CURRENCY EXCHANGE INTERNATIONAL, CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE-MONTH PERIODS ENDED JULY 31, 2021 AND 2020

Scope of Analysis

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

This MD&A has been prepared as at September 13, 2021 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 unaudited condensed interim consolidated financial statements of the Company for the three- and nine-month periods ended July 31, 2021 and 2020, and the notes thereto. A detailed summary of the Company's significant accounting policies is included in note 2 of the Company's audited consolidated financial statements for the year ended October 31, 2020. The functional currency of the Company and its wholly owned subsidiary eZforex.com, Inc ("eZforex") is the U.S. Dollar. The functional currency of the Company's wholly owned Canadian subsidiary, Exchange Bank of Canada ("**EBC**"), is the Canadian Dollar. The Company's presentation currency is the U.S. Dollar. Unless otherwise noted, all references to currency in this MD&A refer to U.S. Dollars. The unaudited condensed interim consolidated financial statements and the MD&A have been reviewed by the Company's Audit Committee and approved by its Board of Directors.

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

Additional Information

Additional information relating to the Company, including annual financial statements, is available on the Company's SEDAR profile at www.sedar.com and on the Company's website at www.ceifx.com ("**CEIFX**")**.**

Forward Looking Statements

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

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

Inherent in forward-looking information are risks, uncertainties and other factors beyond the Company’s ability to predict or control. Please also make reference to those risk factors referenced in the “Risk Factors” section beginning on page 23. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking information in this MD&A, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking information contained in this MD&A.

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

Overview

CXI is a publicly traded company (TSX:CXI;OTCBB:CURN), and is a reporting issuer in the provinces of British Columbia, Alberta, and Ontario. It specializes in providing currency exchange and related products to financial institutions, money service businesses, travel companies, and other commercial clients through its proprietary payments' platform, company owned branches and vaults, and inventory on consignment locations, throughout the United States and Canada, by utilizing the Company's sophisticated software application, CEIFX. The Company has developed CEIFX, its proprietary customizable web-based software, as an integral part of its business and believes that it represents an important competitive advantage. CEIFX is also an on-line compliance and risk management tool. The trade secrets associated with CEIFX are protected via copyright, restricted access to both the software and its source code, and secure maintenance of source code by the head office. CEIFX is updated regularly and ongoing system development and enhancement is a core activity of the Company. CXI had 262 employees at July 31, 2021, of which 62 were part-time.

Issuance of banking license

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

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

Background

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

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

Fee revenue comprises the following:

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

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

Overview (continued)

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

The Company operates four main vaults (one of which is temporarily closed), that serve Canada and the United States as well as two small vaults that serve local markets on the West Coast and Northeast Regions of the United States and serve as distribution centers for its branch network as well as order fulfillment centers for its clients including financial institutions, money service businesses, and other corporate clients. Revenues generated from vaults have greater scale as the Company maintains a sales force to increase its geographic customer base. Exchange rate margins vary from customer to customer and are dependent on criteria such as exchange volumes and customer setup. On-boarding of new clients, specifically banking clients, normally requires an upfront investment, such as training, and currency signage, as well as additional one-time shipping costs to distribute start-up materials. The Company also normally absorbs information technology costs to customize the CEIFX software for specific client use during the customer implementation phase. There are two common customer setups:

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

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

CXI and EBC currently maintain inventory in the form of domestic and foreign bank notes in financial institutions and other high traffic locations. These locations can be very profitable as there are no occupancy costs or payroll. Foreign exchange currency is placed in these locations on a consignment basis. At July 31, 2021 the Company had inventory on consignment in 720 locations, primarily located inside financial institutions across the United States and Canada. To encourage inventory turnover, the Company pays commissions as a percentage on volumes generated by these locations.

The Company operates 35 branch locations that are located in typically high tourist traffic areas across the United States, staffed by CXI employees. These locations hold domestic and foreign currencies to buy and sell on demand. The currency exchange margins associated with the transactions occurring at these locations are generally higher in order to recapture costs of deployed capital in the form of domestic and foreign currencies, rent, payroll, and other general and administrative costs. Company owned branch locations generally act as a net buyer of foreign currency whereas CXI is generally a net seller to its bank and non-bank clients. Excess currency collected via the branch network can be redeployed to financial institutions and non-bank clients which reduces the need to source currency through wholesale sources at a greater cost, thus increasing currency margins.

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

Overview (continued)

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

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

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	Q1 2021	Q2 2021	Q3 2021
Company owned branch locations	38	41	43	46	35	35	35	35
Wholesale company relationships*	927	954	1,267	1,878	1,667	1,816	2,002	2,305
Number of transacting locations*	11,975	14,587	17,017	21,595	14,787	14,469	11,712	13,743

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

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

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

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

Overview (continued)

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

SELECTED FINANCIAL DATA

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

Three-months ending	Revenue	Net operating income (loss)	Net income (loss)	Total assets	Total equity	Earnings (loss) per share (diluted)
	$	$	$	$	$	$
7/31/2021	8,633,413	1,047,888	(120,246)	92,962,398	56,319,701	($0.02)
4/30/2021	6,573,570	(558,010)	(924,691)	79,856,635	56,520,124	($0.14)
1/31/2021	5,089,429	(1,315,151)	(1,721,104)	82,354,069	57,039,436	(0.27)
10/31/2020	4,935,917	(1,852,195)	(3,465,632)	85,758,517	58,229,735	(0.54)
7/31/2020	3,879,873	(1,993,117)	(2,274,719)	96,105,961	61,462,798	(0.35)
4/30/2020	6,323,344	(1,303,410)	(2,942,948)	99,263,039	62,965,874	(0.43)
1/31/2020	9,874,289	1,162,930	159,274	108,319,219	66,323,630	0.02
10/31/2019	11,469,079	1,863,442	769,393	82,729,714	66,329,035	0.13

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

On March 11, 2020 the World Health Organization officially declared COVID-19, the disease caused by a novel coronavirus ("COVID-19"), a pandemic. The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada and the United States of America, businesses have been forced to cease or limit operations for long or indefinite periods of time. Measures have been taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of nonessential services. These measures have triggered significant disruptions to business worldwide, resulting in reduced economic activity. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. In response to measures implemented to curtail the effects of COVID-19, the Company permanently closed 12 of its retail locations, and one vault on a temporary basis. In addition, the Company restructured its operations, including a consolidation of management positions, resulting in a 26% reduction in employee headcount, from 361 at March 11, 2020 to 262 at July 31, 2021. Many of the Company's commercial customers have been impacted by the pandemic, resulting in significantly reduced demand for banknotes. While the Company continues to operate, 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.

