



SECURITY SERVICES CORP.

**ANNUAL INFORMATION FORM**  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

**Annual Information Form  
for the financial year ended September 30, 2021**

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## Introductory Notes

### ABOUT THIS ANNUAL INFORMATION FORM

SSC Security Services Corp. and its subsidiaries (“**SSC**” or the “**Company**”) constitute a venture issuer, as such term is defined in applicable securities laws, and is not required to prepare and file an annual information form. SSC is providing this Annual Information Form (“**AIF**”) on a voluntary basis. This AIF was published on December 6, 2021.

Unless otherwise specified in this AIF, the information in this AIF is presented as at September 30, 2021. Where necessary, SSC has updated the information in the AIF. For information presented as at any date other than September 30, 2021, SSC has specified the relevant date. Readers should not assume that the information contained in this AIF is accurate as of any date other than the date on the front page of this AIF. SSC does not undertake to update the information contained herein, except as required by applicable securities laws.

### CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

This AIF contains forward-looking statements concerning the future results, future performance, intentions, objectives, plans and expectations of the Company. Often, but not always, forward-looking statements can be identified with words such as “plans”, “expects”, “estimates”, “intends”, “anticipates”, “believes” or variations of such words and phrases.

Examples of such statements as they relate to SSC include:

- SSC’s expectations regarding its revenue, expenses and operations;
- SSC’s anticipated cash needs and its needs for additional financing;
- SSC’s plans for and timing of expansion of its products and services;
- SSC’s future growth plans;
- SSC’s ability to wind up its legacy agriculture business;
- SSC’s anticipated bad debt, delinquency rates and credit losses;
- SSC’s ability to attract and retain personnel;
- SSC’s expectations regarding growth in physical and/or cyber security services;
- SSC’s competitive position and its expectations regarding competition; and
- anticipated trends and challenges in SSC’s business and the markets in which it operates.

Forward-looking statements are based on certain assumptions and analyses made by SSC in light of its experience and perception relating to historical trends, current conditions and expected future developments and other factors SSC believes are appropriate and are subject to risks and uncertainties. Although SSC believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect. Whether actual results, performance or achievements will conform to SSC’s expectations and predictions is subject to several known and unknown risks, uncertainties, assumptions and other factors, including those listed under the heading “*Risk Factors*”, which include, as they relate to SSC:

- there is no assurance SSC’s growth plan in the security business will yield the results expected by management;
- market competition could impede the growth of the company in the security business;
- loss of key personnel may significantly harm SSC’s business;
- government regulations;
- information technology systems;
- credit may not be available to the Company when it is needed;
- damage to the Company’s reputation could impede its ability to earn new business;
- rapid inflation could affect profitability;
- SSC’s legacy agriculture business is unique;

- there is no assurance SSC will realize on its security on a timely basis or in a manner that mitigates any losses incurred by SSC pursuant to its Streaming Contracts (defined under the heading “Description of the Business”);
- there is no assurance that management will be able to effectively adjust to and manage the business in the event of fluctuating commodity prices;
- agriculture is risky and is subject to adverse weather conditions and other factors affecting yields;
- credit and financial stability of farm operators;
- grain handling and marketing systems;
- agriculture industry cyclicalities;
- fluctuating commodity prices, international trade and political uncertainty;
- volatility of canola prices and impact on Streaming Contracts;
- no or limited control over farming operations;
- concentration of Streaming Contracts to a single agricultural commodity may carry inherent risks;
- agricultural regulatory regime may affect financial viability of farm operators;
- risks related to the regulation of SSC;
- timing of the expiry date of Streaming Contracts;
- geographic concentration of Streaming Contracts;
- collateral, if any, securing Streaming Contracts may not be sufficient and there may be collection issues;
- farm operator defaults may lead to unexpected losses;
- risks related to SSC’s Streaming Contract strategy;
- risks related to litigation;
- lack of funding may limit the ability to originate Streaming Contracts;
- competition may limit the growth of SSC;
- loss of key personnel may significantly harm SSC’s business;
- past performance is not indicative of future performance;
- conflict of interest of management and others; and
- SSC’s net income and results of operations are difficult to forecast and may fluctuate substantially.

Forward-looking statements are not guarantees of future performance. These forward-looking statements should not be relied upon as representing the views of SSC as of any date after the date of this AIF. Although SSC has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect SSC. Additional factors are noted under the heading “Risk Factors”.

The forward-looking statements contained in this AIF are expressly qualified in their entirety by this cautionary statement and by the risk factors described in this AIF under the heading “Risk Factors”. The forward-looking statements included in this AIF are made as of the date of this AIF and SSC does not undertake to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise, except as required by applicable securities laws.

#### **CURRENCY PRESENTATION**

All dollar amounts referenced are expressed in Canadian dollars.

#### **SHARE NUMBER AND SHARE PRICE PRESENTATION**

**All share counts and/or share prices referenced in this document have been adjusted to reflect the October 1, 2021 share consolidation of 1 post-consolidation share for 3 pre-consolidation shares.**

## NON-INTERNATIONAL FINANCIAL REPORTING STANDARDS (“Non-IFRS”) PERFORMANCE MEASURES

SSC measures key performance metrics established by management as being key indicators of the Company’s strength, using certain non-IFRS performance measures, including:

- Adjusted Net Income, Adjusted Net Income per share, Adjusted EBITDA and Adjusted EBITDA per share.

The Company uses these non-IFRS measures for its own internal purposes. These non-IFRS measures do not have any standardized meaning prescribed by IFRS, and these measures may be calculated differently by other companies. The presentation of these non-IFRS measures enables investors and analysts to understand the underlying operating and financial performance of the Company in the same way as it is evaluated by Management. Management will periodically assess these non-IFRS measures and the components thereof to ensure their continued use is beneficial to the evaluation of the underlying operating and financial performance of the Company, and to confirm that these measures remain useful for comparison purposes to other royalty/streaming companies.

## Corporate Structure

### NAME, ADDRESSES AND INCORPORATION

The Company was incorporated pursuant to the provisions of the *Business Corporations Act* (Ontario) (the “**OBCA**”) on February 13, 2012, under the name “WB II Acquisition Corp.”. The Company completed its initial public offering on April 24, 2012, and was listed on the TSX Venture Exchange (“**TSXV**”) as a capital pool company until it completed its qualifying transaction on July 19, 2013 (the “**Qualifying Transaction**”). The Qualifying Transaction proceeded by way of a “three-cornered” amalgamation (the “**Amalgamation**”) among the Company, Input Capital Corp., then a private Saskatchewan corporation (“**Input Private Co.**”), and 101235315 Saskatchewan Ltd., which resulted in a reverse takeover of the Company by Input Private Co. The reverse takeover completed the Company’s Qualifying Transaction in accordance with the rules and policies of the TSXV.

On August 8, 2013, the Company was continued under *The Business Corporations Act* (Saskatchewan) (the “**SBCA**”) and the Information Services Corporation of Saskatchewan issued a Certificate of Continuance giving effect to such continuation, as well as a Certificate of Amalgamation giving effect to the vertical short-form amalgamation of the Company and amalgamated corporation.

On October 1, 2021, the Company changed its name from Input Capital Corp. to SSC Security Services Corp.

SSC’s head office is located at 300 - 1914 Hamilton Street, Regina, Saskatchewan, S4P 3N6. SSC’s registered and records office is located at 800 - 1801 Hamilton Street, Regina, Saskatchewan, S4P 4B4.

### INTERCORPORATE RELATIONSHIPS

Except as it carries on operating activities connected to the wind-up of its legacy agriculture business, SSC intends to act as a public holding company which invests in physical and cyber security businesses. At present, SSC has one wholly-owned operating subsidiary: SRG Security Resource Group Inc. of Regina, Saskatchewan.



## General Development of the Business

### THREE YEAR HISTORY

Over the past three years, SSC has undergone an evolution from an agriculture focused business to a security focused business. Beginning in 2019, a strategic alternatives review was conducted in a search for a scalable source of capital to fund the growth of the now legacy canola streaming business. At the end of the process, SSC announced a halt to new capital deployment to focus on converting its assets into cash and maximizing shareholder value as measured by Book Value per Share. In the course of this action, SSC repaid the majority of its external bank debt and repurchased over 35% of the Company's shares outstanding through the use of ongoing share buyback activity via Normal Course Issuer Bids ("NCIB") and Substantial Issuer Bids ("SIB").

In February 2021, SSC acquired SRG Security Resource Group Inc., and later funded SRG's acquisition of the regional operations of Impact Security Group Inc.

