CURRENCY EXCHANGE INTERNATIONAL, CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE-AND SIX-MONTH PERIODS ENDED APRIL 30, 2022 AND 2021

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 six-months ended April 30, 2022, 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 on June 14, 2022 in accordance with International Financial Reporting Standards ("**IFRS**) issued by the International Accounting Standards Board ("**IASB**") and interpretations of the International Financial Reporting Interpretations Committee ("**IFRIC**") and should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Company for the three-and six month periods ended April 30, 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, 2021. The functional currency of the Company and its wholly owned subsidiary eZforex.com, Inc ("eZforex") is the U.S. Dollar. The functional currency of the Company's wholly-owned Canadian subsidiary, Exchange Bank of Canada ("**EBC**"), is the Canadian Dollar. The Company's presentation currency is the U.S. Dollar. Unless otherwise noted, all references to currency in this MD&A refer to U.S. Dollars. The audited consolidated financial statements and the MD&A have been reviewed by the Company's Audit Committee and approved by its Board of Directors.

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

Additional Information

Additional information relating to the Company, including annual financial statements, 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 ("**CXIFX**").

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, CXIFX. 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 on-line compliance and risk management tool. 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 the head office. CXIFX is updated regularly and ongoing system development and enhancement is a core activity of the Company. CXI had 272 employees at April 30, 2022, of which 68 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.

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 April 30, 2022 the Company had inventory on consignment in 808 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 36 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. In addition, CXI's OnlineFX platform was launched in 2020 to enable US 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. The OnlineFX platform is currently operating in 37 states at April 30, 2022. OnlineFX is a core strategic initiative as adoption rates for online purchases are expected to continue to grow.

(All amounts 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. The Company has opened two new locations, one in Costa Mesa, CA on November 9, 2020, and another in the Stanford Shopping Center on January 3, 2022. It also re-opened the location in the Century City Mall on April 18, 2022. The Company closed its location at Mechanics Bank in San Francisco on April 29, 2022. Below is a summary of the Company's wholesale company relationships and transacting locations as well as a listing of its 36 branch locations as of April 30, 2022.

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	Mission Valley	San Diego	CA	2015
Apple Bank - Grand Central Station	New York	NY	2011	Montgomery at Bethesda	Bethesda	MD	2013
Apple Bank - Penn Station	New York	NY	2013	North County	Escondido	CA	2017
Apple Bank - Upper East Side	New York	NY	2014	Ontario Mills Mall	Ontario	CA	2007
Apple Bank - Union Square	New York	NY	2014	Pearl Ridge	Aiea	HA	2019
Arundel Mills Mall	Hanover	MD	2012	Potomac Mills Mall	Woodbridge	VA	2007
Aventura Mall	Aventura	FL	2008	San Francisco City Center	San Francisco	CA	2011
Cherry Creek	Denver	CO	2014	San Jose Great Mall	San Jose	CA	2011
Citadel Outlets	Los Angeles	CA	2014	Santa Monica Place	Santa Monica	CA	2012
Copley Place Mall	Boston	MA	2009	Sawgrass Mills Mall Booth #1	Sunrise	FL	2007
Dadeland Mall	Miami	FL	2009	Shops at Northbridge	Chicago	IL	2013
Dolphin Mall	Miami	FL	2009	SouthCenter	Tukwila	WA	2012
Florida Mall Booth #1	Orlando	FL	2007	South Coast Plaza	Costa Mesa	CA	2020
Garden State Plaza	Paramus	NJ	2015	The Orlando Eye (ICON Park)	Orlando	FL	2015
International Market Place	Honolulu	HI	2016	Tyson's Corner Center	Tyson's Corner	VA	2014
MacArthur Mall	Norfolk	VA	2009	Stanford Shopping Center	Palo Alto	CA	2022
Mainplace at Santa Ana	Santa Ana	CA	2013	Century City Mall *	Los Angeles	CA	2022

* Reopened in April, 2022.

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	Q1 2022	Q2 2022
Company owned branch locations	41	43	46	35	35	36	36
Wholesale company relationships*	954	1267	1,878	1,667	2,481	2,700	2,870
Number of transacting locations*	14,587	17,017	21,595	14,787	15,202	16,954	18,852

*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.

(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 following 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)
	$	$	$	$	$	$
4/30/2022	13,358,417	2,888,757	1,308,445	150,804,096	60,821,752	0.19
1/31/2022	12,462,247	3,111,368	1,505,002	129,297,226	59,332,997	0.23
10/31/2021	9,967,107	776,345	1,634,364	102,525,187	58,015,799	0.25
7/31/2021	8,633,413	1,047,889	(120,246)	92,962,398	56,319,701	(0.02)
4/30/2021	6,413,951	(558,010)	(924,698)	79,856,635	56,520,124	(0.14)
1/31/2021	5,297,713	(1,315,153)	(1,721,104)	82,354,069	57,039,436	(0.27)
10/31/2020	4,935,917	(1,852,195)	(3,465,632)	85,758,517	58,229,735	(0.54)
7/31/2020	3,879,873	(1,993,117)	(2,274,719)	96,105,961	61,462,798	(0.35)

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. 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 25% reduction in employee headcount, from a peak of 361 at March 11, 2020 to 272 at April 30, 2022. Many of the Company’s commercial customers have been impacted by the pandemic, resulting in significantly reduced demand for banknotes. While the Company continues to operate, the threat posed by COVID-19 variants remain a threat that make it impossible to reliably estimate the duration and severity of these consequences as well as their impact on the financial position and results of future periods. Some nations maintain advisories against travel to the United States and Canada as a result of recent increases in COVID-19 cases. The Company continues to pursue a strategy of diversification to reduce reliance on domestic consumer driven banknote trade. This has included growing its international payments segment as well as increasing its presence in the global trade of banknotes with financial institutions in other countries.

