CURRENCY EXCHANGE INTERNATIONAL, CORP

ANNUAL REPORT 2022

CXI CURRENCY EXCHANGE INTERNATIONAL

Financial Highlights

	2019	2020	2021	2022	
Exchange Volume: In Billions	$4.9	$3.8	$6.3	$14.8	**135%** Year Over Year
Total Revenue: In Millions	$41.7	$25.0	$30.6	$66.3	**117%** Year Over Year
Total Assets: In Millions	$82.7	$85.8	$103.0	$125.5	**22%** Year Over Year

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

	2019	2020	2021	2022
Company-Owned Branch Locations	46	35	35	37
Wholesale Company Relationships*	1,878	1,667	2,481	2,586
Transacting Locations*	21,595	14,787	15,202	18,406

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

Shareholder's Equity

$ millions

October 31, 2019	$66.3
October 31, 2020	$58.2
October 31, 2021	$58.0
October 31, 2022	$69.3

Quarterly Stock Price (TSX:CXI)

TSX stock prices are quoted in Cdn$

Q1 (Ended 1/31/2022)	$12.93
Q2 (Ended 4/30/2022)	$17.82
Q3 (Ended 7/31/2022)	$17.20
Q4 (Ended 10/31/2022)	$18.25

Key Ratios

	2021	2022
Earnings Per Share	$-0.18	$1.83
Return On Assets	-1.1%	9.4%
Return On Equity	-2.0%	17.0%
Operating Margin	-0.2%	28.3%

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, 2022.

Randolph W. Pinna
President and Chief Executive Officer

I want to take a moment to recognize the fact that in fiscal year 2022 CXI generated record revenue, profitability, and earnings per share. This accomplishment could not have been made without our passionate employees, loyal customers, and supportive shareholders. Three years ago, we were on the precipice of a global shutdown of international travel jettisoning the industry into rocky seas. Our strategic plan approved by our board of directors in 2020 set out a path to both buoy the ship and add fuel to the engines. The plan focused on revenue diversification, innovative solutions to expand our market share, and ultimately improving the return on capital deployed.

Today, CXI looks different than it did just two years ago. This year was a testament to the strong performance of all business units and I am proud of what our employees have delivered. We've built new solutions and advanced our technology to deliver an easier and more streamlined suite of foreign exchange services. We're in new geographic markets with our global banknote expansion and delivering services through new channels with our CXIFX integrations and OnlineFX platform. Through it all, our progress is rooted in employees embodying our core values – integrity, customer-first, collaboration, innovation, and passion.

Strength in Diversified Strategic Priorities

Despite a year of global and economic challenges, the positive momentum from the profitable fourth quarter of 2021 continued into 2022. The Company's revenue and profits improved drastically compared to the previous year. Catalysts to the strength and success of the business were the expansion of market share in all business units, a rebound in international travel, and an efficient operating structure. The Company experienced growth in both its banknote and payments businesses generating $66.3 million in total revenue for fiscal year 2022 compared to $30.6 million in 2021.

CXI has built a sustainable and profitable payments business by servicing financial institutions in the US and Exchange Bank of Canada (EBC) servicing businesses in Canada. In fiscal year 2022, the payments business generated $12.4 million in revenue, up from $7.7 million in 2021, a 61% increase. The diversification in revenue sources has been a significant factor in CXI's resilience and its return to profitability in the face of the lingering impacts of the pandemic.

Businesses that CXI onboarded this year have valued our highly personal engagement that puts customer-first values at the center of everything we do. Knowing the pain points our customers are experiencing, we enhanced our offerings to build streamlined process improvements and expanded our system integrations to simplify international operations. Internally, CXI has also benefited from process improvements that have enabled higher levels of operational efficiency through automation initiatives. CXI will continue to scale the international payments business by investing in more system integrations and experienced, customer-centric traders.

Fiscal year 2022 was the first full year Exchange Bank of Canada (EBC) participated in the Federal Reserve's Foreign Bank International Cash Services (FBICS) program. Through FBICS, EBC receives access to the Federal Reserve's International Cash Services (ICS) program. EBC has onboarded foreign financial institutions in North America, Europe, and South America. The program also improves the cost of servicing some existing customers. The Company will continue to expand its geographic targets through a rigorous country-by-country risk-based approach, thereby allowing for significant new revenues with a low-risk profile.

CXI's "One Provider. One Platform." strategic priority is driven by making the complex easier for its US financial institution customers. This is where CXI's proprietary web-based FX software CXIFX has excelled. The CXIFX system expanded its integrations and with it the addressable bank and credit union market for our solutions. Developing integrations into core platforms improves customer processes and makes transitioning to CXI, their one provider for multiple foreign exchange services, an easier process. This is why more than ever before financial institutions have multiple services with CXI.

A Returning International Travel Industry

During CXI's 2022 fiscal year, the international travel industry went through significant changes as travel bans and restrictions were lifted across most countries. The easing of international travel requirements and pent-up demand for travel generated a bounce-back year. The US National Travel and Tourism Office reported that 125 million people traveled to and from the US during CXI's 2022 fiscal year. This was encouraging as it was 63 million, or 102%, more international travelers than in the 2021 fiscal year. However, it still was 53 million, or 30%, fewer international travelers than in the 2019 fiscal year. International travel trade groups have noted that US outbound travel will likely surpass 2019 volume by 2024, while US inbound travel will likely need until 2025 to fully recover. This indicates that we are well positioned to take advantage of the expected increase in travel volume with banknote revenue growth through our expanded retail and wholesale network in the years ahead.

In fiscal year 2022, CXI's banknote business generated $53.9 million in revenue, up from $22.9 million in 2021, a 136% increase. The increased banknote revenue reflects the improvement in the demand for foreign currencies as well as the increased market penetration that we have established. The market gains for the banknote business included expanding wholesale relationships, globally and in the US, and Direct-To-Consumer (DTC) operations.

As travelers hit the skies or cross land borders, they are seeing a lot more of CXI. In fiscal year 2022, CXI had 244 DTC locations including 37 company-owned branch locations, 23 airport agent locations, and 184 non-airport agent locations. The fastest-growing segment of DTC locations is CXI's agent program. CXI has no lease commitments or payroll for the locations. The agent operators and locations are supported by CXI's branding, marketing, FX inventory, transaction processing, CXIFX platform, and compliance regime. CXI's agents have reported strong engagement and satisfaction in their participation in the agent program.

CXI's omni-channel approach to the DTC business continues to expand how and where we find and serve our customers. OnlineFX Home Delivery, CXI's consumer e-commerce website, expanded services from 31 to 38 states across the US in 2022. OnlineFX also provides the popular click-and-collect currency reservation service for branch pick-up. The platform saw a 240% increase in orders in fiscal year 2022 compared to 2021.

CXI added two new and one reopened company-owned locations during the year. One company-owned location closed during the same time. Since the beginning of the pandemic, CXI has refined its geographic footprint, focusing our investments on higher-quality markets. This has reduced operational risk and enhanced our earnings per location. The recent openings have been at shopping centers with proven track records and established markets based on being previously occupied by a competitor.

Strong Leadership in Place

The fifth pillar of our strategic plan focuses on corporate infrastructure to ensure we can properly scale the business growth and manage risk. As we refined our strategic plan, a reorganization at the senior executive level crystallized. The reorganization centered around three new Managing Director roles. The roles promote direct accountability of each business unit from strong leaders and are designed to bolster performance, streamline decision-making for greater flexibility, and enable the growth of our teams. We looked both internally and externally for the right leaders for each unit. In the end, all three are from the CXI group and I am happy to announce our three Managing Directors: Wade Bracey, Managing Director - CXI, James Devenish, Managing Director - EBC, and Matthew Schillo, Managing Director - Direct-to-Consumer. This also positions the CEO role to have a greater concentration on the future of the company, our strategies going forward, and the right culture to enable its success.

Another notable addition was the appointment of CXI's new Group CFO Gerhard Barnard in October 2022. Gerhard is a seasoned CFO coming from a publicly traded financial group in Canada. He comes to CXI with extensive financial and treasury operations expertise, including regulatory and financial reporting, investor relations, cash management, liquidity and capital resource requirements, and business intelligence and planning. He is a proven leader that aligns with CXI's culture. Interim CFO Alan Stratton stepped down as the Interim CFO of the Corporation and was appointed CFO of EBC. We thank Mr. Stratton for his valuable service and are pleased he is staying on with EBC.

In January 2022, the CXI board approved Environmental, Social, and Governance (ESG) priorities and its ESG Vision including four pillars, People, Environment, Partners, and Community. We are proud to support our communities, foster an environment of inclusion, and pursue business decisions that have sustainable growth and ESG best practices in mind. In the end, sustainable growth must positively impact our customers, employees, and community.

As we go forward, CXI continues to invest in our compliance and anti-money laundering functions through personnel and technology. These investments, while not always easy to see, are necessary to meet the regulatory and business requirements of today and the future. With more dynamic capabilities, CXI can use 2022 as a stepping stone. The growing strength of our diversified business mix, robust operational performance, and increased market share provide additional opportunities for success going forward. Through our Managing Directors and CFO, I am confident we have the right people in the right places with strong leadership that will continue to advance our strategies.

Positioned for Continued Growth

I am pleased with the accomplishments of the past year as we stay focused on the growth of revenues and profits in the years ahead. The Company is committed to scaling the business with strategic investments that will allow us to expand CXI's products and services, maintain proactive customer-first support, and continue to drive diversified growth. As international travel volumes rebound around the globe, CXI is positioned to take advantage of its expanded banknote market share across consumers, wholesale, and global channels. CXI's banknote network is second to no other non-bank entity in North America.

I am truly proud of how our loyal team of more than 300 employees across the US and Canada embodies our core values. CXI is well-positioned in the market with a strong capital base to support additional growth initiatives, including prospective merger and acquisition opportunities. 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 customers, 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

Strategic Priorities and Values

Our Mission

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

Our Vision

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

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.
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™.
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.

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

Comprehensive Suite of FX Services

Simplifying and helping customers navigate the intricacies of international services allows CXI to provide unique value to banks and credit unions. In 2022, CXI completed new system integrations focused on international payment processing, payment tracking, and inbound payments. Customers are able to streamline processes and have greater access to data for reporting and customer service.

The number of financial institutions that rely on CXI for multiple foreign exchange services continues to grow supporting the goal to be our customer's "One Provider. One Platform". CXI increased its payments revenue from US financial institutions by 72% year-over-year.

Foreign Banknotes In High Demand

CXI experienced record levels of banknote orders during the typical high travel season in 2022 even though total travel in and out of the US was down compared to 2019. CXI continues to scale the business' processing and support roles appropriately to maintain its high service standards.

	FY2019	FY2021	FY2022
International Arrivals to US	79.1	17.8	47.9
US Outbound to the World	98.8	44.0	77.0
Total	177.9	61.8	124.9

Solving the Complex with a Personal Touch

EBC's corporate payments business grew in active customers, the volume of payments processed, and revenue generated. An active customer is one that transacted with EBC during the fiscal year. With strong sales leaders established, the Company invested in productivity by adding experienced traders to the sales team and plans to continue to do so going forward. The larger sales team has allowed the business to target new and profitable geographic markets in Canada. In parallel, EBC is developing tools to increase payment operations efficiency and enhance the customer experience. Continuing to invest in process improvements and tools can enable the sales team to successfully manage more customers and volume per trader.

Exchange Bank of Canada - Canada's Foreign Exchange Bank®

Exchange Bank of Canada celebrated its six-year anniversary in September 2022. Six years ago the bank predominately served as a foreign banknote wholesaler for money service businesses. The bank today has high-quality relationships with financial institutions across Canada, helps businesses positively manage foreign exchange risk and obligations, and deals with foreign financial institutions around the world. All from a bank local to Canada and only focused on foreign exchange. EBC is fulfilling its purpose to be Canada's Foreign Exchange Bank.

Expand FX with US Banks and Credit Unions

7

Banking System Integrations

125

Million International Travelers To and From US

Build Scale in Corporate International Payments

52%

Increase in Corporate Payment Volume

850+

Active Corporate Payment Customers

Maximize Direct-to-Consumer Offering

5

New Airport Branches

270+

Million People Eligible for OnlineFX

CXI Owned Branches and Agent Program

CXI has made significant strides in its multi-prong direct-to-consumer strategy by leveraging its agency model, OnlineFX platform, and company-owned branches. Even as the Company reconfigured the Company-owned branch footprint in 2020 by closing less profitable branches, it has sharpened its approach. Any new company-owned locations are in the top 10 markets while the agent program is capable of expanding the brand to airports and regions outside of the top markets. CXI's agents take on the operational costs of leases and payroll and are experienced in foreign exchange including how to execute the agent model successfully.

CXI now maintains a presence at some of the busiest airports in the US for international traffic, including Charlotte, Chicago, Minneapolis, Newark, New York, Pittsburgh, Portland, and Raleigh-Durham. The newest company-owned branches are in Palo Alto, California and Boca Raton, Florida.

OnlineFX Accelerates Access to FX

OnlineFX is CXI's e-commerce platform enabling home delivery and click-and-collect in branch pickup orders. In 2022, the home delivery services added seven new states bringing its total to 38 states or 81% of the US population. OnlineFX continues to make foreign exchange faster and easier for everyday international travelers. The platform saw a 240% increase in orders in 2022 compared to 2021. CXI is confident the service will build a loyal following as awareness of next-day foreign currency delivery grows. Customers have expressed their satisfaction by rating the OnlineFX platform 4.7 stars on the third-party review site Trustpilot.

