate payments segment following the acquisition of a Quebec-based payments business on July 28, 2020. The operating expenses as a percentage of revenue has improved, resulting in a marginal net operating loss of $48,929 in the year ended October 31, 2021 versus $3,985,791 in the prior year. As revenue growth outpaced the growth in operating expenses over the course of the year, the Company returned to positive operating leverage in the third and fourth quarters. The Company recognized $4,174,220 in other income associated with government grant assistance, an increase from $761,533 in the prior year. The assistance primarily relates to wage subsidies that combined with the improved operating performance, contributed to a reduction in the net loss from $8,524,030 in the year ended October 31, 2020 to $1,131,684 in the year ended October 31, 2021.

Since October 31, 2020, the Company has added 1220 new customer relationships comprising 2,421 locations, of which 708 relationships representing 1,837 locations were added in the United States and 512 relationships representing 584 locations were added in Canada. During the year-ended October 31, 2021, the number of transactions between the Company and its customers decreased 14% to 518,321 from 605,611 for the previous year, mainly driven by an overall reduction in banknote transactions. However, by line of business, payments revenue increased 117% or $3,992,498 over the prior year, and banknotes increased by 6% or $1,257,597. Banknote revenue increased on high volume wholesale transactions that more than offset the decline in low volume transactions in the direct-to-consumer channel.

	Year ended October 31, 2021 $	**Year ended October 31, 2020 $**
Revenue	30,263,518	25,013,423
Operating expenses	30,312,447	28,999,214
Net Operating Income/(loss)	**(48,929)**	**(3,985,791)**
Other income	33,557	(3,265)
Government Grants	4,174,220	761,533
Other expenses	(242,737)	(1,693,207)
EBITDA*	3,916,111	(4,920,730)
Net loss	**(1,131,684)**	**(8,524,030)**
Basic (loss) earnings per share	(0.18)	(1.33)
Diluted (loss)earnings per share	(0.18)	(1.33)

*Earnings befpre interest, taxes. Depreciation and amortization

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

Results of operations – year-ended October 31, 2021 and 2020 (continued)

A breakdown of revenues by geographic location is presented below:

	Year ended October 31, 2021 $	Year ended October 31, 2020 $	Change $	Change %
	Revenues by Geography			
United States	23,100,695	19,601,984	3,498,711	18%
Canada	7,162,824	5,411,439	1,751,385	32%
Total	**30,263,518**	**25,013,423**	**5,250,096**	**21%**
	Revenues by Product Line			
Banknotes	22,853,387	21,595,790	1,257,597	6%
Payments	7,410,131	3,417,633	3,992,498	117%
Total	**30,263,518**	**25,013,423**	**5,250,096**	**21%**

Revenue for the year-ended October 31, 2021 increased by 21% over the same period in the prior year, reflecting growth in both lines of business. Banknote revenue increased by 117%, due in part to the partial closure of most of the Company's stores as well as some of its clients' locations during the year-ended October 31, 2020 due to the severe restrictions imposed early in the COVID-19 pandemic. In addition to an improvement in consumer demand as international travel continues its gradual recovery in both the United States and Canada, the Company has benefitted from the acquisition of 1,119 new clients since October 31, 2020. Relative to the year- ended October 31, 2020, the banknote revenue represents a 6% growth, which is consistent across both the direct-to-consumer and wholesale channels. While the Company has 24% fewer stores in 2021 than it did in 2020, it has benefitted from competitors exiting the space, pricing actions designed to extract higher margins, strong demand for investment currencies and growth from its online platform that was launched earlier this year. In the wholesale channel, demand for travel-related currencies has increased 55% from the prior year, partially due to the addition of 676 new clients acquired since October 31, 2020 as the Company continues to increase its market penetration in the banknote segment. The payments segment experienced nearly three-fold growth of 117% compared to the prior year period, due to the addition of new clients, led by the acquisition that was completed on July 29, 2020 and the subsequent expansion of its corporate payments' sales team.

By geography, the Canadian segment, represented by Exchange Bank of Canada, increased its revenue by 32% over the same period in the prior year. This was primarily due to the growth in the payments segment for the reasons just mentioned, as consumer demand for banknotes experienced a delay in recovery as onerous travel restrictions imposed by the Canadian government only began to relax in July 2021 when vaccinated Canadian travelers were permitted to return to Canada without being subject to a 14-day mandatory quarantine. This has led to an increase in demand for foreign currencies exiting the quarter. Banknote revenue for the Canadian segment does not include the sale of currencies to its parent, CXI, that are eliminated on consolidation. It has become a significant source of certain currencies that the Bank is able to procure for CXI at competitive rates due to its relationships with other financial institutions. The United States segment experienced revenue growth of 104% relative to the year-ended October 31, 2020. Most of the increase was attributable to the banknote segment, as volume in the comparative period was restricted by the closures of its stores and travel restrictions. What is important is that the growth in banknotes was due to travel currencies rather than exotic currencies, which declined by 3% over the prior year. In the U.S., the payments segment has been progressively growing with the continued addition of new clients in the financial institution customer segment.

During the year-ended October 31, 2021, operating expenses increased 4.5% to $30,312,447 compared to $28,999.214 for the year-ended October 31, 2020. The major components of operating expenses are presented in the table on the following table, with commentary for significant variances.

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

Results of operations – year- ended October 31, 2021 and 2020 (continued)

	Year ended October 31, 2021 $	Year ended October 31, 2020 $	Change $	Change %
Salaries and benefits	17,691,157	16,866,772	824,385	5%
Rent	999,821	1,152,141	(152,320)	-13%
Legal and professional	2,757,692	2,824,561	(66,869)	-2%
Postage and shipping	2,731,708	2,373,942	357,765	15%
Stock based compensation	978,508	1,005,903	(27,395)	-3%
Travel and entertainment	219,305	386,739	(167,434)	-43%
Bank service charges	1,485,758	1,234,725	251,033	20%
Information technology	1,450,330	1,330,994	119,336	9%
Losses and shortages	82,713	276,556	(193,843)	-70%
Insurance	744,764	497,701	247,063	50%
Foreign exchange (gains) losses	364,230	(23,913)	388,142	-1623%
Other general and administrative	806,461	1,073,093	(266,632)	-25%
Operating expenses	**30,312,447**	**28,999,214**	**1,313,231**	**5%**

Salaries and benefits increased 5% to $17,691,157 from $16,866,772. Commission expense in 2021 was $1,212,529 higher than in 2020, associated with higher revenue in both payments and banknotes. The Company also incurred $413,102 in higher incentive compensation expense, primarily due to the improved financial performance. The Company has realized savings related to positions eliminated as part of the restructuring actions taken in 2020, though these have been partially offset from the addition of new roles in support of its strategic growth initiatives.

Rent expense decreased 13% to $999,821 from $1,152,141 primarily due to locations that were permanently closed subsequent to July 31, 2020 as well as certain office space in Orlando and Toronto that was rendered surplus and impaired at October 31, 2020. In the year-ended October 31, 2020, the Company recognized $218,714 in rent abatements related to stores that were required to close during the first phase of the COVID-19 pandemic.

Legal and professional fees decreased 2% to $2,757,692 from $2,824,561. A significant portion of these fees relate to the external auditors, tax compliance and internal audit function that is outsourced, in addition to variable business needs around contracts, employment matters and special projects. There were $166,816 in fees recorded in the year-ended October 31, 2020 that related to the acquisition of the payments business on July 29, 2020.

Postage and shipping increased 15% to $2,731,708 from $2,373,942 and is primarily a result of increased revenue associated with the banknotes segment, which increased by 6% over the same periods. Fees have increased as the mix of revenue has changed, with a higher proportion derived from international customers.

Stock-based compensation decreased slightly by 3% to $978,508 from $1,005,903. This includes the expense recognized for the RSU and DSUs awarded, in the amount of $644,635 in the year ended October 31, 2021. The prior year included $111,231 recognized for the accelerated vesting on options that were cancelled under a stock option exchange program (see note 18 to the consolidated financial statements).

Travel and entertainment expenses decreased 43% to $219,305 from $386,739. The decrease is related to the significant decline in travel during the COVID-19 pandemic.

Bank service charges increased 20% to $1,485,758 from $1,234,725. The increase is due to higher transaction fees related to the growth in the payments segment.

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

Results of operations – year- ended October 31, 2021 and 2020 (continued)

Information technology expenses increased 9% to $1,450,330 from $1,330,994 due primarily to increased variable expenses for technology associated with the payments segment as well as additional investment in cybersecurity tools.

Losses and shortages decreased 70% to $82,713 from $276,556. These amounts fluctuate as they relate primarily to the disappearance of low-value shipments while in transit.

Insurance expense increased 50% to $744,764 from $497,701, which is primarily related to significant rate increases imposed on Directors and Officers liability premiums subsequent to the onset of the COVID-19 pandemic.

Foreign exchange (gains)/losses declined from a $23,913 gain during the year-ended October 31, 2020 to a loss of $364,230 in 2021. This is mainly due to the fluctuation of foreign currency denominated balances between their recognition and settlement. Management continues to monitor and improve its hedging activities in order to minimize the impact of revaluations.

Other general and administrative expenses decreased 25% to $806,461 from $1,073,093. Other expenses comprise licenses and fees, utilities, office supplies, and other general and administrative expenses. The decrease was mainly due to the reduction in retail locations and office space.

The ratio of operating expenses to total revenue for the year-ended October 31, 2021 was 100% compared to 116% for the year-ended October 31, 2020, reflecting the growth in revenue outpacing the growth in expenses.

	Year ended October 31, 2021 $	**Year ended October 31, 2020 $**
Other income	27,003	10,773
Government grants	4,174,220	761,533
Revaluation of contingent consideration	(18,989)	-
Provision for loss	(112,299)	(1,693,207)
Gain on sale of assets	6,554	390
Other expenses	(14,738)	(14,428)
Interest expense	(555,789)	(473,242)
Interest on lease liabilities	(208,390)	(272,687)
Depreciation and amortization	(1,649,125)	(1,621,121)
Depreciation of right-of-use-assets	(1,679,126)	(1,982,474)
Restructuring and Impairment charges	(96,711)	(1,072,472)
Income tax (expense) benefit	(955,365)	1,818,697
Total other income (expense)	**(1,082,755)**	**(4,538,238)**

The Company recognized government grant income of $4,174,220 in the year ended October 31, 2021 an increase from $761,533 recognized in the prior year. The significant increase relates to $3,400,190 recognized for a wage subsidy program in the United States. On March 27, 2020, Congress passed legislation known as the Employee Retention Credit (ERC) which was section 2031 of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). On December 21, 2020, Congress passed an additional round of stimulus which enhanced provisions related to the ERC. The ERC provides a subsidy towards wages and healthcare costs incurred for U.S. employees retained by eligible companies that meet certain criteria relative to a decline in revenue following the declaration of the COVID-19 pandemic, referred to as a gross receipts test. The Company met the eligibility criteria including the gross receipts test beginning with the period commencing April 1, 2020 and ending on September 30, 2021. Virtually all of the $3,400,190 recognized related to subsidies for eligible wages incurred in the year ending October 31, 2021, all of which was a receivable as of the reporting date.

Results of operations – year- ended October 31, 2021 and 2020 (continued)

Exchange Bank of Canada also qualified for support from two federal programs in the year-ended October 31, 2021. The Canada Emergency Wage Subsidy ("CEWS") program became effective for periods beginning on March 15, 2020 to support organizations that have been significantly impacted by the COVID-19 pandemic. Under this program, EBC received a subsidy of up to 75% of qualified employees' wages in each qualifying four-week period that it met certain tests for revenue reduction. Through October 31, 2021 EBC qualified for $657,117 in grants under the program, of which $107,472 was a receivable as of the reporting date. The Canada Emergency Rent Subsidy ("CERS") program became effective for periods beginning on September 27, 2020. Under this program, EBC received a subsidy for up to 68% of qualified rent expenses. Through October 31, 2021 EBC qualified for $120,315 in subsidies, of which $18,692 was a receivable as of the reporting date.