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

The Company generated revenue for the three-month period ended July 31, 2021 of $8,633,413, a 123% increase over the same period in the prior year. It also represents sequential growth of 31% over the three-month period ended April 30, 2021. The increase reflects not only an improvement in the demand for foreign currencies as international travel gradually recovers, but also the acquisition of new clients in both the banknote and payments segments. Since July 31, 2020, the Company has added 959 new customer relationships comprising 1,649 locations, of which 579 relationships representing 1,223 locations were added in the United States and 380 relationships representing 426 locations were added in Canada. Revenue in the three-month period ended July 21, 2021 is still 30% below the pre-pandemic peak of $12,402,483 in the comparable period in 2019. However, the Company achieved a milestone in the three-month period ended July 31, 2021 in generating net operating income of $1,047,888, or 12.1% of revenue. This represents the first quarter of positive operating leverage since the three-month period ended January 31, 2020. In that last period prior to the beginning of the COVID-19 pandemic, the operating leverage was slightly lower yet on revenue approximately 14% higher. This demonstrates the benefit of the restructuring actions taken in the year ended October 31, 2020 coupled with judicious cost management. The result is a marginal net loss of $120,246 in the three-month period ended July 31, 2021, versus a net loss of $2,274,719 in the same period during the prior year. Operating cash flow, excluding the impact of working capital changes and changes in forward and option contract positions, was $616,812 in the three-month period ended July 31, 2021, versus ($1,979,208) in the same period in the prior year.

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

i. Continued its growth in the international payments segment in Canada, initiating trades with 66 new corporate clients that had not previously transacted with the Company (307 in the nine-month period ended July 31, 2021), enabling it to almost triple its payment revenue over the same quarter in the prior year;
ii. Increased its penetration of the financial institution sector in the United States with the addition of 56 new clients, representing 122 locations (162 and 355, respectively, for the nine-month period ended July 31, 2021);
iii. Exchange Bank of Canada signed an agreement with the Federal Reserve Bank of New York (FRBNY) to become the second participant in the FRBNY's Foreign Bank International Cash Services program, the approval of which was announced on August 16, 2021.

The Company generated revenue for the nine-month period ended July 31, 2021 of $20,296,411, a 1% increase over the nine-month period ended July 31, 2020. While relatively flat, the comparative period included revenue prior to the declaration of the COVID-19 pandemic on March 11, 2020. The strengthening of the Canadian dollar in 2021 compared to 2020 has also impacted the changes in revenues and expenses year-over-year. In addition, the operating expenses as a percentage of revenue has improved, leading the Company to achieve its goal of returning to positive operating leverage. This reflects the positive impact from the restructuring actions taken in 2020 to re-size the business. During the nine-month period ended July 31, 2021, the number of transactions between the Company and its customers decreased 53% to 201,000 from 426,000 for the same period in the previous year, mainly driven by a reduction in banknote transactions. However, by line of business, payments revenue increased 128% or $2,989,045 over the prior year, and banknotes decreased by 16% or $2,770,140.

While there are positive indicators that international travel and tourism continues to improve, the increasing prevalence of COVID-19 variants remain a threat to the recovery. Some nations have begun to reimpose restrictions on travelers from the United States as a result of recent increases in COVID-19 cases in that country. In addition, the United States has yet to reopen its land borders with Canada and Mexico to tourism and maintains restrictions on travelers from many countries arriving by air. The Company continues to pursue a strategy of diversification to reduce reliance on domestic consumer driven banknote trade. This has included growing its international payments segment as well as increasing its presence in the global trade of banknotes with financial institutions in other countries.

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

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

CXI has a strong capital base and liquidity position to continue to meet its financial obligations. Management is executing against a three-year strategic plan with a multi-pronged approach to return to profitability through increased penetration in a consolidating market, continued acquisition of corporate payment clients, and expansion in the international marketplace. CXI is well-positioned to support additional growth initiatives, including prospective merger and acquisition opportunities.

	July 31, 2021	October 31, 2020
Total assets	92,962,398	85,758,517
Total long term financial liabilities	3,854,693	4,065,164
Total equity	56,319,701	58,229,735

	Nine months ended July 31, 2021 $	Nine months ended July 31, 2020 $	Three-months ended July 31, 2021 $	Three-months ended July 31, 2020 $
Revenue	20,296,411	20,077,506	8,633,413	3,879,873
Operating expenses	21,121,685	22,211,103	7,585,524	5,872,990
Net Operating Income/(Loss)	**(825,274)**	**(2,133,597)**	**1,047,889**	**(1,993,117)**
Other Income	26,847	9,382	8,426	500
Government Grants	675,990	417,715	23,833	417,715
Other expenses	(229,560)	(1,012,946)	(32,145)	-
EBITDA*	(351,997)	(2,719,445)	1,048,003	(1,574,901)
Net loss	**(2,766,047)**	**(5,058,396)**	**(120,246)**	**(2,274,719)**
Basic (loss) earnings per share	(0.43)	(0.79)	(0.02)	(0.35)
Diluted (loss)earnings per share	(0.43)	(0.79)	(0.02)	(0.35)