Global Expansion of Wholesale Banknotes

1

Canadian Bank Participating in FBICS

10+

Countries

Operationalizing a Global Program

EBC's first full year participating in the FBICS program was foundational as it grows its presence on the world's stage as a premier USD and FX provider to foreign financial institutions. EBC has found that foreign financial institutions recognize and respect the trusted nature of dealing with a Schedule 1 Canadian bank.

The FBICS program's access to the Federal Reserve for bulk USD shipments contributed to both operational efficiency in USD sourcing costs, as well as, generating more revenue with clients. The foreign financial institutions serviced by EBC have shown positive year-over-year performance as the bank earns more of their foreign exchange volume. The growth in banknote volumes helped generate record banknote revenue for the year.

Volume Increases Across the World

CXI's global banknote relationships now span North America, including the Caribbean, South America, and Europe. New geographic expansion for global banknote relationships is driven two-fold. First, a risk management based approach ensures any new country and financial institutions have the infrastructure for safe, secure, and compliant relationships. Second, countries must hold solid prospective customer opportunities with financial institutions that fit the need for bulk USD and foreign banknote services.

CURRENCY EXCHANGE INTERNATIONAL, CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS AND THREE MONTHS ENDED ON OCTOBER 31, 2022 AND 2021

CURRENCY EXCHANGE INTERNATIONAL

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

Scope of Analysis

This Management Discussion and Analysis (MD&A) covers the results of operations and the financial condition of Currency Exchange International, Corp. (CXI) and its subsidiaries for the year and three months ending on October 31, 2022 and 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 was prepared on January 23, 2023, 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 years ended October 31, 2022 and 2021, 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, 2022. The functional currency of the Company and its wholly owned subsidiary eZforex.com, Inc. (eZforex) is expressed in the U.S. dollar. The functional currency of the Company’s wholly owned Canadian subsidiary, Exchange Bank of Canada (EBC or the Bank), is expressed in 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 “Company,” and "CXI" refer to Currency Exchange International, Corp. collectively with its wholly owned subsidiaries, eZforex and EBC.

Additional Information

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

Forward-Looking Statements

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

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

Inherent in the forward-looking information are risks, uncertainties, and other factors beyond the Company's ability to predict or control. Please refer to the 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 the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially from those expressed or implied by the forward-looking information contained in this MD&A.

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

Overview

The Company is a publicly traded company (TSX: CXI; OTCBB: CURN) with its head office in Orlando, Florida, and is a reporting issuer in the provinces of British Columbia, Alberta, and Ontario. It specializes in providing currency exchange and related products to financial institutions, money service businesses, travel companies, and other commercial clients through its proprietary software platform, company-owned branches and vaults, and inventory on consignment locations throughout the United States and in Canada, through its wholly owned subsidiary, Exchange Bank of Canada. EBC, located in Toronto, Ontario, is a Canadian bank that participates in the Federal Reserve Bank of New York's (FRBNY) Foreign Bank International Cash Services (FBICS) program, a competitive advantage in the Canadian and global markets for the trade of U.S. dollars banknotes. At October 31, 2022, the Company had 344 employees, 93 of which were part time.

The Company has developed CXIFX, its proprietary, customizable, web-based software, as an integral part of its business and believes that it represents an important competitive advantage. CXIFX is also an online compliance and risk management tool that integrates with core bank processing platforms to allow a seamless transaction experience. This includes an OnlineFX platform that allows it to market foreign exchange products directly to consumers that operate in 38 states. The trade secrets associated with CXIFX are protected via copyright, restricted access to both the software and its source code, and secure maintenance of source code by a team of software engineers employed by the Company.

Background

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

Commissions revenue comprises the difference (spread) between the cost and selling price of foreign currency products, including banknotes, 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.

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

Fee revenue comprises the following:

i. Fees generated at the Company's branch locations and certain inventory on consignment locations from foreign currency (banknote) 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.

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. Onboarding of new clients, specifically banking clients, normally requires an upfront investment, such as training, and currency signage, as well as additional one-time shipping costs to distribute start-up materials. The Company also normally absorbs information technology (IT) costs to customize the CXIFX software for specific client use during the customer implementation phase. There are two common customer setups:

i. Centralized setup - for customers with a high volume of foreign currency exchange who maintain and manage their own inventory in central vault facilities. The Company offers bulk wholesale 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 onboarding clients is low; and
ii. Decentralized setup - many customers have determined that it is advantageous to avoid a currency inventory and allow their locations to buy and sell directly from CXI. Transactions in a decentralized setup typically are executed at a higher margin, as the average transaction is low and the cost to fulfill each trade is higher than that of a centralized setup. Several of the Company's financial institutions outsource their currency needs in return for a commission, based upon exchange volume. When a 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 onboarding 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, 2022, the Company had inventory on consignment in 784 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 table below lists the number of wholesale customers and the total unique locations that transacted during each of the previous five fiscal years.

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Wholesale company relationships	1,267	1,878	1,667	2,481	2,586
Number of transaction locations	17,017	21,595	14,787	15,202	18,406

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

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

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 between April and December, 2020 and opened one location in Costa Mesa, California. During the year ended October 31, 2022, the Company closed one store in San Francisco, CA, re-opened the Century City, CA branch that had been closed in 2020 and opened two new branches in locations that had previously been occupied by competitors in Palo Alto, CA and Boca Raton, FL. As a result of the pandemic, the Company employs a judicious approach to the expansion of its branch network, with a preference for those that were previously occupied by competitors with an established track record. Locations that have been purpose-built for foreign currency exchange purposes typically require minimal investment in leasehold improvements and, coupled with initial lease terms of 12 to 24 months, allow the Company to limit the risk of financial losses arising from fixed costs should performance fail to meet expectations.

The table below lists the individual company-owned branch locations in the United States that were open at October 31, 2022.

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

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

The Company has focused on growing its retail presence in the United States through agent locations with operators that bear the responsibility for the fixed costs, including lease commitments and other obligations associated with physical stores. In exchange for exclusive rights to supply and purchase foreign currencies to these agents, CXI consigns inventory to each location and licenses the right to use its name, thereby increasing its brand exposure. All agents are required to meet all of CXI's compliance and operational requirements under their agency agreements. CXI categorizes its agents between airport and non-airport locations, as airports have unique requirements. Through these relationships, CXI maintains a presence at some of the busiest airports in the United States for international traffic, including Charlotte, Chicago, Minneapolis, Newark, New York, Pittsburgh, and Raleigh-Durham. CXI also has an agency relationship with Duty Free Americas for 29 locations at the busiest ports of entry across the border between the United States and Canada as well as the American Automobile Association, in which 116 of its locations across 12 States and the District of Columbia are agents.

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

The table below lists the number of retail locations by category and the number of states that the Company's OnlineFX platform operated in as at October 31, 2022 and the end of each of the four preceding fiscal years.

	2018	2019	2020	2021	2022
Company-owned branch locations	43	46	35	35	37
Airport agent locations	-	-	7	18	23
Non-airport agent locations	9	38	47	62	184
States that OnlineFX operates in	-	-	22	31	38

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 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.

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.

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

SELECTED FINANCIAL DATA

The following table 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)
	$	$	$	$	$	$
10/31/2022	19,800,463	5,401,678	4,383,876	125,528,832	69,305,509	0.66
7/31/2022	20,661,423	7,321,589	4,585,806	155,757,016	65,598,381	0.70
4/30/2022	13,358,417	2,888,756	1,308,443	150,804,096	60,821,752	0.19
1/31/2022	12,462,247	3,111,367	1,504,999	129,297,226	59,332,997	0.23
10/31/2021	10,125,893	775,748	1,633,766	102,982,531	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)

Seasonality is reflected in the timing of when foreign currencies are in greater or lower demand. In a normal operating year, as experienced prior to the COVID-19 pandemic, 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.

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.

In response to the COVID-19 pandemic, the Company developed a strategy of consolidation and diversification to mitigate the risk of financial losses associated with significant volatility in the domestic consumer driven banknote market. The strategy has five pillars, as follows:

(i) Increase its penetration of the financial institution sector in the United States through its 'One Provider, One Platform" multi-product approach through integration of its proprietary software system with the leading core processing platforms for banks;
(ii) Develop scale in global payments for small and medium enterprises in Canada by leveraging strategic counterparty relationships through its subsidiary, Exchange Bank of Canada;
(iii) Increase its penetration in the global trade of banknotes by leveraging Exchange Bank of Canada's participation in the Federal Reserve Bank of New York's (FRBNY) foreign bank international cash services program (FBICS);
(iv) Maximize profitability in the direct-to-consumer business by leveraging the agency model, OnlineFX platform and driving revenue growth at company-owned branches; and
(v) Develop the infrastructure to support significant growth in transactional volumes and a matrix organizational structure.

The Company has refined the strategy since it was first developed and monitors its execution against key performance indicators. The diversification strategy has been a significant factor in the Company's resilience in the face of the ongoing pandemic and its ability to generate record revenue and return to profitability in the year ended October 31, 2022. The Company expects demand to 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. Geopolitical and macroeconomic factors also influence consumer demand for travel. The conflict between Russia and Ukraine, high-commodity prices, inflation, and escalating interest rates may individually (or together) impact the recovery of international travel.

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

The following is a summary of the results of operations for the three months ended October 31, 2022 and 2021:

	Three months ended October 31, 2022 $	Three months ended October 31, 2021 $	Change $	Change %
Revenue	19,800,463	10,125,893	9,674,570	96%
Operating expenses	14,398,785	9,350,145	5,048,640	54%
Net operating income	**5,401,678**	**775,748**	**4,625,930**	**596%**
Other income	45,294	6,710	38,584	575%
Government grants	-	3,498,229	(3,498,229)	N/A
Other expenses	(1,305)	(13,177)	11,872	90%
EBITDA*	5,445,667	4,267,510	1,178,157	28%
Net earnings	**4,383,876**	**1,633,766**	**2,750,110**	**168%**
Basic earnings per share	0.68	0.25	0.43	172%
Diluted earnings per share	0.66	0.25	0.41	164%

*Earnings before interest, taxes, depreciation, and amortization

The Company generated strong revenue for the three-month period ended October 31, 2022 of $19,800,463, a 96% increase over the same period in the prior year. The increase from the comparable period in the prior year reflects an acquisition of new customers in both banknote and payments product lines, as well as a significant improvement in the demand for foreign currencies as governments in Canada, the United States, and other nations relaxed or eliminated many policies that served to prevent or discourage international mobility. Many countries, including the United States, still maintain policies that restrict or discourage unvaccinated foreign nationals from visiting. Despite this and the continued threat of COVID-19 variants, international travel between Europe and North America recovered to approximately 88% of pre-pandemic levels during the Company's fiscal fourth quarter of 2022. Compared to the three-month period ended July 31, 2022, revenue decreased $860,961 or 4%, which is consistent with seasonality experienced prior to the pandemic, as revenue in the fourth quarter of 2019 was 8% below that of the preceding quarter.

The Company recorded net operating income of $5,401,678 in the three-months ended October 31, 2022, significantly higher than the net operating income generated in the same period in the prior year. This reflects the Company achieving economies of scale greater than what it was able to generate prior to the pandemic. The Company generated $4,383,876 in net income during the three-months ended October 31, 2022, which included the recognition of $1,209,568 in future income tax benefits related to non-capital losses incurred in previous years by EBC.

The Company continued its progression along its three-year strategic plan in the three-months ended October 31, 2022 that included the following highlights:

i. Continued its growth in the international payments product line in both Canada and the U.S. The EBC initiated trades with 72 new corporate clients, representing an active client base of 853 during the same period. The Company processed 28,845 payment transactions, representing $3,190 million in volume in the three-month period ended October 31, 2022. This compares to 21,291 transactions on $2,029 million of volume in the three-month period ending October 31, 2021;
ii. Increased its penetration of the financial institution sector in the United States with the addition of 107 new clients, representing 231 transaction locations; and

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

iii. Added the State of North Carolina, marking the 38th State that the Company services through its OnlineFX platform.

The Company's capital base has recovered to exceed its pre-pandemic amount, and its liquidity position has grown with the increase in its credit facility with its primary lender to $40 million from $20 million at the end of the prior year. The combination of the solid capital base and debt capacity provide sufficient liquidity to continue to meet its financial obligations. CXI is well-positioned to support its strategic initiatives that include the organic and inorganic acquisition of new clients in both the banknote and payment product lines.

	October 31, 2022	October 31, 2021
Total assets	125,528,832	102,982,531
Total long-term financial liabilities	4,163,543	3,679,493
Total equity	**69,305,509**	**58,015,799**

The following shows a breakdown of the three-month revenues by geographic location and product line:

	Three months ended October 31, 2022 $	Three months ended October 31, 2021 $	Change $	Change %
		Revenues by Geography		
United States	14,181,583	7,755,266	6,426,317	83%
Canada	5,618,880	2,370,627	3,248,253	137%
Total	**19,800,463**	**10,125,893**	**9,674,570**	**96%**
		Revenues by Product Line		
Banknotes	16,379,536	7,888,888	8,490,648	108%
Payments	3,420,927	2,237,005	1,183,922	53%
Total	**19,800,463**	**10,125,893**	**9,674,570**	**96%**

Payments revenue increased by 53% to $3,420,927 in the three months ending October 31, 2022, from $2,237,005 in the same period in 2021. This demonstrates the Company's success in acquiring new client relationships in both the United States and Canada. The Company processed 28,845 payment transactions, representing $3,190 million in volume in the three-month period ended October 31, 2022. This compares to 21,291 transactions on $2,029 million of volume in the three-months period ending on October 31, 2021. Payments represented a 17% share of revenue in the three-months ended October 31, 2022, an increase from the 6% share in the three-months ended October 31, 2019. This reflects the successful execution of the Company's strategic initiative to develop scale in international payments.

