INPUT CAPITAL

Condensed Interim Consolidated Financial Statements

For the three and six months ended
March 31, 2021 and 2020

(Unaudited)

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, Input Capital Corp. discloses that its auditors have not reviewed the unaudited condensed interim consolidated financial statements for the six month periods ended March 31, 2021 and 2020.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited)

	Note	As at March 31, 2021	As at September 30, 2020
ASSETS			
Current			
Cash		$ 20,415,885	$ 27,234,152
Accounts receivable		2,145,064	682,081
Inventories		60,961	-
Crop interests	6	609,497	1,292,949
Other financial assets	4	989,577	74,540
Assets held for sale	7	5,465,537	5,890,454
Prepaid expenses		242,473	134,661
Mortgages and loans receivable	8	1,033,711	2,460,396
		$ 30,962,705	$ 37,769,233
Non-current			
Crop interests	6	$ 11,648,186	$ 13,103,231
Deferred income tax assets		3,389,075	3,681,421
Property and equipment	9	852,997	125,480
Intangible assets	10	9,138,125	-
Goodwill	10	9,416,321	-
Mortgages and loans receivable	8	22,559,061	27,221,901
		$ 87,966,470	$ 81,901,266
LIABILITIES			
Current			
Accounts payable and accrued liabilities		$ 3,439,824	$ 2,999,639
Income tax payable		6,047	-
Obligation under lease	11	29,001	126,132
Contract Liabilities	16	67,500	-
Long-term debt	13	197,674	211,091
		$ 3,740,046	$ 3,336,862
Non-current			
Obligation under lease	11	$ 274,921	$ -
Long-term debt	13	5,826,454	7,536,454
Deferred income tax liability		2,126,547	-
		$ 8,227,922	$ 7,536,454
EQUITY			
Share capital	14	$ 81,554,182	$ 75,799,235
Contributed surplus		4,074,339	4,049,015
Deficit		(9,630,019)	(8,820,300)
		$ 75,998,502	$ 71,027,950
		$ 87,966,470	$ 81,901,266

ON BEHALF OF THE BOARD

"Douglas Emsley", Director

"David H. Laidley", FCPA, FCA, Director

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

(Unaudited)

	Note	Three months ended March 31, 2021	Three months ended March 31, 2020	Six months ended March 31, 2021	Six months ended March 31, 2020
Revenue					
Agriculture	16	$ 2,654,838	$ 10,416,811	$ 7,540,275	$ 23,226,276
Security	16	2,492,673	-	2,492,673	-
		$ 5,147,511	$ 10,416,811	$ 10,032,948	$ 23,226,276
Expenses					
Direct security expenses		$ 1,945,931	$ -	$ 1,945,931	$ -
Corporate administration	19	1,469,281	704,773	1,394,461	1,636,347
Interest expense	13	80,280	220,112	165,858	516,490
Purchase of crop and other direct expenses	17	3,226,071	6,291,832	5,559,748	10,366,535
Realization of crop interests	17	1,117	2,732,979	1,891,901	9,951,621
		$ 6,722,680	$ 9,949,696	$ 10,957,899	$ 22,470,993
Other income (loss)					
Gain from settlement of crop interests	18	$ 420,299	$ 361,742	$ 624,760	$ 580,870
Gain on sale of asset held for sale		221,118	64,004	375,871	64,004
Realized gain (loss) on futures and options	6	-	(146)	-	177,130
Other income (loss)		106,002	(50,808)	183,144	(4,418,075)
		$ 747,419	$ 374,792	$ 1,183,775	$ (3,596,071)
Profit (loss) before the undernoted		$ (827,750)	$ 841,907	$ 258,824	$ (2,840,788)
Impairment and expected credit recovery	4	31,362	481,928	29,996	525,389
Unrealized market value gain (loss)	4	980,142	(73,735)	917,354	1,249,525
Net income (loss) before income tax		$ 183,754	$ 1,250,100	$ 1,206,174	$ (1,065,874)
Income tax (expense) recovery	20	(66,381)	(346,553)	(349,956)	260,858
Net income (loss) and comprehensive income (loss)		$ 117,373	$ 903,547	$ 856,218	$ (805,016)
Basic income (loss) per share	15	$ 0.00	$ 0.01	$ 0.02	$ (0.01)
Fully diluted income (loss) per share	15	0.00	0.01	0.01	(0.01)

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

Cash flow from (applied to)	Note	Three months ended March 31, 2021	Three months ended March 31, 2020	Six months ended March 31, 2021	Six months ended March 31, 2020
Operating activities					
Net income (loss) for the period		$ 117,373	$ 903,547	$ 856,218	$ (805,016)
Adjustments					
Amortization of capital and intangible assets		108,536	10,533	112,941	21,087
Deferred share unit expense (recovery)	24	201,707	(70,722)	(750,154)	(35,407)
Income tax expense (recovery)	20	66,381	346,553	349,956	(260,858)
Income tax received (paid)		(32,722)	-	(32,722)	-
Interest revenue		(538,595)	(951,869)	(1,147,679)	(2,125,901)
Interest received		97,156	2,313,453	2,390,642	4,687,930
Realization of crop interests	6	511,779	3,365,971	3,028,082	10,775,888
Share based payments		11,277	32,081	39,133	99,732
Gain from settlement of crop interests		(420,299)	(221,076)	(624,760)	(440,204)
Gain from sale of assets held for sale		(221,118)	(64,004)	(375,871)	(64,004)
Other income	6	(57,017)	127,652	(67,585)	4,558,341
Realized loss (gain) on crop futures and options		-	146	-	(177,130)
Impairment and expected credit recovery	4	(31,362)	(481,928)	(29,996)	(525,389)
Unrealized market value (gain) loss	4	(980,142)	73,735	(917,354)	(1,249,525)
Changes in non-cash working capital	22	144,167	(2,324,632)	(207,916)	(1,782,492)
Cash generated from operating activities		$ (1,022,879)	$ 3,059,440	$ 2,622,935	$ 12,677,052
Investing activities					
Acquisition of crop interests		(6,992)	(1,218,538)	(1,836,876)	(4,836,342)
Proceeds from buy back of crop interests		364,383	5,215,969	810,585	6,179,247
Proceeds from contracts in restructuring and/or security realization		499,399	408,676	763,789	873,815
Proceeds from the sale of assets held for sale		1,273,282	345,105	1,600,787	345,105
Proceeds from repayment of mortgages and loans receivable		3,460,301	15,721,620	4,607,146	16,775,608
Net proceeds (cost) of futures and options		-	(146)	-	184,420
Purchase of capital and intangible assets		(4,431)	-	(4,432)	-
Acquisition of subsidiary, net of cash acquired	5	(11,241,187)	-	(11,241,187)	-
Cash received from (applied to) investing activities		$ (5,655,245)	$ 20,472,686	$ (5,300,188)	$ 19,521,853
Financing activities					
Dividends paid		(535,285)	(619,197)	(1,057,288)	(1,256,715)
Interest expense		77,235	220,112	162,813	516,490
Interest paid		-	(9,479)	(168,375)	(512,683)
Repayment on revolving credit facility	12	-	-	-	(5,404,008)
Net draws (repayment) on long-term debt	13	(1,710,000)	(1,141,637)	(1,723,417)	(1,124,137)
Purchase of common shares		(247,744)	(265,400)	(1,398,536)	(1,609,036)
Proceeds from shares issued		43,789	-	43,789	-
Cash applied to financing activities		$ (2,372,005)	$ (1,815,601)	$ (4,141,014)	$ (9,390,089)
Increase (decrease) in cash		(9,050,129)	21,716,525	(6,818,267)	22,808,816
Cash – beginning of the period		29,466,014	12,531,751	27,234,152	11,439,460
Cash - end of the period		$ 20,415,885	$ 34,248,276	$ 20,415,885	$ 34,248,276

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Unaudited)