At April 30, 2021 the Company recorded a third and final loss of $112,299 for amounts owed to it by a customer that was declared bankrupt in 2020. The Company had previously recorded an initial loss of $1,012,946 on April 30, 2020 for amounts owed to it by the customer followed by a subsequent provision on October 31, 2020 of $675,000 pursuant to a claim made by the Trustee in Bankruptcy to recover amounts it alleged the Company received from the customer in preference, and thereby in contravention of the Bankruptcy and Insolvency Act. On April 6, 2021, Company reached a settlement with the Trustee in Bankruptcy whereby the Company paid $825,000 of $1,000,000 in funds it was alleged to have received in preference. As part of the settlement, the Trustee accepted claims totaling $1,825,000 by the Company against the bankrupt customer. The Company has not recognized any benefit associated with a future recovery, anticipated to be in the range of 6% to 20% of the total claim when the bankrupt's assets are distributed. The Company has no additional liability, contingent or otherwise, related to this bankruptcy.

Interest expense increased to $555,789 from $473,242, due to the increase in borrowing from new credit facilities that bear higher interest rates compared to the prior year. This was primarily driven by the new facility entered into by Exchange Bank of Canada in April 2021 with a private lender, which accounts for approximately half of the interest expense recognized in the year-ended October 31, 2021. This facility provides liquidity for short-term settlement cycles associated with high-volume, international banknote transactions.

Interest on lease liabilities decreased to $208,390 from $272,687 as a result of the closure of the 12 retail locations and impaired office space as part of the restructuring actions taken in the year- ended October 31, 2020.

Depreciation and amortization increased to $1,649,125 from $1,621,121 primarily driven by the addition of $2,580,424 in intangible assets, excluding goodwill, related to the acquisition on July 29, 2020. The incremental expense associated with the additions is partially offset by the elimination of depreciation and amortization on assets that have since become fully depreciated.

Depreciation on right-of-use assets decreased to $1,679,126 from $1,982,474 as a result of assets that were previously impaired that related to the 12 retail locations closed and surplus office space at October 31, 2020.

Income tax expense of $955,365 in the year-ended October 31, 2021 compares to a benefit in the prior year of $1,818,697. The change is due primarily to the relative improvement in taxable income for CXI in the United States. The Company did not recognize any future benefit related to losses at Exchange Bank of Canada.

Cash flows

Cash flows from operating activities during the year-ended October 31, 2021 resulted in an inflow of $7,637,678, compared to an outflow of $938,495 during the year-ended October 31, 2020.

Approximately 34% of the decrease in operating cash flow was due to the impact of the net loss adjusted for non-cash items, while the remainder was due to changes in working capital, driven primarily by a significant decline in accounts payable and an increase in accounts receivable. The actual amount of accounts receivable and accounts payable fluctuates from period to period due to the volume of activity and timing differences. In most instances, accounts receivable and accounts payable have a settlement cycle of 24 to 48 hours. Operating cash flow is generated by commission and fee income and is offset by operating expenses.

Cash flows from investing activities during the year-ended October 31, 2021 resulted in an outflow of $391,145 compared to an outflow of $3,354,699 during the year-ended October 31, 2020. The primary reason for the outflows in the prior year related to the acquisition on July 29, 2020 (*see note 5a to the consolidated financial statements at October 31, 2020*). Normalizing for the acquisition, the variance in cash flow from investing activities would only be $497,711 lower in October 31, 2021 compared to the same period in 2020.

Cash flows from financing activities during the year-ended October 31, 2021 resulted in an outflow of 1,486,175 compared to inflow of $795,043 during the year-ended October 31, 2020. The Company decreased usage of its line of credit to $475,431 on October 31, 2021 compared to a balance of $2,810,641 on October 31, 2020.

Liquidity and capital resources

At October 31, 2021, the Company had working capital of $49,880,879 compared to $47,755,695 for the same period in 2020.

The Company maintains two lines of credit to meet borrowing needs during peak business periods. The Company has a revolving line of credit with BMO Harris Bank, N.A. with a limit of $20,000,000. The credit line is secured against the Company's cash and other assets. The line of credit bears interest at LIBOR plus 2.0% (at October 31, 2021 – 2.59% (October 31, 2020 – 2.15%)). At October 31, 2021, the balance outstanding was $Nil (October 31, 2020 - $Nil).

In October of 2020, the Company's wholly-owned Canadian subsidiary, EBC, established a CDN$2,000,000 revolving line of credit with Desjardins Group ("Desjardins"), being secured against collateral of CDN$2,000,000 posted at October 19, 2020.The line of credit bears interest at CDN prime rate plus 0.25% (at October 31, 2020 - 2.70%). At October 31, 2021, the balance outstanding was $Nil (October 31, 2020 – $Nil).

On April 7, 2021, EBC entered into a Revolving Credit Facility with a private lender. The facility is guaranteed by the parent company and is subordinated to the parent company's obligations to its primary lenders. The facility will be used for working capital purposes of daily operational activity. The credit facility has a limit of $10,000,000 USD, with a maximum amount of up to $20,000,000, with a maturity date of three years (April 7, 2024). It bears interest of 6% per annum, and has a standby charge of $1,500 USD per month if total interest is less than $20,000 USD. The Company had $5,000,000 outstanding as of October 31, 2021.

The Company had a total available balance of unused lines of credit of $27,577,519 at October 31, 2021 (October 31, 2020 - $22,701,303).

(All amounts 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 periods indicated. Each investor should read the following information in conjunction with those 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 consolidated financial statements of the Company.

	Year ended October 31, 2021 $	Year ended October 31, 2020 $	Year ended October 31, 2019 $	Year ended October 31, 2018 $
Revenues	**30,263,518**	**25,013,423**	**41,784,043**	**39,098,141**
Net operating income	(48,929)	(3,985,791)	6,152,042	8,137,804
Net income	**(1,131,684)**	**(8,524,029)**	**2,924,720**	**4,227,243**
Basic earnings per share	($0.18)	($1.33)	$0.46	$0.67
Diluted earnings per share	($0.18)	($1.33)	$0.46	$0.67
Total assets	102,525,187	85,758,518	82,729,716	73,267,274
Total liabilities	44,509,388	27,528,783	16,400,679	10,545,337
Total non-current financial liabilities	3,679,493	4,065,164	-	-
Working capital	**49,880,879**	**47,755,694**	**58,932,941**	**59,483,137**

Off-balance sheet arrangements

There are currently no off-balance sheet arrangements which could have an effect on current or future results or operations, or on the financial condition of the Company.

Forward and option contract activity

The Company enters into non-deliverable foreign currency forward and option contracts on a daily basis to mitigate the risk of fluctuations in the exchange rates of its holdings of major currencies. Changes in the fair value of the contracts and the corresponding gains or losses are recorded daily and are included in commissions from trading on the consolidated statements of income and comprehensive income. The Company’s management strategy is to reduce the risk of fluctuations associated with foreign exchange rate changes. The foreign currency forward contracts can be closed immediately resulting in the collateral being liquidated.

The fair value of forward and option contracts, which represents the amount that would be (paid) received by the Company if the forward contracts were terminated at October 31, 2021 was $461,487 (October 31, 2020 - $92,447).

At October 31, 2021 the Company had cash collateral balances related to forward contracts being held of $81,613 (October 31, 2020 - $1,461,747). They are reflected as restricted cash held in escrow in the consolidated statements of financial position.

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

Transactions with related parties

The remuneration of directors and key management personnel during the years ended October 31, 2021 and 2020 were as follows:

	Year ending		**Three-months ended**	
	October 31, 2021	**October 31, 2020**	**October 31, 2021**	**October 31, 2020**
	$	$	$	$
Short-term benefits	3,030,562	2,824,853	1,098,126	713,749
Post-employment benefits	42,848	72,710	16,723	15,741
Stock based compensation	978,508	1,005,912	190,259	333,412
	4,051,917	**3,903,475**	**1,305,108**	**1,062,903**

The Company incurred legal and professional fees in the aggregate of $246,027 for the year-ended October 31, 2021 (2020 - $211,000) charged by entities controlled by directors or officers of the Company.

The Company has clients that are considered related parties through two of its directors. The Company generated $132,000 in revenue from these clients' activities for the year ended October 31, 2021 (2020 – $59,000). As at October 31, 2021, accounts receivable included $724,000 from related parties (2020 - $57,714).

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

Advances between CXI and EBC are provided under a $20,000,000 Revolving Line of Credit, renewed July 1, 2018 loans attract interest at LIBOR + 2%, are repayable on demand, and are unsecured. At October 31, 2021, the intercompany loan balance was $2,274,000 (October 31, 2020 - $8,565,000) and was eliminated upon consolidation.

On July 28, 2021, EBC and CXI entered a subordinated debt agreement whereby EBC issued a note payable to CXI in exchange for CAD 5,000,000 or $3,976,776 USD. The note has a ten-year term but is repayable earlier at EBC's option, subject to approval from its regulator. The note contains a non-viability contingent conversion ("NVCC") clause that stipulates the note be converted into common shares of the Bank in the event that the regulator declare it to be non-viable. The note bears interest at 6% per annum, payable monthly in arrears. All amounts related to the debt and interest are eliminated on consolidation.

Key management personnel and directors occasionally conduct transactions with the Company as individuals. Such transactions are immaterial individually and in total, including for the years ending October 31, 2021 and 2020, 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.

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

Stock Option grants

The Company offers an incentive stock option plan which was established on April 28, 2011 and was amended most recently October 20, 2017 (the "**Plan**"). The Plan is a rolling stock option plan, under which 10% 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 of options occur 1/3 upon the first anniversary, 1/3 upon the second anniversary and 1/3 upon the third anniversary of the grant, and the options have a five-year term, unless otherwise specified by the Board of Directors. The following table sets out the information related to each option grant.

Date of Grant	Expiry Date	Share price at grant date (Cdn$)	Amount granted	Risk-free interest rate	Expected volatility	Exercise Price (Cdn$)*	Fair value of option at grant date ($)
6-Jun-17	6-Jun-22	20.79	9,865	1.71%	37%	21.53	5.27
23-Jan-19	23-Jan-24	30.14	4,127	2.60%	27%	28.23	7.18
4-Mar-19	4-Mar-24	25.98	13,316	2.50%	27%	25.83	5.65
4-Mar-19	4-Mar-24	17.03	30,000	1.58%	24%	17.36	3.07
4-Jun-19	4-Jun-24	17.03	5,837	1.58%	24%	17.36	3.07
23-Oct-19	23-Oct-24	17.03	72,376	1.58%	24%	17.36	3.07
23-Oct-19	23-Oct-24	17.03	228,754	1.58%	24%	17.36	3.07
24-Jun-20	24-Jun-25	12.50	7,586	0.33%	23%	12.74	1.87
24-Jun-20	24-Jun-25	12.50	22,369	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	322,352	0.34%	23%	10.83	1.33
28-Dec-20	28-Dec-25	10.80	2,431	0.37%	23%	9.31	2.97
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	134,668	1.16%	22%	14.35	2.57

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

The outstanding options at October 31, 2021 and the respective changes during the periods are summarized as follows:

	Number of options #	Weighted average price CDN$
Outstanding at October 31, 2020	732,803	14.01
Granted	140,972	14.65
Forfeited/Cancelled/Expired	(60,098)	16.05
Outstanding at October 31, 2021	813,677	14.65

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

Stock Option grants (continued)

The following options were outstanding and exercisable at October 31, 2021:

Grant Date	Exercise price (CAD$)	Number outstanding	Average remaining contractual life (years)	Number exercisable
6-Jun-17	21.53	5,586	0.60	5,586
23-Jan-19	28.23	1,411	2.23	36
4-Mar-19	25.83	43,316	2.34	28,877
4-Jun-19	17.36	5,837	2.59	5,837
23-Oct-19	17.36	72,376	2.98	72,376
23-Oct-19	17.36	203,849	2.98	127,598
24-Jun-20	12.74	29,955	3.65	24,898
29-Jul-20	10.83	18,000	3.75	18,000
29-Oct-20	10.83	7,032	4.00	7,032
29-Oct-20	10.83	285,343	4.00	89,732
28-Dec-20	9.31	2,431	4.16	-
28-Jan-21	11.02	3,873	4.25	-
28-Oct-21	14.35	134,668	4.99	-
Total		813,677		379,972
Weighted Average	14.65			

The options outstanding from the October 23, 2019 grant of 203,849 were made outside of the Company's stock option plan, and in accordance with the policies of TSX and was approved by the shareholders on March 25, 2020.

