Currency Exchange International, Corp.

Condensed Interim Consolidated Financial Statements

For the Three and Six-Month Periods Ended April 30, 2024 and 2023
(Expressed in U.S. Dollars)
(Unaudited)

CURRENCY EXCHANGE
INTERNATIONAL

TABLE OF CONTENTS

Management's Responsibility for the Condensed Interim Consolidated Financial Statements

The accompanying unaudited condensed interim consolidated financial statements of Currency Exchange International, Corp. (the Company) are the responsibility of management and the Board of Directors.

The unaudited condensed interim consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited condensed interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 - Interim Financial Reporting using accounting policies consistent with IFRS Accounting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide it with sufficient knowledge to support management's representations that it has exercised reasonable diligence that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the unaudited condensed interim consolidated financial statements and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of, and for the periods presented by, the unaudited condensed interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed) *"Randolph Pinna"*
Randolph Pinna
President and Chief Executive Office

(signed) *"Gerhard Barnard"*
Gerhard Barnard
Group Chief Financial Officer

Orlando, Florida
June 12, 2024

Condensed Interim Consolidated Statements of Financial Position

As of April 30, 2024 and October 31, 2023
(Expressed in U.S Dollars)
(Unaudited)

	April 30, 2024	October 31, 2023
ASSETS		
Current assets	$	$
Cash (Note 5)	115,508,455	92,720,293
Restricted cash held in escrow (Note 6)	3,593,349	3,480,485
Accounts receivable (Note 13)	27,127,222	21,125,546
Forward and option contract assets (Note 14)	828,276	1,066,467
Other current assets (Note 19)	1,961,385	1,850,817
Total current assets	**149,018,687**	**120,243,608**
Property and equipment (Note 7)	1,406,603	1,033,948
Right-of-use assets (Note 9)	2,522,307	2,558,715
Intangible assets (Note 8)	3,436,044	3,668,740
Goodwill (Note 8)	2,178,761	2,172,180
Deferred tax asset, net	1,185,990	2,266,114
Other assets	161,998	106,139
Total assets	**159,910,390**	**132,049,444**
LIABILITIES AND EQUITY		
Current liabilities		
Lines of credit (Note 11)	5,086,470	14,679,991
Accounts payable	57,481,318	21,021,910
Accrued expenses	4,903,637	5,624,280
Holding accounts	6,339,666	5,909,235
Deferred revenues	777,183	648,818
Income taxes payable	330,706	635,183
Lease liabilities (Note 9)	1,346,767	1,577,758
Total current liabilities	**76,265,747**	**50,097,175**
Long term liabilities		
Lease liabilities (Note 9)	1,576,495	1,388,961
Other long term liabilities	2,127,670	1,330,327
Total long term liabilities	**3,704,165**	**2,719,288**
Total liabilities	**79,969,912**	**52,816,463**
Equity		
Share capital	6,427,371	6,443,397
Equity reserves	29,447,749	30,080,623
Retained earnings	44,065,358	42,708,961
Total equity	**79,940,478**	**79,232,981**
Total liabilities and equity	**159,910,390**	**132,049,444**

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

Condensed Interim Consolidated Statements of Income and Comprehensive Income

For the three and six-month periods ended April 30, 2024 and 2023
(Expressed in U.S. Dollars)
(Unaudited)

	Six-month period ended April 30, 2024	Six-month period ended April 30, 2023	Three-month period ended April 30, 2024	Three-month period ended April 30, 2023
Revenues	$	$	$	$
Commissions revenue	35,921,643	33,455,816	18,928,518	17,654,201
Fee revenue	2,280,443	2,125,292	1,166,650	1,040,718
Total revenues (Note 4)	**38,202,086**	**35,581,108**	**20,095,168**	**18,694,919**
Operating expenses (Note 17)	32,136,544	29,103,880	16,276,893	14,951,850
Net operating income	**6,065,542**	**6,477,228**	**3,818,275**	**3,743,069**
Other income (loss)				
Interest revenue	180,066	230,747	93,421	99,536
(Loss) gain on sale of assets	-	(36,774)	-	10,000
Other (expense) income, net	(65)	23,697	(65)	11,822
Total other income	**180,001**	**217,670**	**93,356**	**121,359**
Earnings before interest, taxes, depreciation and amortization	**6,245,543**	**6,694,898**	**3,911,631**	**3,864,428**
Interest expense (Note 11)	309,583	611,474	160,599	256,705
Interest on lease liabilities (Note 9)	79,192	96,273	39,106	47,592
Depreciation and amortization	830,258	735,387	410,989	374,200
Depreciation of right-of-use assets (Note 9)	922,808	961,645	463,904	482,896
Income before income taxes	**4,103,702**	**4,290,119**	**2,837,033**	**2,703,034**
Income tax expense	2,747,305	456,912	2,330,511	459,326
Net income for the period	**1,356,397**	**3,833,207**	**506,522**	**2,243,708**
Other comprehensive income (loss), after tax				
Net income for the period	1,356,397	3,833,207	506,522	2,243,708
Items that may subsequently be reclassified to profit or loss				
Exchange differences on translating foreign operations	126,836	(56,856)	(258,662)	(569,842)
Total other comprehensive income	**1,483,233**	**3,776,351**	**247,860**	**1,673,866**
Earnings per share (Note 16)				
- Basic	0.21	0.60	0.08	0.35
- Diluted	0.21	0.57	0.08	0.33
Weighted average number of common shares outstanding (Note 16)				
- Basic	6,348,968	6,406,403	6,377,157	6,424,638
- Diluted	6,605,195	6,678,697	6,637,023	6,706,509

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

Condensed Interim Consolidated Statements of Changes in Equity

For the six-month periods ended April 30, 2024 and 2023
(Expressed in U.S. Dollars)
(Unaudited)