*Earnings before interest, taxes. Depreciation and amortization

Results of operations – three-month period ended July 31, 2021 and 2020

A breakdown of revenues by geographic location is presented below:

	Three-months ended July 31, 2021 $	Three-months ended July 31, 2020 $	Change $	Change %
	Revenues by Geography			
United States	6,551,771	3,210,059	3,341,711	104%
Canada	2,081,642	669,814	1,411,828	211%
Total	**8,633,413**	**3,879,873**	**4,753,540**	**123%**
	Revenues by Product Line			
Banknotes	6,520,271	3,169,501	3,350,769	106%
Payments	2,113,142	710,372	1,402,770	197%
Total	**8,633,413**	**3,879,873**	**4,753,540**	**123%**

Revenue for the three-month period ended July 31, 2021 increased by 123% over the same period in the prior year, reflecting growth in both lines of business. Banknote revenue increased by 106%, due

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

in part to the partial closure of most of the Company's stores as well as some of its clients' locations during the three-month period ended July 31, 2020 due to the severe restrictions imposed early in the COVID-19 pandemic. In addition to an improvement in consumer demand as international travel continues its gradual recovery in both the United States and Canada, the Company has benefitted from the acquisition of 858 new clients since July 31, 2020. Relative to the three-month period ended July31, 2020, the banknote revenue represents a 45% decline, which is consistent across both the direct-to-consumer and wholesale channels. While the Company has 24% fewer stores in 2021 than it did in 2020, it has benefitted from competitors exiting the space, pricing actions designed to extract higher margins, strong demand for investment currencies and growth from its online platform that was launched earlier this year. In the wholesale channel, demand for travel-related currencies is down 60% from the same period in 2020 but has been partially offset by approximately 400 new clients acquired since July 31, 2020 as the Company continues to increase its market penetration in the banknote segment. The payments segment experienced nearly three-fold growth of 197% compared to the prior year period, due to the addition of new clients, led by the acquisition that was completed on July 29, 2020 and the subsequent expansion of its corporate payments sales team.

By geography, the Canadian segment, represented by Exchange Bank of Canada, increased its revenue by 211% over the same period in the prior year. This was primarily due to the growth in the payments segment for the reasons just mentioned, as consumer demand for banknotes is recovering more slowly due to more onerous travel restrictions imposed by the Canadian government. Those restrictions began to ease in late in the quarter when vaccinated Canadian travelers were permitted to return to Canada without being subject to a 14-day mandatory quarantine. This has led to an increase in demand for foreign currencies exiting the quarter. Banknote revenue for the Canadian segment does not include the sale of currencies to its parent, CXI, that are eliminated on consolidation. It has become a significant source of certain currencies that the Bank is able to procure for CXI at competitive rates due to its relationships with other financial institutions. The United States segment experienced revenue growth of 104% relative to the three-month period ended July 31, 2020. Most of the increase was attributable to the banknote segment, as volume in the comparative period was restricted by the closures of its stores and travel restrictions. However, the payments segment has been progressively growing with the continued addition of new clients.

During the three-month period ended July 31, 2021, operating expenses increased 17% to $7,585,524 compared to $5,872,991 for the three-month period ended July 31, 2020. The major components of operating expenses are presented in the table below, with commentary for significant variances.

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

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

	Three-months ended July 31, 2021	**Three-months ended July 31, 2020**	**Change**	**Change**
	$	**$**	**$**	**%**
Salaries and benefits	4,523,839	3,488,996	1,034,843	30%
Rent	258,908	86,927	171,981	198%
Legal and professional	700,648	701,706	(1,058)	0%
Postage and shipping	686,696	239,707	446,989	186%
Stock based compensation	236,658	332,300	(95,643)	-29%
Travel and entertainment	61,278	33,533	27,746	83%
Bank service charges	403,823	304,547	99,276	33%
Information technology	362,167	265,897	96,269	36%
Losses and shortages	22,928	87,481	(64,553)	-74%
Insurance	178,437	132,849	45,588	34%
Foreign exchange (gains) losses	(41,215)	23,280	(64,495)	-277%
Other general and administrative	191,357	175,768	15,589	9%
Operating expenses	**7,585,524**	**5,872,991**	**(1,508,119)**	**-17%**

Salaries and benefits increased 30% to $4,523,839 from $3,488,996. While the net number of employees decreased by 68 from July 31, 2020 to July 31, 2021, most of the positions eliminated were lower cost roles in retail and banknote operations. In addition, many staff were on reduced hours in the prior year period and several members of senior management were participating in a voluntary salary reduction scheme. However, approximately two-thirds of the increase relates to higher value growth roles in the payments segment that drive revenue and most earn commissions, several of which were attributed to the acquisition on July 29, 2020.

Rent expense increased 198% to $258,908 from $86,927 primarily due to the $218,714 in benefits recognized in the comparative period for rent abatements related to retail locations that were required to close, partially offset by a reduction in rent for locations that were permanently closed subsequent to July 31, 2020 as well as certain office space in Orlando and Toronto that was rendered surplus and impaired at October 31, 2020.

Legal and professional fees decreased minimally to $700,648 from $701,706. A significant portion of these fees relate to the external auditors, tax compliance and internal audit function that is outsourced. The balance that relates to legal and other professional fees relate to more business-driven needs such as special projects. While management continues to manage discretionary spending with a judicious hand, the fees in the three-month period ending July 31, 2021 include the use of consultants to assist in identifying a new software platform for the enterprise's accounting and other functional needs. Once identified, it is anticipated that the new solution will be implemented in fiscal 2022. The Company also incurred various fees for advisors in relation to its application with the Federal Reserve Bank of New York to join the foreign bank international cash services program. These costs offset the $166,816 in fees recorded in the three-month period ended July 31, 2020 related to the acquisition in that period such that the year over year variance is insignificant.