On December 28, 2020 2,431 options were granted to an officer that surrendered options under the stock option exchange program that was announced on July 28, 2020. The replacement options have a weighted average exercise price of CAD10.36 and 5-year expiration date.

On January 28, 2021 3,873 options were granted to an officer which have a weighted average exercise price of CAD10.36 and 5-year expiration date.

On October 28, 2021 134,668 options were granted to officers which have a weighted average exercise price of CAD14.35 and an expiry date of 5 years from the date of grant.

In the year-ended October 31, 2021, the Company recorded expenses of $978,508 related to stock-based compensation (2020 - $1,005,903).

Restricted Stock Unit and Deferred Stock Unit Plans

On November 1, 2020 the Company made its first grants under the Deferred Share Unit "DSU" Plan and Restricted Stock Unit "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 will occur 1/3 upon the first anniversary, 1/3 upon the second anniversary and 1/3 upon the third anniversary of the grant, while vesting for awards that may be granted under the Plans for directors will occur equally 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.

Restricted Stock Unit and Deferred Stock Unit Plans (continued)

On November 1st, 2020, Restricted Stock Unit “RSU” and Deferred Stock Unit “DSU” awards were granted in the amount of $388,000 and $220,000 respectively. The Company recorded stock-compensation expenses of $335,118 related to RSUs and DSUs liability at October 31, 2021.

Subsequent events

The Company evaluated subsequent events through January 26, 2022, the date this MD&A was prepared.

On November 1, 2021 the Company made grants under Restricted Stock Unit “RSU” Plan and Deferred Share Unit “DSU” Plan (the “Plans”). The Company granted 29,872 RSU awards and 20,533 DSU awards in the amount of $376,250 and $240,000, respectively. The Company will record expense related to RSU and DSU awards based on FMV at the first quarter of FY 2022 as part of stock-based compensation

There were no other material subsequent events that required recognition or additional disclosure in the consolidated financial statements.

Accounting standards and policies

The Company's accounting policies are described in note 2 to the Company's audited consolidated financial statements for the years ended October 31, 2021 and 2020.

Financial Risk factors

Outbreak of Infectious Diseases

The Company’s banknote business, which represents a significant portion of commissions revenue, is highly correlated to international travel patterns by consumers. The Company’s business has been and is expected to continue to be adversely affected by the effects of the widespread outbreak of respiratory illness caused by COVID-19 in its primary North American market, as well as by travel restrictions imposed by governments to limit the effects of COVID-19 on the health of the local and global population, including restrictions on air travel to and from North America. The Company cannot accurately predict the impact COVID-19 will have on its future revenue and business undertaking, due to uncertainties relating to the ultimate geographic spread of COVID-19, the severity of the disease, the duration of the pandemic, and the length of travel and quarantine restrictions imposed by governments of affected countries. As a result, the Company cannot be assured that measures it has taken, or may take in the future, for business continuity and cost containment will be effective as it is not possible to predict how the Company may be affected if COVID-19 pandemic persists for an extended period of time or in the event of similar health crises in the future.

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 has a strong repayment history, with one exception (see note 21 to the consolidated financial statements).

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

Credit Risk (continued)

Due to seasonality, amounts in accounts receivable are usually at their highest during peak periods. They are atypically low at October 31, 2020 due to the reduction in economic activity caused by COVID-19 related impacts. A breakdown of accounts receivable by category is below:

	At October 31, 2021	At October 31, 2020
Customer type	**$**	**$**
Domestic and international financial institutions	14,128,422	2,923,202
Money service businesses	2,138,098	846,168
Other	254,850	2,141,993
Total	**16,521,370**	**5,911,363**

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

Foreign Currency Risk

The volatility of the Company's foreign currency holdings may increase as a result of the political and financial environment of the corresponding issuing country. Several currencies have limited exchange rate exposure as they are pegged to the U.S. Dollar, the reporting currency of the Company. Management believes its exposure to foreign currency fluctuations is mitigated by the short-term nature and rapid turnover of its foreign currency inventory, as well as the use in certain instances of forward and option contracts to offset these fluctuations. Due to their nature, some minor and exotic foreign currencies cannot be hedged or are too cost prohibitive to hedge. In order to 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 vaults, tills and in transit at October 31, 2021 was approximately $5,359,000 (October 31, 2019 - $6,010,000). The amount of currency that is unhedged and that is not pegged to the U.S. Dollar is approximately $2,183,000 (2020 - $4,672,000). 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 +$44,000/-$44,000 (October 31, 2020 gain/loss of approximately +$93,000/-$93,000).

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, 2021, the Company had access to interest bearing financial instruments in cash, short term accounts payable and its line of credit. A significant amount of the Company's cash is held as foreign currency bank notes in tills and vaults. These amounts are not subject to interest rate risk. Cash held in some of the Company’s accounts are interest bearing; however, since prevailing interest rates are low there is minimal interest rate risk. Borrowings bear interest at variable rates. Cash and borrowings issued at variable rates expose the Company to cash flow interest rate risk. For the interest rate profile of the Company's interest-bearing financial liabilities, refer to Note 14 of the consolidated financial statements.

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

Interest Rate Risk (continued)

The Company manages interest rate risk in order to reduce the volatility of the financial results as a consequence of interest rate movements. For the decision whether new borrowings shall be arranged at a variable or fixed interest rate, senior management focuses on an internal long-term benchmark interest rate and considers the amount of cash currently held at a variable interest rate. Currently the interest rate exposure is un-hedged.

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, 2021 would have been approximately +$6,000/-$6,000 higher/lower as a result of credit lines held at variable interest rates (2020 - +$19,500/-$19,500).

Liquidity Risk

Liquidity Risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Chief Financial Officer informs the Chief Executive Officer, the Board of Directors, and the Audit Committee of capital and liquidity issues as they occur in accordance with established policies and guidelines. The Company targets to have a cash reserve or credit lines greater than 15% of the Company's prior year's revenues.

The following are non-derivative contractual financial liabilities:

	At October 31, 2021			
Non-derivative financial liabilities	**Carrying amount**	**Estimated contractual amount**	**This fiscal year**	**Future fiscal years**
	$	**$**	**$**	**$**
Accounts payable	26,641,692	26,641,692	26,641,692	$Nil
Holding Accounts	5,535,804	5,535,804	5,535,804	$Nil
Line of credit	4,037,468	4,037,468	4,037,468	$Nil
Contingent consideration	369,830	369,830	$Nil	369,830

	At October 31, 2020			
Non-derivative financial liabilities	**Carrying amount**	**Estimated contractual amount**	**Next fiscal year**	**Future fiscal years**
	$	**$**	**$**	**$**
Accounts payable	13,095,188	13,095,188	13,095,188	$Nil
Holding Accounts	1,595,365	1,595,365	1,595,365	$Nil
Line of credit	3,305,605	3,305,605	3,305,605	$Nil
Contingent consideration	703,560	703,560	$Nil	703,560
Contract liability	163,901	163,901	$Nil	163,901

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.

	At October 31, 2021	**At October 31, 2020**
	$	**$**
Current assets	90,710,774	71,219,313
Current liabilities	(40,829,895)	(23,463,619)
Working capital	**49,880,879**	**47,755,694**

Capital Management (continued)

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, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

CURRENCY EXCHANGE INTERNATIONAL, CORP.

Consolidated Financial Statements
For the years ended October 31, 2021 and 2020
(Expressed in U.S. Dollars)

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Independent auditor's report

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

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

To the shareholders of

Currency Exchange International, Corp.

Opinion

We have audited the consolidated financial statements of Currency Exchange International, Corp. and its subsidiaries ("the Group"), which comprise the consolidated statements of financial position as at October 31, 2021, and October 31, 2020 and the consolidated statements of operations and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at October 31, 2021 and October 31, 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

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

Key Audit Matters

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

Assessment of the recoverable amount of cash generating units ("CGU") to which goodwill has been allocated

Refer to Notes 2, 4 and 10 of the consolidated financial statements.

IAS 36 – *Impairment of Assets* ("IAS 36") requires indefinite life intangible assets to be tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. The Group has recorded goodwill of $2.275 million as at October 31, 2021, and goodwill acquired in a business combination is allocated to the CGU (or group of CGUs) that will benefit from the synergies of the combination.

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

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

Our audit procedures included, amongst other procedures:

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

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

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

Grant Thornton LLP

Toronto, Canada
January 26, 2022

Chartered Professional Accountants
Licensed Public Accountants

CURRENCY EXCHANGE INTERNATIONAL, CORP.
Consolidated Statements of Financial Position
October 31, 2021 and 2020
(Expressed in U.S. Dollars)

ASSETS

	October 31, 2021	October 31, 2020
Current assets	$	$
Cash (Note 7)	66,527,690	59,311,553
Accounts receivable (Note 16)	16,521,370	5,911,363
Restricted cash held in escrow (Note 8)	1,696,600	2,963,474
Forward and option contracts (Note 17)	461,487	92,447
Income taxes receivable (Note 12)	869,136	1,829,664
Other current assets (Note 23)	4,634,491	1,110,812
Total current assets	**90,710,774**	**71,219,313**
Property and equipment (Note 9)	514,729	873,643
Intangible assets (Note 10)	5,243,300	5,938,900
Goodwill (Note 10)	2,275,463	2,207,733
Other assets	126,176	103,187
Right-of-use assets (Note 11)	3,440,059	4,389,091
Net deferred tax asset (Note 12)	214,686	1,026,651
Total assets	**102,525,187**	**85,758,518**

LIABILITIES AND EQUITY

	October 31, 2021	October 31, 2020
Current liabilities		
Line of credit (Note 14)	4,037,468	3,305,605
Accounts payable	26,641,692	13,095,188
Holding accounts	5,535,804	1,595,365
Accrued expenses	2,701,860	2,519,167
Contract liability	281,581	163,901
Loss provision (Note 24)	-	675,000
Contingent consideration (Note 5)	369,830	359,666
Lease liabilities (Note 11)	1,261,660	1,749,727
Total current liabilities	**40,829,895**	**23,463,619**
Long term liabilities		
Contingent consideration (Note 5)	-	343,894
Lease liabilities (Note 11)	2,812,012	3,455,107
Other long term liabilities	867,481	266,163
Total long term liabilities	**3,679,493**	**4,065,164**
Total liabilities	**44,509,388**	**27,528,783**
Equity		
Share capital	6,414,936	6,414,936
Equity reserves	30,868,533	29,967,681
Retained earnings	20,732,330	21,847,118
Total equity	**58,015,799**	**58,229,735**
Total liabilities and equity	**102,525,187**	**85,758,518**

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

CURRENCY EXCHANGE INTERNATIONAL, CORP.
Consolidated Statements of Operations and Comprehensive Loss
Years ended October 31, 2021 and 2020
(Expressed in U.S. Dollars)

		Year ended October 31, 2021	Year ended October 31, 2020
Revenues		$	$
Commissions revenue		28,259,300	23,300,609
Fee revenue		2,004,218	1,712,814
Total revenues (Note 6)		30,263,518	25,013,423
Operating expenses (Note 20)		30,312,447	28,999,214
Net operating (loss)		**(48,929)**	**(3,985,791)**
Other income (loss)			
Interest revenue		27,003	10,773
Government grants (Note 2)		4,174,220	761,533
Revaluation of contingent consideration (Note 5)		(18,989)	-
Provision for loss (Note 24)		(112,299)	(1,693,207)
Gain on sale of assets		6,554	390
Restructuring expenses and impairment loss (Note 21)		(96,711)	(1,072,472)
Other expenses		(14,738)	(14,428)
Total other income (loss)		3,965,040	(2,007,411)
Earnings before interest, taxes, depreciation, and amortization		**3,916,111**	**(5,993,202)**
Interest expense (Note 14)		555,789	473,242
Interest on lease liabilities (Note 11)		208,390	272,687
Depreciation and amortization		1,649,125	1,621,121
Depreciation of right-of-use-assets (Note 11)		1,679,126	1,982,474
(Loss) before income taxes		**(176,319)**	**(10,342,726)**
Income tax expense (recovery) (Note 12)		955,365	(1,818,697)
Net (loss) for the period		**(1,131,684)**	**(8,524,029)**
Other comprehensive loss, after tax			
Net (loss) for the period		(1,131,684)	(8,524,029)
Items that may subsequently be reclassified to profit or loss			
Exchange differences on translating foreign operations		583,876	(274,561)
Total other comprehensive (loss)		**(547,808)**	**(8,798,590)**
(Loss) per share (Note 19)			
	-basic	($0.18)	($1.33)
	-diluted	($0.18)	($1.33)
Weighted average number of common shares outstanding (Note 19)			
	-basic	6,414,936	6,414,936
	-diluted	6,414,936	6,414,936