	Share Capital		Equity Reserves				Retained Earnings	Total Equity
	Shares	Amount	Share Premium	Accumulated Other Comprehensive Loss	Stock Options		Amount	Amount
	#	$	$	$	#	$	$	$
Balance at November 1, 2023	**6,443,397**	**6,443,397**	**32,827,629**	**(6,584,811)**	**857,484**	**3,837,805**	**42,708,961**	**79,232,981**
Stock based compensation (Note 15)	-	-	-	-	(13,964)	236,805	-	236,805
Issue of share capital and share premium on exercise of stock options (Note 15)	36,074	36,074	164,024	-	(106,591)	(273,469)	-	(73,371)
Shares purchased for cancellation (Note 15)	(52,100)	(52,100)	(887,070)	-	-	-	-	(939,170)
Gain on foreign currency translation	-	-	-	126,836	-	-	-	126,836
Net income	-	-	-	-	-	-	1,356,397	1,356,397
Balance, April 30, 2024	**6,427,371**	**6,427,371**	**32,104,583**	**(6,457,975)**	**736,929**	**3,801,141**	**44,065,358**	**79,940,478**
Balance at November 1, 2022	**6,429,489**	**6,429,489**	**32,698,075**	**(6,244,766)**	**820,762**	**3,907,257**	**32,515,454**	**69,305,509**
Stock based compensation (Note 15)	-	-	-	-	-	57,345	-	57,345
Issue of share capital and share premium on exercise of stock options (Note 15)	13,058	13,058	116,864	-	(53,884)	(164,276)	-	(34,354)
Loss on foreign currency translation	-	-	-	(56,856)	-	-	-	(56,856)
Net income	-	-	-	-	-	-	3,833,207	3,833,207
Balance, April 30, 2023	**6,442,547**	**6,442,547**	**32,814,939**	**(6,301,622)**	**766,878**	**3,800,326**	**36,348,661**	**73,104,851**

The accompanying notes are an integral part of these condensed interim consolidated financial statement

Condensed Interim Consolidated Statements of Cash Flows

For the six-month periods ended April 30, 2024 and 2023
(Expressed in U.S. Dollars)
(Unaudited)

	April 30, 2024	April 30, 2023
Cash flows from operating activities	$	$
Net income	**1,356,397**	**3,833,207**
Adjustments to reconcile net income to net cash flows from operating activities		
Depreciation and amortization	830,258	735,387
Depreciation of right-of-use assets	922,808	961,645
Stock based compensation	1,083,046	957,788
Loss on disposal, impairment of assets and leases	-	36,774
Increase (decrease) in cash due to change in:		
Accounts receivable	(5,984,876)	(159,769)
Restricted cash held in escrow	(87,718)	839,108
Change in forward and option contract positions	250,234	289,233
Income taxes receivable	228	(1,862,563)
Other assets	(167,721)	2,431,905
Net deferred tax assets	1,114,019	(773,643)
Deferred revenues	127,307	(71,688)
Payments related to stock based compensation (Note 15)	(48,547)	-
Accounts payable, accrued expenses, holding accounts and other liabilities	35,752,322	(2,048,243)
Net cash flows from operating activities	**35,147,757**	**5,169,141**
Cash flows from investing activities		
Purchase of property and equipment	(665,490)	(319,919)
Purchase of intangible assets	(290,268)	(167,818)
Proceeds from the sale of long term assets	-	10,000
Net cash flows from investing activities	**(955,758)**	**(477,737)**
Cash flows from financing activities		
Proceeds related to stock based compensation, net (Note 15)	(73,371)	(276,160)
Repayment of leasing liabilities	(1,012,223)	(1,072,895)
Interest on leasing liabilities	79,192	96,273
Net (payment) borrowing on line of credit	(9,597,301)	8,922,782
Purchase of common shares for cancellation	(939,170)	-
Net cash flows from financing activities	**(11,542,873)**	**7,670,000**
Net change in cash	**22,649,126**	**12,361,404**
Cash, beginning of period	92,720,293	88,559,268
Exchange difference on foreign operations	139,036	370,014
Cash, end of period	**115,508,455**	**101,290,686**
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period for income taxes	1,930,000	3,240,000
Cash paid during the period for interest	117,104	653,533
Cash received during the period for interest	180,066	230,747

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

1. Nature of Operations and Basis of Presentation

Nature of Operations

Currency Exchange International, Corp. (the Company) was originally incorporated under the name Currency Exchange International, Inc. under the Florida Business Corporation Act on April 7, 1998. The Company changed its name to Currency Exchange International, Corp. on October 19, 2007 and commenced its current business operations at that time. The Company is a public corporation whose shares are listed and posted for trading on the Toronto Stock Exchange (TSX) under the symbol "CXI" and the over-the-counter market (OTCBB) in the United States under the symbol "CURN." The Company operates as a money service and payments business that provides currency exchange, wire transfer, and cheque cashing services from its locations in the United States and Canada. The Company maintains a head office and 5 main vaults as well as 38 branch locations and 391 employees. The Company's registered head office is located at 6675 Westwood Boulevard, Suite 300, Orlando, Florida, 32821, United States of America. The Company's wholly owned Canadian subsidiary, Exchange Bank of Canada (EBC) is a non-deposit-taking, non-lending Schedule 1 bank engaged in foreign exchange services.

Basis of Presentation

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

Statement of Compliance

The condensed interim consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), specifically, the provision under IAS 34 – Interim Financial Reporting (IAS 34). These unaudited condensed interim consolidated financial statements do not include all disclosures required by IFRS Accounting Standards for annual consolidated financial statements and, accordingly, should be read in conjunction with the Company's audited consolidated financial statements for the year ended October 31, 2023.

These condensed interim consolidated financial statements were authorized for issue and approved by the board of directors on June 12, 2024.

Comparative Figures

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

2. Summary of Material Accounting Policies

Recently Adopted Accounting Standards and Future Accounting Pronouncements

Certain pronouncements were issued by the IASB or International Financial Reporting Interpretations Committee (IFRIC) and have been adopted in the current period or are applicable for future periods. None of these pronouncements have, or are expected to have, a material impact on the Company.