Postage and shipping increased 186% to $686,696 from $239,707 and is primarily a result of increased revenue associated with the banknotes segment, which increased by 106% over the same periods. Fees have increased as a percentage of revenue as the high volume international banknote trade requires armoured service and flights whereas many of the low volume domestic shipments do not. The Company also piloted an outsourcing arrangement for certain services that it ultimately chose to migrate back in-house during the quarter.

Stock-based compensation decreased 29% to $236,658 from $332,300 for options vested during the period and RSU and DSU expense (*see note 16 to the consolidated financial statements*). The expense

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

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

in the prior year was unusually high as it included $111,231 recognized for the accelerated vesting on options that were tendered and cancelled under a stock-option exchange program. The Company recorded expenses of $148,540 related to RSU and DSU awards in the three-month period ended July 31, 2021 as part of stock-based compensation.

Information technology expenses increased 36% to $362,167 from $265,897 due primarily to increased variable expenses associated with payments volumes as well as additional investment in cybersecurity tools.

Losses and shortages decreased 74% to $22,928 from $87,481, as these are primarily associated with small volume shipments that the Company self-insures. The large volume transactions that move by armoured carrier are generally not subject to any losses.

Insurance expense increased 34% to $178,437 from $132,849, which is primarily related to significant rate increases imposed on Directors and Officers liability premiums for renewals subsequent to the onset of the COVID-19 pandemic.

Foreign exchange (gains)/losses related to period-end revaluation of foreign currency improved from a $23,280 loss during the three-month period ended July 31, 2020 to a gain of $41,215 for the same period in 2021. This is mainly due to the fluctuation of foreign currency denominated balances between their recognition and settlement. Management continues to monitor and improve its hedging activities in order to minimize the impact of revaluations.

Other general and administrative expenses increased 9% to $191,357 from $175,768. Other expenses comprise licenses and fees, utilities, office supplies, and other general and administrative expenses. The increase was mainly due to license & fees as the Company is expanding its presence into more states.

The ratio of operating expenses to total revenue for the three-month period ended July 31, 2021 was 88% compared to 151% for the three-month period ended July 31, 2020, reflecting the significant improvement in revenue as the Company recovers from the impact of the COVID-19 pandemic. The Company also continues to monitor operating expenses, focusing on reduction of unnecessary costs, but investing in areas that will drive business growth or efficiency. Many of these expenditures are in the professional services and addition/retention of key roles, consistent with strategic goals.

	Three months ended July 31, 2021 $	**Three months ended July 31, 2020 $**
Other income	8,426	500
Government grants	23,833	417,715
Revaluation of contingent consideration	(18,989)	
Other expenses	(4,195)	-
Interest expense	(161,186)	(140,429)
Interest on lease liabilities	(51,438)	(65,780)
Depreciation and amortization	(420,232)	(370,858)
Depreciation of right-of-use-assets	(412,036)	(470,523)
Restructuring and Impairment charges	5,832	-
Income tax benefit (expense)	(166,694)	347,772
Total other income (expense)	**(1,196,678)**	**(281,603)**

The government grant income relates to the Company's subsidiary, Exchange Bank of Canada that received support from two federal programs during the three-month period ended July 31, 2021. The

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

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 three and nine-month periods ended July 31, 2021 EBC qualified for $20,257 and $570,704 in grants under the program, $23,318 of which was receivable as of the reporting date. The Canada Emergency Rent Subsidy ("CERS") program became effective for periods beginning on September 27, 2020. Under this program, EBC received a subsidy for up to 68% of qualified rent expenses. In the three and nine-month period ended July 31, 2021 EBC qualified for $3,576 and $105,286 in subsidies, $3,576 of which was receivable as of the reporting date. There are no obligations, commitments or conditions associated with the programs that could create a requirement to repay all or a part of the grants received to date.

Interest expense increased to $161,186 from $140,429, due to the increase in borrowing from credit facilities compared to the prior year. This was driven primarily by the new credit facility entered into by Exchange Bank of Canada in April 2021, which accounts for approximately half of the interest expense recognized in the three-month period ended July 31, 2021.

Interest on lease liabilities decreased to $51,438 from $65,780 as a result of the closure of several retail locations as part of the restructuring actions taken in the three-month period ended October 31, 2020.

Depreciation and amortization increased to $420,232 from $370,858 primarily driven by the addition of $2,580,424 in intangible assets, excluding goodwill, related to the acquisition on July 29, 2020 (*see note 5a to the consolidated financial statements at October 31, 2020*). The incremental expense associated with the additions is partially offset by the elimination of depreciation and amortization on assets that have since become fully depreciated.

Depreciation on right-of-use assets decreased to $412,036 from $470,523 as a result of assets that were previously written down that related to the retail closures and surplus office space at October 31, 2020.

Income tax expense of $166,694 in the three-month period ended July 31, 2021 compares with a benefit recognized in the prior year of $347,772. The change is due primarily to the relative improvement in taxable income. However, as Exchange Bank of Canada had a loss position in the three-month period ended July 31, 2021 and the Company is not recognizing any benefit associated with its tax losses, the income tax expense is higher than the consolidated net income before tax.

Results of operations – nine-month periods ended July 31, 2021 and 2020

Revenue for the nine-month period ended July 31, 2021 increased by 1% over the same period in the prior year. Payments revenue more than doubled in the nine-months ending July 31, 2021, increasing from $2,342,867 in the same period in 2020 to $5,331,912. This demonstrates the Company's success in focusing on the growth of payments through key client relationships and addition of key staff to drive the business since the acquisition made on July 29, 2020. This, however, was offset by the reduction in revenue for banknotes, which declined by 16% from $17,734,639 in July 31, 2020 to $14,964,499 during the same period in 2021. The decline has been improving as consumer demand for foreign currencies gradually improves, coupled with the Company's success at increasing its market share, both domestically and globally. Revenue in the prior year period included 132 days prior to the declaration of the COVID-19 pandemic. During that period, the Company operated 46 branch locations. Shortly after the onset of the pandemic, all of the Company's locations closed for a period of several weeks to months in some cases. The Company undertook a number of restructuring actions in the year ended October 31, 2020 that included the permanent closure of 12 branches. While scaling back domestic banknote operations, the Company undertook a strategy to grow its payment business and expand its penetration into the global banknote market. The strategy has been a significant factor in the Company's