On October 1, 2021, the Company changed its name from Input Capital Corp. to SSC Security Services Corp. and changed its ticker symbol on the TSX Venture Exchange from INP to SECU in conjunction with a 1-for-3 share consolidation.

SSC is now well positioned for growth in the physical and cyber security space. Using its substantial balance sheet, internally generated cash flow, the revolving credit facilities of its subsidiaries and other specific debt financing, SSC is sufficiently capitalized to deliver on its business plan for the foreseeable future, while continuing to pay its quarterly dividend.

### *Fiscal Year Ended September 2019*

- Completed a credit facility with HSBC Bank Canada to provide a \$10 million revolving credit facility to fund mortgage streams;
- Renewed the Company's Normal Course Issuer Bid ("NCIB") to purchase up to 2,166,952 of its common shares during the period between December 14, 2018 and Dec 13, 2019;
- On February 27, 2019, the Company announced the engagement of Cormark Securities Inc. and GMP Securities L.P. to conduct a strategic alternatives review for the company with an eye to enhancing shareholder value;
- On May 14, 2019, the Company announced that the strategic alternatives review had concluded that options for cost effective scalable funding of the company's mortgage stream business were not competitively available in the marketplace at the time. As a result, the Board took the decision to postpone further capital deployment operations in favour of maximizing shareholder value from the company's then existing book of business. The Board directed management to concentrate efforts on the profitable operation of the then existing book of mortgage, marketing and capital streams with the objective of maximizing book value per share and returning capital to shareholders by maximizing the use of the Company's Normal Course Issuer Bid program and exploring the use of a Substantial Issuer Bid in the near future.
- On July 2, 2019, John P.A. Budreski resigned as a director of the Company in order to focus on his many business interests;
- On July 15, 2019, announced a Substantial Issuer Bid in which the Company repurchased 5,362,694 shares at the price of \$2.46 per Share.
- On July 31, 2019, Deloitte LLP resigned as our auditors and KPMG LLP were appointed as replacement auditors.
- During the fiscal year, the Company bought back 1,137,040 shares at a price of \$2.40 per share through its NCIB program;
- Adjusted crop revenue of \$42.879 million on the delivery of 88,487 canola equivalent metric tonnes at an average price of \$485 per MT;
- Adjusted net income of \$3.679 million;

- The Company paid quarterly dividends of \$0.03 per share, or \$0.12 annualized; and
- Finished the fiscal year with:
  - Cash and cash equivalents of \$11.439 million;
  - Total crop interests and other financial assets of \$27.974 million;
  - Loans and mortgages receivable of \$59.277 million;
  - Multi-year active streaming contracts with 126 farm operators;
  - Total shareholders' equity of \$80.600 million;
  - \$5.404 million drawn on our long-standing revolving credit facility; and
  - Long-term debt of \$19.217 million.

#### ***Fiscal Year Ended September 2020***

- For the 2020 fiscal year, the executive team of the Company reduced their base compensation by 50% and Board compensation was also reduced. Staff bonuses were substantially reduced, and no stock options were issued;
- On December 16, 2019, the Company announced the renewal of its NCIB program and subsequently bought back 934,868 shares at an average price of \$2.19 per share over the course of the fiscal year;
- On April 16, 2020, at the height of COVID lockdowns, completed a Substantial Issuer Bid, repurchasing 2,472,895 shares at a price of \$2.10 per share;
- Completely paid off and closed the Company's HSBC credit facility;
- On August 12, 2020, we received an offer to purchase the entire company for \$5.25 per share. After getting shareholder and court approval for the sale, subsequent to the end of fiscal year, the purchaser was not able to complete the transaction;
- Recorded adjusted crop revenue of \$24.037 million on the delivery of 54,597 canola equivalent metric tonnes at an average price of \$440 per MT;
- Recorded an adjusted net loss of \$1.909 million for the fiscal year;
- The Company paid quarterly dividends of \$0.03 per share, or \$0.12 annualized; and
- Finished the fiscal year with:
  - Cash and cash equivalents of \$27.234 million;
  - Total crop interests and other financial assets of \$14.471 million;
  - Loans and mortgages receivable of \$29.682 million;
  - Multi-year active streaming contracts with 85 farm operators;
  - Total shareholders' equity of \$71.028 million; and
  - Long-term debt of \$7.748 million.

#### ***Fiscal Year Ended September 2021***

- On November 30, 2020, the Company announced that it has signed a Term Sheet to Acquire SRG Security Resource Group Inc. ("SRG") of Regina, Saskatchewan;
- Executive and Board compensation was restored to previous levels on December 1, 2021;
- On February 1, 2021, completed the acquisition of SRG;
- SRG President & COO Blair Ross was appointed to the executive team of SSC, where he took on the role of COO while continuing with his operating responsibilities at SRG;
- On July 10, 2021, the Company funded the purchase by SRG of certain regional operations of Impact Security Group Inc.;
- Recorded security segment revenue of \$11.839 million covering the period from Feb 1 to Sept 30 and total combined revenue of \$20.276 for the fiscal year;
- Adjusted EBITDA of \$2.931 million;
- Repaid 67% of the Company's remaining long-term debt without incurring prepayment penalties;
- The Company paid quarterly dividends of \$0.03 per share, or \$0.12 annualized;
- Sought and received shareholder approval to change the name of the company to SSC Security Services Corp., and carry out a 1-for-3 share consolidation (sometimes known as a reverse-split);

- Finished the fiscal year with:
  - Cash and cash equivalents of \$28.8 million;
  - Loans and mortgages receivable of \$12.5 million;
  - Total shareholders' equity of \$75.9 million; and
  - Long-term debt of \$2.5 million.

#### ***Significant Acquisitions***

- On February 1, 2021, completed the acquisition of SRG Security Resource Group Inc. (SRG) of Regina, Saskatchewan; and
- On July 10, 2021, the Company funded the purchase by SRG of certain regional operations of Impact Security Group Inc.

#### ***Developments Since September 30, 2021***

- On October 1, 2021, the name change and share consolidation approved by the shareholders in FY2021 became effective, and the Company's stock ticker symbol changed to "SECU". The Company also launched a new website at [www.securityservicescorp.ca](http://www.securityservicescorp.ca);
- On November 15, 2021, the Company's shares began trading on the OTCQX market in the United States under the symbol "SECUF".

#### ***Strategy for the Balance of the 2022 Fiscal Year***

- The Company's strategy is to deploy its balance sheet into growth via acquisition and organic growth opportunities in the physical and cyber security industry, along with adjacent verticals. The Company envisages growth into a \$200 to \$300 million annual revenue company over the next 3-5 years, producing \$15 to \$25 million in Adjusted EBITDA per year.
- In accomplishing its strategy, the Company may launch or acquire new products and or companies whose products and services are a fit with the Company's current service offerings, or where the Company's current service offerings offer an excellent add-on to the clients of the business being acquired. We see many cross-selling opportunities between physical and cyber security which can be significantly additive to the strength of the security platform we are building.
- Some of the initiatives which will contribute to the success of this strategy are:
  - Profitable top-line growth which improves consolidated Adjusted EBITDA per Share;
  - Declining or low levels of debt compared to industry averages;
  - Growing free cash flow available for reinvestment in growth initiatives;
  - Investments in platform and tuck-in acquisitions.

## Description of the Business

### SUMMARY DESCRIPTION OF SSC'S BUSINESS

The nature of SSC's business has been evolving in recent years. SSC's predecessor, Input Capital Corp., was the world's first agricultural commodity streaming company. That agriculture business is winding-up, and SSC's primary business is the provision of physical and cyber security services to corporate and public sector clients across Canada.

SSC provides security services in two thematic areas via SRG, its wholly-owned operating subsidiary: (1) physical security and (2) cyber security.

### Principal Products

#### *Physical Security Services*

Physical security services are offered to clients in Ontario, Manitoba, Saskatchewan, Alberta, and British Columbia, with the majority of the employees in this segment located in Manitoba and Saskatchewan. Physical security services represented approximately 70% of SRG's revenue as of September 30, 2021.

In this segment, SRG provides the following services to commercial and public sector clients in every province from Ontario to British Columbia:

- on-site security guards;
- remote continuous camera monitoring;
- mobile patrol; and
- investigative services.

The majority of personnel are located in Manitoba and Saskatchewan. For a list of current and past physical security clients, please see the About SRG segment of SRG's website at [www.securityresourcegroup.com](http://www.securityresourcegroup.com).