	Note	Share Capital Number		Share Capital Amount		Contributed Surplus Share Options		Deficit		Total
At September 30, 2019	14	63,751,757	$	83,034,919	$	3,884,368	$	(6,319,129)	$	80,600,158
NCIB shares purchased for cancellation		(2,216,100)	$	(1,609,036)	$	-	$	-	$	(1,609,036)
Share based payment – options		-		-		99,732		-		99,732
Dividends		-		-		-		(1,234,554)		(1,234,554)
Total comprehensive loss		-		-		-		(805,016)		(805,016)
At March 31, 2020	14	61,535,657	$	81,425,883	$	3,984,100	$	(8,358,699)	$	77,051,284
NCIB shares purchased for cancellation		(588,504)	$	(433,568)	$	-	$	-	$	(433,568)
SIB shares purchased for cancellation		(7,418,686)		(5,193,080)		-		-		(5,193,080)
Share based payment – options		-		-		64,915		-		64,915
Dividends		-		-		-		(535,866)		(535,866)
Total comprehensive income		-		-		-		74,265		74,265
At September 30, 2020	14	53,528,467	$	75,799,235	$	4,049,015	$	(8,820,300)	$	71,027,950
NCIB shares purchased for cancellation		(1,602,409)	$	(1,398,535)	$	-	$	-	$	(1,398,535)
Options exercised		54,867		57,597		(13,809)		-		43,788
Share based payment – options		-		-		39,133		-		39,133
Dividends		-		-		-		(1,665,937)		(1,665,937)
Acquisition of subsidiary	5	8,883,930		7,095,885		-		-		7,095,885
Total comprehensive income		-		-		-		856,218		856,218
At March 31, 2021	14	60,864,855	$	81,554,182	$	4,074,339	$	(9,630,019)	$	75,998,502

1. Nature of operations

Input Capital Corp. (the "Company" or "Input") was founded as a Canadian Grain Commission licensed and bonded grain dealer to acquire canola from western Canadian farmers through multi-year canola streaming contracts. In return for providing capital for land financing and/or working capital purposes, the Company received the right to receive and/or purchase a specified number of tonnes of canola each year over the life of the agreement. The Company is no longer offering agriculture streaming contracts but continues to provide services to existing clients until their contracts with the Company mature. The Company's shares are publicly traded on the TSX Venture Exchange, under the symbol "INP".

On February 1, 2021, the Company completed the acquisition of SRG Security Resource Group Inc. ("SRG"), which provides world-class cyber security and physical protective security services across Canada (see note 5). The Company will back the growth of SRG while running off the legacy agriculture business. SRG is now a wholly-owned subsidiary of the Company that will operate as a stand-alone entity.

The agriculture segment of the Company's business is subject to a high degree of seasonality. The Company's agriculture revenue is received from crop deliveries and sales over several months after the harvest has been completed. The Company normally expects to recognize the majority of its annual agriculture revenues during its first and second fiscal quarters.

The head office of the Company is located at 300 – 1914 Hamilton Street, Regina, Saskatchewan, S4P 3N6. The Company's registered and records office is located at 800 – 1801 Hamilton Street, Regina, Saskatchewan, S4P 4B4.

These unaudited condensed consolidated financial statements were authorized for issue by the Board of Directors on May 17, 2021.

2. Basis of presentation

A. STATEMENT OF COMPLIANCE

These unaudited condensed consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Committee ("IFRIC"). They do not include all the information required for a complete set of IFRS consolidated financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last audited annual financial statements as at and for the period ended September 30, 2020.

B. BASIS OF MEASUREMENT

These unaudited condensed consolidated financial statements have been prepared on a historical cost basis except for the following material items in the consolidated statement of financial position:

- Financial instruments that are accounted for according to the financial instrument categories defined in Note 4.
- Share purchase options and deferred share units that are accounted for according to the share-based payments criteria defined in Note 3O.
- Assets held for sale are held at the lower of carrying value and fair value as defined in Note 3G.

C. BASIS OF CONSOLIDATION

The condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, SRG. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases. All intercompany transactions and balances have been eliminated. All subsidiaries have a reporting date of September 30th.

D. FUNCTIONAL AND PRESENTATIONAL CURRENCY

The unaudited condensed consolidated financial statements are presented in Canadian dollars, the functional currency of the Company, and all values are rounded to the nearest dollar with the exception of share and per share value.

E. USE OF ESTIMATES AND JUDGMENTS

The preparation of unaudited condensed consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ materially from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected.

Significant areas requiring the use of management estimates are further described in the following summary of significant accounting policies and notes:

- Fair value of financial instruments
- Expected credit losses; and
- Estimates of future taxable income

Areas of judgement in applying accounting policies that have the most significant effect on the amount recognized in the unaudited condensed consolidated financial statements include:

- Classification and measurement of financial instruments including the business model applied;
- Assessing staging of mortgages for purposes of estimating expected credit losses; and
- Recovery of deferred tax assets.
- Identification of the fair values of assets and liabilities acquired in a business combination

3. *Significant accounting policies*

The accounting policies set out below have been applied consistently to all periods presented in these unaudited condensed consolidated financial statements. Accounting policies have been expanded to reflect the impact of the acquisition of the security business as described in note 5.

A. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The International Accounting Standards Board ("IASB") issued a number of new and revised accounting standards which are effective for future periods. Standards required to be applied and that may have an impact for Input are outlined below:

Proposed Standard	Description	Effective Date	Expected Impact
Amendments to IAS 1 - Classification of liabilities	The amendment provides clarification on the requirement on determining if a liability is current or non-current.	Fiscal years beginning on or after January 1, 2023, applied prospectively.	The Company does not expect any significant impact on the consolidated financial statements, but continues to do analysis.
Amendment to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets	The amendment provides clarification on the types of costs that can be include when fulfilling an onerous contract.	Fiscal years beginning on or after January 1, 2022 applied prospectively.	The Company does not expect any significant impact on the consolidated financial statements, but continues to do analysis.

The Company is reviewing these standards to determine the potential impact, if any, on its consolidated financial statements.

B. BUSINESS COMBINATION

The Company accounts for business combinations using the acquisition method of accounting. Only acquisitions that result in the Company gaining control over the acquired businesses are accounted for as business combinations. The Company has control over an entity when it is exposed to variable returns from its involvement with the acquired entity, and the Company has the ability to affect those returns through its power over the acquired entity.

The Company measures goodwill as the fair value of the consideration transferred less the net recognized amount of the identifiable assets acquired and liabilities assumed, which are generally measured at fair value as of the acquisition date. Consideration transferred includes the fair value of the assets transferred, liabilities incurred by the Company on behalf of the acquiree, and any equity interests issued by the Company. Consideration transferred may also include the fair value of any contingent consideration.

The Company expenses the transaction costs associated with acquisitions as they are incurred.

C. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (“CODM”). The CODM is the person or persons who are responsible for allocating resources and assessing performance of the operating segments. The CODM for the Company has been identified as the President and Chief Executive Officer. Input follows the same accounting policies for each segment as those described in the notes to the consolidated financial statements. Transactions between reportable segments are accounted for in the same manner Input accounts for transactions with external parties, but eliminated upon consolidation. The Company's property and equipment are held exclusively in Canada as at March 31, 2021 and March 31, 2020.

D. CROP INTERESTS

Crop interests are agreements for which settlements are called for in tonnes of crop, the amount of which is determined based on terms in the crop purchase agreements which are capitalized on a contract by contract basis and are recorded at fair value. Under IFRS 9, crop interests do not meet the own-use scope exemption and cash flows are not solely payments of principal and interest. As such, crop interests are carried at fair value through profit or loss. At each reporting date the fair value of each contract is calculated using internal discounted cash flow models that rely on forward commodity pricing provided by independent sources. Other variables that impact the fair value of crop interests include the timing of the delivery of the crop, changes in expected costs of realizing on the contract, changes in credit risk, and changes in the risk free interest rate. Subsequent changes in fair value are recognized in profit or loss in unrealized market value gain or loss. Realized gains and losses that result from the sale are recognized in profit or loss in realization of crop interests.

E. REALIZATION OF CROP INTERESTS

The initial upfront payment allocated to crop interests is capitalized. Upfront payments are refundable deposits allocated to crop interests and are recorded as realization of crop interests on a proportionate contractual unit basis as sales are recorded for each specific contract. Crop payments are recorded as realization of crop interests on a unit basis as sales are recorded for each specific contract. Realized market value gains and losses that result from the sale of tonnes of crop are recognized in profit or loss in realization of crop interests. Realized market value gains and losses that result from contract buy backs are recognized in profit or loss as a gain (loss) from settlements of crop interests.