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

Results for operations – Three-month period ended April 30, 2022 and 2021

	Three-months ended April 30, 2022	**Three-months ended April 30, 2021**	**Change**	**Change**
	$	**$**	**$**	**%**
Revenue	13,358,417	6,413,951	6,944,466	108%
Operating expenses	10,469,660	6,971,961	3,497,699	50%
Net Operating Income (loss)	**2,888,757**	**(558,010)**	**3,446,767**	**618%**
Other income	15,630	(86,562)	102,192	118%
Government Grants	-	473,121	(473,121)	N/A
Other expenses	(1,778)	(108,010)	106,232	98%
EBITDA*	2,902,609	(279,461)	3,182,070	1,134%
Net earnings (loss)	**1,308,444**	**(924,691)**	**2,233,135**	**242%**
Basic earnings (loss) per share	$0.20	($0.14)	0.34	243%
Diluted earnings (loss) per share	$0.19	($0.14)	0.33	236%

*Earnings before interest, taxes. depreciation and amortization

The Company generated revenue for the three-month period ended April 30, 2022 of $13,358,417, a 108% increase over the same period in the prior year. The increase from the prior year reflects an improvement in the demand for foreign currencies as international travel recovers, in addition to the acquisition of new clients in both the banknote and payments segments. The Company recorded net operating income of $2,888,757 in the three-months ended April 30, 2022 versus a net operating loss of $558,010 in the same period in the prior year. This also represents the fourth and successive quarter in which the Company has generated positive operating leverage since the three-month period ended January 31, 2020, the last quarter prior to the commencement of the COVID-19 pandemic.

The Company continued its progression along its three-year strategic plan in the three-month period ended April 30, 2022, that included the following highlights:

i. Continued growth in the international payments segment in both Canada and the U.S. Exchange Bank of Canada initiated trades with 77 new corporate clients, representing an active client base of 657 during the same period. The Bank processed approximately 13% more payments compared to the previous quarter. In the United States, CXI processed 30,015 payments transactions, an increase of 31% from the same period in the prior year.

ii. Increased penetration of the financial institution sector in the United States with the addition of 67 new clients, representing 128 transacting locations;

iii. Completed the integration with Jack Henry's Silverlake platform that approximately 1,100 financial institutions use as their core processing platform.

iv. Grew the direct-to-consumer channel with the opening of a new agent locations at Terminal 7 in John F. Kennedy airport and added a 37th state, Indiana, in which the Company's OnlineFX platform now operates, reaching approximately 253 million people or 76% of the total population of the United States. The Company also re-opened its branch in Century City, California on April 11, 2022 and closed a branch location in San Francisco on April 29, 2022.

CXI had a strong capital base and liquidity position at April 30, 2022 to continue to meet its financial obligations. Management continues to execute against a strategic plan that is focused on a return to sustained profitability through increased penetration in a consolidating market, continued acquisition of corporate payment clients, and expansion in the international marketplace. CXI is well-positioned to support additional growth initiatives, including prospective merger and acquisition opportunities.

	April 30, 2022	**October 31, 2021**
Total assets	150,804,096	102,525,187
Total long term financial liabilities	3,344,871	3,679,493
Total equity	60,821,752	58,015,799

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

Results of operations –Three-month period ended April 30, 2021 and 2020 (continued)

Payments revenue increased by 127% to $3,197,531 in the three-months ending April 30, 2022, from $1,411,307 in the same period in 2021. This demonstrates the Company's success in diversifying its revenue through the addition of key client relationships and dedicated staff to drive growth in this segment in both the United States and Canada. The Company processed 34,840 payments transactions, representing $1,191 million in volume in the three-month period ended April 30, 2022. This compares to 26,112 transactions on $786 million of volume in the three-month period ending April 30, 2021.

Revenue in the banknotes segment doubled, increasing by 103% from $5,002,644 in the three-months ending April 30, 2021 to $10,160,886 in the three-months ending April 30, 2022. The growth is attributable to three main drivers. Firstly, consumer demand for foreign currencies has improved as restrictions on international travel have eased. Between February and April, 2022 approximately 175 million travelers passed through TSA check points in United States airports, approximately 88% of pre-pandemic levels. Secondly, the Company's success 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. Thirdly, the Company has increased its penetration in the global banknote trade, partially driven by Exchange Bank of Canada's acceptance into the foreign bank international cash services program with the Federal Reserve Bank of New York. The revenue growth has been consistent in both the Canadian and United States markets, and across all channels on a year over year basis. However, relative to the three-month period ended January 31, 2022, net banknote revenue remained fairly flat. There were several reasons for this. Firstly, the impact of the Omicron variant impacted consumer demand early in the quarter, especially in Canada. As travel restrictions eased, demand recovered late in the quarter following the Canadian Government's decision to remove the requirement for a COVID-19 test on re-entry, effective April 1st. There was significant volatility in the currency markets during the quarter, driving the US dollar to a 20-year high against some currencies. This negatively impacted the Company's currency revaluation and hedging costs, especially for the Mexican Peso, which continued to see strong demand throughout the quarter, necessitating higher inventory levels. The direct-to-consumer division generated revenue growth of 14% over the three-month period ended January 31, 2022 as the Company's branches, Online FX platform and agent locations all continued to see an increase in transaction volume.