#### *Cyber Security Services*

Cyber security services are offered across Canada and currently comprise approximately 30% of SRG's revenue. In this segment, SRG provides the following services to corporate and public sector clients:

- Managed Security Services (MSS);
- vulnerability and risk analysis;
- cyber security consulting services;
- CISO consulting; and
- cyber security staff augmentation services.

For a list of current and past cyber security clients, please see the About SRG segment of SRG's website at [www.securityresourcegroup.com](http://www.securityresourcegroup.com).

#### *Legacy Agriculture Business*

In addition, while SSC is no longer actively in the agriculture streaming business, it does have some legacy contracts associated with this business which have not yet matured. SSC will continue to serve a small number of agriculture clients until such time as they buy out of their contracts with SSC, or their contracts mature / expire. These contracts consist primarily of mortgages on farmland in Saskatchewan which generate interest income contractually payable in physical canola. Most of these contracts mature or expire in early 2023.

In addition, the Company has some legacy collection accounts associated with clients who have defaulted on their canola streaming contracts. The Company is pursuing collection of these accounts using the legal tools at its disposal. This process is slow, but the Company expects positive outcomes. The carrying value of these contracts is secured by mortgages on farmland.

	<b>FY2021</b>	<b>FY2020</b>
Security Revenue*	\$11,839,402	Nil
Agriculture Revenue	\$ 8,436,275	\$25,587,504
<b>Total (net of intersegment eliminations)</b>	<b>\$20,275,677</b>	<b>\$25,587,504</b>

\*Security revenue began to be recorded with the acquisition of SRG Security Resource Group Inc. on February 1, 2021. To date, the Company has not segmented revenue reporting within the security segment.

## COMPETITIVE CONDITIONS

As we wrap up our legacy agriculture business, there are no real competitive considerations encountered by SSC related to the agriculture segment because the Company is not trying to add new clients. Where the Company still handles canola, the canola is sold into a worldwide canola market. As a result, the Company is not dependent on a particular purchaser with regard to the sale of the canola that it acquires or markets pursuant to its legacy agriculture contracts.

The physical security business features a number of competitive actors:

- Very large international firms which are publicly traded and which offer services globally. From time-to-time, these firms sub-contract work to smaller regional firms if they do not have a sufficient operating presence in the region, but are required to provide global or national services to large clients.
- Mid-sized national firms operate across the country or in several provinces at a time. There are both public and private firms operating in this space. SSC is one of the listed companies in this space. SSC's operating subsidiary, SRG competes against like-firms and smaller firms for contracts.
- There are a significant number of small local or regional firms operating in the physical security business. Some of them are not well capitalized, presenting opportunities for SRG to be called in to replace an incumbent when they stumble and are not able to provide the level of service clients expect.
- Some organizations have in-house security provided by employees of the organization. From time-to-time, there are opportunities for SRG to take over security operations for these organizations on a contracted basis.

Likewise, the cyber security business features a variety of competition among service providers. The sector is not dissimilar to the physical security sector in terms of structure, but competition is less constrained by geography, since many cyber security services can be provided from anywhere. This means that the Company competes with firms from outside its geographic footprint, but it also provides an opportunity to pick up contracts beyond the Company's footprint as well. While the Company's focus is on Canadian clients, it currently manages the cyber security for clients in five countries.

## INTANGIBLE PROPERTIES

SSC has undertaken to protect its proprietary agriculture streaming business approach by the following steps:

- Trademark protection – Trademarks have been issued by the Canadian Intellectual Property Office in respect of the Input Capital Corp. logo (the "**Logo Mark**") and the word trademark "The Agriculture Streaming

Company” (the “**Word Mark**”). The Logo Mark registered effective July 17, 2015 bearing registration number TMA908559. The Word Mark registered effective July 18, 2016 bearing registration number TMA943587. In the United States, the Company is the owner of a federal trademark registration for the Logo Mark under registration number 4924984 registered on March 29, 2016.

- Copyright protection – Canadian copyright registration has been issued by the Canadian Intellectual Property Office in respect of SSC’s Agriculture Streaming Contract. Copyright registration was effective February 14, 2013 bearing registration number 1102168. In the United States, the copyright registration application is in its final stages of completion for filing. These copyright applications and registrations are on SSC’s actual Streaming Contract, which allows SSC to stop others from directly or substantially copying SSC’s Streaming Contract with farmers.

The Company considers that its trademarks, copyrights and other proprietary rights are important to its business operations and prospects and makes every effort to ensure that its intellectual property rights are maintained in order to protect its competitive position. The Company does not own any patents as it predominantly uses products and technology developed by third parties, which are available in the market. In doing so, the Company reviews third-party intellectual property rights to help avoid infringement, and to identify strategic opportunities. The Company registers new brand names in order to strengthen its brand position. The Company will take appropriate action against infringements or misappropriations of intellectual property rights by others. When dealing with third parties and/or prospective business partners, the Company typically enters into confidentiality agreements to protect the Company’s intellectual property rights.

## **FACILITIES**

SSC’s corporate office is located at a leased premises in Regina, Saskatchewan. The executive, legal and corporate development personnel operate out of the Company’s executive office, which is approximately 3,000 square feet. The current lease for the Company’s executive office expires in February 2022.

The Company also has several small office locations from which it services specific clients and from which its Security Operations Centre operates. These facilities are located in Regina (2), Saskatoon (2), Toronto, Calgary, and Winnipeg.

## **CYCLES**

When it operated as an agriculture company, SSC’s operations were year-round, but financial results were highly seasonal. Now that operations are primarily related to the provision of physical and cyber security services, there is very little seasonality to the business of the Company. Operations are highly predictable and stable from month-to-month, with the majority of the Company’s revenue occurring under multi-year contracts.

## **ECONOMIC DEPENDENCE**

The Company now has only 19 legacy agriculture clients remaining, along with a small number of collection accounts outstanding. The day-to-day results of the Company and its long-term viability do not depend on these clients. Canola prices no longer have a material impact on the financial results of the Company.

SSC’s security business has over 500 clients spread across multiple sectors and geographic regions across Canada. Clients consist of a wide array of corporate and public sector (governments, government entities and Crown corporations).

## **EMPLOYEES**

The Company and its subsidiaries had approximately 625 employees at September 30, 2021.

## **FINANCING ARRANGEMENTS**

The Company has a small mortgage financing facility with a bank related to its legacy agriculture business on which it owed \$2.5 million at September 30, 2021. Subsequent to the year-end, this amount was paid down by \$2.1 million, leaving only \$0.475 million outstanding.

SRG has a small operating line of credit with a Canadian chartered bank that is currently undrawn.

## **Risk Factors**

The operations of the Company are speculative due to the nature of its business which is principally the investment in Streaming Contracts. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company. The risks described herein are not the only risks facing the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently deems immaterial, may also materially and adversely affect its business.

### **RISKS RELATING TO THE COMPANY'S SECURITY BUSINESS**

#### ***SRG Business Plan***

The Company's plans to back and grow SRG's cyber and physical security business with the Company's balance sheet may not yield the results expected by management.

#### ***Growth Strategy & Management***

The Company has made or entered into, and will likely continue to pursue, various acquisitions, business combinations and joint ventures intended to complement or expand its business. The Company believes the acquisitions of other businesses may enhance its strategy of building a diversified portfolio of leading security businesses. The successful implementation of such acquisition strategy depends on the Company's ability to identify suitable acquisition candidates, acquire such companies on acceptable terms, integrate the acquired companies' operations and technology successfully with its own and maintain the goodwill of the acquired businesses. The Company is unable to predict whether or when it will be able to identify suitable additional acquisition candidates that are available for a suitable price, or the likelihood that any potential acquisition will be completed.

Growth and expansion resulting from future acquisitions may place significant demands on the Company's management resources. In addition, while the Company's management believes it has the experience and know-how to integrate acquisitions, such efforts entail significant risks including, but not limited to: (a) failure to integrate successfully the personnel, information systems, technology, operations and acquired business; (b) the potential loss of key employees or customers from either the Company's current business or the business acquired; (c) failure to maximize the potential financial and strategic benefits of the transaction; (d) the failure to realize the expected synergies from the acquired businesses; (e) impairment of goodwill; (f) the assumption of significant and or unknown liabilities of the acquired companies; and (g) the diversion of the Company's management time and resources.

There can be no assurances that the Company will be able to successfully identify, consummate or integrate any potential acquisitions into its operations. In addition, future acquisitions may result in potentially dilutive issuance of equity securities, have a negative effect on the Company's share price, and/or may result in the incurrence of debt, all of which could have a material adverse effect on the Company's business, financial condition and results of operation.