Revenue in the banknotes product line more than doubled, increasing by 108% from $7,888,888 in the three-month period ending on October 31, 2021, to $16,379,536 during the same period in 2022. The growth is attributable to three main drivers. First, consumer demand for foreign currencies has significantly improved as restrictions on international travel have eased over the past year. Between August and October (2022), approximately 200 million travelers passed through TSA check points in United States airports, approximately 94% of pre-pandemic levels; this is an increase of 21% from the same time last year. Second, the Company was successful at increasing its market share, as indicated by the increase in new wholesale clients and developing its direct-to-consumer footprint through new locations, including agents and its OnlineFX platform. Third, the Company has increased its penetration in the global banknote trade, partially driven by EBC's participation in the foreign bank international cash services program with the FRBNY. The revenue growth has been consistent in both the Canadian and United States markets, and across all channels on a year-over-year basis. Relative to the three-month period ended July 31, 2022, net banknote revenue decreased by $639,503 or 4%, which coincides with the typical seasonal reduction in tourism in North America as the school year commences. Relative to the most comparable period prior to the pandemic, the three-months ended October 31, 2019, the quarter-over-quarter decline was halved, which is indicative of continued strengthening in the recovery for international travel.

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

During the three-month period ended October 31, 2022, operating expenses increased 54% to $14,398,785 compared to $9,350,145 for the three-month period ended October 31, 2021. Variable costs, including postage and shipping, sales commissions, incentive compensation, bank fees, and third-party technology fees increased 84% to $5,134,174 compared to $2,719,549 in the three-month period ended October 31, 2021, largely due to the increase in transaction volume. There has also been a significant rise in shipping fees due to a higher mix of international banknote trade and inflation, including fuel surcharges. The Company recovers some of the shipping costs through fees that it charges to its clients. In some cases, it is built into the commission and the Company has implemented some price increases to compensate for the higher shipping costs. The major components of operating expenses are presented in the table below, with commentary for variances of 10% or greater. The ratio of total operating expenses to total revenue for the three-month period ended October 31, 2022 was 74% compared to 92% for the three-month period ended October 31, 2021, reflecting the growth in revenue outpacing the growth in expenses.

	Three months ended October 31, 2022 $	Three months ended October 31, 2021 $	Change $	Change %
Salaries and benefits	7,180,297	4,917,533	2,262,764	46%
Postage and shipping	2,795,782	1,148,430	1,647,352	143%
Legal and professional	1,473,703	1,030,361	443,342	43%
Bank service charges	639,042	418,937	220,105	53%
Information technology (IT)	583,538	422,165	161,373	38%
Stock-based compensation	258,090	240,791	17,299	7%
Rent	293,044	271,213	21,831	8%
Foreign exchange losses	237,153	373,007	(135,854)	-36%
Losses and shortages	206,947	28,590	178,357	624%
Insurance	202,753	208,718	(5,965)	-3%
Travel and entertainment	183,238	66,097	117,141	177%
Other general and administrative	345,198	224,303	120,895	54%
Operating expenses	**14,398,785**	**9,350,145**	**5,048,640**	**54%**

Salaries and benefits increase from the prior year is driven by an increase in some of the variable expenses. The 23% increase, or $525,969, relates to an increase in variable compensation with sales commissions expense being the largest contributor to that variance by $480,651, while the balance relates to other incentive compensation, driven primarily by the improvement in the Company's performance. The remaining 77% variance is partially related to incremental growth in headcount, which increased to 344 in the three-month period ended October 31, 2022, from 272 in the comparative period. It is also driven by inflation in base salaries and wages as the Company implemented broad-based increases in 2022 to maintain its competitiveness in the labor market due to the inflationary environment, whereas, wages were largely frozen in 2021 due to the ongoing impact of the pandemic.

Postage and shipping increased and approximately half of the increase is due to higher volumes of shipments. The balance is due primarily to product mix, as the international banknote trade involves air freight and third-party processing fees. Inflation, driven in part by high fuel costs has also been a contributing factor.

The increase in legal and professional fees is primarily attributable primarily to consulting cost related to the implementation of Oracle NetSuite of the amount of $225,485, in addition to a regulatory compliance program at Exchange Bank of Canada, and costs related to professional search service fees to recruit certain key roles.

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Bank service charges increased along with the increase in volumes for payment activity. The increase has been partially offset by a reduction in fees that the Company incurs on wire payments through one of its service providers that took effect on January 1, 2022, as a result of the higher volumes.

Information technology expenses increased; $22,199 of the increase is due to regular variable costs associated with the Company's reliance on third-party technology to deliver its products. The remainder of the increase is primarily attributable to the purchase of computer equipment for new staff and to refresh older equipment.

The stock-based compensation includes the amortization related to the vesting of issued and outstanding stock option of $84,100 and to the Restricted Stock Unit (RSU) awards of $77,930, net of revaluation of the liability for the vested portion of RSU, and Deferred Stock Unit (DSU) awards associated with the change in the market value of the Company's stock during the period. The slight increase from the same period last year reflects change in the fair value of the market value of the stock price.

The foreign exchange losses decrease is mainly due to the change in the value of foreign-denominated balances between the time of recognition and settlement or translation at period-end rates. This line item does not include foreign exchange gains and losses associated with inventory and offsetting balance, in addition to unrealized gains/losses on forward contracts, which are included in revenue.

Losses and shortages increased, and these costs are primarily related to shipments lost in transit that the Company self-insures. The increased expense reflects significant volume increases year-over-year.

Travel and entertainment expenses increased as conferences, trade shows, and in-person business meetings continued a progressive recovery but have not returned to pre-pandemic levels. A portion of the travel costs incurred in the prior year relate to the Company having subsidized the cost for certain employees to travel to work by car who, prior to the COVID-19 pandemic, used public transit. The Company discontinued this practice early in the three-month period ended July 21, 2022.

The increase for other general and administrative expenses is attributable to higher licenses and fee costs, in part due to operating in more states. It's also reflective of higher utilities, office supplies, and other administrative expenses as the Company opened three new branches during the year and returned to normal operating hours across its retail stores.

Other income and expenses are comprised of the following:

	Three months ended October 31, 2022 $	**Three months ended October 31, 2021 $**
Interest expense	(324,553)	(262,562)
Interest on lease liabilities	(61,322)	(46,533)
Depreciation and amortization	(345,641)	(402,213)
Depreciation of right-of-use-assets	(515,520)	(426,004)
Other expense	(1,305)	(13,177)
Interest income	45,294	156
Government grants	-	3,498,229
Gain on sale of assets	-	6,554
Income tax benefit (expense)	185,247	(1,496,431)
Total other expense	**(1,017,800)**	**858,019**

The interest expense increase is primarily related to an increase in borrowings to fund short-term working capital needs and primarily foreign currency inventory to support higher banknote volumes. At October

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

31, 2022, the Company had $5,929,847 in outstanding lines of credit, with $55,538,042 available. This compares to $4,037,468 outstanding on October 31, 2021, and $27,577,509 available. The average outstanding borrowings by the Company during the quarter ended was $30,542,461 for the three months ended October 31, 2022, versus $17,433,052 for the three months ended October 31, 2021.

Interest on lease liabilities calculated according to IFRS 16 Leases (IFRS 16), increased to $61,322 from $46,533 as the Company had three more active locations in the three months ended October 31, 2022, compared to the same period last year.

Depreciation and amortization decreased primarily due to leasehold improvement assets that became fully depreciated during the year.

The Company did not recognize any government grant income in the three-month period ended October 31, 2022, as it no longer met the criteria to be eligible for government assistance. In the prior year, the Company recognized $3,400,190 which was related to the wage subsidy program in the United States, for which the Company no longer qualifies during the three-month period ended October 31, 2022, whereas the rest of the variance amount of $98,040 was related to the Company's subsidiary, EBC, that received support from two federal programs during the three-month period ended October 31, 2021. Neither the Company nor its subsidiary qualified for government grant programs during the three-month period ended October 31, 2022.

The Company recorded an income tax recovery amount of $185,247 in the three-month period ended October 31, 2022, in comparison to an income tax expense of $1,496,431 in the prior period. The effective tax rate of -5% is lower than the statutory tax rate of 26% due to the application of previously unrecognized tax loss carry forward amounts at EBC and the recognition of a future income tax benefit associated with those prior period losses of $1,209,568, partially offset by certain permanent differences between taxable income and accounting income.

The following is a summary of the results of operations for the years ended October 31, 2022 and 2021:

	Year ended October 31, 2022 $	**Year ended October 31, 2021 $**	**Change $**	**Change %**
Revenue	66,282,550	30,565,660	35,716,890	117%
Operating expenses	47,559,160	30,614,589	16,944,571	55%
Net Operating Income (loss)	**18,723,390**	**(48,929)**	**18,772,319**	**N/A**
Other income	145,938	27,003	118,935	440%
Government grants	-	4,174,220	(4,174,220)	N/A
Other expenses	(37,985)	(236,183)	198,198	84%
EBITDA*	18,831,343	3,916,111	14,915,232	381%
Net earnings (loss)	**11,783,124**	**(1,131,684)**	**12,914,808**	**N/A**
Basic earnings (loss) per share	1.83	(0.18)	2.01	N/A
Diluted earnings (loss) per share	1.78	(0.18)	1.96	N/A

*Earnings before interest, taxes, depreciation, and amortization

The Company generated record revenue of $66,282,550 for the year ended October 31, 2022, a 117% increase over the same period in the prior year and 59% higher than the year ended October 31, 2019, the last full fiscal year prior to the pandemic. 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 payment product lines. The Company achieved net operating income of $18,723,390 for the year ended October 31, 2022, versus a net operating loss of $48,929 in the same period in the prior year. The Company earned $11,783,124 or $1.83 per share in the year ended October 31, 2022, an improvement of $12,914,808 or $2.01 per share from the prior year.

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

A breakdown of the year-end revenues by geographic location and product line is presented below:

	Year ended October 31, 2022	Year ended October 31, 2021	Change	Change
	$	$	$	%
		Revenues by Geography		
United States	49,044,245	23,100,695	25,943,550	112%
Canada	17,238,305	7,464,965	9,773,340	131%
Total	**66,282,550**	**30,565,660**	**35,716,890**	**117%**
		Revenues by Product Line		
Banknotes	53,855,417	22,853,387	31,002,030	136%
Payments	12,427,133	7,712,273	4,714,860	61%
Total	**66,282,550**	**30,565,660**	**35,716,890**	**117%**

Payment revenue increased by 61% to $12,427,133 in the year ended October 31, 2022, from $7,712,273 in the same period in 2021. This demonstrates the Company's success in focusing on the growth of payments through key client relationships in both the United States and Canada. The diversification strategy has been a significant factor in the Company's resilience in the face of the ongoing pandemic and its return to profitability. The Company processed over 149,000 payments transactions representing $4,977 million in volume in the year ended October 31, 2022, 36,000 or 38% and $1,584 million or 47% higher, respectively, compared to the previous year. The revenue increase is higher than the volume increase due to a higher mix of foreign exchange transactions versus transactions for which there is no foreign exchange element and higher margins.

The revenue from banknotes grew 136% from $22,853,387 in the year ended October 31, 2021 to $53,855,417 during the year ended October 31, 2022. The growth is attributable to three main drivers. First, consumer demand for foreign currencies improved as restrictions on international travel have eased. Second, the Company experienced success at increasing its market share, as indicated by the increase in new clients. Third, the Company has increased its penetration in the global banknote trade. The revenue growth has been consistent in both the Canadian and United States markets, and across all channels. While the recovery in consumer demand for foreign banknotes is encouraging, the Company expects future demand to fluctuate based on the risk of transmission from COVID-19 variants, inflationary impacts, and the risk of a recession.

During the year that ended October 31, 2022, operating expenses increased 55% to $47,559,160 compared to $30,614,589 for the year ended October 31, 2021. Variable costs, including postage and shipping, sales commissions, incentive compensation, bank fees, and third-party technology fees, increased 136% to $16,552,971 compared to $7,023,195 in the year ended October 31, 2021, largely due to the increase in transaction volumes. There has also been a significant rise in shipping fees due to a higher mix of international banknote trade and inflation, including fuel surcharges.

The major components of operating expenses are presented in the table below, with commentary for variances of 10% or greater. The ratio of operating expenses to total revenue for the year ended October 31, 2022 was 72% compared to 100% for the year ended October 31, 2021, reflecting the growth in revenue outpacing the growth in expenses.

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

	Year ended October 31, 2022 $	Year ended October 31, 2021 $	Change $	Change %
Salaries and benefits	25,414,819	17,691,157	7,723,662	44%
Postage and shipping	8,400,407	2,731,708	5,668,699	208%
Legal and professional	4,037,104	2,757,692	1,279,412	46%
Bank service charges	2,163,833	1,485,758	678,075	46%
Information technology (IT)	1,950,044	1,450,330	499,714	34%
Rent	1,094,840	999,821	95,019	10%
Stock-based compensation	1,093,647	978,508	115,139	12%
Insurance	790,217	744,763	45,454	6%
Losses and shortages	628,963	82,712	546,251	660%
Travel and entertainment	554,944	219,305	335,639	153%
Foreign exchange losses	282,495	662,264	(379,769)	-57%
Other general and administrative	1,147,847	810,571	337,276	42%
Operating expenses	**47,559,160**	**30,614,589**	**16,944,571**	**55%**

Salaries and benefits increased and $3,058,777, or 40% of the increase relates to an increase in variable compensation, with sales commissions expense being the largest contributor to that variance by $2,143,509, while the balance relates to other incentive compensation, driven primarily by the improvement in the Company's performance. The remaining 60% variance is partially related to incremental growth in headcount, which increased to 344 in the year ended October 31, 2022, from 272 in the comparative period. It is also driven by inflation in base salaries and wages as the Company implemented broad-based increases in May 2022 to address general wage inflation.