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

CURRENCY EXCHANGE INTERNATIONAL, CORP.
Consolidated Statements of Changes in Equity
Years ended October 31, 2021 and 2020
(Expressed in U.S Dollars)

	Share Capital		Equity Reserves				Retained Earnings	Total Equity
	Shares	Amount	Share premium	Accumulated Other Comprehensive Income (Loss)	Stock Options		Amount	Amount
	#	$	$	$	#	$	$	$
Balance at November 1, 2020	6,414,936	6,414,936	32,588,617	(5,865,656)	732,803	3,244,720	21,847,118	58,229,735
Stock based compensation (Note 18)	-	-	-	-	140,972	464,282	-	464,282
Forfeited, expired, and cancelled options (Note 18)	-	-	-	-	(60,098)	(147,306)	16,896	(130,410)
Gain on foreign currency translation	-	-	-	583,876	-		-	583,876
Net loss	-	-	-	-	-	-	(1,131,684)	(1,131,684)
Balance, October 31, 2021	**6,414,936**	**6,414,936**	**32,588,617**	**(5,281,780)**	**813,677**	**3,561,696**	**20,732,330**	**58,015,799**
Balance at November 1, 2019	6,414,936	6,414,936	32,588,617	(5,591,093)	708,366	2,207,052	30,709,525	66,329,037
Stock based compensation (Note 18)	-	-	-	-	352,307	952,855	-	952,855
Forfeited, expired and cancelled options (Note 18)	-	-	-	-	(345,870)	53,046	-	53,046
Options issued on acquisition (Note 5)	-	-	-	-	18,000	31,765	-	31,765
Loss on foreign currency translation	-	-	-	(274,561)	-	-	-	(274,561)
Adjustment from the adoption of IFRS 16	-	-	-	-	-	-	(338,377)	(338,377)
Net loss	-	-	-	-	-	-	(8,524,030)	(8,524,030)
Balance, October 31, 2020	**6,414,936**	**6,414,936**	**32,588,617**	**(5,865,654)**	**732,803**	**3,244,718**	**21,847,118**	**58,229,735**

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

CURRENCY EXCHANGE INTERNATIONAL, CORP.
Consolidated Statements of Cash Flows
Years ended October 31, 2021 and 2020
(Expressed in U.S. Dollars)

	Year ended	
	October 31, 2021	**October 31, 2020**
Cash flows from operating activities	**$**	**$**
Net loss	(1,131,684)	(8,524,029)
Adjustments to reconcile net income to net cash flows from operating activities		
Depreciation and amortization	1,649,123	1,621,121
Depreciation of right-of-use assets	1,679,126	1,982,474
Stock based compensation	978,508	1,005,903
Change in forward and option contract positions (Note 17)	(365,429)	(90,608)
Loss (Gain) on disposal, impairment of assets and leases	104,191	614,596
Deferred taxes	986,481	(436,907)
Contingent liabilities	(357,358)	-
Increase (decrease) in cash due to change in:		
Accounts receivable	(10,411,534)	4,518,684
Restricted cash held in escrow	1,432,537	(2,295,460)
Income taxes receivable	952,590	(1,298,634)
Other assets	(3,505,097)	157,287
Contract liability	251,366	(194,249)
Loss provision (Note 24)	-	680,261
Accounts payable, accrued expenses, deposits, and income taxes payable	15,374,858	1,321,066
Net cash flows from operating activities	**7,637,678**	**(938,495)**
Cash flows from investing activities		
Purchase of property and equipment	(130,620)	(123,175)
Purchase of intangible assets	(260,525)	(469,305)
Acquisition, net of cash acquired (Note 5)	-	(3,461,265)
Contingent liabilities	-	699,046
Net cash outflow from investing activities	**(391,145)**	**(3,354,699)**
Cash flows from financing activities		
Repayment of leasing liabilities	(2,169,808)	(2,288,112)
Interest on leasing liabilities	208,203	272,513
Net borrowing on lines of credit (Note 14)	475,431	2,810,641
Net cash flows from financing activities	**(1,486,174)**	**795,042**
Net change in cash	5,760,359	(3,498,151)
Cash, beginning of period	59,311,553	62,873,873
Exchange difference on foreign operations	1,455,778	(64,168)
Cash, end of period	**66,527,690**	**59,311,553**
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period for income taxes	-	1,613,148
Cash paid during the period for interest	764,179	745,929
Cash received during the year for interest	27,003	10,773

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

1. Nature of Operations and Basis of Presentation

Nature of operations

Currency Exchange International, Corp. (the "**Company**") was originally incorporated under the name Currency Exchange International, Inc. under the Florida Business Corporation Act on April 7, 1998. The Company changed its name to Currency Exchange International, Corp. on October 19, 2007 and commenced its current business operations at that time. The Company is a public corporation whose shares are listed and posted for trading on the Toronto Stock Exchange ("**TSX**") under the symbol "CXI," and the over the counter market ("**OTCBB**") in the United States under the symbol "CURN". The Company operates as a money service and payments business that provides currency exchange, wire transfer, and cheque cashing services from its locations in the United States and Canada. The Company maintains a head office and five vaults as well as 35 branch locations (see Note 11), and 267 employees. The Company's registered head office is located at 6675 Westwood Boulevard, Suite 300, Orlando, Florida, 32821, United States of America. The Company's wholly-owned Canadian Subsidiary, Exchange Bank of Canada ("**EBC**") is a non-deposit taking, non-lending "Schedule 1" bank engaged in foreign exchange services.

Basis of presentation

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

Statement of compliance

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

These consolidated financial statements were authorized for issue and approved by the Board of Directors on January 26, 2022.

2. Accounting Policies

Principles of consolidation

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

2. Accounting Policies (continued)

Recently adopted accounting standards

Certain pronouncements were issued by the IASB or International Financial Reporting Interpretations Committee ("**IFRIC**"). Many are not applicable or do not have a significant impact to the Company, and have therefore been excluded:

- Amendments to References to Conceptual Framework in IFRS Standards;
- Definition of a Business (Amendments to IFRS 3); and
- Definition of Material (Amendments to IAS 1 and IAS 8)

Future Accounting Pronouncements

Certain pronouncements were issued by the IASB or International Financial Reporting Interpretations Committee ("**IFRIC**"). Many are not applicable or do not have a significant impact to the Company and have been excluded. The following amended standards and interpretations have not yet been adopted and are not expected to have a significant impact on the Company's consolidated financial statements:

- Amendments to References to Conceptual Framework in IFRS Standards;
- Annual Improvements to IFRS Standards 2018-2020 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- Deferred Tax related to Assets and Liabilities from a Single Transaction; and
- IFRS 17 Insurance Contracts.

Cash

Cash includes, but is not limited to:

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

Foreign cash is recorded at fair value based on foreign exchange rates as at October 31, 2021 and 2020, respectively.

Accounts receivable

Trade accounts receivable are stated net of an allowance for doubtful accounts. Accounts receivable consist primarily of bulk currency trades with a settlement cycle of 24 to 48 hours. The amount of accounts receivable varies widely from period to period due to the volume of activity and timing differences. The Company applies a simplified approach in accounting for the allowance for doubtful accounts based on lifetime expected credit losses in accordance with IFRS 9 *Financial Instruments* ("IFRS 9"). These consider the potential for default during the life of the financial instrument and are the expected shortfalls in contractual cash flows. To estimate the expected shortfall, the Company considers specific customers, historical information, external indicators, and forward-looking information. There is minimal counter-party risk as the majority of the Company's receivables reside with banks, money service business customers and other financial institutions. The Company has longstanding relationships with most of its customers and has a strong repayment history. The Company does not accrue interest on past due receivables. Management determined that the allowance for doubtful accounts was $Nil as of October 31, 2021 and 2020, respectively.

2. Accounting Policies (continued)

Revenue recognition

IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") provides a comprehensive framework for the recognition, measurement, and disclosure of revenue from contracts with customers. To determine whether to recognize revenue, the Company follows a five-step process whereby the Company: (1) identifies the contract with the customer; (2) identifies the performance obligations; (3) determines the transaction price; (4) allocates the transaction price to the performance obligations; and (5) recognizes revenue when or as performance obligations are satisfied.

Commission revenues are the difference between the cost and selling price of foreign currency products, including bank notes, wire payments, cheque collections and draft issuances (foreign currency margin) and the revaluation of open foreign exchange positions to market value, together with the net gain or loss from foreign currency forward and option contracts and commissions paid on the sale and purchase of currencies. The amount of this spread is based on competitive conditions and the convenience and value-added services offered. These revenue contracts are short term in nature and generally have a single performance obligation. Revenue is recognized at a point in time, being at the time each transaction occurs, and the performance obligation is satisfied, generally when the currency is delivered, or at the end of each reporting period when revaluations of foreign exchange positions take place. Consideration received from a customer prior to the satisfaction of the performance obligation is included as a contract liability in the statement of financial position.

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

Foreign currency translation

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the consolidated statement of financial position date are translated at rates as at that date. Exchange gains and losses, which arise from normal trading activities, are included in operating expenses in the consolidated statement of operations when incurred. The functional currency of EBC is the Canadian Dollar and the functional currency of the Company and eZforex is the United States Dollar.

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

Foreign currency forward and option contracts

Foreign currency forward and option contracts are recognized on the Company's consolidated statement of financial position when the Company becomes a party to the contractual provisions of the instrument. The instrument is derecognized from the consolidated statement of financial position when the contractual rights or obligations arising from that instrument expire or are extinguished. Forward currency contracts are recognized at fair value. The gain or loss on fair value is recognized in income immediately in the consolidated statement of operations.

2. Accounting Policies (continued)

Property and equipment

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

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

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

Goodwill and intangible assets

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

Intangible assets are comprised of the Company's internally developed software ("CEIFX") and its related modules as well as software and customer trading relationships acquired through business combinations or asset purchase transactions. Costs that are directly attributable to a project's development phase are recognized as intangible assets, provided they have met the following recognition requirements:

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

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

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

Internally developed software	5 years
Acquired software	2 years
Customer trading relationships	5-10 years
Tradename, Non-competition agreements	5 years

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

2. Accounting Policies (continued)

Business combinations

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

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

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

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

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

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

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

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

2. Accounting Policies (continued)

Provisions

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

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

Restructuring provisions

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

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

Holding accounts

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

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

Share-based payments

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

2. Accounting Policies (continued)

Financial instruments

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

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

Classification and measurement of financial assets

IFRS 9 provides guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for the impairment of financial assets. IFRS 9 also contains new requirements on the application of a hedging model to align hedge accounting more closely with entities' risk management activities.

IFRS 9 includes a new classification and measurement approach for financial assets that considers the business model in which the assets are managed and their cash flow characteristics. Subsequent to initial recognition, financial assets are not reclassified unless the Company adopts changes in its business model in managing those assets. Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories: amortized cost; fair value through profit or loss ("FVTPL"); or fair value through other comprehensive income ("FVTOCI").

Classification and measurement of financial liabilities

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

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

Cash	Fair value through profit and loss
Accounts receivable	Amortized cost
Restricted cash held in escrow	Amortized cost
Forward and option contract assets	Fair value through profit and loss
Accounts payable	Amortized cost
Holding accounts	Amortized cost
Contract asset/(liability)	Amortized cost
Line of credit	Amortized cost
Contingent consideration	Fair value through profit and loss

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

2. Accounting Policies (continued)

Impairment of financial assets

IFRS 9's impairment requirements use the 'expected credit loss' ("ECL") model. The ECL model replaces IAS 39's 'incurred loss model' and uses forward-looking information to recognize expected credit losses. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortized cost and FVOCI, trade receivables, contract assets recognized and measured under IFRS 15 and loan commitments and some financial guarantee contracts that are not measured at fair value through profit or loss.