### ***Market Competition***

As the Company operates in a highly competitive sector, the Company's management has implemented a plan to concentrate on developing the Company's clientele in more profitable sectors, focusing on clients who want and recognize value added services that the Company offers.

### ***Key Personnel***

The Company's success depends largely on the continued services of its senior management team, and the Company's ability to attract and retain skilled employees. The Company must continue to retain highly efficient and high performing individuals as well as continue to enhance its operational and management systems. Most importantly, the Company must continue to attract, train, motivate and manage its employees. If the Company is not successful in these aspects, it may have material adverse effects on the Company's business, results of operations, cash flow and financial condition.

### ***Government Regulations***

The Company's operations are regulated by the Federal, Provincial and Municipal governments. These regulations affect Taxes, Labour, Workplace Safety, the environment, and all other aspects that can impact the Company's operations and performance. The Company is required to obtain and maintain licenses and facility security clearances. Any failure to obtain, maintain or renew required licenses or facility security clearances could result in the cancellation of certain contracts and or disqualify us from bidding or re-bidding on certain contracts. To date, no government regulations have materially and negatively affected the Company.

### ***Information Technology Systems***

The Company is dependent on its information technology (IT) infrastructure. Significant problems with the Company's infrastructure, such as telephone or IT systems failures, cyber security breaches, or failure to develop new technology platforms could have a material adverse effect on the business, financial condition, results of operation and cash flow of the Company. The Company also provides certain cyber security services using third-party software and is reliant on those suppliers to maintain and continue to provide these programs in order to deliver these services. Should these suppliers discontinue their products, they can be replaced with software from other suppliers, but business operations could be disrupted if changes were to occur without warning.

### ***Credit Risk***

The Company sells almost all of its services within Canada and a significant portion of its revenues are generated on a contractual basis pursuant to agreed payment terms. Due to the large number of commercial and public sector clients that the Company deals with, and their economic distribution, the credit risk concentration to which the Company is exposed remains limited. However, a widespread economic downturn could affect the ability of some clients to pay their bills, thereby affecting the cash flow and potential viability of the Company.

### ***Reputational Risk***

The Company depends on its reputation for high quality physical and cyber security services to be successful. Damage to the Company's reputation caused by a widely publicised security incident affecting the Company's clients and their installations could affect our reputation. The Company's management team constantly monitors security risk surrounding the Company's operations and the Company has instituted communication protocols to prevent or reduce negative publicity.

### ***Inflationary Risk***

Strong economic conditions and competition for available personnel and materials may result in significant increases in the cost of obtaining such resources. To the greatest extent possible, the Company passes such cost increases on to its customers and it attempts to reduce these pressures through proactive procurement and human resource practices. Should these efforts not be successful, the gross margin and profitability of the Company could be adversely affected.

### **RISKS RELATING TO THE COMPANY'S LEGACY AGRICULTURE BUSINESS**

While the Company's legacy agriculture operations are shrinking rapidly and becoming less material to the financial results of the Company, the risks outlined below remain relevant to the Company, on a declining basis, within the context of its agriculture segment.

#### ***Business Model and Operating History***

The Company has been operational and applying its streaming business model within the agricultural sector since 2012. The streaming business model employed by the Company is unique within the agricultural sector and different from traditional canola purchasing and/or financing options historically made available to farmers. There is no assurance that the streaming business model will be successful or widely accepted by farmers. As a result, the Company may not achieve profitability in future periods.

Management endeavours to ensure a good understanding of streaming contracts with each of SSC's clients. In some circumstances, where disagreements arise, some issues may need to be resolved in court. While management is confident regarding positive outcomes to any potential disagreements and/or legal proceedings which could result, these could prove to be lengthy and/or expensive disagreements to adjudicate.

#### ***Agriculture is Risky - Adverse Weather Conditions and other Factors Affect Yield***

Adverse weather conditions represent a very significant operating risk affecting the agricultural industry. Weather conditions affect the types of crops grown, the quality and quantity of production and the levels of farm inputs which, in turn, affects sales mix, grain handling volumes and the level of canola sales. Adverse weather conditions, such as drought, excessive rains, hail, frost or snow can result in reduced, delayed or lost crop production and in turn, reduce the canola yields. A reduction in canola yields because of adverse weather conditions and other factors, such as crop diseases, pests and wildlife, can have a material adverse effect on the Company's financial condition and results of operations. The ability of farm operators to meet their obligations and the Company's financial results are dependent on the yield of canola produced each year. The Company requires the farm operators to carry crop insurance, and in most cases any crop insurance settlements are paid first to the Company, but this crop insurance may not be sufficient to enable the farm operators to meet their obligations to the Company on a timely basis, or ever.

#### ***Credit and Financial Stability of the Farm Operators***

The success of agriculture commodity streaming depends significantly on the credit and financial stability of the farm operators. The Company's financial performance will be adversely affected if its farm operators are unable to meet their obligations under the Streaming Contracts. The capital-intensive nature of farming causes farm operations to be heavily reliant on debt financing. Farm operators that have substantial debt may be affected by rising interest rates. In certain circumstances, an increase in interest rates may reduce the profitability and financial stability of the farm operator. The farm operator's returns and financial stability can also be positively or negatively affected by crop grade and quality issues, weather delays, dockage levels, crop storage problems, farm equipment breakdowns, availability and quality of on-farm labour, changes in basis levels offered by grain buyers, transportation costs and complications, the availability of crop delivery slots and railway or port labour unrest. Certain expenditures,

including crop storage and insurance costs and related charges, must be made throughout the period of investment regardless of whether the crop is producing any income.

### ***Grain Handling and Marketing System***

The grain handling and marketing system in western Canada is affected by the capacities of the grain collection network (both country and export facilities), capacities of the transportation system (ship, rail and truck), prolonged inclement weather, throughput issues, shipping bottlenecks, and union strikes, amongst other events. Any of these events may impede the ability of the Company to convert its canola into cash in the timeframe the Company anticipates.

### ***Agriculture Industry Cyclical***

The financial viability of farm operators will be largely dependent on the performance of the Canadian agricultural industry, including the agricultural industry in regions of Alberta, Saskatchewan and Manitoba. The agriculture sector has historically been a cyclical business. To the extent that the agricultural sector declines or experiences a downturn, the financial viability of farm operators could be materially adversely affected, including their ability to meet their obligations under the Streaming Contracts.

### ***Commodity Prices, International Trade and Political Uncertainty***

The agriculture business of the Company is directly dependent on the prices for grains, oilseeds and other agricultural commodities. The Company will be directly exposed to fluctuations in prices for these commodities. The prices for grains, oilseeds and other agricultural commodities are influenced by a variety of unpredictable factors that are beyond the control of the Company, including weather, government action (Canadian, United States and other), farm programs and policies and changes in global demand or other economic factors. The world grain market is subject to numerous risks and uncertainties, including risks and uncertainties related to international trade and global political conditions. Lower or fluctuating commodity prices may have a material adverse effect on the Company's financial results, business prospects and financial condition. Regulation and political factors can also have a significant impact.

### ***Volatility of Canola Prices and Impact on Streaming Contracts***

The Company acquires from the farm operator the right to purchase a specified number of tonnes of canola in each year over the term of the Streaming Contract and sells the canola at previously contracted or prevailing market prices at the time of the sale. The Company's financial performance is highly sensitive to prices for grains, oilseeds and other agricultural commodities and such prices are influenced by a variety of unpredictable factors that are beyond the control of the Company, including weather, farm programs, government policies and changes in global demand and other economic factors. Given that the total consideration paid to a farmer under the Capital and Mortgage Stream Contracts is fixed for the term at the time of entering the Streaming Contract, lower or fluctuating canola prices during the term of such Streaming Contracts may have a material adverse effect on the Company's financial results, business prospects and financial condition. Such material adverse effects on the Company's financial results, business prospects and financial condition may have a greater impact if the Company cannot enter into new Streaming Contracts over successive years, which contracts consider the prevailing market prices at the time of entering into the Streaming Contracts.

### ***No or Limited Control Over Farming Operations***

The farm operators have control over the farming operations and the yield and quality of the canola will be dependent on the farming practices of the farm operator. The farm operator may decide to suspend or discontinue farming operations and the Company may not be entitled to any material compensation if the farm operator shuts down or discontinues its operations on a temporary or permanent basis. The farm operator owns or leases the

farmland and the farm equipment and is responsible for the day-to-day management and operations. The farm operator is responsible for the control of risks of farming as well as the responsibility for the capital and operating expenses and the work of farming. The Company will be reliant on the farm operators for management and control of the farming operations to produce the canola.