Principles of Consolidation

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

Cash

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

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

Foreign cash is recorded at fair value based on foreign exchange rates as at April 30, 2024 and October 31, 2023, respectively.

Accounts Receivable

Trade accounts receivable are stated net of an allowance for doubtful accounts. Accounts receivable balances consist primarily of bulk currency trades with a settlement cycle of 24 to 48 hours. The amount of accounts receivable varies widely from period to period due to the volume of activity and timing differences. The Company applies a simplified approach in accounting for the allowance for doubtful accounts based on lifetime expected credit losses in accordance with IFRS 9, *Financial Instruments* (IFRS 9). These consider the potential for default during the life of the financial instrument and are the expected shortfalls in contractual cash flows. To estimate the expected shortfall, the Company considers specific customers, historical information, external indicators, and forward-looking information. There is minimal counter-party risk as the majority of the Company's receivables reside with banks, money service business customers, and other financial institutions. The Company has longstanding relationships with most of its customers and has a strong repayment history. The Company does not accrue interest on past due receivables. Management determined that the allowance for doubtful accounts was $231,956 as of April 30, 2024 (October 31, 2023, $400,000).

Revenue Recognition

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

Commission revenues are the difference (spread) between the cost and the selling price of foreign currency products, including banknotes, wire payments, cheque collections and draft issuances (foreign currency margin), together with the net (realized or unrealized) gain or loss from foreign currency forward contracts with customers, and commissions paid on the sale and purchase of currencies. The amount of this spread is based on competitive conditions and the convenience and value-added services offered. These revenue contracts are short term in nature and generally have a single performance obligation. Revenue is recognized when each transaction occurs, the performance obligation is satisfied, the currency is delivered, or at the end of each reporting period when revaluations of foreign exchange positions take place. For contracts whose performance obligations are not satisfied (or partially not satisfied) at the end of the reporting period, amounts as such are not recognized in the condensed interim consolidated statements of income and comprehensive income and are recorded in the condensed interim consolidated statements of financial position as deferred revenues until the performance obligation is satisfied.

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

Foreign Currency Translation

Transactions denominated in foreign currencies are translated to the functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the condensed interim consolidated statements of financial position date are translated at rates as at that date. The functional currency of EBC is the Canadian Dollar and the functional currency of the Company and eZforex is the United States Dollar.

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

Foreign Currency Forward and Option Contracts

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

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

These non-client counterparty foreign currency forward and option contracts, as referred to above, are recognized at fair value and changes in fair value are included in operating expenses in the condensed interim consolidated statements of income and comprehensive income and are recorded as either contract assets or contract liabilities at the end of the reporting period.

Property and Equipment

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

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

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

Goodwill and Intangible Assets

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

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

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

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

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

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

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

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

Business Combinations

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

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

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

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

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

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

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

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

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

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows, referred to as CGU's. As a result, some assets are tested individually for impairment, and some are tested at the CGU level. Except for goodwill arising from business acquisitions, IAS 36, *Impairment of Assets* (IAS 36) requires that an entity performs an assessment for impairment of assets if, at the end of the year, there is an objective indication of impairment for the individual assets or the identified CGU. Goodwill is allocated to those CGUs that are expected to benefit from synergies of a related business combination and represent the lowest level within the Company at which management monitors goodwill. CGUs to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or CGUs are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

Provisions

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

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

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

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

Holding Accounts

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

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

Share Based Payments

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

Financial Instruments

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

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

Classification and Measurement of Financial Assets

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

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

Classification and Measurement of Financial Liabilities

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

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

• Cash	Fair value through profit or loss
• Restricted cash held in escrow	Amortized cost
• Accounts receivable	Amortized cost
• Forward and option contract assets	Fair value through profit or loss
• Lines of credit	Amortized cost
• Accounts payable	Amortized cost
• Holding accounts	Amortized cost
• Restricted and deferred share units	Fair value through profit or loss

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

Financial Instruments Recorded at Fair Value

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

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

Derivative Financial Instruments and Hedge Accounting

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

Impairment of Financial Assets

IFRS 9's impairment requirements use the Expected Credit Loss (ECL) model uses forward-looking information to recognize expected credit losses. Instruments within the scope of IFRS 9 include loans and other debt-type financial assets measured at amortized cost and FVTOCI, trade receivables, contract assets recognized and measured under IFRS 15, and loan commitments and some financial guarantee contracts that are not measured at FVTPL.

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

Leases

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

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

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

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

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

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

The remeasurement of the lease liability beyond the COVID-19 practical expedient that was permitted by the IASB in 2021, is dealt with by a reduction in the carrying amount of the right-of-use asset to reflect the full or partial termination of the lease for lease modifications that reduce the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognized in profit or loss. The right-of-use asset is adjusted for all other lease modifications.

Accounts Receivable

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

Earnings per Share

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

Income Taxes

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

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

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

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

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

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

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

The judgments, estimates, and assumptions applied in the condensed interim consolidated financial statements, including the key sources of estimation uncertainty, have been updated based on information at April 30, 2024 and with particular respect to the analysis of income taxes and recoverability of potential deferred tax assets.

Significant Management Judgment

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

Carrying Value of Internally Developed Software

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

Income Taxes and Recoverability of Potential Deferred Tax Assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, intercompany allocations in accordance with its transfer pricing policy, expected timing of reversals of existing temporary differences, and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are (1) within the Company’s control, (2) feasible, and (3) within management’s ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period. During the three-month period ended April 30, 2024, management reassessed the recoverability of its deferred tax asset, specifically related to the unused loss carry forwards in its wholly-owned subsidiary, EBC. As a result, the deferred tax asset was reduced and a corresponding increase in deferred tax expense in the amount of $1,427,600 was recorded in the statement of income. This increased deferred tax expense resulted in a material increase in the effective tax rate for the three and six-month periods ended April 30, 2024.

Impairment of Financial Assets

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

Impairment of Non-financial Assets

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

Goodwill is tested for impairment at least annually, in the fourth quarter, and at other times when such indicators exist.