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

Results of operations – nine-month period ended July 31, 2021 and 2020 (continued)

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

A breakdown of revenue by geographic location is presented below:

	Nine months ended July 31, 2021 $	Nine months ended July 31, 2020 $	Change $	Change %
	Revenues by Geography			
United States	15,345,429	15,567,870	(222,441)	-1%
Canada	4,950,982	4,509,636	441,346	10%
Total	**20,296,411**	**20,077,506**	**218,905**	**1%**
	Revenues by Product Line			
Banknotes	14,964,499	17,734,639	(2,770,140)	-16%
Payments	5,331,912	2,342,867	2,989,045	128%
Total	**20,296,411**	**20,077,506**	**218,905**	**1%**

During the nine-month period ended July 31, 2021, operating expenses decreased 5% to $21,121,685 compared to $22,211,103 for the nine-month period ended July 31, 2021. The major components of operating expenses are presented in the table below, with commentary for significant variances.

	Nine months ended July 31, 2021 $	Nine months ended July 31, 2020 $	Change $	Change %
Salaries and benefits	12,773,624	13,090,115	(316,490)	-2%
Rent	728,608	846,913	(118,305)	-14%
Legal and professional	1,727,331	1,911,541	(184,210)	-10%
Postage and shipping	1,583,278	2,025,197	(441,919)	-22%
Stock based compensation	737,716	830,564	(92,847)	-11%
Travel and entertainment	153,208	337,883	(184,675)	-55%
Bank service charges	1,066,820	909,314	157,507	17%
Information technology	1,028,165	962,677	65,488	7%
Losses and shortages	54,122	283,173	(229,051)	-81%
Insurance	536,046	352,445	183,601	52%
Foreign exchange (gain) loss	150,606	(155,114)	305,720	-197%
Other general and administrative	582,161	816,396	(234,235)	-29%
Operating expenses	**21,121,685**	**22,211,103**	**(1,089,418)**	**-5%**

Salaries and benefits decreased 2% to $12,773,624 from $13,090,115. The changes in salaries and benefits reflects the impact of a net year-over-year reduction in headcount, offset by increases related to the addition of several employees associated with the acquisition on July 29, 2020 and other growth roles primarily to support the growing payments business. The employment base fell from 329 at July 31, 2020 to 262 (62 part-time; 200 full-time) at July 31, 2021 as a result of the restructuring actions that included 12 branch closures in the periods subsequent to July 31, 2020. The comparative period in the prior year included the furlough of dozens of retail and operation staff, as well as a voluntary salary

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

reduction program for certain members of senior management. Overall, the Company has focused on the retention and hiring of skilled talent that will drive the Company in reaching its long-term strategic goals.

Rent expense decreased 14% to $728,608 from $846,913 primarily due to the permanent closure of the retail locations as well as certain office space in Orlando and Toronto that was deemed surplus at October 31, 2020. The Company entered into an agreement to sublet its surplus office space in Toronto that commenced on April 1, 2021.

Legal and professional fees decreased 10% to $1,727,331 from $1,911,541 as a result of a conscious effort to reduce spending on advisors in the areas of internal audit, external counsel and other professional services. The prior year period included $166,816 in expenses recognized on the successful acquisition that closed on July 29, 2020.

Postage and shipping decreased 22% to $1,583,278 from $2,025,197 and is primarily a result of decreased revenue associated with the banknotes segment.

Stock-based compensation decreased 11% to $737,716 from $830,564 due to options forfeited during the nine-month period ended July 31, 2021. The Company implemented a Long-Term Incentive Plan ("LTIP") on November 1, 2020 and granted 47,144 RSU awards to members of management, and 29,596 DSU awards to Directors in the amount of $388,000 and $220,000 respectively. The Company recorded expenses of $148,540 related to RSU and DSU awards in the nine-month period ended July 31, 2021 as part of stock-based compensation.

Travel and entertainment expenses decreased 55% to $153,208 from $337,883 which is consistent with ongoing travel restrictions and management's continued effort to reduce costs. The Company is subsidizing the cost for certain employees to travel to work by car who, prior to the COVID-19 pandemic, used public transit. The affected employees are primarily supporting vault operations and cannot carry out their job functions from home.

Bank service charges increased 17% to $1,066,820 from $909,314. The increase is related to increased volumes for payments activity. These charges are offset partially by fees collected on payments, which are captured in revenue. For the nine-months ended July 31, 2021, the Company collected $429,399 from such fees, compared to $317,440 for the same period in 2020.

Information technology expenses increased 7% to $1,028,165 from $962,677. The increase is mainly due to variable costs associated with the increased payments volume.

Losses and shortages decreased 81% to $54,122 from $283,173. The prior year expense included an abnormal loss due to an employee theft of $67,000 in March 2020. Otherwise, these losses are within acceptable tolerances.

Insurance expense increased 52% to $536,046 from $352,445, which is related to general rate increases on insurance premiums, most notably the Directors & Officers liability coverage as a result of the increased risk profile associated with the novel coronavirus.

Foreign exchange (gains)/losses related to period-end revaluation of foreign currency declined from a $155,114 gain in the nine-month period ended July 31, 2020 to a loss of $150,606 for the same period in 2021. This is mainly due to the change in value of foreign denominated balances between the time of recognition and settlement or translation at period end rates. Management continues to monitor and improve its hedging activities in order to minimize the impact of foreign denominated exposures.

Other general and administrative expenses decreased 29% to $582,161 from $816,396. This decrease

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

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

was mainly driven by the reduction in Utilities ($76,508) and License & Fees ($48,705) as a result of store closures in 2020. Office supplies usage was also reduced by $88,332 as most employees continue to work remotely.