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

A breakdown of revenue by geographic location is presented below:

	Three-months ended April 30, 2022	Three-months ended April 30, 2021	Change	Change
	$	$	$	%
Revenues by Geography				
United States	10,061,398	5,119,514	4,941,884	97%
Canada	3,297,019	1,294,437	2,002,580	155%
Total	**13,358,417**	**6,413,951**	**6,944,466**	**108%**
Revenues by Product Line				
Banknotes	10,160,886	5,002,644	5,158,242	103%
Payments	3,197,531	1,411,307	1,786,224	127%
Total	**13,358,417**	**6,413,951**	**6,944,466**	**108%**

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

Results of operations – Three-month period ended April 30, 2022 and 2021 (continued)

During the three-month period ended April 30, 2022, operating expenses increased 33% to $10,469,660 compared to $6,971,961 for the three-month period ended April 30, 2021. Variable costs, including postage and shipping, and bank fees increased 142% to $2,031,465 compared to $837,020 in the three-month period ended April 30, 2021, partly due to a rise 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 significant variances. The ratio of operating expenses to total revenue for the three-month period ended April 30, 2022 was 78% compared to 109% for the three-month period ended April 30, 2021, reflecting the growth in revenue outpacing the growth in expenses.

	Three-months ended April 30, 2022 $	**Three-months ended April 30, 2021 $**	**Change $**	**Change %**
Salaries and benefits	5,877,068	4,195,730	1,681,338	40%
Rent	311,284	214,889	96,395	45%
Legal and professional	784,577	574,293	210,285	37%
Postage and shipping	1,567,018	499,208	1,067,809	214%
Stock based compensation	293,185	281,062	12,124	4%
Travel and entertainment	100,438	52,581	47,858	91%
Bank service charges	464,447	337,812	126,635	37%
Information technology	448,721	346,435	102,285	30%
Losses and shortages	70,390	9,087	61,302	675%
Insurance	199,052	188,185	10,867	6%
Foreign exchange losses	83,931	108,231	(24,300)	-22%
Other general and administrative	269,549	164,448	105,101	64%
Operating expenses	**10,469,660**	**6,971,961**	**3,497,699**	**33%**

Salaries and benefits increased 40% to $5,877,068 from $4,195,730. $742,340, or 44% of the increase relates to an increase in variable compensation, with sales commissions expense being the largest contributor to that variance by $509,233 while the balance relates to other incentive compensation, driven primarily by the improvement in the Company's performance. The remaining 56% of the variance is partially related to incremental growth in headcount, which increased to 272 in the three-month period ended April 30, 2022 from 265 in the comparative period. It is also driven by inflation in base salaries and wages as the Company implemented broad-based increases on November 1, 2022 as salaries had been largely frozen since the beginning of the COVID-19 pandemic.

Rent expense increased 45% to $311,284 from $214,889. The increase is partly driven by an increase of $47,897 in variable rent paid to lessors on meeting certain revenue thresholds. There were no variable rent payments in the prior year as none of the branches met the minimum thresholds. The remainder of the increase relates primarily to short-term leases that are not recorded under IFRS 16 as a right-of-use asset. Since April 30, 2021, the Company has opened two new branch locations in California and closed one.

Legal and professional fees increased 37% to $784,577 from $574,293. The increase is primarily attributable to higher costs related to tax, audit, compliance and professional services, including search fees to recruit certain key roles.

Postage and shipping increased 214% to $1,567,018 from $499,208. 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 primarily by high fuel costs has also been a contributing factor.

Results of operations – Three-month period ended April 30, 2022, and 2021 (continued)

Stock-based compensation increased 4% to $293,185 from $281,062, which includes the expense related to the Restricted Stock Units (RSU) and Deferred Stock Units (DSU) awards. The Company recorded expenses of $200,434 related to RSU and DSU awards in the three-months ended April 30, 2022 compared to $206,924 recorded in the three-months ended April 30, 2021. The RSUs and DSUs are based on the fair value of the Company's common stock and subject to variable accounting treatment. The balance of the expenses relate to the vesting of stock options granted.

Travel and entertainment expenses increased 91% to $100,438 from $52,581 as conferences, trade shows and in-person business meetings continued a slow but progressive recovery. The pre-pandemic travel and entertainment expenses were significantly higher. 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.

Bank service charges increased 37% to $464,447 from $337,812 related to increased volumes for payments activity. The increase was mitigated by approximately 22% as a result of a decrease in certain payment fees that took effect on January 1, 2022 that the Company negotiated as a result of the higher volumes.

Information technology expenses increased 30% to $448,721 from $346,435. $45,075 of the increase is due to regular variable costs associated with the Company's reliance on third-part technology to deliver its products. The remainder of the increase is primarily attributable to the increased investment that the Company made in cloud-based technologies such as a new customer relationship management system, and cybersecurity.

Losses and shortages increased to $70,390 from $9,087 in the prior year period. These costs are primarily related to shipments lost in transit that the Company self-insures.

Insurance expense increased 6% to $199,052 from $188,185, which is related to general rate increases on insurance premiums, most notably in cybersecurity, where the combination of general industry increases in risk premiums combined with the Company expanding its coverage have led to the increase.