Estimation Uncertainty

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

Share Based Payments

Management determines the overall expense for share based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. The determination of the most appropriate valuation model is dependent on the terms and conditions of the grant. Assumptions are made and judgments are used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates, future employee stock option exercise behaviors, and corporate performance. The assumptions and models used for estimating fair value for share based payment transactions are disclosed in Note 15. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Depreciation and Amortization Expenses

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

Fair Value Measurement

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

(Expressed in U.S. Dollars)

Contingencies

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

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

4. Segments

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

Revenues by Geography

	United States	Canada	Total
Six-months ended April 30, 2024	**30,461,397**	**7,740,689**	**38,202,086**
Six-months ended April 30, 2023	26,490,745	9,090,363	35,581,108

	United States	Canada	Total
Three-months ended April 30, 2024	**16,320,378**	**3,774,790**	**20,095,168**
Three-months ended April 30, 2023	14,882,479	3,812,440	18,694,919

Revenues by Product Line

	Banknotes	Payments	Total
Six-months ended April 30, 2024	**30,535,958**	**7,666,128**	**38,202,086**
Six-months ended April 30, 2023	28,691,503	6,889,605	35,581,108

	Banknotes	Payments	Total
Three-months ended April 30, 2024	**16,208,896**	**3,886,272**	**20,095,168**
Three-months ended April 30, 2023	15,704,163	2,990,756	18,694,919

(Expressed in U.S. Dollars)

	April 30, 2024			October 31, 2023		
	United States	Canada	Total	United States	Canada	Total
Assets	$	$	$	$	$	$
Cash	81,001,838	34,506,617	115,508,455	58,238,107	34,482,186	92,720,293
Restricted cash held in escrow	-	3,593,349	3,593,349	-	3,480,485	3,480,485
Accounts receivable	21,964,464	5,162,758	27,127,222	16,927,524	4,198,022	21,125,546
Forward and option contract assets	229,840	598,436	828,276	160,654	905,813	1,066,467
Other current assets	1,352,118	609,267	1,961,385	1,491,564	359,253	1,850,817
Property and equipment	1,286,036	120,567	1,406,603	938,501	95,447	1,033,948
Right-of-use assets	2,085,893	436,414	2,522,307	2,144,912	413,803	2,558,715
Intangible assets	2,005,650	1,430,394	3,436,044	2,109,849	1,558,891	3,668,740
Goodwill	1,309,701	869,060	2,178,761	1,309,701	862,479	2,172,180
Deferred tax asset, net	1,185,990	-	1,185,990	858,709	1,407,405	2,266,114
Other assets	161,998	-	161,998	106,139	-	106,139
Total assets	**112,583,528**	**47,326,862**	**159,910,390**	**84,285,660**	**47,763,784**	**132,049,444**

5. Cash

Included within cash of $115,508,455 at April 30, 2024 (October 31, 2023 - $92,720,293) are the following cash balances:

	April 30, 2024	October 31, 2023
	$	$
Cash held in transit, vaults, tills, and consignment locations	65,604,847	65,714,489
Cash deposited in bank accounts in jurisdictions in which the Company operates	49,903,608	27,005,804
Total	**115,508,455**	**92,720,293**

6. Restricted Cash Held in Escrow

Certain of the Company's secured transactions and derivative contracts require the Company to post cash collateral or maintain minimum cash balances in escrow. Foreign currency forward contracts that require margin can be closed immediately resulting in the collateral being liquidated. The Company has also been required to post the collateral associated with its credit facility with Desjardins Group (see Note 11). At April 30, 2024, the Company had cash collateral balances of $3,593,349 (October 31, 2023 - $3,480,485), represented by $3,230,000 (October 31, 2023 - $3,119,888) being held as collateral on forward contracts and $363,349 (October 31, 2023 - $360,597) being held as collateral for the Desjardins Group credit facility. These balances are reflected as restricted cash held in escrow in the condensed interim consolidated statements of financial position.

(Expressed in U.S. Dollars)

7. Property and Equipment

Property and equipment for the period consist of the following:

	Vehicles	Computer equipment	Furniture and equipment	Leasehold improvements	Total
Cost	$	$	$	$	$
Balance, October 31, 2022	48,251	577,687	1,175,105	3,122,707	4,923,750
Additions	50,036	147,742	256,058	307,378	761,214
Disposals	(31,646)	(281,035)	(142,948)	(412,553)	(868,182)
Net exchange differences	-	(3,692)	(7,231)	(12,078)	(23,001)
Balance, October 31, 2023	66,641	440,702	1,280,984	3,005,454	4,793,781
Additions	-	44,417	389,630	231,443	665,490
Net exchange differences	-	1,288	3,008	4,381	8,677
Balance, April 30, 2024	**66,641**	**486,407**	**1,673,622**	**3,241,278**	**5,467,948**

	Vehicles	Computer equipment	Furniture and equipment	Leasehold improvements	Total
Depreciation	$	$	$	$	$
Balance, October 31, 2022	48,251	547,412	1,066,311	2,550,329	4,212,303
Additions	15,289	38,320	58,150	325,939	437,698
Disposals	(31,646)	(281,035)	(142,948)	(412,553)	(868,182)
Net exchange differences	-	(2,760)	(6,352)	(12,874)	(21,986)
Balance, October 31, 2023	31,894	301,937	975,161	2,450,841	3,759,833
Additions	8,339	34,107	61,662	189,001	293,109
Net exchange differences	-	1,015	2,592	4,796	8,403
Balance, April 30, 2024	**40,233**	**337,059**	**1,039,415**	**2,644,638**	**4,061,345**

	Vehicles	Computer equipment	Furniture and equipment	Leasehold improvements	Total
Carrying amounts	$	$	$	$	$
Balance, October 31, 2023	**34,747**	**138,765**	**305,823**	**554,613**	**1,033,948**
Balance, April 30, 2024	**26,408**	**149,348**	**634,207**	**596,640**	**1,406,603**

(Expressed in U.S. Dollars)