The ratio of operating expenses to total revenue for the nine-month period ended July 31, 2021 was 104% compared to 111% for the nine-month period ended July 31, 2020, reflecting the effort by the Company to contain costs, while growing revenue from new markets. As a result, the operating leverage has continued to improve.

Other income and expenses are comprised of the following:

	Nine months ended July 31, 2021 $	Nine months ended July 31, 2020 $
Other income	26,847	9,382
Canada Emergency Wage and Rent Subsidy	675,990	417,715
Revaluation of contingent consideration	(18,989)	-
Provision for loss	(112,299)	(1,012,946)
Other expenses	(1,561)	-
Interest expense	(292,755)	(427,734)
Interest on lease liabilities	(162,329)	(210,540)
Depreciation and amortization	(1,246,910)	(1,141,340)
Depreciation of right-of-use-assets	(1,253,122)	(1,506,979)
Restructuring and Impairment charges	(96,711)	-
Income tax expense (benefit)	541,066	947,642
Total other expense	**(1,940,773)**	**(2,924,799)**

The government grant income relates to the Company's subsidiary, Exchange Bank of Canada, that received support from two federal programs during the nine-month period ended July 31, 2021. Please refer to the three-month ended July 31, 2021 section for footnote on the Canada Emergency Wage Subsidy ("CEWS") program and the Canada Emergency Rent Subsidy ("CERS") program.

At April 30, 2021 the Company recorded a third and final loss of $112,299 for amounts owed to it by a customer that was declared bankrupt in 2020. The Company had previously recorded an initial loss of $1,012,946 on April 30, 2020 for amounts owed to it by the customer followed by a subsequent provision on October 31, 2020 of $675,000 pursuant to a claim made by the Trustee in Bankruptcy to recover amounts it alleged the Company received from the customer in preference, and thereby in contravention of the Bankruptcy and Insolvency Act. On April 6, 2021, Company reached a settlement with the Trustee in Bankruptcy whereby the Company paid $825,000 of $1,000,000 in funds it was alleged to have received in preference. As part of the settlement, the Trustee accepted claims totaling $1,825,000 by the Company against the bankrupt. The Company expects a recovery in the range of 6% to 20% of the total claim to be realized when the bankrupt's assets are distributed. The Company has no additional liability, contingent or otherwise, related to this bankruptcy.

Interest expense decreased to $292,755 from $427,734. The Company reduced its borrowing from credit facilities compared to last year where the reliance on the credit line was leveraged in order to maintain a high level of liquidity in response to the pandemic. As of July 31, 2021, the Company had $11,334,177 in outstanding borrowing, with $20,749,960 available. This compares to $18,945,465 outstanding on July 31, 2020 and $5,367,979 available.

Interest on lease liabilities calculated according to IFRS 16, decreased to $162,329 from $210,540 as a result of branches closed in the year ended October 31, 2020.

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

Depreciation and amortization increased to $1,246,910 from $1,141,340 primarily driven by the addition of $2,580,424 in intangible assets, excluding goodwill, related to the acquisition on July 29, 2020 (*see note 5a to the consolidated financial statements at October 31, 2020*).

Depreciation on right-of-use assets decreased to $1,253,122 from $1,506,979 due to assets that were previously written down that related to the retail closures and surplus office space at October 31, 2020, which also led to a corresponding lower balance of Right of Use assets.

Income tax benefit decreased to $541,066 from $947,642 in the nine-month period ended July 31, 2021. This is related to the improvement in taxable income.

Cash flows

Cash flows from operating activities during the nine-month period ended July 31, 2021 resulted in an outflow of $8,096,478, compared to an outflow of $4,851,837 during the nine-month period ended July 31, 2020. Approximately 34% of the decrease in operating cash flow was due to the impact of the net loss adjusted for non-cash items, while the remainder was due to changes in working capital, driven primarily by a significant decline in accounts payable and an increase in accounts receivable. The actual amount of accounts receivable and accounts payable fluctuates from period to period due to the volume of activity and timing differences. In most instances, accounts receivable and accounts payable have a settlement cycle of 24 to 48 hours. Operating cash flow is generated by commission and fee income and is offset by operating expenses.

Cash flows from investing activities during the nine-month period ended July 31, 2021 resulted in an outflow of $262,990 compared to an outflow of $3,971,764 during the nine-month period ended July 31, 2020. The primary reason for the outflows in the prior year related to the acquisition on July 29, 2020 (*see note 5a to the consolidated financial statements at October 31, 2020*). Normalizing for the acquisition, the variance in cash flow from investing activities would only be $224,080 lower in July 31, 2021 compared to the same period in 2020.

Cash flows from financing activities during the nine-month period ended July 31, 2021 resulted in an inflow of $5,958,424 compared to inflow of $16,646,603 during the nine-month period ended July 31, 2020. The Company decreased usage of its line of credit to $11,334,177 on July 31, 2021 compared to a balance of $18,639,266 on July 31, 2020.

Liquidity and capital resources

At July 31, 2021, the Company had working capital of $46,796,632 compared to $47,755,694 for the same period in 2020.

The Company maintains two lines of credit to meet borrowing needs during peak business periods. The Company has a revolving line of credit with BMO Harris Bank, N.A. with a limit of $20,000,000. The credit line is secured against the Company's cash and other assets. The line of credit bears interest at LIBOR plus 2.0% (at July 31, 2021 – 2.11% (October 31, 2020 – 2.15%)). At July 31, 2021, the balance outstanding was $6,330,165 (October 31, 2020 - $Nil).

On April 7, 2021, EBC entered into a Revolving Credit Facility with a private lender. The facility is guaranteed by the parent company and is subordinated to the parent company's obligations to its primary lenders. The facility will be used for working capital purposes of daily operational activity. The credit facility has a limit of $10,000,000 USD, with a maximum amount of up to $20,000,000, with a maturity date of three years (April 7, 2024). It bears interest of 6% per annum, and has a standby charge of $1,500 USD per month if total interest is less than $20,000 USD. The Company had $5,004,012 outstanding as of July 31, 2021 ($13,669,835 available).