Postage and shipping increased, and it is primarily attributable to the increased volumes associated with the banknotes product line, in addition to increases levied by carriers due to inflation and fuel charges. These costs have also increased as a result of higher trade with international parties, which require air freight, armored carriers, and third-party processing fees.

Legal and professional fees increased and are primarily attributable to higher costs related to tax, audit and professional services, including search fees, to recruit certain key roles, as well as the implementation of Oracle NetSuite that began in May 2022 and it accounted for $483,599 for the year, in addition to a regulatory compliance program at EBC.
The bank service charges increase primarily was related to increased volumes for payment activity. These charges are offset partially by fees collected on payments, which are captured in revenue. The increase is lower than the relative increase in payments revenue as the Company negotiated lower fees paid to counterparties to process certain wire payments that took effect on January 1, 2022.

Information technology increase is primarily reflecting non-capitalizable computer equipment purchases for new staff and to replace older equipment, as well as variable costs associated with the increased payments volume as the Company relies on third-party technology to deliver those products. The remainder of the increase is due to increased investment in cloud-based technologies, such as a new customer relationship management system implemented in 2022, and cybersecurity.

Rent expense increase is attributable to a few factors, including increase in variable rent expense and rents for leases that are exempt from being classified as finance leases under IFRS16. Also rent commission increase for certain locations in addition to new locations that opened during the year contributed to a higher rent amount relative to last year. These increases have been offset by rent abatements. In January 2022, the Company entered into an agreement to settle a dispute with a landlord for seven of its retail locations, thereby, resolving the only remaining dispute around the closures that occurred in 2020 as a result of pandemic-related lockdowns. As a result of this agreement, in the year ended October 31, 2022, the Company recognized $19,133 in rent abatements related to prior periods, as well as $100,517 in beneficial adjustments to rent previously recorded on certain leases that were modified as a result of the settlement agreement.

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Stock-based compensation includes the expense recognized in relation to employees' stock option plans, RSU, and DSU awards. The Company recorded expenses of $691,971 related to RSU and DSU awards and $401,676 the amount of stock options vested during the year ended October 31, 2022. The RSUs and DSUs are based on the fair value of the Company's common stock and are subject to variable accounting treatment.

Losses and shortages increase is primarily related to shipments lost in transit that the Company self-insures. In addition, the Company did recognize a loss of $50,717 related to a burglary at one of its retail branches in the year that ended on October 31, 2022.

Travel and entertainment expenses increased as conferences, trade shows, and in-person business meetings continued a progressive recovery though they remain below pre-pandemic levels. A portion of the travel costs relate to the Company having subsidized 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. The Company discontinued this practice in May 2022.

The foreign exchange losses decrease reflects the Company's progress in managing its foreign denominated balances between the time of recognition and settlement and incorporating such balances into its hedging program. Foreign exchange gains and losses associated with foreign currency inventory and unrealized gains/losses on forward contracts are included in commissions revenue.

Other general and administrative expenses increase was mainly driven by increases in office supplies, licenses and fees, utilities, and other facilities-related costs. This reflects a return to normal operating hours at most retail locations, the opening of new branches, higher inflation, and expansion into new state jurisdictions.

Other income and expenses are comprised of the following:

	Year ended October 31, 2022	**Year ended October 31, 2021**
	$	**$**
Interest expense	(1,180,026)	(555,789)
Depreciation of right-of-use-assets	(1,816,307)	(1,679,126)
Depreciation and amortization	(1,456,649)	(1,649,125)
Interest on lease liabilities	(165,804)	(208,390)
Revaluation of contingent consideration	(37,985)	(18,989)
Interest revenue	111,684	27,003
Other income (expense)	34,254	(111,449)
Government grants	-	4,174,220
Provision for loss	-	(112,299)
Gain on sale of assets	-	6,554
Income tax expense	(2,429,433)	(955,365)
Total other expenses	**(6,940,266)**	**(1,082,755)**

Interest expense increase is primarily related to an increase in borrowings combined with the effect of higher interest rates. As of October 31, 2022, the Company had $5,929,847 in outstanding borrowing, with $55,538,042 available. This compares to $4,037,468 outstanding on October 31, 2021, and $27,577,509 available.
Depreciation on right-of-use assets increased slightly due to the addition of the new retail locations

during the year, migration to a new location within the San Francisco City Center and increases to certain renewal terms associated with other locations.

Depreciation and amortization decreased primarily due to assets such as computer equipment and leasehold improvements that became fully depreciated during the year.

The Company did not recognize any government grant income in the year ended October 31, 2022, as it no longer met the criteria to be eligible for government assistance. In the prior year, the Company has recognized $3,400,190 related to a wage subsidy program in the United States and $774,030 related to similar programs in Canada.

Other income (expense) was significantly lower in the year ended October 31, 2022, than last year as the Company did not record any restructuring expenses during the year, compared to $96,711 in the year ended October 31, 2021.

The company recorded income tax expense of $2,429,433 in the year ended October 31, 2022, in comparison to $955,365 in the prior period. This is related to the increase in net income before tax. The effective tax rate of 17.4% is the statutory tax rate of 26% due primarily to the application of previously unrecognized non-capital losses from prior years being applied to reduce taxable income in Canada for the year ended October 31, 2022 to $Nil. In addition, the Company recognized a future income tax benefit related to unused non-capital losses from prior years that may be applied to taxable income generated in Canada in future periods. Those non-capital loss balances will expire in the years ended October 31, 2040 and 2041.

Cash Flows

Cash flows from operating activities during the year ended October 31, 2022, resulted in an inflow of $25,518,520 compared to $8,010,703 during the year ended October 31, 2021. Approximately 18% of the increase in operating cash flow was due to the impact of the net income adjusted for non-cash items, while the remainder was due to changes in working capital, driven primarily by a significant increase in accounts payable by $11,295,242. The accounts receivable and accounts payable balances fluctuate from period to period due to the volume of activity and timing of transaction settlement. In most instances, accounts receivable and accounts payable have a settlement cycle of 24 to 48 hours. Excluding the changes in balance sheet accounts, operating cash flow, which is generated by commission and fee income and is offset by operating expenses, was $16,193,542 in the year ended October 31, 2022, versus the operating cash flow of $3,294,931 in the prior year comparative period.

Cash flows from investing activities during the year ended on October 31, 2022, resulted in an outflow of $1,291,015 compared to an outflow of $764,170 during the year that ended on October 31, 2021. Decrease in cash flows from investing activities mainly resulted from the cost of leasehold improvements paid for new retail locations in addition to internally developed software.

Cash flows from financing activities during the year ended October 31, 2022, resulted in an inflow of $214,147 compared to an outflow of $1,486,174 during the year ended October 31, 2021. The Company increased usage of its lines of credit to $5,929,847 on October 31, 2022, compared to a balance of $4,037,468 on October 31, 2021.

Liquidity and Capital Resources

On October 31, 2022, the Company had net working capital of $60,378,879 compared to $49,880,879 at October 31, 2021.

The Company maintains three lines of credit to meet borrowing needs during peak business periods. On June 15, 2022, the Company entered into an Amended and Restated Credit Agreement with BMO Harris Bank, N.A. The Amended and Restated Credit Agreement increased the revolving line of credit limit from $20,000,000 to $30,000,000 and provided an accordion feature for up to an additional $10,000,000 with the lender's approval. The Amended and Restated Credit Agreement was updated on September 13, 2022, to reflect the exercised accordion feature, which increased the line of credit to $40,000,000, and a reduced margin spread in the borrowing rate by 25 basis points. The Amended and Restated Credit Agreement has a term of two years, with a maturity date of June 15, 2024. The credit line is secured against the Company's cash and other assets. The Amended and Restated Credit Agreement bears interest at one-month Secured Overnight Financing Rate (SOFR) plus 2.25% (on October 31, 2022, 4.12% (2021, 2.58%). On October 31, 2022, the balance outstanding was $5,929,847 (2021, $Nil).

On October 19, 2020, the Company's wholly owned Canadian subsidiary, EBC, established a fully collateralized revolving line of credit with Desjardins Group (Desjardins) with a limit of CAD 2,000,000 ($1,467,800), being secured against cash collateral of CAD 2,000,000 ($1,467,800). The line of credit bears interest at the Canadian prime rate, on October 31, 2022, 5.45% (2021, 2.45%) plus 0.25%. On October 31, 2022, the balance outstanding was $Nil (2021, $Nil).

On July 18, 2022, the Company amended a $20,000,000 USD Revolving Credit Facility with a private lender through an Amended and Restated Revolving Loan Agreement, whereby $10,000,000 of this line was moved from EBC to CXI. The facility with EBC is guaranteed by the Company and both the Company and EBC facilities are subordinated to the obligations with the primary lenders to each of the Company and EBC. The facilities are used for working capital purposes of daily operational activity. Each credit facility has a limit of $10,000,000 USD for each the Company and EBC, with a term of three years (maturity date July 18, 2025), however, either facility may be terminated by either party on 90-days' notice. Each facility with the Company and EBC 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. The total outstanding balance for both facilities at October 31, 2022 was $Nil (2021, $4,037,468).

The Company had a total available balance of unused lines of credit of $55,538,042 at October 31, 2022 (2021, $27,577,509).

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 and equipment (see Note 9 to the financial statements).

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

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

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	1 years	1	1	-	-	-
Corporate offices	9	0–11 years	3	5	-	-	-
Retail store locations	24	0–5 years	1	2	-	-	1
Total	**34**	**0–11 years**	**2**	**8**	**-**	**-**	**1**

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at October 31, 2022, were as follows:

	Within 1 Year	1–2 years	2–3 years	3–4 years	4–5 years	After 5 Years	Total
Lease payments	1,700,961	1,073,581	612,116	361,722	360,839	999,636	5,108,855
Finance charges	155,184	109,547	80,621	64,779	50,478	117,187	577,796
Net present values	1,545,777	964,034	531,495	296,943	310,361	882,449	4,531,059

Selected Financial Information from Annual Financial Statements as of October 31, 2021

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, 2022 $	Year ended October 31, 2021 $	Year ended October 31, 2020 $	Year ended October 31, 2019 $
Revenues	**66,282,550**	**30,565,660**	**25,013,423**	**41,784,043**
Net operating income	18,723,390	(48,929)	(3,985,791)	6,152,042
Net income	**11,783,124**	**(1,131,684)**	**(8,524,029)**	**2,924,720**
Basic earnings per share	$1.83	($0.18)	($1.33)	$0.46
Diluted earnings per share	$1.78	($0.18)	($1.33)	$0.46
Total assets	125,528,832	102,982,531	85,758,518	82,729,716
Total liabilities	56,223,323	44,966,732	27,528,783	16,400,679
Total long-term financial liabilities	4,163,543	3,679,493	4,065,164	-
Working capital	**60,378,879**	**49,880,879**	**47,755,694**	**58,932,941**

Off-Balance Sheet Arrangements

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

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

Forward and Options Contract Activity

The Company enters into foreign currency forward and option balance sheet hedges to mitigate the risk of fluctuations in the exchange rates of its holdings of major currencies in the banknotes product line. Changes in the fair value of the contracts and the corresponding gains or losses are recorded and 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 through an active foreign exchange hedging program.

The Company enters into foreign currency forward contracts on a daily basis to manage exposure to forward contracts executed with clients in the International Payments product line, Changes in the fair value of these are recorded and included in revenues generated through this business product line on the consolidated statements of income and comprehensive income.

The fair value of forward and option contract assets at October 31, 2022, was $911,443 (2021, $918,831).

At October 31, 2022 the Company had cash collateral balances that include daily margin requirements related to forward contracts being held of $3,803,129 (2021, $1,696,600). They are reflected as restricted cash held in escrow in the consolidated statements of financial position.

Critical Accounting Estimates

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. For an expanded narrative on considering critical accounting estimates, please refer to Note 3 in the Consolidated Financial Statements for the years ended October 31, 2022 and 2021.

Transactions with Related Parties

The remuneration of directors and key management personnel during the year ended October 31, 2022 and 2021 were as follows:

	Year ended	
	October 31, 2022	**October 31, 2021**
	$	$
Short-term benefits	3,726,865	3,030,562
Post-employment benefits	81,682	42,848
Stock based compensation	391,787	333,873
Restricted and deferred share units	691,971	644,635
	4,892,305	**4,051,918**

The Company incurred legal and professional fees in the aggregate of $179,417 for the year ended October 31, 2022 (2021, $246,027) 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 $188,502 in revenue from these clients' activities for the year ended October 31, 2022 (2021, $131,869). As at October 31, 2022, accounts receivable included $74,205 from related parties (2021, $724,353).

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

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

$450,000 to be made upon the occurrence of certain events, such as a change of control of the Company or termination for reasons other than cause. As the likelihood of a change of control of the Company is not determinable, the contingent payments have not been reflected in the consolidated financial statements.