Foreign exchange losses decreased 22% from a $108,231 loss in the three-month period ended April 30, 2021 to a $83,931 loss for the same period in 2022. 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. This line item does not include foreign exchange gains and losses associated with hedged inventory balances and unrealized gains/losses on forward contracts, which are included in revenue.

Other general and administrative expenses increased 64% to $269,549 from $164,448. This increase is attributable to higher licenses and fees costs, in part due to operating in more states. It's also reflective of higher utilities, office supplies and other administration expenses as the Company welcomes employees back to the office on a voluntary basis and increases its operating hours at retail locations.

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

Results of operations – Three-month period ended April 30, 2022 and 2021 (continued)

Other income and expenses are comprised of the following:

	Three-months ended April 30, 2022 $	**Three-months ended April 30, 2021 $**
Other income	3,090	16,399
Government grants	-	473,121
Provision for loss	-	(112,299)
Other expenses	12,540	4,288
Interest expense	(197,725)	(51,283)
Interest on lease liabilities	(39,888)	(45,202)
Depreciation and amortization	(367,558)	(416,662)
Depreciation of right-of-use-assets	(442,918)	(414,803)
Restructuring and Impairment charges	(1,778)	(102,959)
Income tax (expense) benefit	(546,075)	282,720
Total other expense	**(1,580,312)**	**(366,680)**

The Company did not recognize any government grant income in the three-month period ended April 30, 2022 as it no longer met the criteria to be eligible for government assistance. The $473,121 recognized in the prior year period relates to the Company's subsidiary, Exchange Bank of Canada that received support from two federal programs during the three-month period ended April 30, 2021. The assistance programs were the Canadian Emergency Rent Subsidy and the Canadian Emergency Wage Subsidy (see the notes to the financial statements for more information).

The Company did not recognize any provision for loss in the three-month period ended April 30, 2022. The prior period loss of $112,299 was related to a customer that went bankrupt (see the notes to the annual audited financial statements for the year ended October 31, 2021 for more information).

Interest expense increased to $197,725 from $51,283. This is primarily related to a credit facility with a private lender that Exchange Bank of Canada secured in April 2021. The facility bears interest at 6% per annum, which is used to fund short-term working capital needs, primarily for international banknote volumes. At April 30, 2022, the Company had $28,264,635 in outstanding lines of credit, with $13,735,365 available. This compares to $435,764 outstanding on April 30, 2021 and $31,127,301 available.

Interest on lease liabilities calculated according to IFRS 16, decreased to $39,888 from $45,202 as many leases are nearing the end of their term, resulting in a smaller interest component embedded in the lease payments.

Depreciation and amortization decreased to $367,558 from $416,662, primarily due to assets that became fully depreciated during the year. This decrease is mainly related to lease-hold improvements.

Depreciation on right-of-use assets increased slightly to $442,918 from $414,803 due primarily to the renewal terms of 6 retail locations as part of a settlement agreement that the Company executed in January 2022 with the landlord.

The company recorded income tax expense of $546,075 in the three-month period ended April 30, 2022 in comparison to a benefit of $282,720 in the prior period. This is primarily related to the improvement in taxable income. The effective tax rate of 29.4% is higher than the statutory tax rate of 26% due to certain permanent differences between taxable income and accounting income in addition to adjustments related to the apportionment between states.

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

Results of operations – Six-month period ended April 30, 2022 and 2021

	Six-months ended April 30, 2022 $	Six-months ended April 30, 2021 $	Change $	Change %
Revenue	25,820,663	11,711,664	14,108,999	120%
Operating expenses	19,820,540	13,584,826	6,235,714	46%
Net Operating Income (loss)	**6,000,123**	**(1,873,162)**	**7,873,285**	**420%**
Other income (loss)	30,679	(84,122)	114,801	136%
Government Grants	-	652,157	(652,157)	N/A
Other expenses	(1,778)	(109,665)	107,887	98%
EBITDA*	6,029,024	(1,414,792)	7,443,816	526%
Net earnings (loss)	**2,813,441**	**(2,645,797)**	**5,459,238**	**206%**
Basic earnings (loss) per share	0.44	(0.41)	0.85	207%
Diluted earnings (loss) per share	0.43	(0.41)	0.84	205%

*Earnings before interest, taxes. Depreciation and amortization

The Company generated revenue for the six-month period ended April 30, 2022 of $25,820,663, a 120% increase over the same period in the prior year. The increase from the prior year reflects not only an improvement in the demand for foreign currencies as international travel recovers, but also the acquisition of new clients in both the banknote and payments segments. The Company recorded net operating income of $6,000,123 the six-months ended April 30, 2022 versus a net operating loss of $1,873,162 in the same period in the prior year. The Company earned $2,813,441 or $0.44 per share in the six-month period ended April 30, 2022, an improvement of $5,459,238 from the comparative period in the prior year, which also included $652,157 in government grant income.

Payments revenue increased to $5,363,822 or 64% in the six-months ending April 30, 2022, from $3,267,434 in the same period in 2021. This demonstrates the Company's success in focusing on the growth of payments through key client relationships and addition of key staff to drive growth in this segment 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 revenue for banknotes nearly tripled, increasing by 142% from $8,444,228 in April 30, 2021 to $20,456,842 during the same period in 2022. The growth is attributable to three main drivers. Firstly, consumer demand for foreign currencies has improved as restrictions on international travel have eased. Secondly, the Company's success at increasing its market share, as indicated by the increase in new clients. Thirdly, the Company has increased its penetration in the global banknote trade. The 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, future demand will likely fluctuate based on the risk of transmission from COVID-19 variants, inflationary impacts and the risk of a recession.