#### ***Concentration of Streaming Contracts to a Single Agricultural Commodity May Carry Inherent Risks***

While the Company is willing and able to accept or market other commodities in lieu of canola, the Streaming Contracts are primarily denominated in canola. This commodity concentration exposes the Company to greater risk of factors affecting the production of canola, including weather conditions, crop grade and quality issues, dockage levels, availability of farm programs and general growing conditions than if the Streaming Contracts were in respect of a diverse range of commodities. The demand for canola may be affected by several factors, including international economic conditions and the availability of substitute products for canola.

#### ***Regulatory Regime Relating to the Farm Operator***

Agricultural operations are typically governed by a broad range of federal, state, provincial and local environmental, health and safety laws and regulations, permits, approvals, common law and other requirements that impose obligations relating to, among other things: worker health and safety; the release of substances into the natural environment; the production, processing, preparation, handling, storage, transportation, disposal, and management of substances (including liquid and solid, non-hazardous and hazardous wastes and hazardous materials); and the prevention and remediation of environmental impacts such as the contamination of soil and water (including groundwater). Failure by a farm operator to comply with applicable laws, rules, regulations and policies may subject the farm operator to civil or regulatory proceedings, including fines, injunctions, administrative orders or seizures and may have a material adverse effect on the farm operator's financial condition and operations and its ability to comply with its obligations under the Streaming Contracts.

#### ***Regulatory Regime Relating to the Company***

While management believes that the Company has all licenses, permits, authorizations and approvals necessary to conduct its business, there can be no assurance that these beliefs are accurate or that laws or regulatory regimes will not be changed in a manner that would adversely impact the Company, including by requiring it to obtain certain licenses, permits, authorizations or approvals or requiring it to operate subject to a regulatory regime.

#### ***No New Streaming Contracts***

There can be no assurance that the Company will enter into new Streaming Contracts or disburse its available capital within the time expectations of management. Cash held by the Company will not provide a return equivalent to cash disbursed pursuant to new Streaming Contracts. Since May 2019, the Company has not deployed capital into new streaming contracts and has no plans to do so in the future.

#### ***Expiry of Streaming Contracts***

Many of the Company's Streaming Contracts are maturing and the Company is no longer entering into new ones, thereby reducing streaming revenue and income. Furthermore, farmers may buy back contracts prior to their maturity, reducing the expected future income stream of the Company related to those contracts.

#### ***Concentration of Streaming Contracts***

The Company does not have any specific limits with respect to geographic region or the number of farm operators entering Streaming Contracts. Although the Company historically sought to diversify the Streaming Contracts across Alberta, Saskatchewan and Manitoba and among various farm operators, this may not be the case at all times.

Accordingly, the Company's business may be more susceptible to fluctuations in value resulting from adverse economic conditions affecting a particular geographic region than would be the case if the Company maintained a specified measure of geographic diversification of its Streaming Contracts.

### ***The Collateral Securing a Streaming Contract May Not Be Sufficient***

The Company's business depends on the creditworthiness of the farm operators and their ability to fulfill their obligations to the Company. While the Company takes security against collateral, there is no assurance that such security will be enforceable, properly perfected or will have priority as against other creditors. The value of the collateral securing the Streaming Contracts may not protect the Company from suffering a partial or complete loss if the farm operator fails to meet its commitments. Such losses could have a material adverse effect on the Company's revenue, net income, financial condition and results of operations. *The Saskatchewan Farm Security Act* has restrictions preventing an exchange listed entity from owning farmland in Saskatchewan and therefore, upon a realization of farmland, the Company would be required within two (2) years to divest its interest in such farmland, unless the Company obtains an exemption pursuant to *The Saskatchewan Farm Security Act*. The timing of the divestiture of farmland could negatively affect the value of the farmland upon a realization.

Additionally, as part of the Company's enforcement of its security, it may temporarily hold real or personal property which will be reported on the Company's financial statements in accordance with International Financial Reporting Standards. The value of the property reported on the financial statements may not be the value realized on divesting of such property. Furthermore, the farm operator may seek to avail itself of potential legislative protections from the realization of security by its creditors, including in respect of the homestead, or certain legislative provisions may otherwise exempt a farm operator's property and assets from seizure and, if such protections or exemptions are applicable and available to a farm operator, the intended loss protection benefits of such security to the Company could be diminished. Also, applicable legislation in one or more of the provinces where the Company operates may impose various procedural requirements that need to be satisfied in order for the Company to realize on its security against farm operators, thereby resulting in delays in the enforcement process and increased costs of enforcement.

### ***Farm Operator Defaults May Lead to Unexpected Losses***

The Company's net investment in Streaming Contracts for its own account and to be held for future contracts exposes the Company to default risk. Default risk is the risk that the Company will incur an unexpected loss because its counterparties to Streaming Contracts fail to discharge their contractual obligations. The Company is exposed to default risk as it arises from events and circumstances beyond its control relating to adverse economic conditions, adverse farming conditions, business failure or fraud. Excessive default losses could adversely affect the Company's ability to generate and fund new Streaming Contracts. In the event of default by a farm operator, delays or limitations in enforcing rights may be experienced and costs incurred in protecting the Company's investment may be incurred. Furthermore, at any time, a farm operator may seek the protection of bankruptcy, insolvency or similar laws that could adversely affect the financial performance of the Company.

### ***Streaming Contract Strategy***

As part of the Company's legacy business strategy, it sought Streaming Contract opportunities in the canola industry. The Company will not enter into any more Streaming Contracts than it has today. Furthermore, the Company may fail to select appropriate farm operators with which to enter into Streaming Contracts or may fail to negotiate acceptable terms in such Streaming Contracts. The Company cannot ensure that it will enter into any Streaming Contract that it pursues, on favourable terms, or that any Streaming Contract will ultimately benefit the Company.

### ***Litigation***

In the ordinary course of business, the Company is involved in various legal and regulatory actions and claims, both as a defendant and as a plaintiff. These claims and actions relate to, among other matters, streaming contracts, grain

deliveries, recovery actions, purported class actions, and cross-claims further to recovery actions. Management considers that adequate provisions have been set aside to cover any potential losses and any amounts that might not be recoverable from security realization, insurance companies, or others, as the case may be, in connection with these claims.

Litigation has been, and will likely continue to be, necessary to determine the scope, enforceability and validity of third-party rights or to establish the Company's proprietary rights. Regardless of whether claims against the Company have merit, those claims could be time-consuming to evaluate and defend, result in costly litigation, divert management's attention and resources, subject the Company to significant liabilities and could have the other effects that are described in greater detail in this "Risk Factors" section of this AIF.

Management reviews all relevant facts for each claim and applies judgment in evaluating the likelihood and, if applicable, the amount of any potential loss. Where a potential loss is considered probable and the amount is reasonably estimable, provisions for loss are made based on management's assessment of the likely outcome. Where a range of loss can be reasonably estimated with no best estimate in the range, the Company records the minimum amount in the range. The Company does not make a provision for claims for which the outcome is not determinable or claims for which the amount of the loss cannot be reasonably estimated. Any settlements or awards under such claims are provisioned for when reasonably determinable.

As of September 30, 2021, there are no claims outstanding for which the Company has assessed the potential loss as both probable to result and reasonably estimable, therefore the Company has provisioned for no accrual.

### ***Company's Use of Debt Financing***

The Company has debt financing from Concentra Bank. Additional debt obligations may be incurred by the Company in the future. The Company's present indebtedness and any additional debt it may incur in the future could have negative consequences on its business.

The credit agreement with Concentra Bank contains negative covenants that could limit the Company's ability, among other things, to:

- make any material change in the nature of the Company's business and operations;
- sell, assign, sublease or sell assets under Security to any other person;
- agree to a merger, acquisition or takeover of the Company; and
- change the general nature of the business of the Company.

A breach of any of the negative covenants or in the Company's ability to comply with positive covenants and financial covenants or the inability of the Company to repay the indebtedness could result in a default under the credit agreements. If a default occurs, the lender under the credit agreement may elect to declare all borrowings outstanding under the facility, together with accrued interest and other fees, to be immediately due and payable.

### ***Lack of Funding May Limit the Ability to Originate Streaming Contracts***

The Company's growth in the agriculture business has been dependent on its ability to secure funding to fund new Capital and/or Mortgage Stream Contracts. In May 2019, the Company announced that it had halted deploying capital into new Streaming Contracts, and it has no further plans to do so.