F. OTHER FINANCIAL ASSETS (LIABILITIES)

Other financial assets (liabilities) includes delivery and basis price contracts with grain companies, farmers and canola crushing facilities. These contracts are generally settled by delivery of tonnes or in cash. At each reporting date the fair value of each contract is calculated using current and future pricing provided by independent sources. Subsequent changes in fair value of these financial instruments are recognized in profit or loss in unrealized market value adjustments.

Part of the Company's crop marketing program involves the purchase of crop futures and options contracts to maintain an open pricing position. These contracts are settled in cash and at each reporting date the fair value of open contracts is calculated using current crop pricing provided by independent sources. Subsequent changes in fair value of these derivative financial instruments are recognized in profit or loss in unrealized market value adjustments. Realized gains and losses relating to these contracts are recognized in realized gain (loss) on crop futures and options.

G. ASSETS HELD FOR SALE

Assets held for sale consists of land and other assets registered in the Company's name resulting from the Company enforcing security under contracts being terminated or as a result of contract buy backs. These assets are recorded at the lower of carrying value and fair value less costs to sell based on quoted market prices for similar assets with an offsetting reduction in crop interests. These assets are expected to be sold in the near term. Subsequent changes in the fair value, if any, are recorded in income.

H. MORTGAGES AND LOANS RECEIVABLE

Mortgages and loans receivable include mortgages and other loans that contain fixed and determinable payments. Input's business model is to hold the mortgages and loans receivable to collect principal and interest payments. Under IFRS 9, these assets qualify for the solely payments of principal and interest model. Upon initial recognition, these are recognized at fair value. Subsequently these assets are carried at amortized cost less expected credit losses. Interest revenue is recorded on an effective interest basis.

An impairment loss for mortgages and loans receivable measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. Losses are recognized in net earnings or loss. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of a previous impairment loss to reverse or partially reverse, the decrease in impairment is reversed through net earnings or loss.

I. PROPERTY AND EQUIPMENT

Property and equipment are reported at acquisition cost less accumulated amortization and impairment losses. Amortization is calculated over the estimated useful lives of the assets using the following rates and methods:

Furniture and fixtures	20%	Declining balance
Computer hardware	30-55%	Declining balance
Managed security services equipment	1-5 years	Straight-line
Vehicles	60%	Declining balance
Leasehold improvements	Lease term	Straight-line
Computer software	5 years	Straight-line
Right-of-use asset	Lease term	Straight-line

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in other income (loss). Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

J. INTANGIBLE ASSETS

Upon initial recognition, the Company measures intangible assets at cost unless they are acquired through a business combination, in which case they are measured at fair value. The Company begins recognizing amortization on intangible assets with finite useful lives when the asset is ready for its intended use. Subsequently, the asset is carried at cost less accumulated amortization and accumulated impairment losses.

The Company does not amortize intangible assets with indefinite lives, including acquired trade names.

The Company amortizes intangible assets with finite useful lives into amortization (within Corporate administration) on the Consolidated Statements of Income (Loss) on a straight-line basis over their estimated useful lives as noted below. These intangible assets are tested for impairment whenever events or changes indicate that their carrying amount may not be recoverable. Useful lives, residual values and amortization methods for these intangible assets with finite useful lives are reviewed at least annually. Intangible assets recognized by the Company with finite useful lives include:

Customer relationships	16 years	Straight-line

K. GOODWILL

Goodwill arising on business combinations is recognized as an asset at the date that control is acquired. Goodwill is measured at cost less any accumulated impairment losses and is not amortized but is tested for impairment on an annual basis or more frequently if there are indicators of impairment (see note 3P). The cost of goodwill is calculated as the excess of purchase price of the acquired business over the estimated fair value of the tangible and intangible assets acquired and liabilities assumed at the date of acquisition and is allocated to the cash generating unit ("CGU") expected to benefit from the acquisition. A CGU is the smallest group of assets for which there are separate identifiable cash flows.

L. INCOME TAXES

Taxation on earnings comprises current and deferred income tax. Taxation is recognized in the consolidated statement of net income (loss) and comprehensive income (loss) except to the extent that it relates to items recognized in equity, in which case the tax is recognized directly in equity.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

M. REVENUE RECOGNITION

Revenue is recognized upon transfer of control of promised products and services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. The Company determines the amount of revenue to be recognized through application of the following steps:

- identify the contract with a customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract; and
- recognize revenue when (or as) the entity satisfies the performance obligation.

The Company recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts within liabilities in the statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognizes either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due. Amounts are billed in accordance with the terms of each customer contract, generally subsequent to the performance of obligations and related revenue recognition.

Security revenue is recognized upon transfer of control of the promised services to customers in an amount that reflects the consideration the Company expects to receive in exchange for the services. The Company's contracts may include multiple services which are generally capable of being distinct and accounted for as separate performance obligations. For professional services contracts billed on fixed price basis, revenue is recognized over time based on the proportion of services performed.

Crop revenue includes the sale of canola and other crops in Canada to grain elevators and canola crushing facilities. Revenue is recognized when a customer obtains control of the goods or services which occurs when the crop is delivered to and has been accepted on the customers' premises. Crop revenue is recognized at a point in time and amounts owing are usually paid shortly after delivery. Discounts are only assessed when the quality of the crop delivered does not meet the contracted quality specified.

IFRS 15 requires the treatment of certain costs directly incurred in acquiring customer contracts to be recognized as an asset and amortized over time consistent with the pattern of transfer of the goods or services to which the asset relates. In instances where the contract term is longer than 12 months, the Company recognizes these costs as an asset and amortizes the costs into expenses over time consistent with the pattern of transfer of the goods or services to which the asset relates.

Interest revenue on mortgages and loans receivable and interest on accounts receivable is recorded on an effective interest basis.

N. NET SETTLEMENT OF CROP INTERESTS

In addition to regular crop deliveries, crop tonnage obligations outstanding on crop streaming contracts may also be settled by the farm operator directly through payment in cash, through cash proceeds received from crop insurance, through a conventional mortgage receivable with the Company, through a receivable agreement with the Company, or through a land transfer to the Company. These transactions do not result in the title and risk of the crop passing to a purchaser from Input and are considered to be the settlement of a financial asset with the farm operator. As a result, these transactions are not recorded as crop revenue. When cash proceeds are not received as the means of settlement, the transaction is valued at fair value. These transactions are recorded as a gain or loss from settlements of crop interests on the statement of income or loss.

O. SHARE BASED PAYMENTS

The Company recognizes share based compensation expense for all share purchase options awarded to employees, officers and directors based on the fair values of the share purchase options at the date of grant. The fair value of share purchase options at the date of grant is expensed over the vesting period of the options with a corresponding increase to equity in contributed surplus. The fair value of share purchase options is determined using the Black-Scholes option pricing model with market related inputs as of the date of grant. At the end of each reporting period, the Company re-assesses its estimates of the number of awards that are expected to vest and recognizes the impact of any revisions to this estimate in the statement of income or loss.

The Black-Scholes model requires management to estimate the expected volatility and term of the equity instrument, the risk-free rate of return over the term, expected dividends, and the number of equity instruments expected to ultimately vest. Volatility is estimated using the historical stock price of the Company, the expected term is estimated using historical exercise data, and the expected number of equity instruments expected to vest is estimated using historical forfeiture data. If and when share-based awards are ultimately exercised, the applicable amounts in Contributed Surplus are transferred to Share Capital.

The Company has a Deferred Share Unit Plan (the “DSU Plan”) whereby the Company grants deferred share units ("DSUs") to eligible directors. The DSUs are cash-settled payment transactions and are valued at the fair value of the rights based on the closing share price at the end of the reporting period.

P. IMPAIRMENT OF NON-FINANCIAL ASSETS

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly. In measuring value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects the risks specific to the asset. Impairment testing of goodwill and indefinite life intangible assets is done annually in Q4, or when there are indicators of impairment.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the CGU. If the Company's estimates of the asset's or CGU's recoverable amount is less than its carrying amount, the Company reduces its carrying amount to the recoverable amount and recognizes the loss in net income immediately. An impairment loss of an asset is reversed only if there have been changes in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognized. Reversal of an impairment loss is limited to the lower of the carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the asset in prior years, and its recoverable amount. The reversal of impairment loss of an asset is recognized in profit and loss.