8. Goodwill and Intangible Assets

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

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

	Internally developed software	Acquired software	Customer trading relationships	Trade name, non-compete & unpatented tech cost	Goodwill	Total
Cost	$	$	$	$	$	$
Balance, October 31, 2022	3,767,748	804,318	7,378,413	1,011,997	2,187,445	15,149,921
Additions	523,772	5,038	-	-	-	528,810
Disposals	(254,180)	-	-	-	-	(254,180)
Net exchange differences	8,850	(6,900)	(259,555)	(5,948)	(15,265)	(278,818)
Balance, October 31, 2023	4,046,190	802,456	7,118,858	1,006,049	2,172,180	15,145,733
Additions	290,268	-	-	-	-	290,268
Net exchange differences	153	147	23,000	2,564	6,581	32,445
Balance, April 30, 2024	**4,336,611**	**802,603**	**7,141,858**	**1,008,613**	**2,178,761**	**15,468,446**

	Internally developed software	Acquired software	Customer trading relationships	Trade name, non-compete & unpatented tech cost	Goodwill	Total
Amortization	$	$	$	$	$	$
Balance, October 31, 2022	2,809,387	748,669	4,520,262	601,532	-	8,679,850
Amortization	415,532	6,509	456,308	193,627	-	1,071,976
Disposals	(207,580)	-	-	-	-	(207,580)
Net exchange differences	(35,214)	36,813	(236,256)	(4,776)	-	(239,433)
Balance, October 31, 2023	2,982,125	791,991	4,740,314	790,383	-	9,304,813
Amortization	210,145	2,626	227,690	96,688	-	537,149
Net exchange differences	64	96	10,206	1,313	-	11,679
Balance, April 30, 2024	**3,192,334**	**794,713**	**4,978,210**	**888,384**	**-**	**9,853,641**

	Internally developed software	Acquired software	Customer trading relationships	Trade name, non-compete & unpatented tech cost	Goodwill	Total
Carrying amounts	$	$	$	$	$	$
Balance, October 31, 2023	**1,064,065**	**10,465**	**2,378,544**	**215,666**	**2,172,180**	**5,840,920**
Balance, April 30, 2024	**1,144,277**	**7,890**	**2,163,648**	**120,229**	**2,178,761**	**5,614,805**

(Expressed in U.S. Dollars)

9. Right-of-use Assets and Lease Liabilities

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

	April 30, 2024	October 31, 2023
	$	$
Current lease liabilities	1,346,767	1,577,758
Non-current lease liabilities	1,576,495	1,388,961
Total	**2,923,262**	**2,966,719**

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. During the year certain leases for corporate offices were modified based on their amended lease agreements, with any gains or losses being recognized in profit or loss. The Company classifies its right-of-use assets in a consistent manner to its property and equipment (see Note 7).

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

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

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

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at April 30, 2024 were as follows:

	Within 1 Year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years	Total
Lease payments	1,457,685	656,865	479,401	369,839	203,680	-	**3,167,470**
Finance charges	110,918	69,291	40,405	20,172	3,422	-	**244,208**
Net present values	**1,346,767**	**587,574**	**438,996**	**349,667**	**200,258**	**-**	**2,923,262**

(Expressed in U.S. Dollars)

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

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

	Six-month period ended April 30, 2024	Six-month period ended April 30, 2023	Three-month period ended April 30, 2024	Three-month period ended April 30, 2023
	$	$	$	$
Leases with substantial substitution rights	322,479	285,304	166,937	148,368
Short-term leases	125,317	51,831	60,280	25,903
Variable lease payments	362,072	404,403	152,167	210,656
Total	**809,868**	**741,538**	**379,384**	**384,927**

At April 30, 2024, the Company was committed to short-term leases and the total commitment at that date was $116,487 (April 30, 2023, $51,831).

The total cash outflow for leases for the six-month period ended April 30, 2024, was $1,012,223 (April 30, 2023, $1,072,895). For the three and six-month period ended April 30, 2024, the Company incurred interest expense on lease liabilities in the amount of $39,106 and $79,192 (April 30, 2023, $47,592 and $96,273) and recognized as interest expense on lease liabilities in the condensed interim consolidated statements of income and comprehensive income.

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

Six-month period ended April 30, 2024

	Carrying Amount	Depreciation Expense	Impairment
	$	$	$
Equipment	9,469	832	-
Corporate offices	836,603	215,029	-
Retail store locations	1,676,235	706,947	-
Total right-of-use assets	**2,522,307**	**922,808**	**-**

Six-month period ended April 30, 2023

	Carrying Amount	Depreciation Expense	Impairment
	$	$	$
Equipment	982	696	-
Corporate offices	1,872,661	314,629	-
Retail store locations	2,060,793	646,320	-
Total right-of-use assets	**3,934,436**	**961,645**	**-**

10. Seasonality of Operations

While seasonality is generally not a consideration for the Payments product line, seasonality of Banknotes product line is reflected in the timing of when foreign currencies are in greater or lower demand. In a normal operating year, there is some seasonality to the Company's operations with higher commissions generally from March until September and lower commissions from October to February. This coincides with peak tourism seasons in North America when there are generally more travelers entering and leaving the United States and Canada.

11. Lines of Credit

The Company maintains lines of credit to meet borrowing needs during peak business periods. On June 15, 2022, the Company entered into an Amended and Restated Credit Agreement with BMO Harris Bank, N.A. The Amended and Restated Credit Agreement increased the revolving line of credit limit from $20,000,000 to $30,000,000 and provided an accordion feature for up to an additional $10,000,000 with the lender's approval. The Amended and Restated Credit Agreement provided a term of two years (maturity date on June 15, 2024). The Amended and Restated Credit Agreement was updated on July 18, 2022, in the form of a Second Amended and Restated Credit Agreement, to reflect the exercised accordion feature, which increased the line of credit to $40,000,000, and a reduced margin spread in the borrowing rate by 25 bps. The form of Second Amended and Restated Credit Agreement was further amended on July 12, 2023, to provide a seasonal increase in the borrowing capacity by $10,000,000 to $50,000,000, effective through August 31, 2023, and to extend the maturity on the facility to June 15, 2025. The credit line is secured against the Company's cash and other assets. The form of Second Amended and Restated Credit Agreement, as further amended on July 12, 2023, bears interest at the one month Secured Overnight Financing Rate (SOFR) plus 2.25% (5.33% at April 30, 2024 and 5.31% at October 31, 2023). At April 30, 2024, the balance outstanding was $Nil (October 31, 2023, $11,074,308).