### ***Competition***

The Company experiences competition for agriculture commodity Streaming Contracts with farmers in the form of more traditional types of farm financing arrangements. Certain of the Company's competitors, including Farm Credit Canada, other institutional lenders and government programs for farmers, may have greater financial and capital

resources than the Company. The Company could face increased competition from newly formed or emerging entities, as well as from established entities that choose to focus (or increase their existing focus) on farming ventures or on a commodity streaming business.

Farmers who have entered into a Streaming Contract at a time of financial stress may also choose to buy out of their Streaming Contract prior to the end of the term of the agreement in favour of a new financing package from one of these competitors. While this puts cash back on the balance sheet of the Company, it reduces future earning potential to a smaller book of contracts.

Another potential source of competition exists with potential copycat firms seeking to enter the agriculture streaming business. There can be no guarantee that sufficient numbers of farmers will be willing to enter into agriculture commodity streaming arrangements with the Company on commercially acceptable terms or at all.

In May 2019, the Company announced that it had halted deploying capital into new Streaming Contracts, and it has no further plans to do so. As a result, previous competitors may represent a financing alternative for the Company's remaining farm client, offering them an opportunity to refinance and buy out of their contract with the Company earlier than contracted. The Company is encouraging its clients to pursue such opportunities in order to complete the wind-up of its legacy agriculture business more quickly.

## **RISKS RELATING TO THE COMPANY'S BUSINESS GENERALLY**

### ***Reliance on Ability and Judgment of Management***

The success of the Company will, to a large extent, depend on the good faith, experience, ability and judgment of the board, management and any consultants and advisors to make appropriate decisions with respect to the operations of the Company. The Company does not maintain key person life insurance for any members of its management team. If the Company loses the services of one or more of these individuals, the business, financial condition and results of operations of the Company may be materially adversely affected.

### ***Past Performance***

The past performance of the founders and any affiliated companies, limited partnerships or projects is not indicative of future performances.

### ***Conflicts of Interest of Management and Others***

Investors should appreciate that they are relying on the good faith, experience, ability and judgment of the management team in respect of the identification of agriculture commodity streaming partners, and ongoing management of the business of the Company.

While management of the Company endeavours to enter into business arrangements that would be considered normal in the industry, occasional conflicts may arise. Such conflicts will be properly dealt with pursuant to the terms of the *SBCA*.

### ***Quarterly Net Income and Results of Operations are Difficult to Forecast and May Fluctuate Substantially***

The Company's quarterly net income and results of operations are difficult to forecast. There may be substantial fluctuations in net income and results of operations from quarter to quarter. There is a high degree of seasonality in the agricultural industry and in the Company's business, which may affect the timing of cash flows. You should not rely on results of operations from any prior reporting period to be indicative of performance in future reporting periods.

### ***COVID-19 May Impact Company Operations***

The ongoing effects of the COVID-19 pandemic and uncertainty within international markets could impact the Company's financial performance for the year ended September 30, 2022 and, possibly, beyond. The financial impact will be dependent on the spread and duration of the pandemic and on related restrictions and government advisories. The nature and geography of agricultural operations on the Canadian Prairies leads to natural social distancing and isolation, and to date, COVID-19 has not had a material impact on the Company or its clients. Similarly, while some clients of SRG's security business have been significantly affected by COVID-19, this has resulted in an increase in demand for security services in some sectors and a reduction in some others. The net effect is that up to the date of this AIF, there has been no material impact on the Company's operations or financial results.

## **RISKS RELATING TO THE OWNERSHIP OF SHARES**

### ***Market Price of the Shares***

An investment in the Shares is highly speculative. Securities of companies involved in the agriculture and/or security industries have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. The price of the Shares is also likely to be significantly affected by short-term changes in commodity prices or in the Company's financial condition or results of operations as reflected in its financial statements.

### ***Global Financial Conditions***

Global financial conditions have always been subject to volatility. These factors may impact the ability of the Company to obtain equity or debt financing in the future and, if obtained, on terms favourable to the Company. Increased levels of volatility and market turmoil can adversely impact the Company's operations and the value and the price of the Shares could be adversely affected.

### ***Volatile Market Price for the Shares***

The market price for the Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control, including the following:

- actual or anticipated fluctuations in the Company's quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which the Company operates;
- addition or departure of the Company's executive officers and other key personnel;
- sales or perceived sales of additional Shares;
- operating and financial performance that vary from the expectations of management, securities analysts and investors;
- regulatory changes affecting the Company's industry generally and its business and operations;
- announcements of developments and other material events by the Company or its competitors;
- changes in global financial markets and global economies and general market conditions, such as interest rates and agricultural commodity price volatility;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors;
- operating and share price performance of other companies that investors deem comparable to the Company or from a lack of market comparable companies; and

- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry or target markets.

Financial markets experience significant price and volume fluctuations that affect the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted, and the trading price of the Shares may be materially adversely affected.

### ***Future Capital Requirements***

The Company may need to raise additional funds through public or private debt or equity financings in order to:

- fund ongoing operations;
- take advantage of opportunities, including more rapid expansion of the Company's business or the acquisition of complementary businesses; or
- respond to competitive pressures.

Any additional capital raised through the sale of equity may dilute the Company's shareholders' percentage ownership of the Shares. Capital raised through debt financing would require the Company to make periodic interest payments and may impose restrictive covenants on the conduct of the Company's business. Furthermore, additional financings may not be available on terms favourable to the Company, or at all. A failure to obtain additional funding could prevent the Company from making expenditures that may be required to implement the Company's growth strategy and grow or maintain the Company's operations.

The Company may issue additional securities from time-to-time in the future to raise funding for its growth initiatives and such issuances may be dilutive to shareholders.

### ***Future Sales of Shares by Shareholders***

Sales of a substantial number of Shares in the public market could occur at any time. These sales, or the market perception that the holders of a large number of Shares intend to sell Shares, could reduce the market price of the Shares.

### ***A Significant Number of Shares are Owned by a Limited Number of Existing Shareholders***

The Company's management, directors and employees own a substantial number of the outstanding Shares (on a basic and fully diluted basis). As such, the Company's management, directors and employees, as a group, are in a position to exercise significant influence over matters requiring shareholder approval, including the election of directors and the determination of significant corporate actions. As well, these shareholders could delay or prevent a change in control of the Company that could otherwise be beneficial to the Company's shareholders.

### ***Publication of Inaccurate or Unfavourable Research by Securities Analysts or Other Third Parties***

The trading market for the Shares relies in part on the research and reports that securities analysts and other third parties choose to publish about the Company. The Company does not control these analysts or other third parties. The price of the Shares could decline if one or more securities analysts downgrade the Shares or if one or more

securities analysts or other third parties publish inaccurate or unfavourable research about the Company or cease publishing reports about the Company.

## Dividend Policy and Distributions

On December 6, 2016, the Board adopted a policy to pay quarterly dividends to holders of its common shares. In accordance with the adoption of the Company's dividend policy, on the same day, the Board determined that the Company would pay an annual dividend of then \$0.04 per common share (now \$0.12 per common share when adjusted for the October 1, 2021 reverse-split) which would be declared and payable quarterly. Since that time, the Company has paid twenty consecutive quarterly dividends of \$0.01 per share (\$0.03 per share when adjusted for share consolidation).

The Company's dividend policy and any decision to pay dividends will be reviewed from time to time by the Board in the context of the Company's earnings, financial condition and other relevant factors. The only restrictions on the Company paying dividends are the financial capacity and solvency test under *The Business Corporations Act* (Saskatchewan) and any covenants regarding dividends contained within credit agreements. The Company is compliant with all lending covenants.

The table below shows dividends per common share that have been declared by the Board during the 12-month period prior to and including September 30, 2021. **(Amounts are presented on a reverse-split-adjusted basis.)**

Record Date	Type	Amount
September 30, 2021	Cash	\$0.03
June 30, 2021	Cash	\$0.03
March 31, 2021	Cash	\$0.03
December 31, 2020	Cash	\$0.03

## Description of Capital Structure

The authorized capital of SSC consists of an unlimited number of Shares. As of the date of this AIF, 20,065,050 Shares are issued and outstanding.

There are no special rights or restrictions attached to the Shares. The Shares rank equally as to all benefits which might accrue to the holders thereof, including the right to receive dividends out of monies of the Company properly applicable to the payment of dividends if and when declared by the Board of Directors of the Company and to participate rateably in the remaining assets of the Company in any distribution on a dissolution or winding-up. The Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions. Other than as provided for in this AIF, there are no provisions restricting the issuance of Shares or any other material restrictions.