The Company supports EBC through a $20,000,000 Second Amended and Restated Revolving Line of Credit, updated on July 18, 2022, which attracts interest commensurate with interest charged on the Company's primary line of credit with BMO Harris N.A., are repayable on demand, and are unsecured. At October 31, 2022, the intercompany loan balance was $2,498,270 (2021, $2,274,185) and was eliminated upon consolidation.

Key management personnel and directors occasionally conduct transactions with the Company as individuals. Such transactions are immaterial individually and in total, including for the three-month and the year ended October 31, 2022 and 2021, and are conducted pursuant to the Company's policies.

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

Stock Option Grants

The Company offers an incentive stock option plan which was established on April 28, 2011 and was amended most recently on 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 occurs 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 (CAD$)	Amount granted	Risk-free interest rate	Expected volatility	Exercise Price (CAD$)*	Fair value of option at grant date ($)
4-Mar-19	4-Mar-24	25.98	13,316	2.50%	27%	25.83	5.65
23-Oct-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
23-Oct-19	4-Mar-24	17.03	30,000	1.58%	24%	17.36	3.07
24-Jun-20	24-Jun-25	12.50	29,955	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	322,353	0.37%	23%	10.83	1.33
28-Jan-21	28-Jan-26	11.00	3,873	0.41%	23%	11.02	2.55
28-Oct-21	28-Oct-26	14.49	134,668	1.16%	22%	14.35	2.57
28-Apr-22	28-Apr-27	17.44	20,000	2.81%	21%	18.10	3.16
25-Jul-22	25-Jul-27	16.96	4,493	2.87%	20%	16.23	3.17
21-Sep-22	21-Sep-27	19.65	5,748	3.57%	37%	18.93	5.61
31-Oct-22	31-Oct-27	18.25	122,172	3.73%	37%	18.37	4.80

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

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

The outstanding options at October 31, 2022, and the respective changes during the periods are summarized as follows:

	Number of options #	Weighted average price CDN$
Outstanding on October 31, 2021	813,677	14.33
Granted	152,413	18.29
Exercised	(32,990)	13.43
Forfeited/canceled/expired	(109,552)	14.05
Outstanding on October 31, 2022	823,548	15.13

The following options were outstanding and exercisable at October 31, 2022:

Grant Date	Exercise price (CAD$)	Number outstanding	Average remaining contractual life (years)	Number exercisable
4-Mar-19	$25.83	13,316	1.34	13,316
23-Oct-19	$17.36	30,000	1.98	30,000
23-Oct-19	$17.36	5,262	1.98	5,262
23-Oct-19	$17.36	230,146	1.98	230,146
24-Jun-20	$12.74	29,955	2.65	27,427
29-Jul-20	$10.83	18,000	2.75	18,000
29-Oct-20	$10.83	221,088	3.00	146,673
28-Jan-21	$11.02	3,873	3.25	1,291
28-Oct-21	$14.35	119,495	3.99	39,835
28-Apr-22	$18.10	20,000	4.49	-
25-Jul-22	$16.23	4,493	4.73	-
21-Sep-22	$18.93	5,748	4.89	-
31-Oct-22	$18.37	122,172	5.00	-
Total		**823,548**		**511,950**

157,770 of the outstanding options granted on October 23, 2019 were made outside of the Company's stock option plan, and in accordance with the policies of TSX and were approved by the shareholders on March 25, 2020.

In the year ended October 31, 2022, 109,552 stock options expired that related to grantees whose employment had terminated with the Company.

Restricted Stock Unit and Deferred Stock Unit Plans

On November 1, 2020 the Company made its inaugural grants under the DSU Plan and RSU Plan (the Plans). The awards that may be granted under each of the Plans can be realized in cash only and may not be converted into common shares of the Company. The purpose of these Plans is to promote the profitability and growth of the Company by facilitating the efforts of the Company to attract and retain directors, senior officers, employees, and management. Under the terms of the Plans, vesting of the awards that may be granted under the Plans for management will occur 1/3 upon the first anniversary, 1/3 upon the second anniversary, and 1/3 upon the third anniversary of the grant, while awards that may be granted under the Plans for directors will vest on the date of grant. All the awards have a three-year term unless otherwise specified by the Board of Directors.

On November 1, 2021, the Company made grants under RSU Plan and DSU Plan. The Company granted 29,872 RSU awards and 20,533 DSU awards in the amount of $376,250 and $240,000, respectively. In the year ended October 31, 2022, the Company recorded expenses of $1,093,647 related to stock-based compensation out of which $401,676 was recognized for stock option grants and $691,971 was related to RSU and DSU awards (2021, $333,873 and $644,635, respectively).

Share Capital

As of October 31, 2022, the Company has 6,429,489 common shares outstanding, 511,950 vested, and 311,598 unvested stock options, and no warrants outstanding.

Subsequent Events

The Company evaluated subsequent events through January 23, 2023, the date this MD&A was prepared.

There were no 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, 2022 and 2021.

Financial Risk Factors

International Conflict

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

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

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

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 may 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. Despite the decreased severity of the pandemic in recent months and the decreased global travel restrictions, the Company cannot accurately predict the impact that COVID-19 will have on its future revenue and business undertaking, due to uncertainties relating to future outbreaks and potential new variants of COVID-19, and their duration.. 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.

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

Credit Risk

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

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

The credit risk associated with accounts receivable is limited, as the Company's receivables consist primarily of bulk currency trades with a settlement cycle of 24 to 48 hours. The majority of the Company's receivables reside with banks, money service business customers, and other financial institutions. The Company has longstanding relationships with most of its money service business customers and has a strong repayment history, with one exception (see note 21 to the consolidated financial statements).

A breakdown of accounts receivable by category is below:

	At October 31, 2022	At October 31, 2021
Customer type	$	$
Domestic and international financial institutions	7,823,948	14,128,422
Money service businesses	5,227,752	2,138,098
Other	1,221,828	254,850
Total	**14,273,528**	**16,521,370**

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.

Financial Instruments and Risk Management

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

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

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

There were no transfers between Level 1 and Level 2 during the year ending on October 31, 2022, and the year ended October 31, 2021. The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value.

	At October 31, 2022			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Financial assets				
Cash	88,559,268	-	-	88,559,268
Forward and option contract assets	-	911,443	-	911,443
Total assets	**88,559,268**	**911,443**	**-**	**89,470,711**
Financial liabilities				
Restricted and deferred share units		1,174,226	-	1,174,226
Total liabilities	**-**	**1,174,226**	**-**	**1,174,226**

	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	-	918,831	-	918,831
Total assets	**66,527,690**	**918,831**	**-**	**67,446,521**
Financial 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**

Foreign Currency Risk

The volatility of the Company's foreign currency holdings may increase as a result of the political and economic environment of the corresponding issuing country and general market dynamics. Several currencies have limited exchange rate exposure as they are pegged to the U.S. dollar, the reporting currency of the Company. Foreign currency risk is managed through an active hedging program for all positions in excess of its risk appetite, as stipulated in its F/X Risk Policy that is reviewed and approved annually by the board of directors. The hedging program uses a mix of forward and option contracts to limit exposure to fluctuations in currency valuation. Due to their nature, some minor and exotic foreign currencies cannot be hedged or are cost prohibitive to hedge. Unhedged inventory positions are managed to prescribed levels of risk appetite using a value-at-risk methodology. The Company also maintains specific inventory targets aligned with these prescribed limits to minimize the impact of exchange rate fluctuations. These targets are reviewed regularly and are increased or decreased to accommodate demand and seasonal factors within acceptable risk tolerances. The Company also assigns wider bid/ask spreads during heighted periods of volatility. The amount of unhedged inventory held in tills, vaults and in transit at October 31, 2022 was approximately $5,520,430 (2021, $5,359,377). The amount of currency that is unhedged and that is not pegged to the U.S. dollar is approximately $4,594,080 (2021, $2,182,767). 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 +$92,000/-$92,000 (2021, gain/loss of approximately +$44,000/-$44,000).

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.

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

Interest Rate Risk

At October 31, 2022, the Company had access to interest-bearing financial instruments in cash and its lines of credit. A significant amount of the Company's cash is held as foreign currency banknotes in tills and vaults. These amounts are not subject to interest rate risk. Cash held in some of the Company's accounts are interest-bearing. The Company is subject to a small amount of cash flow interest rate risk from the borrowings on its lines of credit; however, since the borrowings have remained steady and within policy thresholds, the risk is low. Certain borrowings bear interest at variable rates. The Company does not hedge its interest rate exposure.

Liquidity Risk

Liquidity risk is the risk of the Company incurring losses resulting from the inability to meet payment obligations in a timely manner when they become due or from being unable to do so at a sustainable cost. To effectively manage liquidity risk, the Company has implemented preventative risk monitoring measures, including setting a liquidity risk ratio target of 120% or greater, which measures the proportion of unencumbered highly liquid assets to short-term net cash outflows, and setting a minimum liquidity balance requirement of total available cash or undrawn lines of credit to be greater than $4,000,000 notional daily. As required, the treasurer and Chief Financial Officer (CFO) report any liquidity issues to the Chief Risk Officer (CRO), and the audit committee in accordance with established policies and guidelines. Management has assessed the Company's cash position at October 31, 2022 and determined that it is sufficient to meet its financial obligations.

The following are non-derivative contractual financial liabilities:

	October 31, 2022			
Non-derivative financial liabilities	**Carrying amount**	**Estimated contractual amount**	**This fiscal year**	**Future fiscal years**
	$	$	$	$
Accounts payable	27,839,239	27,839,239	27,839,239	Nil
Holding accounts	9,137,046	9,137,046	9,137,046	Nil
Lines of credit	5,929,847	5,929,847	5,929,847	Nil

	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
Lines of credit	4,037,468	4,037,468	4,037,468	Nil
Contingent consideration	369,830	369,830	Nil	369,830

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

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, 2022	At October 31, 2021
	$	**$**
Current assets	112,438,659	91,168,118
Current liabilities	(52,059,780)	(41,287,239)
Working capital	**60,378,879**	**49,880,879**

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 ON OCTOBER 31, 2022 AND 2021 (EXPRESSED IN U.S. DOLLARS)

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Independent auditor's report

Grant Thornton LLP
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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, 2022, and October 31, 2021 and the consolidated statements of operations and comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including 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, 2022 and October 31, 2021, 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, 3 and 8 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 $2.187 million as at October 31, 2022.

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 23, 2023

Chartered Professional Accountants
Licensed Public Accountants

CURRENCY EXCHANGE INTERNATIONAL, CORP.
Consolidated Statements of Financial Position
As at October 31, 2022 and 2021
(Expressed in U.S. Dollars)

ASSETS

	October 31, 2022	October 31, 2021
Current assets	$	$
Cash (Note 5)	88,559,268	66,527,690
Restricted cash held in escrow (Note 6)	3,803,129	1,696,600
Accounts receivable (Note 14)	14,273,528	16,521,370
Forward and option contract assets (Note 15)	911,443	918,831
Income taxes receivable	-	869,136
Other current assets (Note 21)	4,891,291	4,634,491
Total current assets	**112,438,659**	**91,168,118**
Property and equipment (Note 7)	711,447	514,729
Right-of-use assets (Note 9)	4,095,509	3,440,059
Intangible assets (Note 8)	4,282,626	5,243,300
Goodwill (Note 8)	2,187,445	2,275,463
Deferred tax asset, net (Note 10)	1,692,004	214,686
Other assets	121,142	126,176
Total assets	**125,528,832**	**102,982,531**
LIABILITIES AND EQUITY		
Current liabilities		
Lines of credit (Note 12)	5,929,847	4,037,468
Accounts payable	27,839,239	26,641,692
Accrued expenses	4,933,897	2,701,860
Holding accounts	9,137,046	5,535,804
Deferred revenues	507,887	738,925
Income taxes payable	2,166,087	-
Contingent consideration (Note 13)	-	369,830
Lease liabilities (Note 9)	1,545,777	1,261,660
Total current liabilities	**52,059,780**	**41,287,239**
Long-term liabilities		
Lease liabilities (Note 9)	2,985,282	2,812,012
Other long-term liabilities	1,178,261	867,481
Total long-term liabilities	**4,163,543**	**3,679,493**
Total liabilities	**56,223,323**	**44,966,732**
Equity		
Share capital (Note 16)	6,429,489	6,414,936
Equity reserves	30,360,566	30,868,533
Retained earnings	32,515,454	20,732,330
Total equity	**69,305,509**	**58,015,799**
Total liabilities and equity	**125,528,832**	**102,982,531**

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

CURRENCY EXCHANGE INTERNATIONAL, CORP.
Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
For the years ended October 31, 2022 and 2021
(Expressed in U.S. Dollars)

	For the years ended	
	October 31, 2022	**October 31, 2021**
Revenues	$	$
Commissions revenue	62,822,889	28,561,442
Fee revenue	3,459,661	2,004,218
Total revenues (Note 4)	**66,282,550**	**30,565,660**
Operating expenses (Note 18)	47,559,160	30,614,589
Net operating income (loss)	**18,723,390**	**(48,929)**
Other income (loss)		
Interest revenue	111,684	27,003
Revaluation of contingent consideration (Note 13)	(37,985)	(18,989)
Government grants (Note 2)	-	4,174,220
Provision for loss (Note 22)	-	(112,299)
Other income (expense)	34,254	(104,895)
Total other income	**107,953**	**3,965,040**
Earnings before interest, taxes, depreciation, and amortization	**18,831,343**	**3,916,111**
Interest expense (Note 12)	1,180,026	555,789
Interest on lease liabilities (Note 9)	165,804	208,390
Depreciation and amortization	1,456,649	1,649,125
Depreciation of right-of-use assets (Note 9)	1,816,307	1,679,126
Income (loss) before income taxes	**14,212,557**	**(176,319)**
Income tax expense (Note 10)	2,429,433	955,365
Net income (loss) for the period	**11,783,124**	**(1,131,684)**
Other comprehensive income (loss), after tax		
Net income (loss) for the period	11,783,124	(1,131,684)
Items that may subsequently be reclassified to profit or loss		
Exchange differences on translating foreign operations	(962,986)	583,876
Total other comprehensive income (loss)	**10,820,138**	**(547,808)**
Earnings (loss) per share (Note 17)		
- Basic	$1.83	($0.18)
- Diluted	$1.78	($0.18)
Weighted average number of common shares outstanding (Note 17)		
- Basic	6,429,489	6,414,936
- Diluted	6,635,412	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
For the years ended October 31, 2022 and 2021
(Expressed in U.S Dollars)