Q. LEASES

At inception of a lease contract, the Company assesses whether the contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease liability at the beginning of the lease. This is initially measured based on 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 on which it is located, less any lease incentives received. The Company then amortizes this right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits.

The Company initially measures the lease liability at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company uses the incremental borrowing rate. At each reporting period, the Company adjusts the balance using the effective interest method. The lease liability may also be remeasured when there is a change in future lease payments arising from a change in an index or rate, or if management changes its assessment of whether it will exercise a purchase, extension, or termination option.

As permitted under IFRS 16, the Company has elected to not recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. For these short-term leases, the Company recognizes the lease payments as an expense on a straight-line basis over the lease term.

4. Financial instruments

CAPITAL RISK MANAGEMENT - The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the capital structure. The Company's capital consists of $75,998,502 (September 30, 2020 - $71,027,950) of equity attributable to common shareholders, comprised of issued capital (Note 14), contributed surplus (Note 14), and accumulated deficit.

CREDIT RISK MANAGEMENT - The Company’s assets subject to credit risk include cash, accounts receivable in the ordinary course of business, mortgages and loans receivable and crop interests. Management’s view is that the carrying amounts of these assets represent the maximum credit exposure.

The carrying amount of these assets is:

	March 31, 2021	September 30, 2020
Cash	$ 20,415,885	$ 27,234,152
Accounts receivable	2,145,064	682,081
Crop interests (Note 6)	12,257,683	14,396,180
Mortgages and loans receivable (Note 8)	23,592,772	29,682,297
	$ 58,411,404	$ 71,994,710

Management has implemented a number of policies and procedures to manage credit risk. These include: continuously monitoring counterparties' creditworthiness, assignments of collateral and security, and assignment of crop insurance. For the remaining agriculture contracts management also monitors the agriculture environment to ensure that policies, activities and prices are appropriate and relevant.

COMMODITY PRICE RISK - The Company’s financial results may be significantly affected by fluctuations in the price of crops. The price of crops is affected by numerous factors beyond the Company’s control, including but not limited to, interest rates, exchange rates, inflation or deflation, fluctuation in the value of foreign currencies, global and regional supply and demand, and the political and economic conditions of major countries throughout the world.

LIQUIDITY RISK - The Company manages liquidity risk through ongoing management and forecasting of cash flows, budgeting, and equity financings. Cash flow forecasting is performed to monitor cash requirements and to manage capital management decisions. Such forecasting takes into account current customers, mortgage amortization schedules, contractual obligations and the Company’s expectations. The term and payment dates of the Company's borrowings are generally matched with the timing at which it is expected to receive crop deliveries or payments from it's customers. However, should the timing of payments differ from what is contracted, this does not change the requirement to repay loans from the bank, potentially affecting liquidity. It is due to these timing uncertainties that the Company maintains a high level of cash liquidity on an ongoing basis.

Crop purchase agreements contain obligations in that the Company agrees to purchase crop at a specified price at a future date. A summary of the payments due by period is summarized below:

	Payment due by period				
	< 1 year	1 - 3 years	4 - 5 years	> 5 years	Total
Purchase obligations	$ 5,021,181	$ 108,119	$ -	$ -	$ 5,129,300

Financial liabilities and other contractual obligations at March 31, 2021, and their maturities are summarized below:

	Payment due by period				
	< 1 year	1 - 3 years	4 - 5 years	> 5 years	Total
Accounts payable and accrued liabilities	$ 3,439,824	$ -	$ -	$ -	$ 3,439,824

Long-term debt repayment and interest obligations at March 31, 2021 are summarized below:

	Payment due by period				
	< 1 year	1 - 3 years	4 - 5 years	> 5 years	Total
Long-term debt principal and interest repayments	$ 338,465	$ 6,359,897	$ -	$ -	$ 6,698,362

INTEREST RATE RISK - The company has mortgages and loans receivable that are measured at amortized cost and contain a fixed interest rate. There is no variability in cash flow amounts or timing of cash flows with changes in interest rates, however, there are changes in the fair value of these financial assets.

At each reporting date the fair value of each crop interest contract is calculated using internal discounted cash flow models that rely on forward commodity pricing provided by independent sources. Changes in interest rates impact the fair value of these crop interests.

OTHER RISKS - The Company is not subject to other significant foreign currency, or other price risks.

The ongoing effect of the COVID-19 pandemic and uncertainty within international markets did not materially impact the Company's financial performance for the six months ended March 31, 2021 but may in the future. The financial impact will be dependent on the spread and duration of the pandemic and on related restrictions and government advisories. Given this uncertainty, the financial impact on the Company, if any, cannot be determined at this time.

FAIR VALUE - The following sets forth the Company’s financial assets and liabilities measured at fair value by level within the fair value hierarchy. As required by IFRS 9, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Classification	Level	March 31, 2021	September 30, 2020
Cash	Amortized cost	1	$ 20,415,885	$ 27,234,152
Accounts receivable	Amortized cost	2	2,145,064	682,081
Other financial assets (liabilities)	Fair value through profit or loss	2	989,577	74,540
Crop interests	Fair value through profit or loss	3	12,257,683	14,396,180
Mortgages and loans receivable	Amortized cost	2	23,592,772	29,682,297
Accounts payable and accrued liabilities	Other financial liabilities	2	3,439,824	2,999,639
Long-term debt	Other financial liabilities	2	6,024,128	7,747,545

The following table represents the change in fair values recognized in the statement of net loss and comprehensive loss.

	Three months ended March 31, 2021	Three months ended March 31, 2020	Six months ended March 31, 2021	Six months ended March 31, 2020
Other financial assets (liabilities)	$ (1,104,129)	$ 606,061	$ (915,038)	$ (408,171)
Crop interests	123,987	(532,326)	(2,316)	(841,354)
Unrealized market value loss (gain)	$ (980,142)	$ 73,735	$ (917,354)	$ (1,249,525)

The following table represents expected credit losses and impairment losses recognized in the statement of net loss and comprehensive loss.

	Three months ended March 31, 2021	Three months ended March 31, 2020	Six months ended March 31, 2021	Six months ended March 31, 2020
Accounts receivable	$ (55,207)	$ -	$ (80,734)	$ (4,015)
Mortgages and loans receivable	23,845	(481,928)	50,738	(521,374)
Impairment and expected credit recovery	$ (31,362)	$ (481,928)	$ (29,996)	$ (525,389)

The fair value of short-term financial instruments approximates their carrying amounts due to the relatively short period to maturity. These include cash, accounts receivable, and accounts payable and accrued liabilities.

The Company has term debt with Concentra Bank that is secured against the mortgages underlying mortgage streams with Input clients. As March 31, 2021 there was $6,024,128 (September 30, 2020 - $7,747,545) drawn on the $10 million available. The covenants of the term debt include a minimum debt service coverage ratio of 1.5 to 1. At March 31, 2021, the Company met all of its covenants as required by the debt agreement.

Certain liabilities and obligations of the Company are secured by property of the Company including an assignment of the rights of the Company under the streaming contracts and any collateral security granted in favour of the Company in connection with each contract.

5. Business Acquisition

On February 1, 2021, the Company acquired all the outstanding shares of SRG Security Resource Group Inc. (“SRG”) pursuant to a share purchase agreement between Input Capital Corp. and the individual and entity shareholders ("Sellers") of SRG, for an aggregate purchase price of $19,358,128, $12,262,243 paid in cash and the issuance of 8,883,930 common shares in the capital of the Company to the Sellers. Such shares have a fair value of $7,095,885 as at the date of acquisition. There were no finders’ fees payable in connection with this transaction. Acquisition costs in the amount of $265,848 were incurred on this transaction and expensed. This includes professional fees incurred towards financial, tax and legal due diligence.

SRG is a Regina, Saskatchewan-based provider of cyber security and physical protective security service that provides solutions and services to organizations across the country. SRG services include managed security services, information technology services, CCTV monitoring, and security guard and patrol services.

This transaction qualifies as a business combination and was accounted for in accordance with IFRS 3 Business Combinations using the acquisition method of accounting. To account for the transaction, the Company has performed a business valuation of SRG at the date of acquisition and a purchase price allocation.