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

Leases

IFRS 16 The adoption of this new Standard has resulted in the Company recognizing a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or leases having substantive substitution rights.

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognized in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

The Bank has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being November 1, 2019. At this date, the Company has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

On transition, for leases of low-value assets the Company has applied the optional exemptions to not recognize right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

Accounts receivable

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

Derivative financial instruments and hedge accounting

Derivative financial instruments are accounted for at FVTPL, except for derivatives designated as hedging instruments in cash flow hedge relationships, which require a specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet all of the following requirements: there is an economic relationship between the hedged item and the hedging instrument; the effect of credit risk does not dominate the value changes that result from that economic relationship; and the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually

2. Accounting Policies (continued)

hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item. The Company does not apply hedge accounting in its consolidated financial statements.

Financial instruments recorded at fair value

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

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

Earnings per share

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

Income taxes

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

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

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

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

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

2. Accounting Policies (continued)

Accounting for government grants and assistance

The Canada Emergency Wage Subsidy ("CEWS") program became effective for periods beginning on March 15, 2020 to support organizations that have been significantly impacted by the COVID-19 pandemic. Under this program, EBC received a subsidy of up to 75% of qualified employees' wages in each qualifying four-week period that it met certain tests for revenue reduction. In the year ended October 31, 2021 EBC qualified for $657,117 (October 31, 2020 - $745,190) in grants under the program, of which $107,472 (October 30, 2020 - $198,990) was a receivable as of the reporting date. The Canada Emergency Rent Subsidy ("CERS") program became effective for periods beginning on September 27, 2020. Under this program, EBC received a subsidy for up to 68% of qualified rent expenses. In the year ended October 31, 2021 EBC qualified for $120,315, of which $18,692 (October 31, 2020 - $16,343) which was a receivable as of the reporting date.

On March 27, 2020, congress passed legislation known as the Employee Retention Credit (ERC) which was section 2031 of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). On December 21, 2020, congress passed an additional round of stimulus which enhanced provisions related to the ERC. The ERC provides a subsidy towards wages and healthcare costs incurred for U.S. employees retained by eligible companies that meet certain criteria relative to a decline in revenue following the declaration of the COVID-19 pandemic, referred to as a gross receipts test. The Company met the eligibility criteria including the gross receipts test beginning with the period commencing April 1, 2020 and ending on September 30, 2021. The Company has recognized $3,400,190 in the year ending October 31, 2021 (2020 - $Nil), all of which was a receivable as of the reporting date.

The grant revenue has been recognized by the Company separately as other income, "government grants," within the consolidated statement of operations.

Impairment testing of goodwill, other intangible assets, and property, plant, and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment, and some are tested at the cash-generating unit ("CGU") level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the Company at which management monitors goodwill. CGUs to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

(Expressed in U.S. Dollars)

3. IFRS 16 'Leases'

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease').

The adoption of this new Standard has resulted in the Company recognizing a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or leases having substantive substitution rights.

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognized in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being November 1, 2019. At this date, the Company has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

On transition, for leases of low-value assets the Company has applied the optional exemptions to not recognize right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

On transition to IFRS 16 the weighted average incremental borrowing rate applied to all lease liabilities recognized under IFRS 16 was 5.0%.

The Company has applied historical experience in determining the estimated lease terms when considering options to extend and terminate leases.

The following is a reconciliation of the financial statement line items from IAS 17 to IFRS 16 at November 1, 2019:

	Carrying Amount at October 31,2019	Remeasurement	IFRS 16 carrying amount at November 1, 2019
	$	$	$
Right-of-use-assets	-	5,481,031	5,481,031
Lease liabilities	-	(6,092,927)	(6,092,927)
Total	-	(611,896)	(611,896)

(Expressed in U.S. Dollars)

3. IFRS 16 'Leases' (continued)

The following is a reconciliation of total operating lease commitments at October 31, 2019 to the lease liabilities recognized at November 1, 2019:

Total operating lease commitments disclosed at October 31, 2019		**6,306,225**
Recognition exemptions:		
Leases with substantive substitution rights	(1,795,241)	
Leases with remaining lease term of less than 12 months	(149,864)	
Variable lease payments not recognized	(2,223,340)	
Other minor adjustments relating to commitment disclosers	-	
		(4,168,445)
Reasonably certain extension options		5,062,692
Operating lease liabilities before discounting		7,200,473
Discounted using incremental borrowing rate		(1,054,857)
Operating lease liabilities		6,145,616
Foreign currency translation		(52,689)
Total Lease liabilities recognized under IFRS 16 at November 1, 2019		**6,092,927**

Additional information with respect to the IFRS 16 changes can be found in Note 11.

4. Significant management judgment in applying accounting policies and estimation uncertainty

When preparing the consolidated financial statements, management undertakes a number of 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.

The judgments, estimates and assumptions applied in the consolidated financial statements, including the key sources of estimation uncertainty, have been updated based on information at October 31, 2021 and with particular respect to the analysis of potential impairment of the Company's assets, including goodwill, and its ability to continue as a going concern.

Significant management judgment

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

Carrying value of internally developed software

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

4. Significant management judgment in applying accounting policies and estimation uncertainty (continued)

Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, intercompany allocations in accordance with its transfer pricing policy, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are (i) within the Company's control, (ii) feasible, and (iii) within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

Impairment of financial assets

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

Impairment of non-financial assets

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

Goodwill is tested for impairment at least annually and at other times when such indicators exist.

Estimation uncertainty

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

4. Significant management judgment in applying accounting policies and estimation uncertainty (continued)

Share-based payments

Management determines the overall expense for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. The determination of the most appropriate valuation model is dependent on the terms and conditions of the grant. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates, future employee stock option exercise behaviors and corporate performance. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 18. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Depreciation and amortization expense

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

Fair value measurement

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

Contingencies

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

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

Refer to Note 5 and Note 24.

(Expressed in U.S. Dollars)

5. Acquisition

Denarius Financial Group Inc.

On July 29, 2020 the Company's wholly owned subsidiary, EBC, acquired certain assets of Denarius Financial Group Inc. ("DFG"), which were determined to meet the definition of a business in accordance with IFRS 3 *Business Combinations* ("IFRS 3").

EBC paid $2,748,290 (CAD 3,660,000) in cash on closing, and EBC's parent company Currency Exchange International ("CXI") issued 18,000 fully vested stock options to the shareholders of the vendor on the date of acquisition. In addition, there are two contingent payments of up to a maximum of $375,432 (CAD 500,000) each and payable on the first and second anniversary after closing. The additional payments will be based on the amount of revenue generated from the customer trading relationships acquired. The Company has estimated the likelihood of future revenues to determine the estimated contingent consideration. Management had estimated these payments for the first and second anniversary at $359,666 (CAD 479,003) and $343,894 (CAD 457,998) respectively, for total contingent consideration of $727,130 (CAD 968,392). The Company allocated this contingent consideration to customer trading relationships. The first portion of contingent consideration was paid on July 31, 2021, in accordance with the agreement with DFG. As a result, the Company recorded a loss of $18,989 associated with the fair value revaluation with respect to this payment. Furthermore, the second portion of the contingent consideration was reclassified from short-term to long-term liability on the consolidated statements of financial position.

An increase (decrease) in the estimate of the amount of revenue generated from the customer trading relationships acquired of +/- 10% would not affect the fair value of the contingent consideration. Contingent consideration was reassessed at the end of the reporting period and the initial estimate was still determined to be management's best estimate of the Company's obligation. Changes in contingent consideration noted on the consolidated statements of financial position are a result of foreign exchange fluctuations.

Assets assumed in the acquisition have been recorded at their fair values as at the date of acquisition. The Company completed its measurement process once the necessary information was obtained and finalized the purchase price allocation as at October 31, 2020.

The final purchase price of the DFG acquisition was $3,483,615 (CAD 4,639,481). with the final allocation of the purchase consideration to the net assets acquired as follows:

	USD	CAD
Final PPA allocation		
Net tangible asset	5,158	6,872
Trade name	37,543	50,000
Unpatented technology	10,512	14,000
Customer relationships	2,230,522	2,970,609
Non-compete agreements	301,847	402,000
Implied goodwill	898,033	1,196,000
Balance at October 31, 2020	3,483,615	4,639,481

Final Purchase Consideration		
Cash	2,748,290	3,660,000
Stock Options	31,765	42,480
Contingent Consideration	359,666	479,003
Contingent Consideration - long term	343,894	457,998
Balance at October 31, 2020	3,483,615	4,639,481

(Expressed in U.S. Dollars)

6. Segments

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

Revenues by Geography

	United States	Canada	Total
Year ended October 31, 2021	23,100,695	7,162,823	30,263,518
Year ended October 31, 2020	19,601,984	5,411,439	25,013,423

Revenues by Product Line

	Banknotes	Payments	Total
Year ended October 31, 2021	22,853,387	7,410,131	30,263,518
Year ended October 31, 2020	21,595,790	3,417,633	25,013,423

	At October 31, 2021			At October 31, 2020		
Assets	**United States**	**Canada**	**Total**	**United States**	**Canada**	**Total**
	$	$	$	$	$	$
Cash	34,608,888	31,918,802	66,527,690	39,322,593	19,988,960	59,311,553
Accounts receivable	5,996,032	10,525,338	16,521,370	5,187,707	723,656	5,911,363
Restricted cash held in escrow	81,579	1,615,021	1,696,600	581,693	2,381,781	2,963,474
Other current assets	3,988,541	645,950	4,634,491	572,830	537,982	1,110,812
Property and equipment	236,515	278,214	514,729	430,284	443,359	873,643
Intangible assets	2,777,604	2,465,696	5,243,300	3,307,050	2,631,850	5,938,900
Goodwill	1,309,701	965,762	2,275,463	1,309,700	898,033	2,207,733
Other assets	125,902	274	126,176	103,187	-	103,187
Forward and option contracts	366,962	94,525	461,487	55,232	37,215	92,447
Right-of-use assets	1,475,613	1,964,446	3,440,059	2,358,751	2,030,340	4,389,091
Income taxes receivable	869,136	-	869,136	1,829,664	-	1,829,664
Net deferred tax asset	(23,351)	238,037	214,686	805,307	221,344	1,026,651
Total assets	**51,813,122**	**50,712,065**	**102,525,187**	**55,863,998**	**29,894,520**	**85,758,518**

7. Cash

Included within cash of $66,527,690 at October 31, 2021 (October 31, 2020 - $59,311,553) are the following balances:

	At October 31, 2021	At October 31, 2020
	$	$
Cash held in transit, vaults, tills and consignment locations	45,883,163	34,340,751
Cash deposited in bank accounts in jurisdictions in which the Company operates	20,644,526	24,970,802
Total	66,527,690	59,311,553

(Expressed in U.S. Dollars)

8. Restricted Cash Held in Escrow

Certain of the Company's secured transactions and derivative contracts require the Company to post cash collateral or maintain minimum cash balances in escrow. The foreign currency forward contracts can be closed immediately resulting in the collateral being liquidated. The Company has also been required to post the collateral associated with its credit facility with Desjardins Group (see Note 12). At October 31, 2021 the Company had cash collateral balances of $1,696,600 (October 31, 2020 - $2,963,474), represented by $81,613 (October 31, 2020 - $1,461,747) being held as collateral on forward contracts and $1,614,987 (October 31, 2020 - $1,501,727) being held on collateral on the Desjardins credit facility. These balances are reflected as restricted cash held in escrow in the consolidated statements of financial position.