A breakdown of revenue by geographic location is presented below:

	Six-months ended April 30, 2022 $	Six-months ended April 30, 2021 $	Change $	Change %
	Revenues by Geography			
United States	19,020,081	8,793,658	10,226,423	116%
Canada	6,800,582	2,918,006	3,882,576	133%
Total	**25,820,663**	**11,711,664**	**14,108,999**	**122%**
	Revenues by Product Line			
Banknotes	20,456,841	8,444,228	12,012,613	142%
Payments	5,363,822	3,267,436	2,096,386	64%
Total	**25,820,663**	**11,711,664**	**14,108,999**	**122%**

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

Results of operations – Six-month period ended April 30, 2022 and 2021 (Continued)

During the six-month period ended April 30, 2022, operating expenses increased 46% to $19,820,540 compared to $13,584,826 for the six-month period ended April 31, 2021. Variable costs, including postage and shipping, and bank fees increased 137.5% to $3,704,209 compared to $1,559,579 in the six-month period ended April 30, 2021.

The major components of operating expenses are presented in the table below, with commentary for significant variances. The ratio of operating expenses to total revenue for the six-month period ended April 30, 2022 was 77% compared to 116% for the six-month period ended April 30, 2021, reflecting the growth in revenue outpacing the growth in expenses.

	Six-months ended April 30, 2022 $	Six-months ended April 30, 2021 $	Change $	Change %
Salaries and benefits	11,312,671	8,249,785	3,062,886	37%
Rent	482,016	469,700	12,316	3%
Legal and professional	1,499,944	1,026,683	473,262	46%
Postage and shipping	2,766,417	896,582	1,869,835	209%
Stock based compensation	491,185	501,058	(9,873)	-2%
Travel and entertainment	189,136	91,930	97,206	106%
Bank service charges	937,792	662,997	274,795	41%
Information technology	923,329	665,998	257,331	39%
Losses and shortages	265,127	31,194	233,933	750%
Insurance	392,973	357,609	35,364	10%
Foreign exchange (gains) losses	85,552	240,487	(154,935)	-64%
Other general and administrative	474,398	390,803	83,595	21%
Operating expenses	**19,820,540**	**13,584,826**	**6,036,045**	**44%**

Salaries and benefits increased 37% to $11,312,671 from $8,249,785. $2,293,308, or 74% of the increase relates to an increase in variable compensation, with sales commissions expense being the largest contributor to that variance by $1,869,835 while the balance relates to other incentive compensation, driven primarily by the improvement in the Company's performance. The remaining 26% of the variance is partially related to incremental growth in headcount, which increased to 272 in the six-month period ended April 30, 2022 from 265 in the comparative period. It is also driven by inflation in base salaries and wages as the Company implemented broad-based increases on November 1, 2021 following an extended period in which salaries and wages were largely frozen.

Rent expense increased 3% to $482,016 from $469,700. The Company entered into an agreement to settle a dispute with a landlord of 7 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 six-month period ended April 30, 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. This has been offset by increases in variable rent expense and rents for leases that are exempt from being classified as finance leases under IFRS16.

Legal and professional fees increased 46% to $1,499,944 from $1,026,683. The increase is primarily attributable to higher costs related to tax, audit, compliance and professional services, including search fees to recruit certain key roles.

Postage and shipping increased 209% to $2,766,417 from $896,582 and is primarily attributable to the increased volumes associated with the banknotes segment, 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, armoured carriers and third-party processing fees.

Results of operations – Six-month period ended April 30, 2022 and 2021 (Continued)

Stock-based compensation decreased 2% to $491,185 from $501,058 and includes the expense recognized in relation to Restricted Stock Units (RSU) and Deferred Stock Units (DSU) awards. The Company recorded expenses of $294,480 related to RSU and DSU awards in the six months ended April 30, 2022 as part of stock-based compensation. In the six months ended April 30, 2021, the Company recorded expenses of $294,521 related to RSU and DSU awards as part of the incentive compensation. The RSUs and DSUs are based on the fair value of the Company's common stock and subject to variable accounting treatment. The remainder relates to the vesting of stock options granted.

Travel and entertainment expenses increased 106% to $189,136 from $91,930 as conferences, trade shows and in-person business meetings continued a progressive recovery though they remain well 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.

Bank service charges increased 41% to $937,792 from $662,997. 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. The increase has been partially mitigated by a decrease in fees paid to counterparties to process payments that took effect January 1, 2022.

Information technology expenses increased 39% to $923,329 from $665,998. $45,075 of the increase is due to computer repairs as well an increase of $48,411 in 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, and cybersecurity.

Losses and shortages increased to $265,127 from $31,194 in the prior year period. These costs are primarily related to shipments lost in transit that the Company self-insures. However, the Company did recognize a loss of $50,717 related to a burglary at one of its retail branches in the six-month period ended April 30, 2022.

Insurance expense increased 10% to $392,973 from $357,609, which is related to general rate increases on insurance premiums, most notably in cybersecurity, where the combination of general industry increases in risk premiums combined with the Company expanding its coverage have led to the increase.