The following table summarizes the consideration and closing date fair values of the net identifiable assets acquired pursuant to the SRG acquisition:

	February 1, 2021
Cash and cash equivalents	$ 970,675
Accounts receivable and prepaid expenses	2,247,648
Inventory	72,352
Right-of-use asset	308,630
Property and equipment	582,366
Tradename	2,310,000
Customer relationships	6,900,000
Goodwill	9,416,321
Total assets	$ 22,807,992
Accounts payable and accrued liabilities	992,208
Lease liability	308,630
Deferred tax liability	2,149,026
Total liabilities	$ 3,449,864
Net assets acquired	$ 19,358,128
Total consideration	
Cash	$ 12,262,243
Issuance of common shares	7,095,885
	$ 19,358,128

For the two months ended March 31, 2021 following its acquisition, SRG contributed $2,495,229 to consolidated revenues and $213,376 of earnings before income taxes. As at March 31, 2021, the purchase price allocation is still being finalized and is subject to change.

6. *Crop interests and other financial assets (liabilities)*

	March 31, 2021	September 30, 2020
Crop interests:		
Opening balance - date	October 1, 2020	October 1, 2019
Opening balance	$ 14,396,180	$ 28,394,845
Acquisition of crop interests - crop payments	1,836,876	5,343,603
Realization of crop interests	(3,028,082)	(12,421,983)
Settlements on contracts that are in the process of restructuring and or security realization	(763,782)	(2,530,950)
Buy back of crop contracts	(185,825)	(5,416,926)
Market value adjustment	2,316	1,027,591
	$ 12,257,683	$ 14,396,180
Crop interests (including amounts relating to terminated contracts):		
Current	$ 609,497	$ 1,292,949
Non-current	11,648,186	13,103,231
	$ 12,257,683	$ 14,396,180

The fair value of each streaming contract is calculated using internal discounted cash flow models that rely on forward canola and other correlated commodity pricing provided by independent sources. Other variables that impact the fair value of crop interests include the timing of the delivery of the tonnes, changes in expected costs and cash flows associated with the contract, and changes in the risk free interest rate. Included in the market value adjustment as a reduction to the value of crop interests is a cumulative unrealized market value loss of $13,067,807 (September 30, 2020 - loss of $14,137,820) on streaming contracts that are in the process of restructuring and/or security realization relating to changes in the timing and expected net cash flows associated with the settlement of crop delivery obligations.

As at March 31, 2021, there are streaming contracts that are in the process of restructuring and/or security realization. The value of these contracts included in crop interests at March 31, 2021 is $11,136,097 (September 30, 2020 - $11,775,951).

A producer or the Company may negotiate a buy back of a streaming contract. The buy back of crop interests resulted in a gain as disclosed further in Note 18.

Changes in the fair value of other financial assets (liabilities) are recognized in profit or loss in market value adjustment and as follows:

	Three months ended March 31, 2021	Three months ended March 31, 2020	Six months ended March 31, 2021	Six months ended March 31, 2020
Unrealized market value gain (loss)	$ 1,104,129	$ (606,061)	$ 915,038	$ 408,171

Part of the Company's crop marketing program may involve the purchase of crop futures and options contracts to maintain an open pricing position. Included in realized gain (loss) on futures and options is a gain of $nil for the six months ended March 31, 2021 (six months ended March 31, 2020 - gain of $177,130).

7. *Assets held for sale*

Assets held for sale result from Input taking ownership of land and associated fixtures as a result of enforcing security on contracts or as a result of contract buy backs. These assets are expected to be sold in the near term. A continuity schedule of the assets held for sale is presented below:

At September 30, 2019	$	992,771
Increase as a result of assuming ownership of properties underlying a mortgage		5,457,350
Sale of assets held for sale		(281,100)
At March 31, 2020	$	6,169,021
Increase as a result of assuming ownership of properties underlying a mortgage		1,533
Sale of assets held for sale		(280,100)
At September 30, 2020		5,890,454
Increase as a result of assuming ownership of properties underlying a mortgage		800,000
Sale of assets held for sale		(1,224,917)
At March 31, 2021	$	5,465,537

8. *Mortgages and loans receivable*

Mortgages and loans receivable consist of conventional first mortgages and loans secured by land and equipment. A continuity schedule of the mortgages and loans receivable is presented below:

At September 30, 2019	$	59,243,087
Less repayments on mortgages and loans receivable		(19,590,570)
Less settlements of mortgages and loans receivable		(5,441,191)
Decrease in interest receivable on mortgages and loans receivable		(1,552,410)
Decrease in expected credit losses		521,374
At March 31, 2020		33,180,290
Less repayments on mortgages and loans receivable		(1,146,439)
Less settlements of mortgages and loans receivable		-
Increase in interest receivable on mortgages and loans receivable		962,949
Remeasurement of expected credit losses		(3,314,503)
At September 30, 2020		29,682,297
Less repayments on mortgages and loans receivable		(1,469,727)
Less settlements of mortgages and loans receivable		(3,974,833)
Decrease in interest receivable on mortgages and loans receivable		(587,454)
Remeasurement of expected credit losses		(57,511)
At March 31, 2021	$	23,592,772

Interest revenue on mortgages and loans receivable for the six months ended March 31, 2021 was $1,499,701 (six months ended March 31, 2020 - $2,119,887).

The allowance for expected mortgage credit losses as at March 31, 2021 is $518,145 (September 30, 2020 - $1,224,123). The Company continues to assess the probability and amount of credit losses at each reporting date.

Details regarding the expected mortgage credit losses are outlined below:

	Performing (stage 1)	Significant increase in credit risk (stage 2)	Expected credit losses on impaired mortgages (stage 3)	Total
Mortgages and loans receivable - gross carrying value as at September 30, 2020	$ -	$ 27,550,628	$ 3,355,792	$ 30,906,420
Expected credit loss balance on mortgages and loans receivable as at September 30, 2019	-	(3,956)	(2,925,272)	(2,929,228)
Re-measurement	-	3,249	(3,027,253)	(3,024,004)
Recoveries	-	-	282,261	282,261
Transfers to assets held for sale	-	-	4,446,848	4,446,848
Expected credit loss balance on mortgages and loans receivable for the year ended September 30, 2020	-	(707)	(1,223,416)	(1,224,123)
Mortgages and loans receivable - net carrying value as at September 30, 2020	-	27,549,921	2,132,376	29,682,297

	Performing (stage 1)	Significant increase in credit risk (stage 2)	Expected credit losses on impaired mortgages (stage 3)	Total
Mortgages and loans receivable - gross carrying value as at March 31, 2021	$ -	$ 23,294,096	$ 816,821	$ 24,110,917
Expected credit loss balance on mortgages and loans receivable as at September 30, 2020	-	(707)	(1,223,416)	(1,224,123)
Re-measurement	-	707	(58,218)	(57,511)
Write-downs	-	-	69,133	69,133
Transfers to assets held for sale	-	-	694,356	694,356
Expected credit loss balance on mortgages and loans receivable as at March 31, 2021	-	-	(518,145)	(518,145)
Mortgages and loans receivable - net carrying value as at March 31, 2021	-	23,294,096	298,676	23,592,772

Mortgages and loans receivable principal and interest past due are as follows:

	1 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total
As at March 31, 2021	$ 131,316	$ 880	$ 13,160	$ 176,135	$ 321,491

9. *Property and equipment*

The Company's property and equipment are comprised of the following:

September 30, 2020	Cost	Accumulated Amortization	Carrying Amount
Furniture and fixtures	$ -	$ -	$ -
Computer hardware	-	-	-
Managed security services equipment	-	-	-
Vehicles	-	-	-
Leasehold improvements	-	-	-
Software	210,653	206,248	4,405
Property and equipment	$ 210,653	$ 206,248	$ 4,405
Right-of-use asset	411,658	290,583	121,075
Total	$ 622,311	$ 496,831	$ 125,480

March 31, 2021	Cost	Accumulated Amortization	Carrying Amount
Furniture and fixtures	$ 25,493	$ 1,068	$ 24,425
Computer hardware	10,405	820	9,585
Managed security services equipment	345,009	20,080	324,929
Vehicles	92,343	9,205	83,138
Leasehold improvements	109,116	5,488	103,628
Software	215,084	210,653	4,431
Property and equipment	$ 797,450	$ 247,314	$ 550,136
Right-of-use asset	720,288	417,427	302,861
Total	$ 1,517,738	$ 664,741	$ 852,997

The following table summarizes the changes in the net carrying amounts of property and equipment during 2021 and 2020.