9. Property and Equipment

Property and equipment consist of the following:

Cost	**Vehicles**	**Computer equipment**	**Furniture and equipment**	**Leasehold improvements**	**Total**
	$	$	$	$	$
Balance, October 31, 2019	65,974	735,348	1,039,295	2,898,803	4,739,420
Additions	2,628	32,801	32,375	63,762	131,566
Disposals	(2,628)	-	(655)	(244,503)	(247,786)
Net exchange differences	-	(1,646)	(4,055)	(8,372)	(14,073)
Balance, October 31, 2020	65,974	766,503	1,066,960	2,709,690	4,609,127
Additions	-	13,985	46,339	54,847	115,171
Disposals (Note 21)	(17,723)	-	(1,061)	(87,339)	(106,123)
Net exchange differences	-	12,191	26,856	52,585	91,632
Balance, October 31, 2021	**48,251**	**792,679**	**1,139,094**	**2,729,783**	**4,709,807**

Depreciation	**Vehicles**	**Computer equipment**	**Furniture and equipment**	**Leasehold improvements**	**Total**
	$	$	$	$	$
Balance, October 31, 2019	44,808	397,004	803,033	1,941,634	3,186,479
Additions	12,321	159,338	132,977	368,376	673,012
Impairment of asset	-	-	-	120,926	120,926
Disposals	(872)	-	(496)	(232,603)	(233,971)
Net exchange differences	(7)	(1,085)	(7,434)	(2,436)	(10,962)
Balance, October 31, 2020	56,250	555,257	928,080	2,195,897	3,735,484
Additions	6,276	138,691	96,705	258,501	500,173
Disposals (Note 21)	(14,277)	-	(1,105)	(98,823)	(114,205)
Net exchange differences	2	9,465	23,643	40,516	73,625
Balance, October 31, 2021	**48,251**	**703,413**	**1,047,322**	**2,396,091**	**4,195,078**

Carrying amounts	**Vehicles**	**Computer equipment**	**Furniture and equipment**	**Leasehold improvements**	**Total**
	$	$	$	$	$
Balance, October 31, 2020	9,724	211,246	138,880	513,793	873,643
Balance, October 31, 2021	**(0)**	**89,266**	**91,771**	**333,692**	**514,729**

As at the year ended October 31, 2021, the Company disposed of certain leasehold improvement assets that relate to retail locations that were closed during the period. These locations were included in the restructuring and impairment provisions that the Company recorded in its fiscal year ended October 31, 2020 (see Note 21).

(Expressed in U.S. Dollars)

10. Goodwill and Intangible Assets

Intangible assets comprise the Company's internally developed software ("**CXIFX**") and its related modules as well as software and customer trading relationships acquired through an asset purchase transaction as well as the purchase of eZforex (*see Note 5 in the consolidated financial statements at October 31, 2020*) and DFG (*see Note 4).* Amortization for intangibles is computed on an individual basis over the estimated useful life using the straight-line method as follows:

Internally developed software	5 years
Acquired software	2 years
Customer trading relationships	5-10 years
Tradename, Non-compete agreements	5 years

Cost	**Internally developed software** $	**Acquired software** $	**Customer trading relationships** $	**Trade Name, Non-Compete & Unpatented Tech Cost** $	**Goodwill** $	**Total** $
Balance, October 31, 2019	2,767,814	573,161	5,198,283	670,000	1,238,319	10,447,577
Additions	396,489	1,435	2,216,211	347,657	963,652	3,925,444
Net exchange differences	(3,202)	-	14,311	2,245	5,762	19,116
Balance, October 31, 2020	3,161,101	574,596	7,428,805	1,019,902	2,207,733	14,392,137
Additions	260,525	-	-	-	-	260,525
Net exchange differences	20,986	-	168,226	26,390	67,730	283,332
Balance, October 31, 2021	**3,442,612**	**574,596**	**7,597,031**	**1,046,292**	**2,275,463**	**14,935,994**

Amortization	**Internally developed software** $	**Acquired software** $	**Customer trading relationships** $	**Trade Name, Non-Compete & Unpatented Tech Cost** $	**Goodwill** $	**Total** $
Balance, October 31, 2019	1,470,227	486,750	3,321,733	19,800	-	5,298,510
Amortization	533,110	45,000	236,000	134,000	-	948,110
Net exchange differences	(2,800)	921	358	405	-	(1,116)
Balance, October 31, 2020	2,000,537	532,671	3,558,091	154,205	-	6,245,504
Amortization	459,099	38,250	295,982	355,621	-	1,148,952
Net exchange differences	(10,535)	919	22,688	9,705	-	22,777
Balance, October 31, 2021	**2,449,101**	**571,838**	**3,876,761**	**519,531**	**-**	**7,417,231**

Carrying amounts	**Internally developed software** $	**Acquired software** $	**Customer trading relationships** $	**Trade Name, Non-Compete & Unpatented Tech Cost** $	**Goodwill** $	**Total** $
Balance, October 31, 2020	1,160,564	41,925	3,870,714	865,697	2,207,733	8,146,633
Balance, October 31, 2021	**993,511**	**2,758**	**3,720,270**	**526,761**	**2,275,463**	**7,518,763**

(Expressed in U.S. Dollars)

10. Goodwill and Intangible Assets (continued)

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

	October 31, 2021	October 31, 2020
Gross carrying amount	**$**	**$**
Balance October 31	2,207,733	1,238,320
Increase due to adjustment	-	71,380
FX impact	67,730	
Acquired through business combination	-	898,033
Balance October 31	**2,275,463**	**2,207,733**
Accumulated impairment		
Balance October 31	-	-
Impairment loss recognized	-	-
Balance October 31	**-**	**-**
Carrying amount at October 31	**2,275,463**	**2,207,733**

Impairment testing

There were no indicators of impairment at October 31, 2021 or 2020. The Company performs an annual impairment test of the goodwill.

For the purpose of annual impairment testing, goodwill is allocated to the cash generating units expected to benefit from the synergies of the business combinations in which the goodwill arises as set out below and is compared to its recoverable value.

	October 31, 2021	October 31, 2020
Goodwill allocated to operating segments	**$**	**$**
eZforex	1,309,701	1,309,701
Denarius	965,762	898,033
Total	**2,275,463**	**2,207,734**
	October 31, 2021	October 31, 2020
Recoverable amount of each operating segment	**$**	**$**
eZforex	7,050,107	5,151,138
Denarius	5,112,109	5,136,689

The recoverable amount of each cash generating unit ("CGU") was determined based on value-in-use calculations, covering a detailed three-year forecast, followed by an extrapolation of expected cash flows for the remaining useful lives using a declining growth rate determined by management. The present value of the expected cash flows of each CGU is determined by applying a suitable discount rate reflecting current market assessments of the time value of money and risks specific to the CGU.

	Growth Rates	Discount Rates
	October 31, 2021	**October 31, 2021**
eZforex	2%	20%
Denarius	2%	20%

(Expressed in U.S. Dollars)

10. Goodwill and Intangible Assets (continued)

Growth rates

The growth rates reflect management's best estimate of the average long-term growth rates from the product mix and industry of the cash generating units. The growth rates are in-line with general standards and are conservative in nature when compared to historical growth rates due to potential uncertainty.

Discount rates

The discount rates are pre-tax rates and reflect appropriate adjustments relating to market risk and specific risk factors of each cash generating unit.

Cash flow assumptions

The key cash flow assumptions are based on the expected margins of each cash generating unit, which have been determined based on a combination of past experience in the markets in which the Company operates as well as historical information and the expected growth in the forecast period for the specific cash generating units. The Company's management believes that this is the best available input for forecasting these markets. Cash flow projections reflect profit margins achieved immediately before the most recent budget period as well as those utilized to value the recent acquisitions to which goodwill relates. No material efficiency improvements have been taken into account.

Other than the considerations described in determining the recoverable amount of the cash generating units described above, there are no other key assumptions

11. Leases

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

	October 31, 2021	October 31, 2020
	$	$
Current lease liabilities	1,261,660	1,749,727
Non-current lease liabilities	2,812,012	3,455,107
Total	**4,073,672**	**5,204,834**

The Company has leases for corporate offices as well as its retail store locations. With the exception of short-term leases and leases of low-value underlying assets, each lease, meeting the definition under IFRS 16, is reflected on the consolidated statements of financial position as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Company sales) are excluded from the initial measurement of the lease liability and asset. The Company classifies its right-of-use assets in a consistent manner to its property, plant, and equipment (see Note 8).

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 cancelled by incurring a substantial termination fee. Some leases contain an option to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over corporate offices and retail store locations, the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

(Expressed in U.S. Dollars)

11. Leases (continued)

The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognized on balance sheet:

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	3 years	3	1	-	-	-
Corporate offices	12	0-13 years	3	5	-	-	-
Retail store locations	18	0-6 years	2	1	-	-	1
Total	**31**	**0-13 years**	**2**	**7**	**0**	**0**	**1**

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at October 31, 2021 were as follows:

	Within 1 Year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 Years	Total
Lease payments	1,410,703	712,568	439,713	410,105	385,747	1,403,597	4,762,432
Finance charges	149,016	113,884	96,026	81,215	66,996	181,622	688,759
Net present values	1,261,687	598,684	343,686	328,889	318,751	1,221,975	4,073,672

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

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

	Year ended October 31, 2021	Year ended October 31, 2020
	$	$
Leases with substantial substitution rights	461,374	608,314
Short-term leases	120,097	187,196
Variable lease payments	426,750	328,969
Total	**1,008,221**	**1,124,479**

At October 31, 2021, the Company was committed to short-term leases and the total commitment at that date was $120,097 (October 31, 2020 - $187,196)

Total cash outflow for leases for the year ended October 31, 2021 was $2,169,808 (October 31, 2020 - $2,288,112)

(Expressed in U.S. Dollars)

11. Leases (continued)

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

	Carrying Amount	Depreciation Expense	Impairment
	$	$	$
Equipment	3,351	1,514	-
Corporate offices	2,251,113	564,570	-
Retail store locations	1,185,595	1,113,042	23,684
Total right-of-use assets	**3,440,059**	**1,679,126**	**23,684**

At October 31, 2021 the Company recorded $23,684 in additional impairment charges on right-of-use assets for one (1) retail branch locations that was closed at October 31, 2020.

12. Income Taxes

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities as of October 31, 2021 and 2020 consist of the following:

	31-Oct-21	31-Oct-20
	$	$
Deferred tax assets		
Accrued expenses	147,993	187,782
Stock based compensation	58,229	669,675
Other	7,500	13,721
Net property and equipment	(25,588)	103,083
Net leasing assets	212,434	158,598
Net intangible assets	10,946	110,744
Unrecognized deferred tax assets	144,809	308,918
Right-of-use assets	165,014	-
Total deferred tax assets	721,337	1,552,521
Deferred tax liabilities		
Net property and equipment	(52,144)	(131,069)
Net intangible assets	(355,417)	(345,906)
Other	(99,090)	(48,895)
Total deferred tax liabilities	(506,651)	(525,870)
Net deferred tax asset	214,686	1,026,651

Reconciliation of the provision for income taxes to the amount calculated using the Company's statutory tax rate for the year ended October 31, 2021 and 2020 are as follows:

	31-Oct-21	31-Oct-20
	$	$
Loss before taxes	(176,319)	(10,342,726)
Statutory tax rate	25.98%	26.53%
Tax (recovery) at statutory rate	(45,816)	(2,744,244)
Permanent items	247,876	163,975
Research and Development Credit	(80,000)	-
Other non-deductible differences	221,598	-
Initial recognition of right-of-use assets	-	(110,207)
Research and development tax credits related to prior years	-	(121,883)
Change in tax rate	(14,131)	-
Benefit not recognized on EBC operating losses	625,838	993,662
Income tax expense (recovery)	955,365	(1,818,697)

(Expressed in U.S. Dollars)

12. Income Taxes (continued)

The enacted tax rates in the United States of 21% (2020 – 21%) and Canada of 26.5% (2020 – 26.5%) where the Company operates are applied in the in the tax provision calculation.

The Company did not recognize a benefit related to net operating losses incurred in the year ended October 31, 2021, in its Canadian subsidiary, Exchange Bank of Canada, due to uncertainty as to its ability to generate future taxable income against which the losses may be applied. The estimated benefit not recognized, based on the statutory tax rate in effect on the reporting date is $625,838 (October 31, 2020 - $993,662). The losses may be carried forward for up to twenty years.

The company did not recognize a benefit related to foreign tax credits due to uncertainty as to its ability to generate enough foreign source income before the expiration date. The estimated benefit not recognized, based on the statutory tax rate in effect on the reporting date is $560,871 (October 31, 2020 - $560,871).

The provision for income taxes for the year ended October 31, 2021 and 2020 consists of the following:

	October 31, 2021	October 31, 2020
	$	$
Current tax expense (recovery)	126,708	(1,382,079)
Deferred tax expense (benefit)	828,657	(436,618)
Income tax expense	955,365	(1,818,697)

13. Seasonality of Operations and Impact of Global Pandemic

Seasonality is reflected in the timing of when foreign currencies are in greater or lower demand. In a normal operating year there is some seasonality to the Company's operations with higher commissions generally from March until September and lower commissions from October to February. This coincides with peak tourism seasons in North America when there are generally more travelers entering and leaving the United States and Canada.