Foreign exchange losses decreased 64% from $240,487 in the six-month period ended April 30, 2021 to $85,552 for the same period in 2022. 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. This line item does not include foreign exchange gains and losses associated with hedged inventory balances and unrealized gains/losses on forward contracts, which are included in revenue.

Other general and administrative expenses increased 21% to $474,398 from $390,803. This increase was mainly driven by an increase in office supplies, utilities, signage and other facilities related costs. This reflects a return to normal operating hours at most retail locations and employees beginning to return to work at the office.

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

Results of operations – Six-month period ended April 30, 2022 and 2021 (Continued)

Other income and expenses are comprised of the following:

	Six-months ended April 30, 2022	**Six-months ended April 30, 2021**
	$	**$**
Other income	5,714	18,421
Government grants	-	652,157
Provision for loss	-	(112,299)
Other expenses	24,965	2,635
Interest expense	(425,383)	(131,569)
Interest on lease liabilities	(65,566)	(110,890)
Depreciation and amortization	(752,649)	(826,677)
Depreciation of right-of-use-assets	(887,287)	(841,087)
Restructuring and Impairment charges	(1,778)	(102,544)
Income tax (expense) recovery	(1,084,698)	679,218
Total other expenses	**(3,186,682)**	**(772,635)**

The Company did not recognize any government grant income in the six-month period ended April 30, 2022 as it no longer met the criteria to be eligible for government assistance. The $652,157 recognized in the prior year period relates to the Company's subsidiary, Exchange Bank of Canada that received support from two federal programs during the six-month period ended April 30, 2021.

Interest expense increased to $425,383 from $131,569. This is primarily related to a credit facility with a private lender that Exchange Bank of Canada secured in April 2021. The facility bears interest at 6% per annum, which is used to fund short-term working capital needs, primarily for international banknote volumes. As of April 30, 2022, the Company had $28,264,635 in outstanding borrowing, with $13,735,365 available. This compares to $435,764 outstanding on April 30, 2021 and $31,127,301 available.

Interest on lease liabilities calculated according to IFRS 16, decreased to $65,566 from $110,890 due to lease modifications recorded in the six months which lowered interest expense by $39,324. As well as some leases nearing the end of their term.

Depreciation and amortization decreased to $752,649 from $826,677, primarily due to assets such as computer equipment and leasehold improvements that became fully depreciated during the year.

Depreciation on right-of-use assets increased slightly to $887,287 from $841,087 due to the addition of the new retail locations, migration to a new location within the San Francisco City Center and increases to certain renewal terms associated with other locations.

The company recorded income tax expense of $1,084,698 in the six-month period ended April 30, 2022 in comparison to a benefit of $679,218 in the prior period. This is primarily related to the improvement in taxable income. The effective tax rate of 27.8% is higher than the statutory tax rate of 26% with the variance primarily due to permanent differences between taxable income and accounting income.

Cash flows

Cash flows from operating activities during the six-month period ended April 30, 2022 resulted in an inflow of $22,928,085, compared to an outflow of $2,424,609 during the six-month period ended April 30, 2021. Approximately 10% of the increase 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 increase in accounts payable by $17,756,499. 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 $4,699,160 in the six-month period ended April 30, 2022 versus negative cash flow of $581,734 in the prior year comparative period.

Cash flows from investing activities during the six-month period ended April 30, 2022 resulted in an outflow of $321,771 compared to an outflow of $210,707 during the six-month period ended April 30, 2021. Decrease in cash flows from investing activities was mainly attributed to purchases of Office equipment of $46,339 and lease hold improvements of $54,847.

Cash flows from financing activities during the six-month periods ended April 30, 2022 resulted in an inflow of $23,615,197 compared to an outflow of $3,957,016 during the six-month periods ended April 30, 2021. The Company increased usage of its lines of credit to $28,264,635 on April 30, 2022 compared to a balance of $435,764 on April 30, 2021. This led to an increase in cash flows from financing activities by $24,473,990.

Liquidity and capital resources

At April 30, 2022, the Company had net working capital of $53,296,338 compared to $49,880,879 at October 31, 2021.

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 1 month LIBOR plus 2.5% (at April 30, 2022 – 2.95% (October 31, 2021 – 2.58%)). At April 30, 2022, the balance outstanding was $12,908,553 (October 31, 2021 - $Nil).

In October of 2020, the Company’s wholly-owned Canadian subsidiary, EBC, established a $1,563,477 (CDN$2,000,000) revolving line of credit with Desjardins Group (“Desjardins”), being secured against collateral of CDN$2,000,000 posted at October 19, 2020.The line of credit bears interest at CDN prime rate plus 0.25% (at April 30, 2022 – 3.20%) (at October 31, 2021 - 2.45%). At April 30, 2022, the balance outstanding was $Nil (October 31, 2021 – $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 purposes of daily operational activity. The credit facility has a limit of $10,000,000 USD and $10,000,000 CAD, with a maturity date of three years (April 7, 2024). It bears interest used for working capital of 6% per annum and has a standby charge of $1,500 USD per month if total interest is less than $20,000 USD. EBC had CAD19,643,500 ($15,356,081) outstanding as of April 30, 2022 (October 31, 2021 - CAD5,000,000 ($4,037,468)).

The Company had a total available balance of unused lines of credit of $13,735,365 at April 30, 2022 (October 31, 2021 - $27,577,509).