	September 30, 2020				March 31, 2021
	Net carrying Amount	Additions	Acquisitions from business combination	Depreciation	Net carrying amount
Furniture and fixtures	$ -	$ -	$ 25,493	$ 1,068	$ 24,425
Computer hardware	-	-	10,405	820	9,585
Managed security services equipment	-	-	345,009	20,080	324,929
Vehicles	-	-	92,343	9,205	83,138
Leasehold improvements	-	-	109,116	5,488	103,628
Software	4,405	4,431	-	4,405	4,431
Property and equipment	$ 4,405	$ 4,431	$ 582,366	$ 41,066	$ 550,136
Right-of-use asset	121,075	-	308,630	126,844	302,861
Total	$ 125,480	$ 4,431	$ 890,996	$ 167,910	$ 852,997

Depreciation expense relating to property and equipment included in the consolidated statement of loss and comprehensive loss is $90,861 and $167,910 for the three and six-month periods ending March 31, 2021 ($83,178 and $166,378 for the three and six-month periods ending March 31, 2020).

The Company currently has one right-of-use asset relating to a lease agreement for corporate office space. At March 31, 2021, the carrying amount of property under lease was $302,861 (September 30, 2020: $121,075), with $54,199 and $126,845 of depreciation included in the consolidated statement of income (loss) for the three and six-month periods ended March 31, 2021 respectively, (March 31, 2020: $72,646 and $145,291 respectively).

10. Goodwill and intangible assets

A. FINITE-LIFE INTANGIBLE ASSETS

	Customer relationships
Cost	
Balance at September 30, 2020	$ -
Acquisition of business (note 5)	6,900,000
Balance at March 31,	$ 6,900,000
Amortization	
Balance at September 30, 2020	-
Amortization charge for the period	71,875
Balance at March 31,	71,875
Carrying Amounts	
Balance at September 30, 2020	$ -
Balance at March 31, 2021	$ 6,828,125

B. GOODWILL AND INDEFINITE-LIFE INTANGIBLE ASSETS

Balance at September 30, 2020	$ -
Goodwill acquired in business acquisition (see note 5)	$ 9,416,321
Tradename	2,310,000
Balance at March 31, 2021	$ 11,726,321

The above intangible assets and goodwill were acquired upon the acquisitions of SRG Security Resource Group Inc. on February 1, 2021. The Company uses estimates in determining the recoverable amount of intangible assets and goodwill. The determination of the recoverable amount for the purpose of impairment testing requires the use of significant estimates including future cash flows, terminal growth rates, and discount rates. Input estimates value in use for impairment tests by discounting estimated future cash flows to their present value. The future cash flows are based on the Company's estimates and expected future operating results of the CGU after considering economic conditions and a general outlook for the CGU's industry. The terminal value is the value attributed to the CGU's operations beyond the projected time period of the cash flows using a perpetuity rate based on expected economic conditions and a general outlook for the industry.

The Company makes certain assumptions when deriving expected future cash flows, which may include assumptions pertaining to discount and terminal growth rates. These assumptions may differ or change quickly depending on economic conditions or other events. It is therefore possible that future changes in assumptions may negatively affect future valuations of CGUs and goodwill, which could result in impairment losses.

The amortization of customer relationships is included in corporate administration expense on the consolidated statements of income and comprehensive income and loss. The useful lives over which these intangible assets are amortized are stated in Note 3 - Significant Accounting Policies.

11. *Obligations under lease*

The lease payments are discounted using the interest rate implicit in the lease, or if that cannot be determined, the Company's incremental borrowing rate.

Balance at September 30, 2020	$	126,132
Additions during the period		308,630
Principal payments on lease liabilities		(134,834)
Interest payments on lease liabilities		3,994
Balance at March 31, 2021	$	303,922
Current portion		29,001
Long-term portion		274,921
Total balance at March 31, 2021	$	303,922

12. *Revolving credit*

The Company previously had up to $15 million in a revolving credit facility with HSBC Bank Canada. In April 2020, the Company repaid all outstanding principal and interest relating to this facility and the facility was cancelled. A continuity schedule of the Company's revolving debt is presented below:

At September 30, 2019	$	5,404,008
Repayments		(5,404,008)
At September 30, 2020 and March 31, 2021	$	-

Interest expense relating to the revolving credit facility for the six months ended March 31, 2021 is $nil (six month ended March 31, 2020 - $66,984).

13. *Long-term debt*

The Company has up to $10 million in five year term debt available from Concentra Bank. The term debt bears a fixed interest rate of 4.33% and interest is payable semi-annually. Principal payments to Concentra are required only when principal payments are received from clients on the underlying mortgages. The debt is secured by mortgages underlying mortgage streams with Input clients. A continuity schedule of the Company's term debt with Concentra is presented below:

At September 30, 2019	$	9,769,601
Repayments		(996,637)
At March 31, 2020		8,772,964
Repayments		(1,025,419)
At September 30, 2020		7,747,545
Repayments		(1,723,417)
At March 31, 2021	$	6,024,128

The Company previously had up to $10 million in revolving debt available from HSBC Bank Canada for mortgage funding purposes. In April 2020, the Company repaid all outstanding principal and interest relating to this facility and the facility was cancelled. A continuity schedule of the Company's mortgage related debt with HSBC is presented below:

At September 30, 2019	$	9,447,319
Advances		17,500
Repayments		(145,000)
At March 31, 2020	$	9,319,819
Repayments		(9,319,819)
At September 30, 2020 and March 31, 2021	$	-

Interest expense relating to the long-term debt for the three months ended March 31, 2021 is $76,895 (three months ended March 31, 2020 - $220,112) and for the six months ended March 31, 2021 is $161,124 (six months ended March 31, 2020 - $516,490). The fair value of the term debt as at March 31, 2021 is $5,698,894 (as at September 30, 2020 - $8,435,431).

14. Share capital, contributed surplus and retained earnings

A. SHARES AUTHORIZED

The Company's authorized share capital consists of an unlimited number of Class "A" common voting shares ("common shares") without par value.

B. SHARES ISSUED AND PURCHASED

	Number of Shares		Share Capital
Common shares - September 30, 2019	63,751,757	$	83,034,919
Shares purchased for cancellation under the normal course issuer bid	(2,216,100)		(1,609,036)
Common shares - March 31, 2020	61,535,657	$	81,425,883
Shares purchased for cancellation under the normal course issuer bid	(588,504)		(433,568)
Shares purchased for cancellation under the substantial issuer bid	(7,418,686)		(5,193,080)
Common shares - September 30, 2020	53,528,467	$	75,799,235
Shares purchased for cancellation under the normal course issuer bid	(1,602,409)		(1,398,535)
Options exercised	54,867		57,597
Acquisition of subsidiary	8,883,930		7,095,885
Common shares - March 31, 2021	60,864,855		81,554,182

The Company has a normal course issuer bid for the repurchase of approximately ten percent of the company's public float in a given year. The normal course issuer bid was renewed on January 4, 2021 and will be active until the earlier of January 3, 2022 and the date by which Input has acquired the maximum shares which may be purchased.

During the six months ended March 31, 2021, the Company bought back 1,602,409 shares under its normal course issuer bid at an average price of $0.87 per share (six months ended March 31, 2020 - 2,216,100 shares at an average price of $0.73). During the six months ended March 31, 2021, the Company cancelled 1,602,409 shares (six months ended March 31, 2020 - 2,400,600).

C. SHARE PURCHASE OPTIONS

The Company has an incentive share purchase option plan (the "Option Plan") whereby the Company may grant share options to eligible employees, officers, directors and consultants at an exercise price, expiry date, and vest over a three year period. Each share option converts into one common share of the Company on exercise.