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

Selected annual financial information

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

	Year ended October 31, 2020 $	**Year ended October 31, 2019 $**	**Year ended October 31, 2018 $**	**Year ended October 31, 2017 $**
Revenues	**25,013,423**	**41,784,043**	**39,098,141**	**32,477,220**
Net operating income	(3,985,791)	6,152,042	8,137,804	7,921,509
Net income	**(8,524,029)**	**2,924,720**	**4,227,243**	**3,821,469**
Basic earnings per share	($1.33)	$0.46	$0.67	$0.62
Diluted earnings per share	($1.33)	$0.46	$0.67	$0.61
Total assets	85,758,518	82,729,716	73,267,274	63,968,227
Total liabilities	27,528,783	16,400,679	10,545,337	7,475,609
Total non-current financial liabilities	4,065,164	-	-	-
Working capital	**47,755,694**	**58,932,941**	**59,483,137**	**52,778,077**

Off-balance sheet arrangements

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

Forward and option contract activity

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

The fair value of forward and option contracts, which represents the amount that would be (paid) received by the Company if the forward contracts were terminated at July 31, 2021 was $9,438 (October 31, 2020 - $92,447).

At July 31, 2021 the Company had cash collateral balances related to forward contracts being held of $2,504,341 (October 31, 2020 - $1,461,747). They are reflected as restricted cash held in escrow in the consolidated statements of financial position.

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

Transactions with related parties

The remuneration of directors and key management personnel during the three-and nine-month periods ended July 31, 2021 and 2020 were as follows:

	Nine-months ending		Three-months ended	
	July 31, 2021	**July 31, 2020**	**July 31, 2021**	**July 31, 2020**
	$	$	$	$
Short-term benefits	1,556,723	2,183,673	725,169	713,749
Post-employment benefits	26,126	65,166	14,892	15,741
Stock based compensation	397,201	830,568	395,817	333,412
Restricted and Deferred Share Units	206,924	-	294,521	-
	2,186,973	**3,079,407**	**1,430,399**	**1,062,903**

The Company incurred legal and professional fees in the aggregate of $34,211 and $114,834 for the three- and nine-month periods ended July 1, 2021 (2020 - $57,078 and $102,990) 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 $46,783 and $69,772 in revenue from these clients' activities for the three-and nine-month period ended July 31, 2021 (2020 – $1,211 and $54,491). As at July 31, 2021, accounts receivable included $292 from related parties (2020 - $57,714).

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

Advances between CXI and EBC are provided under a $20,000,000 Revolving Line of Credit, renewed July 1, 2018 loans attract interest at LIBOR + 2%, are repayable on demand, and are unsecured. At July 31, 2021, the intercompany loan balance was $7,911,895 (October 31, 2020 - $8,565,000) and was eliminated upon consolidation.

On July 28, 2021, EBC and CXI entered a subordinated debt agreement in the amount of CAD 5,000,000 or $3,976,776 USD. The note bears interest at 6% payable monthly in arrears on August 31, 2021 and thereafter on the last day of each month, up to and including July 28, 2031. All amounts related to the debt and interest are eliminated on consolidation.

Key management personnel and directors occasionally conduct transactions with the Company as individuals. Such transactions are immaterial individually and in total, including for the years ending October 31, 2020 and 2019, and are conducted pursuant to the Company's policies.

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

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

Stock Option grants

The Company offers an incentive stock option plan which was established on April 28, 2011 and was amended most recently October 20, 2017 (the "**Plan**"). The Plan is a rolling stock option plan, under which 10% of the outstanding shares at any given time are available for issuance thereunder. The purpose of the Plan is to promote the profitability and growth of the Company by facilitating the efforts of the Company to attract and retain directors, senior officers, employees, and management. Under the terms of the Plan, vesting of options occur 1/3 upon the first anniversary, 1/3 upon the second anniversary and 1/3 upon the third anniversary of the grant, and the options have a five-year term, unless otherwise specified by the Board of Directors. The following table sets out the information related to each option grant.

Date of Grant	Expiry Date	Share price at grant date (Cdn$)	Amount granted	Risk-free interest rate	Expected volatility	Exercise Price (Cdn$)*	Fair value of option at grant date ($)
6-Jun-17	6-Jun-22	20.79	9,865	1.71%	37%	21.53	5.27
9-Aug-18	9-Aug-23	30.93	10,200	2.80%	31%	30.69	7.74
23-Jan-19	23-Jan-24	30.14	4,127	2.60%	27%	28.23	7.18
4-Mar-19	4-Mar-24	25.98	13,316	2.50%	27%	25.83	5.65
4-Mar-19	4-Mar-24	17.03	30,000	1.58%	24%	17.36	3.07
4-Jun-19	4-Jun-24	17.03	5,837	1.58%	24%	17.36	3.07
23-Oct-19	23-Oct-24	17.03	72,376	1.58%	24%	17.36	3.07
23-Oct-19	23-Oct-24	17.03	228,754	1.58%	24%	17.36	3.07
24-Jun-20	24-Jun-25	12.50	7,586	0.33%	23%	12.74	1.87
24-Jun-20	24-Jun-25	12.50	22,369	0.33%	23%	12.74	1.87
29-Jul-20	29-Jul-25	10.98	18,000	0.26%	23%	10.83	1.76
29-Oct-20	29-Oct-30	10.00	322,352	0.34%	23%	10.83	1.33
28-Dec-20	28-Dec-30	10.80	2,431	0.37%	23%	9.31	2.97
28-Jan-21	28-Jan-31	11.00	3,873	0.41%	23%	11.02	2.55