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

Liquidity and capital resources (Continued)

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 condensed interim consolidated statements of financial position as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Company sales) are excluded from the initial measurement of the lease liability and asset. The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 7 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 right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantial termination fee. Some leases contain an option to extend the lease for a further term. The Company is prohibited from selling or

pledging the underlying leased assets as security. For leases over corporate offices and retail store locations, the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

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	2 years	2	1	-	-	-
Corporate offices	11	1-12 years	3	5	-	-	-
Retail store locations	18	0-4 years	1	1	-	-	1
Total	**30**	**0-12 years**	**2**	**7**	**-**	**-**	**1**

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at April 30, 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	1,228,344	498,432	416,749	400,994	359,951	1,425,867	4,330,337
Finance charges	85,140	114,459	98,013	83,063	66,422	176,202	623,299
Net present values	1,143,204	383,973	318,736	317,931	293,529	1,249,665	3,707,038

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

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

Off-balance sheet arrangements

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

Forward and option contract activity

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

The fair value of forward and option contracts, which represents the amount that would be (paid) received by the Company if the forward contracts were terminated at April 30, 2022 was $550,391 (October 31, 2021 - $461,487).

At April 30, 2022 the Company had cash collateral balances related to forward contracts being held of $1,640,806 (October 31, 2021 - $81,613). They are reflected as restricted cash held in escrow in the consolidated statements of financial position.

Critical Accounting Estimates

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

The judgments, estimates and assumptions applied in the condensed interim consolidated financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Company's last annual consolidated financial statements for the year ended October 31, 2021. The only exceptions are the estimate of income taxes, which are determined in the condensed interim consolidated financial statements using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

(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 six-month periods ended April 30, 2022 and 2021 were as follows:

	Six-months ended		Three-months ended	
	April 30, 2022	**April 30, 2021**	**April 30, 2022**	**April 30, 2021**
	$	$	$	$
Short-term benefits	1,690,003	1,311,921	838,542	725,169
Post-employment benefits	34,239	19,935	17,118	14,892
Stock based compensation	195,327	132,400	92,262	131,939
Restricted and Deferred Share Units	294,480	294,521	200,434	206,924
	2,214,049	**1,758,777**	**1,148,355**	**1,078,924**

The Company incurred legal and professional fees in the aggregate of $36,709 and 36,345 for the three- and six-month periods ended April 30, 2022 (2021 - $19,677 and 80,622) 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 $46,987 and $91,913 in revenue from these clients' activities for the three-and six-month period ended April 30, 2022 (2021 – $5,399 and $22,990). As at April 30, 2022, accounts receivable included $617,094 from related parties (2021 - $32,812).

Transactions with related parties (continued)

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 April 30, 2022, the intercompany loan balance was $489,164 (October 31, 2021 - $2,274,000) 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 ending October 31, 2021 and 2020, and are conducted pursuant to the Company's policies.

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

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.

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

Stock Option grants (Continued)

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
4-Mar-19	4-Mar-24	17.03	30,000	1.58%	24%	17.36	3.07
4-Jun-19	4-Jun-24	17.03	5,837	1.58%	24%	17.36	3.07
23-Oct-19	23-Oct-24	17.03	72,376	1.58%	24%	17.36	3.07
23-Oct-19	23-Oct-24	17.03	228,754	1.58%	24%	17.36	3.07
24-Jun-20	24-Jun-25	12.50	7,586	0.33%	23%	12.74	1.87
24-Jun-20	24-Jun-25	12.50	22,369	0.33%	23%	12.74	1.87
29-Jul-20	29-Jul-25	10.98	18,000	0.26%	23%	10.83	1.76
29-Oct-20	29-Oct-25	10.00	322,352	0.34%	23%	10.83	1.33
28-Dec-20	28-Dec-25	10.80	2,431	0.37%	23%	9.31	2.97
28-Jan-21	28-Jan-26	11.00	3,873	0.41%	23%	11.02	2.55
28-Oct-21	28-Oct-26	14.49	134,668	1.16%	22%	14.35	2.57
28-Apr-22	28-Apr-27	17.44	20,000	2.81%	21%	18.10	3.16

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

The outstanding options at April 30, 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	14.01
Granted	20,000	14.75
Exercised	(4,496)	10.83
Forfeited/Cancelled/Expired	(67,118)	17.61
Outstanding at April 30, 2022	762,063	14.75

The following options were outstanding and exercisable at April 30, 2022:

Grant Date	Exercise price (CAD$)	Number outstanding	Average remaining contractual life (years)	Number exercisable
4-Mar-19	25.83	43,316	1.85	43,316
4-Jun-19	17.36	5,837	2.10	5,837
23-Oct-19	17.36	72,376	2.48	72,376
23-Oct-19	17.36	176,924	2.48	100,673
24-Jun-20	12.74	29,955	3.15	24,898
29-Jul-20	10.83	18,000	3.25	18,000
29-Oct-20	10.83	7,032	3.50	7,032
29-Oct-20	10.83	247,651	3.50	52,039
28-Dec-20	9.31	2,431	3.67	810
28-Jan-21	11.02	3,873	3.75	1,291
28-Oct-21	14.35	134,668	4.50	-
28-Apr-22	18.10	20,000	5.00	-
Total		762,063		326,272

Stock Option grants (Continued)

The 176,924 options outstanding from the October 23, 2019 grant were made outside of the Company's stock option plan, and in accordance with the policies of TSX and was approved by the shareholders on March 25, 2020.