The following option plans were in existence during the current and prior years:

Option series	Number	Expiry date	Exercise price	Fair value at date of grant
(1) granted on November 28, 2014	37,218	November 28, 2019	$ 2.01	$ 2.01
(2) granted on June 10, 2015	732,100	June 10, 2020	$ 3.05	$ 3.05
(3) granted on November 16, 2015	30,900	November 16, 2020	$ 1.88	$ 1.88
(4) granted on June 8, 2016	912,700	June 8, 2021	$ 2.18	$ 2.18
(5) granted on December 15, 2016	642,900	December 15, 2021	$ 2.00	$ 2.00
(6) granted on December 15, 2017	1,781,000	December 15, 2022	$ 1.54	$ 1.54
(7) granted on December 21, 2018	941,500	December 21, 2023	$ 0.80	$ 0.80
(8) granted on February 18, 2021	430,000	February 18, 2026	$ 0.95	$ 0.95
(9) granted on March 1, 2021	20,000	March 1, 2026	$ 0.94	$ 0.94

The fair value of the stock options is estimated at the grant date based on the Black-Scholes pricing model using the assumptions below. The assumptions below are for options issued since September 30, 2018 and are based on management's best estimates at the time of issuance.

	Option Series		
Inputs into the model	Series 7	Series 8	Series 9
Grant date share price	$ 0.80	$ 0.95	$ 0.94
Exercise price	$ 0.80	$ 0.95	$ 0.94
Average vesting period from grant date	3.00 years	3.00 years	3.00 years
Volatility	53.02%	60.04%	60.04%
Expected life	5.00 years	5.00 years	5.00 years
Dividend yield	5.00%	4.21%	4.26%
Risk free interest rate	1.89%	0.59%	0.81%

Volatility above is calculated based on the daily historical share price volatility over the expected life of the option.

At March 31, 2021, the following options to purchase common shares were outstanding:

		Options outstanding				
Option series	Average remaining life (in years)	Vested	Unvested	Exercised	Expired or cancelled	Total
Series 1	0.00	37,218	-	-	37,218	-
Series 2	0.00	732,100	-	-	732,100	-
Series 3	0.00	30,900	-	-	30,900	-
Series 4	0.19	912,700	-	-	108,900	803,800
Series 5	0.71	642,900	-	-	70,200	572,700
Series 6	1.71	1,781,000	-	-	276,400	1,504,600
Series 7	2.72	713,648	227,852	54,867	430,933	455,700
Series 8	4.89	35,342	394,658	-	-	430,000
Series 9	4.92	1,644	18,356	-	-	20,000
Weighted average	1.73	4,887,452	640,866	54,867	1,686,651	3,786,800

D. DIVIDENDS

The Company declared the following dividends since October 1, 2019 to the shareholders of record on the following dates.

Record date	Dividend per share	Shares outstanding	Total Dividend
December 31, 2019	0.01	61,919,757	619,198
March 31, 2020	0.01	61,535,657	615,357
June 30, 2020	0.01	53,586,471	535,865
November 9, 2020	0.01	53,528,467	535,285
December 31, 2020	0.01	52,200,358	522,004
March 31, 2021	0.01	60,864,855	608,649

15. *Basic and diluted weighted average number of common shares*

Diluted weighted average number of common shares is based on the following:

	Three months ended March 31, 2021	Three months ended March 31, 2020	Six months ended March 31, 2021	Six months ended March 31, 2020
Basic weighted average number of shares	55,090,226	61,786,989	54,224,458	62,431,285
Dilutive securities:				
Share options	3,549,227	4,087,800	3,483,448	4,245,658

When there is a net loss and comprehensive loss the share options are anti-dilutive and therefore the diluted loss per share is the same as the basic loss per share.

16. *Revenue*

A. DISAGGREGATION OF REVENUE

Revenue is recognized in a manner that depicts the transfer of promised goods or services to the customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods and services. Standard 30-day payment terms apply to the majority of accounts receivable for the Company. The table below provides a disaggregation of the Company's overall revenues for the three and six months ended March 31, 2021 and 2020:

	Three months ended March 31, 2021	Three months ended March 31, 2020	Six months ended March 31, 2021	Six months ended March 31, 2020
Agriculture				
Crop revenue (note 17)	$ 2,088,725	$ 9,413,417	$ 6,312,857	$ 21,038,096
Interest revenue	538,595	951,869	1,147,679	2,125,901
Rental revenue	27,518	51,525	79,739	62,279
	$ 2,654,838	$ 10,416,811	$ 7,540,275	$ 23,226,276
Security services				
Physical security services	$ 1,684,092	$ -	$ 1,684,092	$ -
Cyber security services	808,581	-	808,581	-
	$ 2,492,673	$ -	$ 2,492,673	$ -
	$ 5,147,511	**$ 10,416,811**	**$ 10,032,948**	**$ 23,226,276**

Contract liabilities balance at September 30, 2020	**$**	**-**
Additions during the period		94,900
Recognized during the period		(27,400)
Contract liabilities balance at March 31, 2021	**$**	**67,500**
Contract liabilities balance at March 31, 2021 to be recognized in this fiscal year		45,000
Contract liabilities balance at March 31, 2021 to be recognized after this fiscal year		22,500
	$	**67,500**

17. *Crop revenue, purchase of crop and other direct expenses, and realization of crop interests*

Crop revenue, realization of crop interests and other direct expenses for crop sales is presented below:

	Three months ended March 31, 2021	Three months ended March 31, 2020	Six months ended March 31, 2021	Six months ended March 31, 2020
Crop revenue	$ 2,088,725	$ 9,413,417	$ 6,312,857	$ 21,038,096
Realization of crop interests				
Upfront payments	20,999	1,385,830	533,969	4,617,935
Crop payments	8,723	1,283,548	1,313,248	5,096,387
Realized market value expense (gain)	(28,605)	63,601	44,684	237,299
Other direct expenses	3,226,071	6,291,832	5,559,748	10,366,535
Profit (loss) from crop contracts	$ (1,138,463)	$ 388,606	$ (1,138,792)	$ 719,940

18. *Net settlement of crop interests*

The net settlement of crop interests is presented below:

	Three months ended March 31, 2021	Three months ended March 31, 2020	Six months ended March 31, 2021	Six months ended March 31, 2020
Total cash proceeds received for settlement of current crop interests	$ 750,079	$ 1,758,395	$ 1,504,550	$ 1,978,922
Amounts applied to the realization of crop interests				
Upfront payments	92,266	955,192	138,676	1,048,794
Crop payments	420,127	632,782	999,236	730,455
Realized market value expense	(7,550)	-	(7,550)	-
Other direct expenses	(85)	10	-	442
Net settlement of current crop interests	$ 245,321	$ 170,411	$ 374,188	$ 199,231
Gain (loss) on buy-back of non-current crop interests	187,564	217,823	278,844	(10,643)
Realized market value gain (loss) on buyouts	(12,586)	(26,492)	(28,272)	392,282
Gain from settlements of crop interests	$ 420,299	$ 361,742	$ 624,760	$ 580,870

19. *Corporate administration*

The corporate administration expenses (recoveries) of the Company are as follows:

	Three months ended March 31, 2021	Three months ended March 31, 2020	Six months ended March 31, 2021	Six months ended March 31, 2020
Amortization of capital and intangible assets	$ 108,536	10,533	$ 112,941	$ 21,087
Board and executive expenses (recovery)	204,582	(59,256)	(744,321)	(18,902)
Contractors, employee salaries and benefits	516,447	385,743	793,405	839,525
Investor relations and public company costs	31,390	58,445	39,901	71,990
Licenses, dues and filing fees	22,593	24,555	37,000	70,534
Mortgage administration and commissions	17,868	11,093	29,741	20,992
Office expenses	198,328	135,589	311,609	266,720
Professional fees – legal, accounting, tax and collection	358,260	105,990	775,052	264,669
Share option based compensation	11,277	32,081	39,133	99,732
Total corporate administration expense	$ 1,469,281	$ 704,773	$ 1,394,461	$ 1,636,347

20. *Income taxes*

The income tax expense differs from the amounts that would result from applying the federal and provincial income tax rate to the net loss before income taxes. These differences result from the following items:

	Three months ended March 31, 2021	Three months ended March 31, 2020	Six months ended March 31, 2021	Six months ended March 31, 2020
Net income (loss) before income tax	$ 183,754	$ 1,250,100	$ 1,206,174	$ (1,065,874)
Canadian federal and provincial tax rates	27.0%	27.0%	27.0%	27.0%
Income tax (expense) recovery based on the above rates	(49,614)	(337,529)	(325,667)	287,785
Increase due to the tax effect of:				
Non-deductible expenses	(16,767)	(9,024)	(24,289)	(26,927)
Income tax (expense) recovery	$ (66,381)	$ (346,553)	$ (349,956)	$ 260,858

21. *Segment reporting*

Segment reporting is prepared on the same basis that the Company's Chief Executive Officer, who is the Company's Chief Operating Decision Maker, manages the business, makes operating decisions and assesses performance. As at March 31, 2021, Management has determined that the Company operates in two segments: Agriculture, and Security. The Agriculture segment acquires crop from western Canadian farmers through multi-year purchase contracts (streams). In return for providing capital for land financing and/or working capital purposes, the Company receives the right to receive and/or purchase a specified volume of crop from the farmer each year over the life of the agreement. Since May 2019, Input has not deployed capital into new streams and is now focusing on servicing the existing clients until their contracts with the Company mature. The security segment provides cyber security services, along with physical security services to primarily commercial and public sector clients.