On March 11, 2020 the World Health Organization officially declared COVID-19, the disease caused by a novel coronavirus ("COVID-19"), a pandemic. The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada and the United States of America, businesses have been forced to cease or limit operations for long or indefinite periods of time. Measures have been taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of nonessential services. These measures have triggered significant disruptions to business worldwide, resulting in reduced economic activity.

The Company implemented a number of measures since the pandemic was declared. Those comprise the closing of 12 branch locations, partially offset by the opening of 1 location during the year ended October 31, 2020, resulting in a 24% reduction of retail locations to 35 at October 31, 2021 from 46 at March 11, 2020. In addition, the Company has reduced its net employee population by 96, to 267 at October 31, 2021 from 363 at March 11, 2020. The Company also closed one vault in the fiscal year 2020 due to the low volume of demand for banknotes, which remained closed as of October 31, 2021.

Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions (Note 2). While the Company continues to operate, it is not possible to reliably estimate the duration and severity of these consequences as well as their impact on the financial position and results of future periods.

14. Lines of Credit

The Company maintains a line of credit to meet borrowing needs during peak business periods. The Company has a revolving line of credit with BMO Harris Bank, N.A. with a limit of $20,000,000. The credit line is secured against the Company's cash and other assets. The line of credit bears interest at LIBOR plus 2.0% (at October 31, 2021 – 2.59% (October 31, 2020 – 2.15%)). At October 31, 2021, the balance outstanding was $Nil (October 31, 2020 - $Nil).

On January 25, 2021, the Company's wholly owned Canadian subsidiary, EBC, terminated its revolving line of credit with Bank of Montreal that had a limit of CAD 6,000,000 ($4,844,961). That line of credit bore interest at CAD prime plus 0.5% [at January 31, 2021 – 2.95% (October 31, 2020 – 2.95%)]. At January 31, 2021, the balance outstanding was $Nil (October 31, 2020 - $3,305,605). In its place, the Bank established a fully collateralized revolving line of credit with Desjardins Group ("Desjardins") on October 19, 2020 with a limit of CAD 2,000,000 ($1,614,987), being secured against cash collateral of CAD 2,000,000 ($1,614,987). The line of credit bears interest at CAD prime rate plus 0.25% (at October 31, 2021- 2.70% (October 31, 2020 – 2.70%)). At October 31, 2021, the balance outstanding was $Nil (October 31, 2020 - $Nil)

On April 7, 2021, EBC entered into a Revolving Credit Facility with a private lender. The facility is guaranteed by the Company and is subordinated to the Company's and EBC's obligations to its primary lenders. The facility will be used for working capital purposes of daily operational activity. The credit facility has a limit of $10,000,000 USD, with the option to increase the limit by mutual consent to $20,000,000, with a term of three years (maturity date April 7, 2024). It bears interest at 6% per annum and has a standby charge of $1,500 USD per month if total interest in the month is less than $20,000 USD. At October 31, 2021, the balance outstanding was CAD 5,000,000 ($4,037,468).

Interest expense relates to interest payments on lines of credit. Interest expense for the year ended October 31, 2021 was $555,789 (October 31, 2020 - $473,242).

15. Fair Value Measurement of Financial Instruments

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
- Level 3: unobservable inputs for the asset or liability

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

(Expressed in U.S. Dollars)

15. Fair Value Measurement of Financial Instruments (continued)

There were no transfers between Level 1 and Level 2 during the year ended October 31, 2021, and the year ended October 31, 2020. The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value.

	At October 31, 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Financial assets				
Cash	66,527,690	-	-	66,527,690
Forward and option contract assets	-	461,487	-	461,487
Total assets	**66,527,690**	**461,487**	**-**	**66,989,177**
Financial liabilities				
Forward and option contract liabilities	-	-	-	-
Contingent consideration	-	-	369,830	369,830
Restricted and deferred share units		644,635	-	644,635
Total liabilities	**-**	**644,635**	**369,830**	**1,014,465**
	At October 31, 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Financial assets				
Cash	59,311,553	-	-	59,311,553
Forward and option contract assets	-	92,447	-	92,447
Total Assets	**59,311,553**	**92,447**	**-**	**59,404,000**
Financial liabilities				
Contingent consideration	-	-	703,560	703,560
Total liabilities	**-**	**-**	**703,560**	**703,560**

Cash (Level 1)

The Company's cash balances consisting of local and foreign currency notes held in tills, vaults, bank accounts, and in transit are based upon foreign exchange rates quoted in active markets as of October 31, 2021, and October 31, 2020.

Forward and option contract positions, and Restricted and Deferred share units (Level 2)

The Restricted and Deferred share units are valued using a volume-weighted average price for the five days that precede the date of grant. The cost of the awards is recorded on a straight-line basis over the vesting period. At each reporting date, the vested portion of the awards are remeasured at the current fair value using the same approach as at initial recognition (see Note 16).

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

15. Fair Value Measurement of Financial Instruments (continued)

Contingent consideration (Level 3)

The fair value of contingent consideration, related to the DFG business combination, is estimated based on the amount of revenue generated from the acquired customer trading relationships. The significant input for the fair value estimate is management's estimate of revenues from acquired customers to continue transacting with the Company. For information about the sensitivity of the fair value measurement to the changes in the input at October 31, 2021, see Note 4. The fair value estimate of future cash outflows is $751,887 at October 31, 2021. The first portion of contingent consideration was paid on July 31, 2021, in accordance with the agreement with DFG. As a result, the Company recorded a loss of $18,989 associated with the fair value revaluation with respect to this payment Furthermore, the second portion of the contingent consideration was reclassed from short to long-term liability on the statements of financial position. This reflects management's best estimate of a retention rate of key acquired customers in year 1 and in year 2.

Due to their short-term nature, the carrying value of the following financial instruments approximates their fair value at the balance sheet date:

- Accounts receivable;
- Restricted cash held in escrow;
- Accounts payable;
- Holding accounts;
- Lines of credit; and
- Contract asset (liability).

16. Risk Management

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

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

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

Credit Risk

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

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

(Expressed in U.S. Dollars)

16. Risk Management (continued)

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. Due to seasonality, amounts in accounts receivable are usually at their highest during peak periods. Accounts receivable balances were higher than at October 31, 2021, due to the steady increase in activity and operations, resulting in an increase in accounts receivable of $10,610,007 from October 31, 2020 to October 31, 2021. The Company has longstanding relationships with most of its money service business customers and has a strong repayment history, with one exception (see Note 21).

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

A breakdown of accounts receivable by category is below:

	At October 31, 2021	At October 31, 2020
Customer type	**$**	**$**
Domestic and international banks	14,128,422	2,923,202
Money service businesses	2,138,098	846,168
Other	254,850	2,141,993
Total	**16,521,370**	**5,911,363**

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

Foreign Currency Risk

The volatility of the Company's foreign currency holdings may increase as a result of the political and financial environment of the corresponding issuing country. Several currencies have limited exchange rate exposure as they are pegged to the U.S. Dollar, the reporting currency of the Company. Management believes its exposure to foreign currency fluctuations is mitigated by the short-term nature and rapid turnover of its foreign currency inventory, as well as the use in certain instances of forward contracts to offset these fluctuations. Due to their nature, some minor and exotic foreign currencies cannot be hedged or are too cost prohibitive to hedge.

In order to 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 and in transit at October 31, 2021, was approximately $5,359,377 (October 31, 2020 - $6,010,000). The amount of currency that is unhedged and that is not pegged to the U.S. Dollar is approximately $2,182,767 (October 31, 2020- $4,672,000). 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 +$44,000/-$44,000 (October 31, 2020 gain/loss of approximately +$93,000/-$93,000).

16. Risk Management (continued)

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, 2021, the Company had access to interest bearing financial instruments in cash, short term accounts payable and line of credit. A significant amount of the Company's cash is held as foreign currency bank notes in tills and vaults. These amounts are not subject to interest rate risk. Cash held in some of the Company’s accounts are interest bearing; however, since prevailing interest rates are low there is minimal interest rate risk. Borrowings bear interest at variable rates. Cash and borrowings issued at variable rates expose the Company to cash flow interest rate risk. For the interest rate profile of the Company's interest-bearing financial liabilities, refer to Note 12.

The Company manages interest rate risk in order to reduce the volatility of the financial results as a consequence of interest rate movements. For the decision whether new borrowings shall be arranged at a variable or fixed interest rate, senior management focuses on an internal long-term benchmark interest rate and considers the amount of cash currently held at a variable interest rate. Currently the interest rate exposure is un-hedged.

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, 2021 would have been approximately +$6,000/-$6,000 higher/lower as a result of credit lines held at variable interest rates.

Liquidity Risk

Liquidity Risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The CFO informs the Chief Executive Officer, the Board of Directors, and the Audit Committee of capital and liquidity issues as they occur in accordance with established policies and guidelines. The Company targets to have a cash reserve or credit lines greater than 15% of the Company's prior year's revenues. Management has assessed the Company’s cash position at October 31, 2021, and determined that it is sufficient to meet its financial obligations despite the reduction in revenue related to the COVID-19 pandemic.

(Expressed in U.S. Dollars)

16. Risk Management (continued)

The following are non-derivative contractual financial liabilities:

At October 31, 2021

Non-derivative financial liabilities	Carrying amount	Estimated contractual amount	This fiscal year	Future fiscal years
	$	$	$	$
Accounts payable	26,641,692	26,641,692	26,641,692	$Nil
Holding Accounts	5,535,804	5,535,804	5,535,804	$Nil
Line of credit	4,037,468	4,037,468	4,037,468	$Nil
Contingent consideration	369,830	369,830	$Nil	369,830

At October 31, 2020

Non-derivative financial liabilities	Carrying amount	Estimated contractual amount	Next fiscal year	Future fiscal years
	$	$	$	$
Accounts payable	13,095,188	13,095,188	13,095,188	$Nil
Holding Accounts	1,595,365	1,595,365	1,595,365	$Nil
Line of credit	3,305,605	3,305,605	3,305,605	$Nil
Contingent consideration	703,560	703,560	$Nil	703,560
Contract liability	163,901	163,901	$Nil	163,901

The Company had available unused lines of credit amounting to $27,577,509 at October 31, 2021 (October 31, 2020 - $22,701,303).

Capital Management

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

	At October 31, 2021	At October 31, 2020
Current assets	90,710,774	71,219,313
Current liabilities	(40,829,895)	(23,463,619)
Working capital	**49,880,879**	**47,755,694**

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, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

(Expressed in U.S. Dollars)

17. Foreign Currency Forward and Option Contracts

The Company enters into foreign currency forward and purchase put option contracts to mitigate the risk of fluctuations in the exchange rates of its holdings of major currencies. Changes in the fair value of the contracts and the corresponding gains or losses are recorded daily and are included in commission revenues in the consolidated statements of operations and other comprehensive (loss) income. The Company's management strategy is to reduce the risk of fluctuations associated with foreign exchange rate changes.

The foreign currency forward contracts can be closed immediately resulting in the 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/(paid) by the Company if the forward contracts were terminated at October 31, 2021 was $461,487 (October 31, 2020 - $92,447).

At October 31, 2021 the Company had cash collateral balances related to forward contracts being held of $81,613 (October 31, 2020 - $1,461,747). They are reflected as restricted cash held in escrow in the consolidated statements of financial position (see Note 7).

18. Equity

Share Capital

The authorized share capital consists of 100,000,000 common shares. The common shares have a par value of $1.00. There were no options exercised during the current and prior fiscal year.

Stock options

The Company offers an incentive stock option plan which was established April 28, 2011, and was amended most recently October 20, 2017 (the "**Plan**"). The Plan is a rolling stock option plan, under which 10% 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 management under the Plan will occur 1/3 upon the first anniversary, 1/3 upon the second anniversary and 1/3 upon the third anniversary of the grant, while vesting for directors under the plan will occur equally on a quarterly basis in the first year after the grant. All the options have a five-year term, unless otherwise specified by the Board of Directors.