On October 19, 2020, the Company's wholly owned Canadian subsidiary, EBC, established a fully collateralized revolving line of credit with Desjardins Group (Desjardins) with a limit of CAD 2,000,000 ($1,453,277), payable on demand, and being secured against cash collateral of CAD 2,000,000 ($1,453,277). On April 25, 2023, EBC amended this facility reducing the revolving line of credit to CAD 500,000 ($363,319), payable on demand, and being secured against cash collateral of CAD 500,041 ($363,349). The line of credit bears interest at the Canadian Prime Rate and plus 0.25% (7.20% at April 30, 2024 and 7.20% at October 31, 2023). At April 30, 2024, the balance outstanding was $Nil (October 31, 2023, $Nil)

On April 7, 2021, EBC entered into a $20,000,000 USD revolving loan agreement with a private lender. On July 18, 2022, EBC amended this facility through an Amended and Restated Revolving Loan Agreement, whereby $10,000,000 of this facility was moved from EBC to CXI. On January 19, 2023, the Company entered into a Moratorium Agreement (CXI facility) where the Company will not utilize the $10,000,000 without prior written consent from the lender. Additionally, the Company will not incur any standby charges or fees during the period of the Moratorium. Pursuant to the January 19, 2023 amended agreement, the interest rate on the $10,000,000 facility granted to EBC increased from 6% to a floating rate with a floor of 8%, with a standby charge of $1,500 USD per month if the total interest in the month is less than $20,000 USD. On April 25, 2024, EBC amended this facility to extend the maturity to January 19, 2027, to specify the interest rate at 8.9%, and to limit the borrowing capacity to a maximum amount not greater than 10% of the guarantor's total liabilities as set out in the statements of financial position of the guarantor's most recent, publicly filed financial statements. The entire $20,000,000 facility is guaranteed by the Company and is subordinated to the Company's and EBC's obligations to primary lenders. These facilities are used for working capital purposes and for daily operational activity; however, these facilities may be terminated on 90-days' notice by either party. The total outstanding balance for the Company at April 30, 2024, was $5,086,470 (October 31, 2023, $3,605,683).

Interest expense primarily relates to interest payments on lines of credit. Interest expense for the three and six-month periods ended April 30, 2024 was $160,599 and $309,583 (April 30, 2023, $256,705 and $611,474).

(Expressed in U.S. Dollars)

12. Fair Value Measurement of Financial Instruments

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

There were no transfers between Level 1 and Level 2 during the six-month period ended April 30, 2024. The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value.

April 30, 2024

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Financial assets				
Cash	115,508,455	-	-	115,508,455
Forward and option contract assets	-	828,276	-	828,276
Total assets	**115,508,455**	**828,276**	**-**	**116,336,731**
Financial liabilities				
Restricted and deferred share units	-	2,126,275	-	2,126,275
Total liabilities	**-**	**2,126,275**	**-**	**2,126,275**

October 31, 2023

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

Cash (Level 1)

The Company's cash balances consisting of local and foreign currency notes held in tills, vaults, bank accounts, and in transit are based upon foreign exchange rates quoted in active markets as of April 30, 2024 and October 31, 2023.

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

Other long-term liabilities include the Company's liability for restricted and deferred share unit awards which are valued using a volume-weighted average price for the five days that precede the date of grant. The cost of the awards is recorded on a straight-line basis over the vesting period. At each reporting date, the vested portion of the awards are remeasured at the current fair value using the same approach as at initial recognition (see Note 15).

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

(Expressed in U.S. Dollars)

Due to their short-term nature, the carrying value of the following financial instruments approximates their fair value at the dates of the condensed interim consolidated statements of financial position:

- Accounts receivable;
- Restricted cash held in escrow;
- Lines of credit;
- Accounts payable; and
- Holding accounts.

13. Risk Management

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

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

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

Credit Risk

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

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

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

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

A breakdown of accounts receivable by category is below:

	April 30, 2024	October 31, 2023
Customer type	$	$
Domestic and international financial institutions	21,427,354	18,339,600
Money-service businesses	4,934,316	2,171,215
Other	765,552	614,731
Total	**27,127,222**	**21,125,546**

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

Foreign Currency Risk

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

In order to further mitigate the risks associated with holding these foreign currencies, the Company assigns wider bid/ask spreads and maintains specific inventory targets to minimize the impact of exchange rate fluctuations. These targets are reviewed regularly and are increased or decreased to accommodate demand within acceptable risk tolerances. The amount of unhedged inventory held in tills, vaults, on consignment, and in transit on April 30, 2024, was $8,961,506 (October 31, 2023, $9,361,900). The amount of currency that is unhedged and that is not pegged to the U.S. Dollar is $7,374,173 (October 31, 2023, $7,833,228). A 2% increase/reduction in the market price for the aggregate of the Company's unhedged/un-pegged foreign currencies would result in an exchange gain/loss of approximately +$147,000/-$147,000 (October 31, 2023, gain/loss of approximately +$157,000/-$157,000).

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

Interest Rate Risk

At April 30, 2024, the Company had access to interest-bearing financial instruments in cash and lines of credit. A significant amount of the Company's cash is held as foreign currency banknotes in tills, on consignment, and its own vaults. These amounts are not subject to interest rate risk. Cash held in some of the Company's accounts are interest-bearing. The Company is subject to a small amount of cash flow interest rate risk from the borrowings on its lines of credit; however, as borrowings have remained steady and within policy limits, this risk is low. Borrowings bear interest at variable rates. Currently, the interest rate exposure is unhedged. For the interest rate profile of the Company's interest-bearing financial liabilities, refer to Note 11.