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

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

	Number of options #	Weighted average price CDN$
Outstanding at April 30, 2021	696,780	14.02
Granted	0	0.00
Exercised	-	-
Cancelled through cashless exercise	-	-
Forfeited/Cancelled/Expired	(17,771)	16.05
Outstanding at July 31, 2021	679,009	14.70

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

Stock Option grants (continued)

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

Grant Date	Exercise price (CAD$)	Number outstanding	Average remaining contractual life (years)	Number exercisable
6-Jun-17	21.53	5,586	0.85	5,586
23-Jan-19	28.23	1,411	2.48	36
4-Mar-19	25.83	43,316	2.59	28,877
4-Jun-19	17.36	5,837	2.85	5,837
23-Oct-19	17.36	72,376	3.23	72,376
23-Oct-19	17.36	203,849	3.23	51,346
24-Jun-20	12.74	29,955	3.90	24,898
29-Jul-20	10.83	18,000	4.00	18,000
29-Oct-20	10.83	7,032	4.25	5,274
29-Oct-20	10.83	285,343	4.25	-
28-Dec-20	9.31	2,431	4.41	-
28-Jan-21	11.02	3,873	4.50	-
Total		679,009		212,230

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

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

In the nine-months ended July 31, 2021, the Company recorded expenses of $236,658 related to stock-based compensation (2020 - $332,300).

Restricted Stock Unit and Deferred Stock Unit Plans

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

On November 1st, 2020, Restricted Stock Unit “RSU” and Deferred Stock Unit “DSU” awards were granted in the amount of $388,000 and $220,000 respectively. The Company recorded stock-compensation expenses of $148,540 related to RSUs and DSUs liability at July 31, 2021.

Subsequent events

The Company evaluated subsequent events through September 13, 2021, the date this MD&A was prepared.

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

Accounting standards and policies

The Company's accounting policies are described in note 2 to the Company's audited consolidated financial statements for the years ended October 31, 2020 and 2019.

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

Financial Risk factors

Outbreak of Infectious Diseases

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

Credit Risk

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

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

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

Due to seasonality, amounts in accounts receivable are usually at their highest during peak periods. They are atypically low at July 31, 2021 due to the reduction in economic activity caused by COVID-19 related impacts. A breakdown of accounts receivable by category is below:

	At July 31, 2021	**At October 31, 2020**
Customer type	**$**	**$**
Domestic and international financial institutions	11,318,230	2,923,202
Money service businesses	2,917,958	846,168
Other	125,958	2,141,993
Total	**14,362,146**	**5,911,363**

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

Foreign Currency Risk

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

In order to mitigate the risks associated with holding these foreign currencies, the Company assigns wider bid/ask spreads and maintains specific inventory targets to minimize the impact of exchange rate fluctuations. These targets are reviewed regularly and are increased or decreased to accommodate demand within acceptable risk tolerances. The amount of unhedged inventory held in tills, vaults and in transit at July 31, 2021 was approximately $5,822,000 (October 31, 2020 - $6,010,000). The amount of currency that is unhedged and that is not pegged to the U.S. Dollar is approximately $2,428,000 (October 31, 2020- $4,672,000). A 2% increase/reduction in the market price for the aggregate of the Company's unhedged/un-pegged foreign currencies would result in an exchange gain/loss of approximately +$49,000/-$49,000 (October 31, 2020 gain/loss of approximately +$93,000/-$93,000).

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

Interest Rate Risk

At July 31, 2021, the Company had access to interest bearing financial instruments in cash, short term accounts payable and its line of credit. A significant amount of the Company's cash is held as foreign currency bank notes in tills and vaults. These amounts are not subject to interest rate risk. Cash held in some of the Company’s accounts are interest bearing; however, since prevailing interest rates are low there is minimal interest rate risk. Borrowings bear interest at variable rates. Cash and borrowings issued at variable rates expose the Company to cash flow interest rate risk. For the interest rate profile of the Company's interest-bearing financial liabilities, refer to Note 14 of the consolidated financial statements.

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

If interest rates had been 50 basis points higher/lower with all other variables held constant, after tax profit for the three-month period ended July 31, 2021 would have been approximately +$16,000/-$16,000 higher/lower as a result of credit lines held at variable interest rates.

Liquidity Risk

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

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

Liquidity Risk (continued)

The following are non-derivative contractual financial liabilities:

At July 31, 2021				
Non-derivative financial liabilities	**Carrying amount**	**Estimated contractual amount**	**This fiscal year**	**Future fiscal years**
	$	**$**	**$**	**$**
Accounts payable	12,068,395	12,068,395	12,068,395	$Nil
Holding Accounts	5,072,689	5,072,689	5,072,689	$Nil
Line of credit	11,334,177	11,334,177	11,334,177	$Nil
Accrued expenses	1,774,476	1,744,187	1,744,187	$Nil
Contingent consideration	367,516	367,516	$Nil	367,516
Contract liability	739,977	739,977	$Nil	739,977

At October 31, 2020				
Non-derivative financial liabilities	**Carrying amount**	**Estimated contractual amount**	**Next fiscal year**	**Future fiscal years**
	$	**$**	**$**	**$**
Accounts payable	13,095,188	13,095,188	13,095,188	$Nil
Holding Accounts	1,595,365	1,595,365	1,595,365	$Nil
Line of credit	3,305,605	3,305,605	3,305,605	$Nil
Accrued expenses	2,519,167	2,467,453	2,467,453	$Nil
Contingent consideration	703,560	703,560	$Nil	703,560
Contract liability	163,901	163,901	$Nil	163,901

Capital Management

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

	At July 31, 2021	**At April 30, 2021**	**At January 31, 2021**	**At October 31, 2020**
	$	**$**	**$**	**$**
Current assets	79,584,637	65,834,662	67,683,952	71,219,313
Current liabilities	(32,788,004)	(19,103,431)	(21,193,415)	(23,463,619)
Working capital	**46,796,633**	**46,731,231**	**46,490,537**	**47,755,694**

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