Both segments operate substantially in Canada. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The Company accounts for intersegment sales as if they were to external customers.

Segment statements of income and comprehensive income for the three and six-months periods ending March 31, 2021 are included below:

For the three-months ended March 31, 2021

	Agriculture	Security	Total
Revenue	$ 2,654,838	$ 2,492,673	$ 5,147,511
Direct security expenses	$ -	$ 1,945,931	$ 1,945,931
Corporate administration	1,088,720	380,561	1,469,281
Interest expense	77,234	3,046	80,280
Purchase of crop and other direct expenses	3,226,071	-	3,226,071
Realization of crop	1,117	-	1,117
	$ 4,393,142	$ 2,329,538	$ 6,722,680
Other income			
Gain from settlement of crop interests	$ 420,299	$ -	$ 420,299
Gain on sale of asset held for sale	221,118	-	221,118
Other income	106,002	-	106,002
	$ 747,419	$ -	$ 747,419
Profit (loss) before the undernoted	$ (990,885)	$ 163,135	$ (827,750)
Impairment and expected credit recovery	31,362	-	31,362
Unrealized market value gain	980,142	-	980,142
Net income before income tax	$ 20,619	$ 163,135	$ 183,754
Income tax expense	(8,770)	(57,611)	(66,381)
Net income and comprehensive income	$ 11,849	$ 105,524	$ 117,373

For the six-months ended March 31, 2021

	Agriculture	Security	Total
Revenue	$ 7,540,275	$ 2,492,673	$ 10,032,948
Direct security expenses	$ -	$ 1,945,931	$ 1,945,931
Corporate administration	1,013,899	380,562	1,394,461
Interest expense	162,813	3,045	165,858
Purchase of crop and other direct expenses	5,559,748	-	5,559,748
Realization of crop	1,891,901	-	1,891,901
	$ 8,628,361	$ 2,329,538	$ 10,957,899
Other income			
Gain from settlement of crop interests	$ 624,760	$ -	$ 624,760
Gain on sale of asset held for sale	375,871	-	375,871
Other income	183,144	-	183,144
	$ 1,183,775	$ -	$ 1,183,775
Profit before the undernoted	$ 95,689	$ 163,135	$ 258,824
Impairment and expected credit recovery	29,996	-	29,996
Unrealized market value gain	917,354	-	917,354
Net income before income tax	$ 1,043,039	$ 163,135	$ 1,206,174
Income tax expense	(292,345)	(57,611)	(349,956)
Net income and comprehensive income	$ 750,694	$ 105,524	$ 856,218

Segment assets and liabilities as at September 30, 2020 and March 31, 2021 are as follows:

	Agriculture	Security	Total
Segment assets:			
As at September 30, 2020	$ 81,901,266	$ -	$ 81,901,266
As at March 31, 2021	$ 65,005,588	$ 22,960,882	$ 87,966,470
Segment liabilities:			
As at September 30, 2020	$ 10,873,316	$ -	$ 10,873,316
As at March 31, 2021	$ 8,470,738	$ 3,497,230	$ 11,967,968

22. *Supplemental cash flow information*

	Three months ended March 31, 2021	Three months ended March 31, 2020	Six months ended March 31, 2021	Six months ended March 31, 2020
Change in non-cash working capital items				
Accounts receivable	$ 1,398,721	$ (1,679,437)	$ 759,335	$ (2,148,223)
Prepaid expenses	(3,021)	56,912	825	129,524
Accounts payable and accrued liabilities	(1,262,924)	(702,107)	(979,467)	236,207
Inventory	11,391	-	11,391	-
Net increase (decrease) in cash	$ 144,167	$ (2,324,632)	$ (207,916)	$ (1,782,492)

23. *Key management personnel compensation*

Compensation for the Board of Directors and members of the key management team including the President and Chief Executive Officer, the Executive Vice-President and Chief Financial Officer, the Chief Operating Officer, the Vice-President of Ag Services, and the Vice-President of Cyber Security Services are detailed below.

A. KEY MANAGEMENT COMPENSATION

	Three months ended March 31, 2021	Three months ended March 31, 2020	Six months ended March 31, 2021	Six months ended March 31, 2020
Contractors, employee salaries and benefits	$ 249,496	$ 177,458	$ 367,174	$ 396,575
Share based payments	501	738	16,005	68,388
Total key management compensation expense	$ 249,997	$ 178,196	$ 383,179	$ 464,963

B. BOARD COMPENSATION

The Company has a Deferred Share Unit Plan (the “DSU Plan”) whereby the Company grants deferred share units ("DSUs") to eligible directors. Each eligible director is given the opportunity to elect, in lieu of cash, to receive all, or a portion of, their annual board retainer or board meeting fees in the form of DSUs. The DSUs are cash-settled payment transactions and are valued at the fair value of the rights based on the closing stock price at the end of the reporting period. At March 31, 2021 there were 1,267,579 DSUs granted and outstanding (September 30, 2020 - 1,093,684). Included in accounts payable and accrued liabilities at March 31, 2021 is $1,152,856 (September 30, 2020 - $1,903,010) relating to the valuation of the DSUs. Included in Board and executive expenses under corporate administration expense for the three months ended March 31, 2021 is an expense of $201,707 (three months ended March 31, 2020 - recovery of $70,722) and a recovery of $750,154 for the six months ended March 31, 2021 (recovery of $35,407 for the six month ended March 31, 2020) relating to the valuation of the DSUs. During the six months ended March 31, 2021 and March 31, 2020, $nil was paid out for DSUs being cash-settled.

24. *Related party transactions*

The Company is related to Emsley & Associates (2002) Inc., Nomad Holdings Ltd., and Dalhousie Capital Corp. as a result of common management. The companies share some common personnel and Input rents furnished office space from Emsley & Associates Inc. These transactions are in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

On December 14, 2020, the Company announced that it had entered into a binding share purchase agreement with SRG Security Resource Group Inc. whereby the Company agreed to acquire all of the issued and outstanding common shares of SRG Security Resource Group Inc. (see note 5). This acquisition was completed on February 1, 2021, and as a result of common management was considered a related party transaction under the TSX Venture Exchange policy Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transaction. The Company formed a special committee of independent directors to consider and oversee the acquisition and following their review and recommendation, the Input board approved the Company proceeding with the acquisition.

Related party expenses are summarized in the following table:

	Three months ended March 31, 2021	Three months ended March 31, 2020	Six months ended March 31, 2021	Six months ended March 31, 2020
Corporate administration	$ 262,145	$ 306,993	$ 469,870	$ 557,455

25. *Commitments and contingencies*

The Company has a contract of insurance in favour of the Canadian Grain Commission in the amount of $600,000 covering the period from April 1, 2021 to March 31, 2022. The policy can be claimed against by the beneficiary in the event of a producer grain payment default.

Lawsuits and claims that have arisen in the normal course of business are pending for and against the Company and provisions have been recorded where appropriate. It is the opinion of management that the final determination of these claims will not have a material adverse effect on the financial position or the results of the Company.

As a result of the SRG acquisition detailed in note 5, the Company acquired a five-and-a-half year lease ending December 31, 2024 (see note 11). The Company's annual fiscal commitments remaining under the lease are as follows:

Commitments and contingencies	
2021	$ 21,042
2022	42,084
2023	42,084
2024	42,084
2025	10,521
	$ 157,815