All registered shareholders are entitled to receive a notice of all meetings of shareholders to be convened by the Company. At any general meeting, subject to the restrictions on joint registered owners of Shares, on a show of hands every registered shareholder who is present in person or by proxy and entitled to vote has one vote, and on a poll, every registered shareholder who is entitled to vote has one vote for each Share held and may exercise such vote either in person or by proxy.

## Market for Shares

### TRADING PRICE AND VOLUME

The Shares are currently listed on the TSXV under the trading symbol "SECU". The following table sets forth the reported intraday high and low prices and the trading volume for the Shares on the TSXV for the 12-month period prior to September 30, 2021.

Month	High (\$)	Low (\$)	Volume
October 2020	\$5.22	\$2.49	401,889
November 2020	\$2.85	\$2.55	378,747
December 2020	\$2.97	\$2.28	942,836
January 2021	\$2.85	\$2.55	195,874
February 2021	\$3.30	\$2.61	345,336
March 2021	\$2.91	\$2.67	202,734
April 2021	\$2.79	\$2.52	144,663
May 2021	\$2.70	\$2.49	164,245
June 2021	\$2.67	\$2.34	186,545
July 2021	\$2.67	\$2.46	107,373
August 2021	\$2.61	\$2.43	87,429
September 2021	\$2.70	\$2.52	134,994

### PRIOR SALES

#### Shares

The following table summarizes details of the Shares issued by the Company during the 12-month period prior to September 30, 2021:

Date of Issuance	Security	Price per Security (\$)	Number of Securities
February 1, 2021	Shares <sup>1</sup>	\$3.36	2,961,310
March 19, 2021	Shares resulting from option exercise	\$2.40	35,000
March 22, 2021	Shares resulting from option exercise	\$2.40	9,000
March 23, 2021	Shares resulting from option exercise	\$2.40	10,867

#### Stock Options

The following table summarizes details of the stock options issued by the Company during the 12-month period prior to September 30, 2021:

Date of Issuance	Security	Exercise Price (\$)	Number of Securities
February 18, 2021	Stock Options <sup>2</sup>	\$2.85	143,333
March 1, 2021	Stock Options <sup>2</sup>	\$2.82	6,667

<sup>1</sup> Issued pursuant to the purchase of SRG Security Resource Group Inc. See the relevant section of this AIF for more details.

<sup>2</sup> Issued to certain directors, officers, employees and consultants of the Company.

## NORMAL COURSE ISSUER BID

On December 29, 2020, the Company announced that the TSXV had accepted a notice of its intention to proceed with a normal course issuer bid to acquire its Shares. The normal course issuer bid began on January 4, 2021 and will end on January 3, 2022. As of the date of this AIF, the Company had purchased a total of 406,533 Shares representing approximately 2.0% of the issued and outstanding Shares on September 30, 2021. The Company considers that the acquisition of Shares under the normal course issuer bid was an appropriate utilization of the Company's financial resources.

## Escrowed Securities and Securities Subject to Contractual Restrictions

To the Company's knowledge, there are 395,500 common shares of the Company that are subject to a contractual restriction on transfer as at September 30, 2021. These shares represent approximately 2.0% of the common shares of the Company that are outstanding.

## Directors and Officers

The following table sets forth the name, place of residence, position held with the Company and principal occupation of each person who is a director and/or an executive officer of the Company.

Name, Province/State and Country of Residence	Position(s) with the Company	Principal Occupation
<b>DOUG EMSLEY</b> Regina, SK CANADA  Director since: July 19, 2013	Chairman of the Board of Directors, Director, President and Chief Executive Officer	Chairman of the Board of Directors, Director, President and Chief Executive Officer of the Company.
<b>BRAD FARQUHAR</b> Regina, SK CANADA  Director since: July 19, 2013	Director, Executive Vice-President and Chief Financial Officer	Director, Executive Vice-President and Chief Financial Officer of the Company.
<b>DAVID A. BROWN, C.M., Q.C.</b> Gilford, ON CANADA  Director since: July 19, 2013	Lead Director and member of the Audit Committee	Counsel, Davies Ward Phillips & Vineberg LLP
<b>LORNE HEPWORTH, S.O.M.</b> London, ON CANADA  Director since: July 19, 2013	Director and member of the Audit Committee	Corporate Director
<b>DAVID H. LAIDLEY, FCPA, FCA</b> Montreal, QC CANADA  Director since: July 19, 2013	Director and Chair of the Audit Committee	Corporate Director

Each director's term of office expires at the next annual meeting of shareholders of the Company or when his successor is duly elected or appointed, unless his term ends earlier in accordance with the articles or by-laws of the Company, he/she resigns from office or he becomes disqualified to act as a director of the Company.

Collectively, as at the date of this Annual Information Form, the directors and named executive officers of SSC, as a

group, beneficially own, control or direct, directly or indirectly, 7,078,370 Common Shares, representing approximately 35.3% of the issued and outstanding Common Shares.

The principal occupations, businesses or employments of each of the Company's directors and executive officers within the past five years are disclosed in the brief biographies set forth below.

***Doug Emsley - Chairman of the Board of Directors, President and Chief Executive Officer***

Mr. Emsley is the Chairman of the Board of Directors, Director, President and Chief Executive Officer of the Company.

Mr. Emsley has a wide array of business and professional experience. He was previously Director, President and Chief Executive Officer of Assiniboia Farmland GP 3 Corp., which was the general partner of Assiniboia Farmland Limited Partnership, a partnership which completed a sale of 115,000 acres of Saskatchewan farmland to CPPIB Assiniboia Inc. and Assiniboia Farmland Holdings LP. He is the President of Emsley & Associates (2002) Inc. and Chairman and CEO of Sabre West Oil & Gas Ltd. (an oil and gas company). Mr. Emsley is a director of the Information Services Corporation ("ISC") (ISV.TO), and also serves as Vice Chairman of the Board of Directors of ISC and Chairman of the Compensation Committee. He was previously a trustee of Royal Utilities Income Fund (RU.UN-T), then a TSX-listed income trust involved in the mining of thermal coal in western Canada, where he also served as Chair of the Audit Committee, as well as a former member of the Board of Directors of the Bank of Canada and the Saskatchewan Roughrider Football Club. Mr. Emsley has an MBA from York University in Toronto.

***Brad Farquhar - Director, Executive Vice-President and Chief Financial Officer***

Mr. Farquhar co-founded the Company with Mr. Emsley and serves as a Director, Executive Vice- President and Chief Financial Officer to the Company. He was previously Vice-President of Assiniboia Farmland GP3 Corp., Assiniboia Farmland Holdings LP, Assiniboia Farmland LP, and Palliser Farmland Management Corp.

Mr. Farquhar is a trained financial planner and has completed the Canadian Securities Course of the Canadian Securities Institute. He received a Master of Public Administration degree in Electoral Governance from Griffith University in Australia, studied political science at Carleton University, and completed a Bachelor of Arts in Liberal Arts at Providence College.

Mr. Farquhar is a Director of Mongolia Growth Group Ltd. (YAK.V), where he also serves on the Audit Committee, the Compensation Committee and the Nominating Committee; LUXXFOLIO Holdings Ltd. (CN: LUXX); Radicle Group Inc. (private); Chair of the board of directors of SIM Canada and also on the advisory board of AgFunder, the world's largest community of professional agriculture investors. He is a former director of Legacy Group of Companies Ltd., the International Centre for Human Rights and Democratic Development and the Regina & District Chamber of Commerce.

***David Brown, C.M., Q.C. – Lead Director and member of the Audit Committee***

Mr. Brown is Counsel at Davies Ward Phillips & Vineberg LLP. Mr. Brown served as chairman and Chief Executive Officer of the Ontario Securities Commission ("OSC") from April 1998 to June 2005. Prior to joining the OSC, he was a senior corporate law partner with a predecessor firm to Davies Ward Phillips & Vineberg for 29 years, focusing on mergers and acquisitions, corporate finance and reorganization. He is a former Director and Member of the Funds Advisory Board at Invesco Trimark Group of Mutual Funds. In addition, Mr. Brown is the founding chair of the Council of Governors for the Canadian Public Accountability Board. Mr. Brown is a past chair of the Technical Committee and a member of the Executive Committee of the International Organization of Securities Commissions. He was appointed Queen's Counsel in 1984, a member of the Order of Canada in 2009 and he received the Queen's Jubilee Medal in 2012. Mr. Brown received an honorary doctorate of laws from McMaster University in 2005, his LL.B from the University of Toronto in 1966 and his Bachelor's degree in Civil Engineering from Carleton University in 1963.