The outstanding options at October 31, 2021, and the respective changes during the periods are summarized as follows:

	Number of options	**Weighted average price**
	#	**CAD$**
Outstanding at October 31, 2020	732,803	14.01
Granted	140,972	14.65
Exercised	-	-
Forfeited/Cancelled/Expired	(60,098)	16.05
Outstanding at October 31, 2021	**813,677**	**14.65**

(Expressed in U.S. Dollars)

18. Equity (continued)

The following options are outstanding and exercisable at October 31, 2021:

Grant Date	Exercise price (CAD$)	Number outstanding	Average remaining contractual life (years)	Number exercisable
6-Jun-17	21.53	5,586	0.60	5,586
23-Jan-19	28.23	1,411	2.23	36
4-Mar-19	25.83	43,316	2.34	28,877
4-Jun-19	17.36	5,837	2.59	5,837
23-Oct-19	17.36	72,376	2.98	72,376
23-Oct-19	17.36	203,849	2.98	127,598
24-Jun-20	12.74	29,955	3.65	24,898
29-Jul-20	10.83	18,000	3.75	18,000
29-Oct-20	10.83	7,032	4.00	7,032
29-Oct-20	10.83	285,343	4.00	89,732
28-Dec-20	9.31	2,431	4.16	-
28-Jan-21	11.02	3,873	4.25	-
28-Oct-21	14.35	134,668	4.99	-
Total		813,677		379,972
Weighted Average	14.65			

The 203,849 remaining options outstanding from the October 23, 2019 grant were made outside of the Company's stock option plan, and in accordance with the policies of TSX and was approved by the shareholders on March 25, 2020.

On December 28, 2020 2,431 options were granted to an officer that surrendered options under the stock option exchange program that was announced on July 28, 2020. The replacement options have a weighted average exercise price of CAD10.36 and 5-year expiration date.

On January 28, 2021 3,873 options were granted to an officer which have a weighted average exercise price of CAD10.36 and 5-year expiration date.

On July 31, 2021, 17,771 options were forfeited by former employees whose period for exercising their options expired during the period. Expenses for vested options that had been recognized prior to fiscal year 2021, were deducted from retained earnings to comply with matching principle.

On October 28, 2021 134,668 options were granted to officers which have a weighted average exercise price of CAD14.35 and an expiry date of 5 years from the date of grant.

Restricted Stock Unit and Deferred Stock Unit Plans

On November 1, 2020 the Company made its first grants under the Deferred Share Unit "DSU" Plan and Restricted Stock Unit "RSU" Plan (collectively the "Plans"). The Company granted 47,144 RSU and 29,596 DSU awards in the amount of $388,000 and $220,000 respectively. The Company recorded expenses of $644,635 related to RSU and DSU awards in the year ended October 31, 2021 as part of stock-based compensation. The amounts related to the vested portions of granted RSU and DSU awards are recorded within other long-term liabilities in the consolidated statements of financial position. The awards that may be granted under each of the Plans can be realized in cash only and may not be converted into common shares of the Company. The Units awarded are issued based upon the market value equal to the price of the Company's stock price as at the date of the grant and vest over a one-year or three-year period.

(Expressed in U.S. Dollars)

18. Equity (continued)

The purpose of these Plans is to promote the profitability and growth of the Company by facilitating the efforts of the Company to attract and retain directors, senior officers, employees, and management. Under the terms of the Plans, vesting of the awards that may be granted under the Plans for management will occur 1/3 upon the first anniversary, 1/3 upon the second anniversary and 1/3 upon the third anniversary of the grant, while vesting for awards that may be granted under the Plans for directors will occur equally on a quarterly basis in the first year after the grant. All the management awards have a three-year term, unless otherwise specified by the Board of Directors. The Directors' awards cannot be exercised until the Director retires from the Board.

19. Loss per Share

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

	Year ending	
	October 31, 2021	**October 31, 2020**
Basic		
Net Loss	(1,131,684)	($8,524,029)
Weighted average number of shares outstanding	6,414,936	6,414,936
Basic (loss) per share	($0.18)	($1.33)
Diluted		
Net Loss	(1,131,684)	($8,524,029)
Weighted average number of shares outstanding	6,414,936	6,414,936
Diluted (loss) per share	($0.18)	($1.33)

20. Operating Expenses

The table below identifies the composition of the nature and amounts included within the operating expenses presented in the consolidated statements of operations for the years ended October 31, 2021, and 2020.

	Year ending	
	October 31, 2021	**October 31, 2020**
	$	$
Salaries and benefits	17,691,157	16,866,772
Rent	999,821	1,152,141
Legal and professional	2,757,692	2,824,561
Postage and shipping	2,731,708	2,373,942
Stock based compensation	978,508	1,005,903
Travel and entertainment	219,305	386,739
Bank service charges	1,485,758	1,234,725
Information technology	1,450,330	1,330,994
Losses and shortages	82,713	276,556
Insurance	744,764	497,701
Foreign exchange losses (gains)	364,230	(23,913)
Other general and administrative	806,461	1,073,093
Operating expenses	**30,312,447**	**28,999,214**

(Expressed in U.S. Dollars)

21. Restructuring Expenses and Impairment Loss

The COVID-19 pandemic crisis and measures enacted to curtail the effects of COVID-19 have posed significant challenges to the Company and has brought uncertainties for the business. The Company has enacted several measures in response to the pandemic to reduce costs and maintain liquidity. These measures have been comprised of a number of restructuring actions, including the permanent closure of 12 of its retail branch locations, reduced operating hours at its remaining branches, the elimination of 106 employment positions since the beginning of the pandemic, including a consolidation of certain management positions. As a result, the Company has recognized the additional restructuring expenses of $96,711 (October 31, 2020 - $1,072,472) in respect of one of the branch locations that it closed.

The significant elements of the restructuring expense are identified in the table below.

	October 31, 2021	October 31, 2020
Rent related to periods subsequent to closure	-	172,774
Lease impairment	23,684	222,039
Impairment of property and equipment assets	-	120,926
Operating expense	73,027	42,747
Termination benefits	-	365,078
Loss on disposal of asset	-	13,757
Loss on lease termination	-	135,151
Total restructuring expense and impairment loss	**96,711**	**1,072,472**

At October 31, 2021 the Company recorded $23,684 (October 31, 2020 - $222,039) in additional impairment charges on right-of-use assets for 1 retail branch locations that was closed at October 31, 2020. The Company also recorded $73,027 (October 31, 2020 - $42,747) in additional operating expenses associated with the closures at October 31, 2020.

22. Compensation of Key Management Personnel and Related Party Transactions

In accordance with IAS 24 *Related Party Disclosures*, key management personnel are those persons having authority and responsibility for planning, directing, and controlling activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and other members of key management personnel during the year ended October 31, 2021, and 2020 was as follows:

	Year ending	
	October 31, 2021	October 31, 2020
	$	$
Short-term benefits	3,030,562	2,824,853
Post-employment benefits	42,848	72,710
Stock based compensation	978,508	1,005,912
	4,051,918	**3,903,475**

(Expressed in U.S. Dollars)

22. Compensation of Key Management Personnel and Related Party Transactions (continued)

The Company incurred legal and professional fees in the aggregate of $246,027 for the year ended October 31, 2021 (2020 – 211,000) charged by entities controlled by directors or officers of the Company.

The Company has clients that are considered related parties through two of its directors. The Company generated $132,000 in revenue from these clients' activities for the year ended October 31, 2021 (2020 – $59,000). As at October 31, 2021, accounts receivable included $724,000 from related parties (2020 - $189,000).

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 condensed interim consolidated financial statements.

Advances between CXI and EBC are provided under a $20,000,000 Revolving Line of Credit, renewed July 1, 2018 loans attract interest at LIBOR + 2%, are repayable on demand, and are unsecured. At October 31, 2021, the intercompany loan balance was $2,274,000 (October 31, 2020 - $8,565,000) and was eliminated upon consolidation.

On July 28, 2021, EBC and CXI entered a subordinated debt agreement in the amount of CAD 5,000,000 or $3,976,776 USD. The debt is convertible should OSFI declare a Non-Viability Contingent Conversion ("NVCC") event. This included receipt of cash in exchange for capital stock, and recording of the subordinated debt offsetting the intercompany loan balance. This note bears interest at 6% payable monthly in arrears on August 31, 2021, and thereafter on the last day of each month, up to and including July 28, 2031. All amounts related to the debt and interest are eliminated on consolidation.

Key management personnel and directors occasionally conduct transactions with the Company as individuals. Such transactions are immaterial individually and in total including for the years ending October 31, 2021 and 2020, 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.

23. Other Current Assets

	At October 31, 2021	**At October 31, 2020**
	$	$
Prepaid rent	269,062	248,682
Prepaid personnel	27,786	53,494
Prepaid computer software	140,722	101,786
Prepaid insurance	39,314	86,286
Prepaid advertising	-	20,833
Government grants	3,502,067	173,880
Other current assets	655,540	425,850
Total	**4,634,491**	**1,110,812**

24. Loss provision and contingent asset

A wholesale customer of the Company filed a Notice of Intention to Make a Proposal to its creditors under the Bankruptcy and Insolvency Act (Canada) (“BIA”) on April 30, 2020. At April 30, 2020 the Company recorded a loss provision of $1,012,946 (CAD 1,424,000) for amounts owed to it by the customer. Such customer subsequently failed to make a proposal to its creditors and was automatically placed into Bankruptcy on June 30, 2020, resulting in the Company becoming an unsecured creditor of the bankrupt customer’s estate. Subsequently, the Trustee in Bankruptcy claimed that three payments that the customer made to the Company in April 2020 that totaled $1,000,000 were made within 90 days of the date of bankruptcy, and therefore were preferential, in contravention of the BIA. At October 31, 2020 the Company recorded an additional provision of $675,000 (CAD 898,965) as a reasonable estimate of the expected future cash outflows with respect to this customer’s bankruptcy. In April 2021, the Company entered into an agreement with the Trustee in Bankruptcy to return $825,000 of the alleged preference payments and in exchange the Trustee accepted the Company’s claims, totaling $1,825,000, against the bankrupt’s assets. The settlement resulted in the recognition of an additional $112,299 loss, which the Company recorded in April 2021. It is probable that the Company will receive a distribution of the bankrupt’s assets, which is estimated to be in the range of 6% to 20% of the total claim. The Company has not recognized any receivable related to prospective future cash flows on the distribution of the assets.

25. Subsequent events

The Company evaluated subsequent events through January 26, 2022 the date these consolidated financial statements were issued.

On November 1, 2021 the Company made grants under Restricted Stock Unit “RSU” Plan and Deferred Share Unit “DSU” Plan (the “Plans”). The Company granted 29,872 RSU awards and 20,533 DSU awards in the amount of $376,250 and $240,000, respectively. The Company will record expense related to RSU and DSU awards based on FMV at the first quarter of fiscal year 2022 as part of stock-based compensation.

There were no other material subsequent events that required recognition or additional disclosure in the financial statements.

Board of Directors

Joseph August
Director of CXI
Director of EBC
Committees: Governance Committee Member, Risk Committee Member
Independent board member since 2011

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

Johanne Brossard
Director of CXI
Director of EBC
Committees: Chair of the Governance Committee, Risk Committee Member
Independent board member since 2018

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

Mark D. Mickleborough
Director of CXI
Director of EBC
Board member since 2007

Stacey Mowbray
Director of CXI
Director of EBC
Committees: Audit Committee Member, Governance Committee Member
Independent board member since 2019

Randolph W. Pinna
Director of CXI
Director of EBC
President and CEO of CXI
President and CEO of EBC
Board member since 2007

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

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

Shareholder Information

Annual Meeting of Shareholders
Shareholders are invited to attend the virtual annual meeting of Currency Exchange International, Corp. to be held on March 17, 2022 at 12:00 p.m. (EST).

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

Investor Relations
Financial Analysts, portfolio managers and other investors requiring financial information may contact our Investor Relations' departments:

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

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

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

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

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

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

Currency Exchange International, Corp.
6675 Westwood Boulevard, Suite 300
Orlando, Florida 32821
U.S.A.
www.ceifx.com
U.S.A. (888) 998 3948

Exchange Bank of Canada
390 Bay Street
Toronto, Ontario M5H 2Y2
Canada
www.ebcfx.com
Canada (888) 223 3934