	Share Capital		Equity Reserves				Retained Earnings	Total Equity
	Shares	Amount	Share premium	Accumulated Other Comprehensive Loss	Stock Options		Amount	Amount
	#	$	$	$	#	$	$	$
Balance at November 1, 2021	**6,414,936**	**6,414,936**	**32,588,617**	**(5,281,780)**	**813,677**	**3,561,696**	**20,732,330**	**58,015,799**
Stock-based compensation (Note 16)	-	-	-	-	152,413	681,617	-	681,617
Forfeited, expired, and canceled options (Note 16)	-	-	-	-	(109,552)	(279,941)	-	(279,941)
Issue of share capital and share premium on the exercise of stock options (Note 16)	14,553	14,553	109,458	-	(32,990)	(56,115)	-	67,896
Loss on foreign currency translation	-	-	-	(962,986)	-	-	-	(962,986)
Net income	-	-	-	-	-	-	11,783,124	11,783,124
Balance at October 31, 2022	**6,429,489**	**6,429,489**	**32,698,075**	**(6,244,766)**	**823,548**	**3,907,257**	**32,515,454**	**69,305,509**
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 16)	-	-	-	-	140,972	464,282	-	464,282
Forfeited, expired, and canceled options (Note 16)	-	-	-	-	(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 at 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**

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

CURRENCY EXCHANGE INTERNATIONAL, CORP.
Consolidated Statements of Cash Flows
For the years ended October 31, 2022 and 2021
(Expressed in U.S. Dollars)

	For the years ended	
	October 31, 2022	**October 31, 2021**
Cash flows from operating activities	**$**	**$**
Net income (loss)	11,783,124	(1,131,684)
Adjustments to reconcile net income to net cash flows from operating activities		
Depreciation and amortization	1,456,649	1,649,125
Depreciation of right-of-use assets	1,816,307	1,679,126
Stock-based compensation	1,093,647	978,508
Revaluation of contingent liability	32,635	15,665
Loss on disposal, impairment of assets, and leases	11,180	104,191
Increase (decrease) in cash due to change in:		
Accounts receivable	1,541,946	(10,411,534)
Restricted cash held in escrow	(2,382,843)	1,432,537
Change in forward and option contract assets	(481,019)	91,915
Income taxes receivable	931,541	952,590
Other assets	(304,186)	(3,505,097)
Net deferred tax assets	(1,509,800)	986,481
Deferred revenues	234,097	(205,978)
Accounts payable, accrued expenses, and other liabilities	11,295,242	15,374,858
Net cash flows from operating activities	**25,518,520**	**8,010,703**
Cash flows from investing activities		
Purchase of property and equipment	(563,619)	(130,620)
Purchase of intangible assets	(354,373)	(260,525)
Contingent consideration payments related to acquisition	(373,023)	(373,025)
Net cash outflows from investing activities	**(1,291,015)**	**(764,170)**
Cash outflows from financing activities		
Proceeds from exercise of stock options (Note 16)	80,999	-
Repayment of leasing liabilities	(2,077,990)	(2,169,808)
Interest on leasing liabilities	166,183	208,203
Net borrowing on lines of credit	2,044,955	475,431
Net cash flows (outflows) from financing activities	**214,147**	**(1,486,174)**
Net change in cash	24,441,652	5,760,359
Cash, beginning of period	66,527,690	59,311,553
Exchange difference on foreign operations	(2,410,074)	1,455,778
Cash, end of period	**88,559,268**	**66,527,690**
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period for income taxes	1,218,406	-
Cash paid during the period for interest	1,345,830	764,179
Cash received during the year for interest	111,684	27,003

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 3 vaults, as well as 37 branch locations (see Note 9) and 344 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 23, 2023.

Comparative Figures

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

2. Summary of Significant Accounting Policies

Recently Adopted Accounting Standards

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

- Amendments to References to Conceptual Framework in IFRS Standards;
- Definition of a Business (Amendments to IFRS 3);
- COVID-19 Related Rent Concessions; and
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

Future Accounting Pronouncements

Certain pronouncements were issued by the IASB or IFRIC. Many are not applicable or do not have a significant impact on 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:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- Deferred Tax related to Assets and Liabilities from a Single Transaction;
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- IFRS 17 Insurance Contracts.

Principles of Consolidation

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

Cash

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

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

Foreign cash is recorded at fair value based on foreign exchange rates as at October 31, 2022 and 2021, respectively.

Accounts Receivable

Trade accounts receivable are stated net of an allowance for doubtful accounts. Accounts receivable balances consist primarily of bulk currency trades with a settlement cycle of 24 to 48 hours. The amount of accounts receivable varies widely from period to period due to the volume of activity and timing differences. The Company applies a simplified approach in accounting for the allowance for doubtful accounts based on lifetime expected credit losses in accordance with IFRS 9, *Financial Instruments* (IFRS 9). These consider the potential for default during the life of the financial instrument and are the expected shortfalls in contractual cash flows. To estimate the expected shortfall, the Company considers specific customers, historical information, external indicators, and forward-looking information. There is minimal counter-party risk as the majority of the Company's receivables reside with banks, money service business customers, and other financial institutions. The Company has longstanding relationships with most of its customers and has a strong repayment history. The Company does not accrue interest on past due receivables. Management determined that the allowance for doubtful accounts was $Nil as of October 31, 2022 and 2021, respectively.

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 (spread) between the cost and the 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 when each transaction occurs, the performance obligation is satisfied, the currency is delivered, or at the end of each reporting period when revaluations of foreign exchange positions take place. For contracts whose performance obligations are not satisfied (or partially not satisfied) amounts as such are not recognized in the statements of income (loss) and comprehensive income (loss) and are recorded in the statements of financial position as deferred revenues until performance obligation is satisfied.

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 when the transaction occurs, the performance obligation is satisfied, and when the currency is delivered.

Foreign Currency Translation

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the consolidated statements of financial position date are translated at rates as at that date. Exchange gains and losses, which arise from normal trading activities, are included in commissions revenue in the consolidated statements of income (loss) and comprehensive income (loss), 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 statements of financial position date. Revenues and expenses are translated at average rates of exchange during the period. Exchange gains or losses arising from the consolidation of the Canadian subsidiary are included in accumulated other comprehensive income. On disposal of a foreign operation, the related cumulative translation differences recognized in equity reserves are reclassified to profit or loss and are recognized as part of the gain or loss on disposal.

Foreign Currency Forward and Option Contracts

The Company enters into foreign currency forward and option contracts on a daily basis to manage exposure to forward contracts executed with clients in the payments product line and mitigate the risk of fluctuations in exchange rates of its holdings of major currencies in banknotes.

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

Forward currency contracts are recognized at fair value and changes in the fair value are included in revenues in the consolidated statements of income (loss) and comprehensive income (loss) and are recorded as either contract asset or contract liability at the end of the reporting period.

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	The lesser of the lease term or useful life

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

Goodwill and Intangible Assets

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

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

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

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

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

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

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

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

Business Combinations

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

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

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

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

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

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

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

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

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

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

Provisions

Provisions are recognized when, (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 statements of operations, net of any reimbursement. If the effect of the TVM is material, provisions are discounted using a current pretax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

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

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 transactional currency of the customer, who has the unilateral right to transfer out or convert the funds at any time. Amounts are initially measured at fair value, net of any transaction costs directly attributable to the issuance of the financial instrument.

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

Share-Based Payments

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

Financial Instruments

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

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

Classification and Measurement of Financial Assets

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

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

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 statements of operations.

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

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

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

Financial Instruments Recorded At Fair Value

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

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

Derivative Financial Instruments and Hedge Accounting

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

Impairment of Financial Assets

IFRS 9's impairment requirements use the Expected Credit Loss (ECL) model uses forward-looking information to recognize expected credit losses. Instruments within the scope of IFRS 9 includes 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 FVTPL.

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

Leases

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

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

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

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

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

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

Accounts Receivable

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

Earnings per Share

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

Income Taxes

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

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

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

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

Changes in deferred tax assets and liabilities are recognized as a component of tax expense in the consolidated statements of income (loss) and comprehensive income (loss), 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.

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, 2022, EBC qualified for $Nil ($657,117 on October 31, 2021) in grants under the program, of which $Nil was a receivable as of the reporting date ($107,472 as of October 31, 2021). 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, 2022, EBC qualified for $Nil ($120,315 on October 31, 2021, of which $18,692 was a receivable as of October 31, 2021).

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 (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 that began with the period that commenced on April 1, 2020, and ended on September 30, 2021. The Company has recognized $Nil during the year ending October 31, 2022 ($3,400,190 on October 31, 2021, all of which was a receivable as of October 31, 2021). On December 28, 2022, the Company received the full amount plus minimal accrued interest, and the receivable balance was settled.

The grant revenue has been recognized by the Company separately as other income, "government grants," within the consolidated statements of income (loss) and comprehensive income (loss).

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

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

The judgments, estimates, and assumptions applied in the consolidated financial statements, including the key sources of estimation uncertainty, have been updated based on information at October 31, 2022 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.

Income Taxes and Recoverability of Potential Deferred Tax Assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, intercompany allocations in accordance with its transfer pricing policy, expected timing of reversals of existing temporary differences, and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are (1) within the Company's control, (2) feasible, and (3) within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

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

Goodwill is tested for impairment at least annually 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.

Share-Based Payments

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

Depreciation and Amortization Expenses

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

Fair Value Measurement

Management uses valuation techniques to determine the fair value of certain financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as much as possible, but these data are 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 22.

(Expressed in U.S. Dollars)

4. Segments

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

	Revenues by Geography		
	United States	**Canada**	**Total**
October 31, 2022	49,044,245	17,238,305	66,282,550
October 31, 2021	23,100,695	7,464,965	30,565,660

	Revenues by Product Line		
	Banknotes	**Payments**	**Total**
October 31, 2022	53,855,417	12,427,133	66,282,550
October 31, 2021	22,853,387	7,712,273	30,565,660

	October 31, 2022			**October 31, 2021**		
	United States	**Canada**	**Total**	**United States**	**Canada**	**Total**
Assets	$	$	$	$	$	$
Cash	58,269,740	30,289,528	88,559,268	34,608,889	31,918,801	66,527,690
Accounts receivable	9,023,859	5,249,669	14,273,528	5,996,032	10,525,338	16,521,370
Restricted cash held in escrow	135,515	3,667,614	3,803,129	81,580	1,615,020	1,696,600
Forward and option contracts	443,102	468,341	911,443	366,963	551,868	918,831
Income taxes receivable	-	-	-	869,136	-	869,136
Other current assets	4,414,263	477,028	4,891,291	3,988,542	645,949	4,634,491
Property and equipment	553,559	157,888	711,447	236,515	278,214	514,729
Intangible assets	2,366,446	1,916,180	4,282,626	2,777,604	2,465,696	5,243,300
Goodwill	1,309,700	877,745	2,187,445	1,309,701	965,762	2,275,463
Other assets	121,142	-	121,142	125,902	274	126,176
Right-of-use assets	2,511,838	1,583,671	4,095,509	1,475,614	1,964,445	3,440,059
Net deferred tax asset	259,796	1,432,208	1,692,004	(23,351)	238,037	214,686
Total assets	**79,408,960**	**46,119,872**	**125,528,832**	**51,813,127**	**51,169,404**	**102,982,531**

5. Cash

Included within cash of $88,559,268 at October 31, 2022 (2021, $66,527,690) are the following cash balances:

	October 31, 2022	**October 31, 2021**
	$	$
Cash held in transit, vaults, tills, and consignment locations	61,436,163	45,999,876
Cash deposited in bank accounts in jurisdictions in which the Company operates	27,123,105	20,527,814
Total	**88,559,268**	**66,527,690**

(Expressed in U.S. Dollars)

6. Restricted Cash Held in Escrow

Certain of the Company's secured transactions and derivative contracts require the Company to post cash collateral or maintain minimum cash balances in escrow. 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, 2022, the Company had cash collateral balances of $3,803,129 (2021, $1,696,600), represented by $2,335,298 (2021, $81,579) being held as collateral on forward contracts and $1,467,831 (2021, $1,615,021) 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.