***Lorne Hepworth, S.O.M. – Director and member of the Audit Committee***

Mr. Hepworth retired in 2014 as President of CropLife Canada, the national trade association representing developers, manufacturers and distributors of plant science innovations for use in agriculture, urban and public health settings. Mr. Hepworth is currently the chair of the Agricultural Research Institute of Ontario and chair and director of Canterra GP Ltd. He is a past Chair of Genome Canada; was a member of The Expert Panel on Sustainable Management of Water in the Agricultural Landscapes of Canada; and, the Governance Committee of the Canadian International Food Security Research Fund. He has served as a member of the Advisory Board of the National Research Council of Canada, Plant Biotechnology Institute, the Canadian Agri-Food Research Council, the federal Pest Management Advisory Committee and National Biotechnology Advisory Committee. A graduate of the Western College of Veterinary Medicine at the University of Saskatchewan (1971), Mr. Hepworth was a veterinarian in Alberta and Saskatchewan until 1982, when he was elected to Saskatchewan’s Legislative Assembly. He subsequently served nine years in Cabinet, during which he was minister of Agriculture, Education, Finance, and Energy and Mines. From 1993 to 1997, he held several executive positions with the Canadian Agra group of companies specializing in agri-food/feed production, processing and marketing. In 2014, he was inducted into the Canadian Agricultural Hall of Fame, and in 2021 was a recipient of the Saskatchewan Order of Merit.

***David Laidley, FCPA, FCA - Director and Chairman of the Audit Committee***

Mr. Laidley is a former Chairman of Deloitte LLP (Canada), an audit and financial services firm, where he was a partner from 1975 until his retirement in 2007. Mr. Laidley served as Chairman of Deloitte LLP from 2000 to 2006 and during that time, he also served on the Global Board of Deloitte Touche Tohmatsu as well as its Governance Committee and he chaired its Audit Committee. As a chartered professional accountant, he has enjoyed a distinguished career spanning 40 years with Canada’s largest professional services firm, with specialization in its tax and audit practices. Applying his background in tax, he has counseled many clients in the areas of corporate reorganizations, acquisitions and divestitures. Mr. Laidley serves on the boards of EMCOR Group Inc. (NYSE) and CT Real Estate Investment Trust (TSX). He previously served on the boards of the Bank of Canada, Aimia Inc., Nautilus Indemnity Holdings Limited (former Chairman), Bausch Health (then Biovail Corporation) and Aviva Canada Inc. Mr. Laidley is a Fellow of the Ordre des comptables professionnels agréés du Québec (FCPA) and holds a Bachelor of Commerce degree from McGill University.

**CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS**

To the knowledge of the Company, no director:

- (I) is, as at the date of this AIF, or has been, within 10 years before the date of this AIF, a Director, Chief Executive Officer (“CEO”) or Chief Financial Officer (“CFO”) of any company (including the Company) that:
  - (1) was the subject, while the proposed Director was acting in the capacity as Director, CEO or CFO of such company, of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or
  - (2) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the proposed Director ceased to be a Director, CEO or CFO but which resulted from an event that occurred while the proposed Director was acting in the capacity as Director, CEO or CFO of such company; or
- (II) is, as at the date of this AIF, or has been within 10 years before the date of this AIF, a Director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation

relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, except for David Laidley, FCPA, FCA. Mr. Laidley was a director of 2907160 Canada Inc. (formerly ProSep Inc.) (“ProSep”) from August 2008 until January 2014 and on October 28, 2013, ProSep filed for and obtained creditor protection under the *Companies’ Creditors Arrangement Act* (Canada). At the same time, the Superior Court of Quebec (Commercial Division) approved the sale of substantially all of ProSep’s assets to a third party. The distribution of ProSep’s liquidation proceeds was completed and ProSep was dissolved on January 15, 2014; or

- (III) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed Director; or
- (IV) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (V) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed Director, except David Laidley, FCPA, FCA. Mr. Laidley was a director of ProSep from August 2008 until January 2014 and on April 12, 2013, the Autorité des marchés financiers issued a management cease trade order restricting all trading in securities of ProSep by management and insiders of ProSep due to failure to file its annual disclosure documents within the prescribed time period. The management cease trade order was revoked on June 17, 2013.

## **CONFLICTS OF INTEREST**

To the best of SSC’s knowledge, and other than as disclosed in this AIF, there are no known existing or potential material conflicts of interest between SSC and any director or officer of SSC, except that certain of the directors and officers serve as directors and officers of other public companies and therefore it is possible that a conflict may arise between their duties as a director or officer of SSC and their duties as a director or officer of such other companies. See “Description of the Business - Risk Factors - Risks Relating to the Company - Conflicts of Interest”.

## **Legal Proceedings and Regulatory Matters**

As of September 30, 2021, there are no claims outstanding for which the Company has assessed the potential loss as both probable to result and reasonably estimable, therefore the Company has provisioned for no accrual. For further discussion of legal proceedings see the Litigation section of the Risk Factors portion of this AIF, above.

## **Interest of Management and Others in Material Transactions**

Other than as set forth in this Annual Information Form and except for the fact that certain Directors and officers are Shareholders of the Company, no informed person (as defined in National Instrument 51-102 - Continuous Disclosure Obligations) or proposed Director of the Company and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the commencement of the Company’s most recently completed financial year or in any proposed transaction which in either such case has materially affected or would materially affect the Company or any of its subsidiaries.

On February 1, 2021, the Company completed an acquisition of and all of the common shareholders of SRG Security Resource Group Inc. (“SRG”). Doug Emsley is Chairman of the Board, President and Chief Executive Officer of the Company and a Control Person (as defined by applicable securities laws) of the Company. Prior to completion of the

acquisition, Mr. Emsley was also the chairman of the board and chief executive officer of SRG and a shareholder of SRG holding approximately 19.3% of the SRG common shares (on a fully diluted basis). Mr. Emsley's interests in both the Company and SRG gave rise to a conflict of interest, which had a material effect on the Company. Accordingly, the Company formed a special committee of independent directors (the "Independent Committee") consisting of David Brown, C.M., Q.C., David Laidley, FCPA, FCA, and Dr. Lorne Hepworth, to consider and oversee the acquisition and make a recommendation to the board of directors of Company whether the proposed acquisition of the SRG would be in the best interests of the Company and its shareholders. The Independent Committee retained Davies Ward Phillips & Vineberg LLP as its independent legal advisor and MNP LLP as its independent financial advisor. Throughout the process, Mr. Emsley declared his interest and abstained from voting on the proposed acquisition at all Board meetings. Additional information relating to the acquisition, including the acquisition agreement, a material change report and various press releases, is on SEDAR at [www.sedar.com](http://www.sedar.com).

## Transfer Agent and Registrar

The Transfer Agent and Registrar for SSC's Shares is TSX Trust Company, 300 – 5th Avenue SW, 10th Floor, Calgary Alberta, T2P 3C4.

## Material Contracts

Except for contracts entered into in the ordinary course of business, the only material contracts SSC has entered into during the most recently completed fiscal year, before the most recently completed fiscal year, or during the current fiscal year that are still in effect, are as follows:

- SRG Share Purchase Agreement (see General Development of the Business – Three Year History – Year Ended September 30, 2021)
- Impact Security Asset Purchase Agreement (see General Development of the Business – Three Year History – Year Ended September 30, 2021)
- The Company previously entered into a credit agreement with Concentra Bank on May 14, 2018. The Company owed Concentra \$2.54 million as of September 30, 2021.

## Interest of Experts

KPMG LLP, Chartered Professional Accountants, are the independent auditors of the Company and are independent of the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Saskatchewan.

McKercher LLP are the legal counsel of the Company. The partners and associates of McKercher LLP each as a group, own, directly or indirectly, in the aggregate, less than 1% of the Common Shares.

## Additional Information

Additional information relating to the Company can be found on SEDAR ([www.sedar.com](http://www.sedar.com).)

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans is contained in the most recent management information circular of the Company filed on SEDAR ([www.sedar.com](http://www.sedar.com)). This information will also be contained in the management information circular of the Company to be prepared in connection with the Company's upcoming annual meeting of shareholders which will be available on SEDAR ([www.sedar.com](http://www.sedar.com)). Additional financial information is provided in the Company's most recent audited consolidated financial statements and management's discussion and analysis available on SEDAR ([www.sedar.com](http://www.sedar.com)).