In the six-month period ended April 30, 2022, 88,074 stock options expired that related to grantees whose employment had terminated with the Company. The Company recorded a recovery of $279,941 in Retained Earnings for stock-based compensation that had been recognized in prior periods associated with the forfeited stock options.

In the six-month period ended April 30, 2022, the Company recorded expenses of $491,185 related to stock-based compensation out of which $196,706 was recognized for stock option grants and $294,480 was related to RSU and DSU awards (2021 - $132,400 and $294,521, respectively).

In the three-month period ended April 30, 2022, 20,000 options were granted to the two employees which have a weighted average exercise price of CAD18.10 and 5-year expiration date.

In the three-month period ended April 30, 2022, 4,496 stock options were exercised by two employees for total proceeds of $33,896 (CAD42,712).

Restricted Stock Unit and Deferred Stock Unit Plans

On November 1, 2021 the Company made its 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 1, 2021 the Company made grants under Restricted Stock Unit "RSU" Plan and Deferred Share Unit "DSU" Plan (the "Plans"). The Company granted 29,872 RSU awards and 20,533 DSU awards in the amount of $376,250 and $240,000, respectively. As at April 30, 2022, the Company recorded $294,480 expense related to RSU and DSU awards as part of stock-based compensation.

Share Capital

As of April 30, 2022, the Company has 6,419,432 common shares outstanding, 326,272 vested and 435,791 unvested stock options, no warrants outstanding and no restricted stock units.

Subsequent events

The Company evaluated subsequent events through June 14, 2022, 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, 2021 and 2020.

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. 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 Management's Discussion and Analysis, 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 is expected to continue to be adversely affected by the effects of the widespread outbreak of respiratory illness caused by COVID-19 in its primary North American market, as well as by travel restrictions imposed by governments to limit the effects of COVID-19 on the health of the local and global population, including restrictions on air travel to and from North America. The Company cannot accurately predict the impact COVID-19 will have on its future revenue and business undertaking, due to uncertainties relating to the ultimate geographic spread of COVID-19, the severity of the disease, the duration of the pandemic, and the length of travel and quarantine restrictions imposed by governments of affected countries. As a result, the

Company cannot be assured that measures it has taken, or may take in the future, for business continuity and cost containment will be effective as it is not possible to predict how the Company may be affected if COVID-19 pandemic persists for an extended period of time or in the event of similar health crises in the future.

Credit Risk

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

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

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

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

A breakdown of accounts receivable by category is below:

Customer type	At April 30, 2022 $	At October 31, 2021 $
Domestic and international financial institutions	13,441,761	14,128,422
Money service businesses	4,428,123	2,138,098
Other	1,313,014	254,850
Total	**19,182,898**	**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.

There were no transfers between Level 1 and Level 2 during the six-month period ended April 30, 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 April 30, 2022			
	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets				
Cash	111,381,975	-	-	111,381,975
Forward and option contract assets	-	550,391	-	550,391
Total assets	**111,381,975**	**550,391**	**-**	**111,932,366**
Financial liabilities				
Contingent consideration	-	-	358,035	358,035
Restricted and deferred share units		776,735	-	776,735
Total liabilities	**-**	**776,735**	**358,035**	**1,134,770**
	At October 31, 2021			
	Level 1 $	**Level 2 $**	**Level 3 $**	**Total $**
Financial assets				
Cash	66,527,690	-	-	66,527,690
Forward and option contract assets	-	461,487	-	461,487
Total assets	**66,527,690**	**461,487**	**-**	**66,989,177**
Financial liabilities				
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 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 April 30, 2022 was approximately $6,113,725 (October 31, 2021 - $5,359,377). The amount of currency that is unhedged and that is not pegged to the U.S. Dollar is approximately $2,580,711 (October 31, 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 +$52,000/-$52,000 (October 31, 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 April 30, 2022, 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 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; 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.

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 periods ended April 30, 2022 would have been approximately +$6,600/-$6,600 higher/lower as a result of credit lines held at variable interest rates (2021 - +$16,000/-$16,000).

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)

The following are non-derivative contractual financial liabilities:

At April 30, 2022

Non-derivative financial liabilities	Carrying amount	Estimated contractual amount	This fiscal year	Future fiscal years
	$	$	$	$
Accounts payable	44,398,191	44,398,191	44,398,191	$Nil
Holding Accounts	9,267,119	9,267,119	9,267,119	$Nil
Line of credit	28,264,635	28,264,635	28,264,635	$Nil
Contingent consideration	358,035	358,035	358,035	$Nil
Contract liability	406,025	406,025	406,025	$Nil

At October 31, 2021

Non-derivative financial liabilities	Carrying amount	Estimated contractual amount	Next fiscal year	Future fiscal years
	$	$	$	$
Accounts payable	26,641,692	26,641,692	26,641,692	$Nil
Holding Accounts	5,535,804	5,535,804	5,535,804	$Nil
Line of credit	4,037,468	4,037,468	4,037,468	$Nil
Contingent consideration	369,830	369,830	369,830	$Nil
Contract liability	281,581	281,581	281,581	$Nil

Capital Management

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

	At April 30, 2022	At October 31, 2021
	$	$
Current assets	139,715,407	90,710,774
Current liabilities	(86,637,473)	(40,829,895)
Working capital	**53,077,934**	**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.