7. Property and Equipment

Property and equipment for the year consist of the following:

	Vehicles	Computer equipment	Furniture and equipment	Leasehold improvements	Total
Cost	$	$	$	$	$
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	(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
Additions	-	29,190	72,613	461,816	563,619
Items moved to intangible assets	-	(229,722)	-	-	(229,722)
Net exchange differences	-	(14,460)	(36,602)	(68,892)	(119,954)
Balance, October 31, 2022	**48,251**	**577,687**	**1,175,105**	**3,122,707**	**4,923,750**

	Vehicles	Computer equipment	Furniture and equipment	Leasehold improvements	Total
Depreciation	$	$	$	$	$
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	(14,277)	-	(1,105)	(98,823)	(114,205)
Net exchange differences	2	9,465	23,643	40,516	73,626
Balance, October 31, 2021	48,251	703,413	1,047,323	2,396,091	4,195,078
Items moved to intangible assets	-	(175,912)	-	-	(175,912)
Additions	-	19,911	18,988	154,238	193,137
Balance, October 31, 2022	**48,251**	**547,412**	**1,066,311**	**2,550,329**	**4,212,303**

	Vehicles	Computer equipment	Furniture and equipment	Leasehold improvements	Total
Carrying amounts	$	$	$	$	$
Balance, October 31, 2021	**-**	**89,266**	**91,771**	**333,692**	**514,729**
Balance, October 31, 2022	**-**	**30,275**	**108,794**	**572,378**	**711,447**

(Expressed in U.S. Dollars)

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. During the year ended October 31, 2022, the Company did not incur restructuring expenses (see Note 19).

8. Goodwill and Intangible Assets

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

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

Cost	Internally developed software $	Acquired software $	Customer trading relationships $	Trade name, non-compete & unpatented tech cost $	Goodwill $	Total $
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
Additions	327,357	-	-	-	-	327,357
Items moved from property and equipment	-	229,722	-	-	-	229,722
Net exchange differences	(2,221)	-	(218,618)	(34,295)	(88,018)	(343,152)
Balance, October 31, 2022	**3,767,748**	**804,318**	**7,378,413**	**1,011,997**	**2,187,445**	**15,149,921**

Amortization	Internally developed software $	Acquired software $	Customer trading relationships $	Trade name, non-compete & unpatented tech cost $	Goodwill $	Total $
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)	917	22,688	9,705	-	22,775
Balance, October 31, 2021	2,449,101	571,838	3,876,761	519,531	-	7,417,231
Items moved from property and equipment	-	175,912	-	-	-	175,912
Amortization	654,117	1,810	426,685	180,900	-	1,263,512
Net exchange differences	(293,831)	(891)	216,816	(98,899)	-	(176,805)
Balance, October 31, 2022	**2,809,387**	**748,669**	**4,520,262**	**601,532**	**-**	**8,679,850**

Carrying amounts	Internally developed software $	Acquired software $	Customer trading relationships $	Trade name, non-compete & unpatented tech cost $	Goodwill $	Total $
Balance, October 31, 2021	**993,511**	**2,758**	**3,720,270**	**526,761**	**2,275,463**	**7,518,763**
Balance, October 31, 2022	**958,361**	**55,649**	**2,858,151**	**410,465**	**2,187,445**	**6,470,071**

(Expressed in U.S. Dollars)

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

	October 31, 2022	October 31, 2021
Gross carrying amount	**$**	**$**
Balance, October 31	2,275,463	2,207,733
FX Impact	(88,018)	67,730
Balance, October 31	**2,187,445**	**2,275,463**
Accumulated impairment		
Balance, October 31	-	-
Impairment loss recognized	-	-
Balance, October 31	**-**	**-**
Carrying amount at October 31	**2,187,445**	**2,275,463**

Impairment Testing

Except for goodwill arising in a business acquisition, IAS 36 requires that an entity performs an assessment for impairment for its assets if, at the end of the year, there is an objective indication of impairment for the individual assets or the identified CGU. As of October 31, 2022, there were no indicators of impairment at October 31, 2022 or 2021. Goodwill arising in a business acquisition cannot be tested individually for impairment and shall be allocated to the cash generating units expected to benefit from the synergies of the business combinations in which the goodwill arises. Goodwill arising in a business acquisition is required to be assessed for impairment annually where is are any indications for impairment or not.

In determining the CGUs to which assets will be allocated to for the purpose of impairment review, management has reviewed the sources of revenues and the usage of its assets in generating those revenues including product lines, regions, and individual locations. Additionally, management has reviewed how the Company makes decisions about continuing or disposing its assets and operations. Based on this analysis as of October 31, 2022, the Company determined that goodwill arising from the Denarius acquisition is a separate CGU for the purpose of impairment assessment at year-end. During the year, the Company concluded the process of migrating the majority of eZforex customers into its own proprietary banknotes platform in the United States. As such, management concluded that as of October 31, 2022, goodwill arising from the eZforex acquisition should be allocated to the CXI banknotes CGU, since the inflows arising from eZforex are no longer independent from this CGU, hence goodwill from eZforex has been assessed for impairment as part of this CGU.

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

	October 31, 2022	October 31, 2021
Carrying amount of goodwill allocated to cash generating units	$	$
Denarius	877,744	965,762
Banknotes (from eZforex)	1,309,701	1,309,701
Total	**2,187,445**	**2,275,463**

	October 31, 2022	October 31, 2021
Recoverable amount of each cash generating unit*	$	$
Denarius	3,027,584	5,112,109
CXI Banknotes	20,845,428	7,050,107

(Expressed in U.S. Dollars)

*The recoverable amount of each CGU was determined based on value-in-use calculations, covering a forecast period of three-years, followed by an extrapolation of expected cash flows for the remaining useful lives using a declining growth rate determined by management. The recoverable amount of the CGU to which goodwill related to eZforex has been allocated for the year ended October 31, 2022 was determined to be the CXI Banknotes CGU. 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, 2022	October 31, 2022
Denarius	2%	20%
Banknotes	2%	20%
Total	2%	20%

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 CGUs. The growth rates are in-line with general standards and are conservative in nature when compared to historical growth rates due to potential uncertainty.

Discount Rates

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

Cash Flow Assumptions

The key cash flow assumptions are based on the expected margins of each CGU, which have been determined based on a combination of past experience in the markets in which the Company operates, as well as historical information and the expected growth in the forecast period. The Company's management believes that this is the best available input for forecasting these markets. 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 CGUs described above, there are no other key assumptions.

9. Right-of-use assets and lease liabilities

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

	October 31, 2022	October 31, 2021
	$	**$**
Current lease liabilities	1,545,777	1,261,660
Non-current lease liabilities	2,985,282	2,812,012
Total	**4,531,059**	**4,073,672**

(Expressed in U.S. Dollars)

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 and equipment (see Note 7).

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

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

Right-of-use asset		No of right-of-use assets leased	Range of remaining term	Average remaining lease term	No of leases with extension options	No of lease with options to purchase	No of leases with variable payments linked to an index	No of leases with termination options
Equipment		1	1 years	1	1	-	-	-
Corporate offices		9	0–11 years	3	5	-	-	-
Retail store locations		24	0–5 years	1	2	-	-	1
	Total	**34**	**0–11 years**	**2**	**8**	**-**	**-**	**1**

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at October 31, 2022 were as follows:

	Within 1 Year	1–2 years	2–3 years	3–4 years	4–5 years	After 5 Years	Total
Lease payments	1,700,961	1,073,581	612,116	361,722	360,839	999,636	5,108,855
Finance charges	155,184	109,547	80,621	64,779	50,478	117,187	577,796
Net present values	1,545,777	964,034	531,495	296,943	310,361	882,449	4,531,059

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.

(Expressed in U.S. Dollars)

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

	Year ended	
	October 31, 2022	October 31, 2021
	$	$
Leases with substantial substitution rights	509,510	461,374
Short-term leases	116,575	120,097
Variable lease payments	437,815	426,750
Total	**1,063,900**	**1,008,221**

At October 31, 2022, the Company was committed to short-term leases and the total commitment at that date was $90,574 (2021 - $120,097).

The total cash outflow for leases for the year ended October 31, 2022, was $2,077,990 (2021, $2,169,808). For the year ended October 31, 2022, the Company incurred interest expense on lease liabilities in the amount of $165,804 (2021, 208,390) and recognized as interest expense on lease liabilities in the consolidated statements of income (loss) and comprehensive income (loss).

During the year ended October 31, 2022, various leases of the Company were modified with respect to rent abatements and changes to the lease terms. These were accounted for as lease modifications in accordance with IFRS 16. The impact on the consolidated statements of income (loss) and comprehensive income (loss) for the year ended October 31, 2022 was the recognition of $19,133 in rent abatements related to prior periods, as well as $100,517 in adjustments to rent previously recorded on certain leases that were modified as a result of the settlement agreement.

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

	Year ended October 31, 2022		
	Carrying Amount	Depreciation Expense	Impairment
	$	$	$
Equipment	1,666	1,520	-
Corporate offices	1,903,186	590,492	-
Retail store locations	2,190,657	1,224,295	-
Total right-of-use assets	**4,095,509**	**1,816,307**	**-**

	Year ended October 31, 2021		
	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**

(Expressed in U.S. Dollars)

10. Income Taxes

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities as of October 31, 2022 and 2021 consist of the following:

	October 31, 2022	October 31, 2021
	$	$
Deferred tax assets		
Accrued expenses	364,822	147,993
Stock-based compensation	310,806	58,229
Other	4,826	7,500
Net property and equipment	246,324	-
Net intangible assets	235,972	223,380
Non-capital loss benefits	1,001,149	144,809
Right-of-use assets, net	114,548	165,014
Total deferred tax assets	2,278,447	746,925
Deferred tax liabilities		
Net property and equipment	(138,051)	(77,732)
Net intangible assets	(198,259)	(355,417)
Other	(250,133)	(99,090)
Total deferred tax liabilities	(586,443)	(532,239)
Net deferred tax asset	**1,692,004**	**214,686**

Reconciliation of the provision for income taxes to the amount calculated using the Company's statutory tax rate for the years ended October 31, 2022 and 2021 are as follows:

	October 31, 2022	October 31, 2021
	$	$
Income (loss) before taxes	14,212,557	(176,319)
Statutory tax rate	25.46%	25.98%
Tax (recovery) at statutory rate	3,618,081	(45,816)
Permanent items	323,516	247,876
Research and development (R&D) credit	(12,500)	(80,000)
Other non-deductible differences	163,190	221,598
Change in tax rate	-	(14,131)
Benefit recognized on EBC non-capital losses	(1,662,854)	-
Benefit not recognized on EBC non-capital losses	-	625,838
Income tax expense	**2,429,433**	**955,365**

The statutory rate is a weighted average that is based on the enacted Federal tax rates in 2022 for both the United States of 21% (2021, 21%) and Canada of 15% (2021, 15%) plus the rates for the states and provinces where the Company operates, based on the proportional allocation of taxable income as defined by each jurisdiction.

The Company recognized a benefit related to non-capital (operating) losses incurred in prior years by its Canadian subsidiary, EBC, of $1,662,854, of which $453,286 was used to reduce its current income tax liability in Canada for the year ended October 31, 2022 to $Nil and $1,209,568 is available to apply against income tax liability in future periods. The non-capital loss benefits expire in the years ended October 31, 2040 and 2041. In the year ended October 31, 2021 the Company did not recognize a benefit of $625,838 related to the non-capital losses incurred by EBC in that year due to uncertainty about its ability to generate future taxable income against which the losses may be applied.

(Expressed in U.S. Dollars)

The provision for income taxes for the years ended October 31, 2022 and 2021 consists of the following:

	October 31, 2022	October 31, 2021
	$	$
Current tax expense	3,922,152	126,708
Deferred tax (benefit) expense	(1,492,719)	828,657
Income tax expense	**2,429,433**	**955,365**

11. 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.

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.

12. Lines of Credit

The Company maintains lines of credit to meet borrowing needs during peak business periods. On June 15, 2022, the Company entered into an Amended and Restated Credit Agreement with BMO Harris Bank, N.A. The Amended and Restated Credit Agreement increased the revolving line of credit limit from $20,000,000 to $30,000,000 and provides an accordion feature for up to an additional $10,000,000 with the lender's approval. The Amended and Restated Credit Agreement provides a term of two years (maturity date on June 15, 2024). The Amended and Restated Credit Agreement was updated on September 13, 2022, to reflect the exercised accordion feature, which increased the line of credit to $40,000,000, and a reduced margin spread in the borrowing rate by 0.25bp. The credit line is secured against the Company's cash and other assets. The Amended and Restated Credit Agreement bears interest at one month Secured Overnight Financing Rate (SOFR) plus 2.25% (4.12% at October 31, 2022 and 2.58% in 2021). At October 31, 2022, the balance outstanding was $5,929,847 (2021, $Nil).

On October 19, 2020, the Company's wholly owned Canadian subsidiary, EBC, established a fully collateralized revolving line of credit with Desjardins Group (Desjardins) with a limit of CAD 2,000,000 ($1,467,800) being secured against cash collateral of CAD 2,000,000 ($1,467,800). The line of credit bears interest at the Canadian prime rate, 5.45% at October 31, 2022, and 2.45% in 2021 plus 0.25%. At October 31, 2022, the balance outstanding was $Nil (2021, $Nil)

(Expressed in U.S. Dollars)

On July 18, 2022, the Company amended its $20,000,000 USD Revolving Credit Facility (RCF) with a private lender through an Amended and Restated Revolving Loan Agreement, whereby $10,000,000 of this line was moved from EBC to the Company. The EBC facility is guaranteed by the Company and both facilities are subordinated to the Company's and EBC's obligations to primary lenders. These facilities are used for working capital purposes and for daily operational activity. Each credit facility has a limit of $10,000,000 USD for the Company and EBC, respectively, with a term of three years (maturity date on July 18, 2025); however, these facilities may be terminated on 90-days' notice by either party. These facilities bear interest at 6% per annum and each has a standby charge of $1,500 USD per month if the total interest in the month is less than $20,000 USD. The total outstanding balance for the group at October 31, 2022, was $Nil (2021, $4,037,468).