If interest rates had been 50 basis points higher/lower with all other variables held constant, after-tax profit for the six-month period ended April 30, 2024 would have been approximately +$11,000/-$11,000 higher/lower as a result of credit lines held at variable interest rates.

Liquidity Risk

Liquidity risk is the risk of the Company incurring losses resulting from the inability to meet payment obligations in a timely manner when they become due or from being unable to do so at a sustainable cost. To effectively manage liquidity risk, the Company has implemented preventative risk monitoring measures, including setting a Liquidity Risk Ratio target of 120% or greater, which measures the proportion of unencumbered highly liquid assets to short-term net cash outflows, and setting a minimum liquidity balance requirement of total available cash or undrawn lines of credit to be greater than $5,000,000 notional daily. As required, the Treasurer and CFO report any liquidity issues to the Chief Executive Officer (CEO), Chief Risk Officer (CRO), and the audit committee in accordance with established policies and guidelines. Management has assessed the Company's cash position at April 30, 2024 and determined that it is sufficient to meet its financial obligations.

(Expressed in U.S. Dollars)

The following are non-derivative contractual financial liabilities:

April 30, 2024

Non-derivative financial liabilities	Carrying amount	Estimated contractual amount	This fiscal year	Future fiscal years
	$	$	$	$
Accounts payable	57,481,318	57,481,318	57,481,318	Nil
Holding accounts	6,339,666	6,339,666	6,339,666	Nil
Lines of credit	5,086,470	5,086,470	5,086,470	Nil

October 31, 2023

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

The Company had available unused lines of credit amounting to $45,276,849 at April 30, 2024 (October 31, 2023, $35,680,577).

Capital Management

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

	April 30, 2024	October 31, 2023
	$	$
Current assets	149,018,687	120,243,608
Current liabilities	(76,265,747)	(50,097,175)
Working capital	**72,752,940**	**70,146,433**

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

14. Foreign Currency Forward and Option Contracts

The Company enters into foreign currency forward contracts and purchased put option contracts with non-client counterparties to mitigate the risk of fluctuations in the exchange rates of exposures in certain major currencies. Changes in fair value of these contracts and the corresponding gains or losses are included in operating expenses in the condensed interim 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.

(Expressed in U.S. Dollars)

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

The fair value of forward and option contracts, which represents the amount that would be received by the Company if the contracts were terminated at April 30, 2024 was $828,276 (October 31, 2023, $1,066,467).

At April 30, 2024 the Company had cash collateral balances related to forward contracts being held of $3,230,000 (October 31, 2023, $3,119,888). They are reflected as restricted cash held in escrow in the condensed interim consolidated statements of financial position (see Note 6).

15. Equity

Share Capital

The authorized share capital consists of 100,000,000 common shares. The common shares have a par value of $1.00. As of April 30, 2024, the Company had 6,427,371 common shares outstanding (October 31, 2023, 6,443,397).

On November 29, 2023, the Company announced acceptance by TSX of the Company's notice of Intention to make a normal course issuer bid (the "NCIB") to purchase for cancellation a maximum amount of 322,169 common shares representing 5% of the Company's issued and outstanding common shares as at November 24, 2023. During the six-month periods ended on April 30, 2024, the Company purchased for cancellation 52,100 common shares at the normal market prices trading in TSX for $939,170. These shares were immediately cancelled and removed from treasury by the Company.

During the six-month period ended on April 30, 2024, the Company recorded total stock-based compensation expense of $1,083,046 (April 30, 2023, $957,788), out of which $236,805 was recognized for stock option grants and $846,241 was related to RSU and DSU awards (April 30, 2023, $57,345 and $900,443, respectively), as described below.

Stock Options

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

The outstanding options at April 30, 2024 and the respective changes during the periods are summarized as follows:

	Number of options	Weighted average price
	#	CDN$
Outstanding at October 31, 2023	**857,484**	**15.53**
Granted	-	-
Exercised	(106,591)	15.47
Expired	(13,316)	25.83
Forfeited/cancelled	(648)	14.35
Outstanding at April 30, 2024	**736,929**	**15.35**

(Expressed in U.S. Dollars)

The following options are outstanding and exercisable at April 30, 2024:

Grant Date	Exercise price (CAD$)	Number outstanding	Average remaining contractual life (years)	Number exercisable
23-Oct-19	$17.36	139,786	0.48	139,786
24-Jun-20	$12.74	22,662	1.15	22,662
29-Jul-20	$10.83	18,000	1.25	18,000
29-Oct-20	$10.83	196,347	1.50	196,347
28-Jan-21	$11.02	3,873	1.75	3,873
28-Oct-21	$14.35	113,883	2.50	74,702
28-Apr-22	$18.10	20,000	2.99	13,334
25-Jul-22	$16.23	4,493	3.24	1,498
21-Sep-22	$18.93	5,748	3.39	1,917
31-Oct-22	$18.37	117,459	3.50	39,157
30-Oct-23	$20.07	94,678	4.50	-
Total		**736,929**		**511,276**

During the six-month period ended April 30, 2024, the Company did not grant stock option awards. Also a total number of 106,591 stock options were exercised, out of which 70,517 options were cancelled as consideration in lieu of cash by participants who elected to exercise their options without paying cash proceeds. Accordingly, the Company issued 36,074 shares on settlement in addition to $117,737 cash proceeds received. During the six-month period ended April 30, 2024, 648 options have forfeited in relation to an employee who has left the Company and 13,316 options that have expired before being exercised.