Interest expense relates to interest payments on lines of credit. Interest expense for the years ended October 31, 2022 was $1,180,026 (2021, $555,789).

13. Fair Value Measurement of Financial Instruments

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

There were no transfers between Level 1 and Level 2 during the years ended October 31, 2022 and 2021. The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value.

	October 31, 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Financial assets				
Cash	88,559,268	-	-	88,559,268
Forward and option contract assets	-	911,443	-	911,443
Total assets	**88,559,268**	**911,443**	**-**	**89,470,711**
Financial liabilities				
Other long-term liabilities		1,174,226	-	1,174,226
Total liabilities	**-**	**1,174,226**	**-**	**1,174,226**

	October 31, 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Financial assets				
Cash	66,527,690	-	-	66,527,690
Forward and option contract assets	-	918,831	-	918,831
Total assets	**66,527,690**	**918,831**	**-**	**67,446,521**
Financial liabilities				
Contingent consideration	-	-	369,830	369,830
Other long-term liabilities	-	644,635	-	644,635
Total liabilities	**-**	**644,635**	**369,830**	**1,014,465**

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, 2022 and 2021.

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

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

The Company's forward contract positions are 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.

Contingent Consideration (Level 3)

The contingent consideration was initially recognized as part of a business combination on July 29, 2020 and re-measured based on the estimated amount of revenue generated from the acquired customer relationships, subject to certain adjustments. The Bank recognized a loss on the revaluation of the contingent consideration of $37,985 in the year ended October 31, 2022 ($18,989 for the year ended October 31, 2021). The contingent consideration is now fully extinguished.

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;
- Lines of credit;
- Accounts payable;
- Holding accounts; and
- Contract asset (liability)

14. Risk Management

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

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

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

(Expressed in U.S. Dollars)

Credit Risk

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

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

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

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

A breakdown of accounts receivable by category is below:

	At October 31, 2022	At October 31, 2021
Customer type	**$**	**$**
Domestic and international banks	7,823,948	14,128,422
Money-service businesses	5,227,752	2,138,098
Other	1,221,828	254,850
Total	**14,273,528**	**16,521,370**

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

Foreign Currency Risk

The volatility of the Company's foreign currency holdings may increase as a result of the political and financial environment of the corresponding issuing country. Several currencies have a limited exchange rate exposure as they are pegged to the U.S. Dollar, the reporting currency of the Company. Management 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 on October 31, 2022, was approximately $5,520,430 (2021, $5,359,377). The amount of currency that is unhedged and that is not pegged to the U.S. Dollar is approximately $4,594,080 (2021, $2,182,767). 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 +$92,000/-$92,000 (2021 gain/loss of approximately +$44,000/-$44,000).

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, 2022, the Company had access to interest-bearing financial instruments in cash and lines of credit. A significant amount of the Company's cash is held as foreign currency bank notes in tills and its own vaults. These amounts are not subject to interest rate risk. Cash held in some of the Company's accounts are interest-bearing. The Company is subject to a small amount of cash flow interest rate risk from the Borrowings on its lines of credit; however, as Borrowings have remained steady and within policy limits, this risk is low. Borrowings bear interest at variable rates. Currently, the interest rate exposure is unhedged. For the interest rate profile of the Company's interest-bearing financial liabilities, refer to Note 12.

If interest rates had been 50 basis points higher/lower with all other variables held constant, after-tax profit for the year ended October 31, 2022 would have been approximately +$6,600/-$6,600 higher/lower as a result of credit lines held at variable interest rates.

Liquidity Risk

Liquidity Risk is the risk of the Company incurring losses resulting from the inability to meet payment obligations in a timely manner when they become due or from being unable to do so at a sustainable cost. To effectively manage liquidity risk, the Company has implemented preventative risk monitoring measures, including setting a Liquidity Risk Ratio target of 120% or greater, which measures the proportion of unencumbered highly liquid assets to short-term net cash outflows, and setting a minimum liquidity balance requirement of total available cash or undrawn lines of credit to be greater than $4,000,000 notional daily. As required, the Treasurer and CFO report any liquidity issues to the Chief Executive Officer (CEO), Chief Risk Officer (CRO), and the audit committee in accordance with established policies and guidelines. Management has assessed the Company's cash position at October 31, 2022 and determined that it is sufficient to meet its financial obligations.

(Expressed in U.S. Dollars)

The following are non-derivative contractual financial liabilities:

	October 31, 2022			
Non-derivative financial liabilities	**Carrying amount**	**Estimated contractual amount**	**This fiscal year**	**Future fiscal years**
	$	**$**	**$**	**$**
Accounts payable	27,839,239	27,839,239	27,839,239	Nil
Holding accounts	9,137,046	9,137,046	9,137,046	Nil
Lines of credit	5,929,847	5,929,847	5,929,847	Nil

	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
Lines of credit	4,037,468	4,037,468	4,037,468	Nil
Contingent consideration	369,830	369,830	Nil	369,830

The Company had available unused lines of credit amounting to $55,538,042 at October 31, 2022 (2021, $27,577,509).

Capital Management

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

	October 31, 2022	**October 31, 2021**
	$	**$**
Current assets	112,438,659	91,168,118
Current liabilities	(52,059,780)	(41,287,239)
Working capital	**60,378,879**	**49,880,879**

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)

15. Foreign Currency Forward and Option Contracts

The Company enters into foreign currency forward and purchases 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 income (loss) and other comprehensive income (loss). 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, 2022 was $911,443 (2021, $918,831).

At October 31, 2022 the Company had cash collateral balances related to forward contracts being held of $135,514 (2021, $81,579). They are reflected as restricted cash held in escrow in the consolidated statements of financial position (see Note 6).

16. Equity

Share Capital

The authorized share capital consists of 100,000,000 common shares. The common shares have a par value of $1.00. As of October 31, 2022, the Company has 6,429,489 common shares outstanding.

Stock Options

The Company offers an incentive stock option plan (the Plan) which was established April 28, 2011, and was amended most recently October 20, 2017. 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, 2022 and the respective changes during the periods are summarized as follows:

	Number of options #	Weighted average price CDN$
Outstanding at October 31, 2021	813,677	14.33
Granted	152,413	18.29
Exercised	(32,990)	13.43
Forfeited/canceled/expired	(109,552)	14.05
Outstanding at October 31, 2022	823,548	15.14

(Expressed in U.S. Dollars)

The following options are outstanding and exercisable at October 31, 2022:

Grant Date	Exercise price (CAD$)	Number outstanding	Average remaining contractual life (years)	Number exercisable
4-Mar-19	$25.83	13,316	1.34	13,316
23-Oct-19	$17.36	30,000	1.98	30,000
23-Oct-19	$17.36	5,262	1.98	5,262
23-Oct-19	$17.36	230,146	1.98	230,146
24-Jun-20	$12.74	29,955	2.65	27,427
29-Jul-20	$10.83	18,000	2.75	18,000
29-Oct-20	$10.83	221,088	3.00	146,673
28-Jan-21	$11.02	3,873	3.25	1,291
28-Oct-21	$14.35	119,495	3.99	39,835
28-Apr-22	$18.10	20,000	4.49	-
25-Jul-22	$16.23	4,493	4.73	-
21-Sep-22	$18.93	5,748	4.89	-
31-Oct-22	$18.37	122,172	5.00	-
Total		**823,548**		**511,950**

In the year ended October 31, 2022, 109,552 stock options expired that related to grantees whose employment had terminated with the Company.

On April 28, 2022, 20,000 options were granted to two employees which have a weighted average exercise price of CAD18.10. Also on July 25, 2022, 4,493 options were granted with a weighted average exercise price of CAD16.23. Further, on September 21, 2022, 5,748 options were granted with an average exercise price of CAD18.93. On October 31, 2022, 119,386 options were granted with an average exercise price of CAD18.37. All stock options have a five-year expiration date and are approved by the Company's Board of the Directors.

During the year, a total number of 32,990 stock options were exercised for total proceeds of $80,999. The total number of shares issued was 14,553 and the rest was used to finance the cost of exercises by participants who elected to exercise their options without paying cash proceeds.

Restricted Stock Unit and Deferred Stock Unit Plans

On November 1, 2021, the Company made its secondary grants under the Deferred Share Unit (DSU) Plan and Restricted Stock Unit (RSU) Plan (collectively the Plans). The Company granted 29,872 RSU and 20,533 DSU awards in the amount of $376,250 and $240,000 respectively. The Company recorded expenses of $691,971 related to RSU and DSU awards in the year ended October 31, 2022, 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 liability from these awards as of October 31, 2022 amounted to $1,174,226 ($644,635 as of October 31, 2021). 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)

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

In the year ended October 31, 2022, the Company recorded expenses of $1,093,647 related to stock-based compensation out of which $401,676 was recognized for stock option grants and $691,971 was related to RSU and DSU awards (2021 - $333,873 and $644,635, respectively).

17. Earnings (loss) per Share

The calculation of basic and diluted earnings (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 ended	
	October 31, 2022	**October 31, 2021**
	$	**$**
Basic		
Net profit (loss)	11,783,124	(1,131,684)
Weighted average number of shares outstanding	6,429,489	6,414,936
Basic earnings (loss) per share	1.83	(0.18)
Diluted		
Net profit (loss)	11,783,124	(1,131,684)
Weighted average number of shares outstanding	6,635,412	6,414,936
Diluted earnings (loss) per share	1.78	(0.18)

18. Operating Expenses

The table below identifies the composition of the nature and amounts included within the operating expenses presented in the consolidated statements of operations and comprehensive income (loss) for the years ended October 31, 2022 and 2021.

	Year ended	
	October 31, 2022	**October 31, 2021**
	$	$
Salaries and benefits	25,414,819	17,691,157
Postage and shipping	8,400,407	2,731,708
Legal and professional	4,037,104	2,757,692
Bank service charges	2,163,833	1,485,758
Information technology	1,950,044	1,450,330
Rent	1,094,840	999,821
Stock-based compensation	1,093,647	978,508
Insurance	790,217	744,763
Losses and shortages	628,963	82,712
Travel and entertainment	554,944	219,305
Foreign exchange losses	282,495	662,264
Other general and administrative	1,147,847	810,571
Operating expenses	**47,559,160**	**30,614,589**

(Expressed in U.S. Dollars)

19. 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 have 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 several 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 consolidation of certain management positions. As a result, the Company has recognized the additional restructuring expenses of $Nil (2021 - $96,711) 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, 2022	October 31, 2021
Lease impairment	-	23,684
Operating expense	-	73,027
Total restructuring expense and impairment loss	**-**	**96,711**

20. 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 years ended October 31, 2022 and 2021 was as follows:

	Year ended	
	October 31, 2022	October 31, 2021
	$	$
Short-term benefits	3,726,865	3,030,562
Post-employment benefits	81,682	42,848
Stock-based compensation	391,787	333,873
Restricted and deferred share units	691,971	644,635
	4,892,305	**4,051,918**

The Company incurred legal and professional fees in the aggregate of $179,417 for the year ended October 31, 2022 (2021, $246,027) 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 $188,502 in revenue from these clients' activities for the year ended October 31, 2022 (2021, $131,869). As at October 31, 2022, accounts receivable included $74,205 from related parties (2021, $724,353).

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.

(Expressed in U.S. Dollars)

The Company supports EBC through a $20,000,000 revolving line of credit, renewed July 1, 2018, which attracts interest commensurate with interest charged on the Company's primary line of credit with BMO Harris N.A., are repayable on demand, and are unsecured. At October 31, 2022, the intercompany loan balance was $2,498,270 (2021, $2,274,185) and was eliminated upon consolidation.

Key management personnel and directors occasionally conduct transactions with the Company as individuals. Such transactions are immaterial individually and in total including for the years ended October 31, 2022 and 2021, 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.

21. Other Current Assets

	Year ended	
	October 31, 2022	October 31, 2021
	$	$
Prepaid rent	7,261	269,062
Prepaid personnel	16,182	27,786
Prepaid computer software	458,642	140,722
Prepaid insurance	600,285	39,314
Prepaid advertising	26,881	-
Government grants	3,249,262	3,502,067
Other current assets	532,778	655,540
Total	**4,891,291**	**4,634,491**

22. Loss Provision and Contingent Asset

A wholesale customer of EBC, the Company's wholly-owned subsidiary, 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 EBC 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, EBC entered into an agreement with the Trustee in Bankruptcy to return $825,000 of the alleged preference payments and in exchange the Trustee accepted EBC's claims, totaling $1,825,000, against the bankrupt's assets. The settlement resulted in the recognition of an additional $112,299 (CAD $140,329) loss, which the Company recorded in April 2021. The Company has not recognized any receivable related to prospective future cash flows on the distribution of the assets.

The Company recorded provisions for loss in respect of the bankrupt customer in the amount of $Nil in the year ending October 31, 2022 (2021, $112,299 (CAD $140,329)). The Company, through EBC has a claim in the amount of $1,825,000 against the customer's estate but has not recognized a receivable as of the date of the financial statements related to any amounts that it may receive in the future when the customer's assets are distributed.

23. Subsequent Events

The Company evaluated subsequent events through January 23, 2023, the date these consolidated financial statements were issued.

There were no 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, Risk Committee Member
Independent board member since 2019

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

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

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

Shareholder Information

Annual General and Special Meeting of Shareholders
Shareholders are invited to attend the annual meeting of Currency Exchange International, Corp. to be held on March 23, 2023 at 3:00 p.m. (EST).

Details on how to attend in person, 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 department:

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

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

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