Restricted Stock Unit and Deferred Stock Unit Plans

On November 1, 2023, the Company made an annual DSU award under the Deferred Share Unit (DSU) Plan. The Company granted 10,169 DSU awards in the amount of $145,000. In the six-month period ended April 30, 2024, the Company recognized stock-based compensation expenses of $846,241 (April 30, 2023, $900,443) in relation to RSU and DSU awards that have vested during the period, out of which $443,474 was recognized for RSU awards and $402,767 was recognized for DSU awards, (April 30, 2023, $483,287 and $417,156, for RSU and DSU awards, respectively). The amounts related to the vested portions of granted RSU and DSU awards are recorded within other long-term liabilities in the condensed interim consolidated statements of financial position. The liability from these awards as of April 30, 2024 amounted to $2,126,275 (October 31, 2023, $1,328,582). The awards that may be granted under each of the Plans can be realized in cash only and may not be converted into common shares of the Company. The Units awarded are issued based upon the market value equal to the price of the Company's stock price as at the date of the grant and vest over one-year or three-year periods.

The purpose of these Plans is to promote the profitability and growth of the Company by facilitating the efforts of the Company to attract and retain directors, senior officers, employees, and management. Under the terms of the plans, vesting of the awards that may be granted under the Plans for management will occur 1/3 upon the first anniversary, 1/3 upon the second anniversary, and 1/3 upon the third anniversary of the grant, while awards that may be granted under the plans for directors will vest on a quarterly basis in the first year after the grant. All the management awards have a three-year term, unless otherwise specified by the board of directors. The directors' awards cannot be redeemed until the director retires from the board. On October 30, 2023, the Board of Directors of the Company resolved that only those directors who have not met their ownership requirements must receive a portion of their base retainer in the form of DSU awards.

(Expressed in U.S. Dollars)

16. Earnings per Share

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

	Six-month period ended April 30, 2024	Six-month period ended April 30, 2023	Three-month period ended April 30, 2024	Three-month period ended April 30, 2023
	$	$		
Basic				
Net earnings	1,356,397	3,833,207	506,522	2,243,708
Weighted average number of shares outstanding	6,348,968	6,406,403	6,377,157	6,424,638
Basic earnings (loss) per share	0.21	0.60	0.08	0.35
Diluted				
Net earnings	1,356,397	3,833,207	506,522	2,243,708
Weighted average number of shares outstanding	6,605,195	6,678,697	6,637,023	6,706,509
Diluted earnings (loss) per share	0.21	0.57	0.08	0.33

17. Operating Expenses

The table below identifies the composition of the nature and amounts included within the operating expenses presented in the condensed interim consolidated statements of income and comprehensive income for the three and six-month periods ended on April 30, 2024 and 2023.

	Six-month period ended April 30, 2024	Six-month period ended April 30, 2023	Three-month period ended April 30, 2024	Three-month period ended April 30, 2023
	$	$	$	$
Salaries and benefits	18,486,517	15,660,694	8,934,672	7,656,318
Postage and shipping	4,752,372	5,707,552	2,724,012	3,599,068
Legal and professional	1,353,598	1,368,797	684,254	708,541
Stock based compensation	1,083,046	957,788	401,421	280,633
Information technology	1,998,721	1,334,798	1,055,248	677,957
Bank service charges	1,167,792	1,176,525	621,977	649,648
Losses and shortages	476,007	937,932	320,378	496,297
Rent	982,763	822,120	463,877	425,842
Insurance, taxes and licensing	585,319	590,251	282,444	271,165
Travel and entertainment	325,992	493,712	169,970	266,965
Foreign exchange losses (gains)	289,847	(464,733)	327,361	(328,000)
Other general and administrative	634,570	518,444	291,279	247,416
Operating expenses	**32,136,544**	**29,103,880**	**16,276,893**	**14,951,850**

(Expressed in U.S. Dollars)

18. Compensation of Key Management Personnel and Related Party Transactions

In accordance with Related Party Disclosures (IAS 24), key management personnel are those persons having authority and responsibility for planning, directing, and controlling activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and other members of key management personnel during the three and six-month periods ended on April 30, 2024 and 2023 was as follows:

	Six-month periods ended April 30, 2024	Six-month periods ended April 30, 2023	Three-month periods ended April 30, 2024	Three-month periods ended April 30, 2023
	$	$	$	$
Short-term benefits	2,543,258	2,208,156	1,159,594	1,109,314
Post-employment benefits	107,552	90,957	49,109	45,530
Stock based compensation	232,477	47,861	59,736	21,713
Restricted and Deferred Share Units	846,241	900,443	563,534	254,301
Total	**3,729,528**	**3,247,417**	**1,831,973**	**1,430,858**

The Company incurred legal and professional fees in the aggregate of $29,547 and $66,748 for the three and six-month periods ended April 30, 2024 (April 30, 2023, $30,208 and $72,257) charged by entities controlled by directors or officers of the Company.

The Company has clients that are considered related parties through one of its directors. The Company generated $222,000 and $272,417 in revenue from these clients' activities for the three and six-month period ended April 30, 2024 (April 30, 2023, $113,754 and $172,257). As at April 30, 2024, accounts receivable included $Nil from related parties (April 30, 2023, $924,515).

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

The Company supports EBC through a $20,000,000 revolving line of credit, renewed July 18, 2018, which attracts interest commensurate with interest charged on the Company's primary line of credit with BMO Harris N.A., are repayable on demand, and are unsecured. At April 30, 2024, the intercompany loan balance was $12,735,199 (October 31, 2023, $10,642,528) and was eliminated upon consolidation.

Key management personnel and directors occasionally conduct transactions with the Company as individuals. Such transactions are immaterial individually and in total including for the three and six-month periods ended April 30, 2024 and 2023 and are conducted pursuant to the Company's policies.

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

(Expressed in U.S. Dollars)

19. Other Current Assets

	April 30,2024	October 31, 2023
	$	$
Prepaid rent	4,595	6,527
Prepaid personnel	3,686	6,600
Prepaid software as a service	789,878	687,216
Prepaid insurance	398,978	856,992
Prepaid advertising	-	15,898
Other current assets	764,248	277,584
Total	**1,961,385**	**1,850,817**

20. Subsequent Events

The Company evaluated subsequent events through June 12, 2024, the date these condensed interim consolidated financial statements were issued.

There were no material subsequent events that required recognition or additional disclosure in these condensed interim consolidated financial statements.