



**Condensed Interim Consolidated Financial Statements**

**For the three months ended  
December 31, 2021 and 2020**

**(Unaudited)**

**UNAUDITED CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, SSC Security Services Corp. discloses that its auditors have not reviewed the condensed interim consolidated financial statements for the three months ended December 31, 2021 and 2020.

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF  
FINANCIAL POSITION**

(Unaudited)

	Note	As at December 31, 2021	As at September 30, 2021
<b>ASSETS</b>			
<b>Current</b>			
Cash		\$ 31,217,871	\$ 28,795,760
Accounts receivable	18	4,539,537	4,822,171
Income tax recoverable		43,455	39,873
Legacy contract assets	7	-	27,598
Other financial assets		1,291,907	1,487,209
Assets held for sale	6	1,306,163	3,669,893
Prepaid expenses		544,413	227,111
Mortgages and loans receivable	8	962,713	1,031,225
		\$ 39,906,059	\$ 40,100,840
<b>Non-current</b>			
Legacy contract assets	7	\$ 10,383,046	\$ 10,442,553
Deferred income tax assets		2,398,907	2,396,752
Property and equipment	9	820,978	803,133
Intangible assets	10	10,119,018	10,257,886
Goodwill	10	9,416,321	9,416,321
Mortgages and loans receivable	8	7,377,971	11,470,181
		\$ 80,422,300	\$ 84,887,666
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	11	\$ 4,635,295	\$ 4,517,634
Obligation under lease	12	80,952	80,640
Contract Liabilities		79,440	22,500
Long-term debt	13	197,674	2,262,674
		\$ 4,993,361	\$ 6,883,448
<b>Non-current</b>			
Obligation under lease	12	\$ 280,292	\$ 295,207
Long-term debt	13	276,993	276,993
Deferred income tax liability		1,384,663	1,565,270
		\$ 1,941,948	\$ 2,137,470
<b>EQUITY</b>			
Share capital	14	\$ 80,227,242	\$ 81,554,182
Contributed surplus		4,147,645	4,127,230
Deficit		(10,887,896)	(9,814,664)
		\$ 73,486,991	\$ 75,866,748
		\$ 80,422,300	\$ 84,887,666

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 December 31, 2021	Three months ended December 31, 2020
<b>Revenue</b>	4	\$ 5,885,129	4,276,353
<b>Cost of sales</b>		4,962,504	4,224,462
<b>Gross profit</b>		\$ 922,625	51,891
Corporate administration	16	1,806,278	(74,820)
<b>Income (loss) from operations</b>		\$ (883,653)	126,711
<b>Financing</b>			
Interest income		\$ 203,283	609,084
Interest expense	12,13	(11,081)	(85,578)
		\$ 192,202	523,506
<b>Other income</b>			
Gain (loss) from legacy business	4	\$ (101,843)	295,060
Other income		132,949	77,144
		\$ 31,106	372,204
<b>Net income (loss) before income tax</b>		\$ (660,345)	1,022,421
Income tax expense (recovery)	17	(182,761)	283,575
<b>Net income (loss) and comprehensive income (loss)</b>		\$ (477,584)	\$ 738,846
<b>Basic income (loss) per share</b>	15	\$ (0.02)	\$ 0.04
<b>Fully diluted income (loss) per share</b>	15	(0.02)	0.04

*- 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 December 31, 2021	Three months ended December 31, 2020
<b>Operating activities</b>			
<b>Net income (loss) for the year</b>		\$ (477,584)	\$ 738,846
Adjustments			
Amortization of capital and intangible assets	16	229,464	77,050
Deferred share unit expense (recovery)	21	171,861	(951,861)
Income tax expense (recovery)	17	(182,761)	283,575
Income taxes paid		(3,582)	-
Interest revenue		(203,264)	(609,084)
Interest received		275,394	2,293,486
Cost of sales - legacy operations		6,640	2,516,303
Share based payments	16	26,965	27,856
(Gain) loss from legacy business		101,843	(295,060)
Other income		(86,829)	(10,568)
Changes in non-cash working capital items	19	(44,505)	(424,729)
<b>Cash generated from (applied to) operating activities</b>		\$ (186,358)	\$ 3,645,814
<b>Investing activities</b>			
Legacy operations		2,544,492	(791,787)
Proceeds from repayment of mortgages and loans receivable		4,206,548	1,146,845
Purchase of property and equipment	9	(108,440)	-
<b>Cash received from investing activities</b>		\$ 6,642,600	\$ 355,058
<b>Financing activities</b>			
Dividends paid		(608,649)	(522,004)
Interest expense		11,081	85,578
Interest paid		(38,073)	(168,375)
Net repayments on long-term debt	13	(2,065,000)	(13,417)
Purchase of common shares	14	(1,524,793)	(1,150,792)
Proceeds from shares issued	14	191,303	-
<b>Cash applied to financing activities</b>		\$ (4,034,131)	\$ (1,769,010)
Increase in cash		2,422,111	2,231,862
Cash – beginning of the period		28,795,760	27,234,152
Cash - end of the period		\$ 31,217,871	\$ 29,466,014

*- 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		Contributed Surplus		Deficit	Total
		Number	Amount	Share Options			
At September 30, 2020	14	17,842,822	\$ 75,799,235	\$ 4,049,015	\$ (8,820,300)	\$ 71,027,950	
NCIB shares purchased for cancellation		(442,703)	\$ (1,150,792)	\$ -	\$ -	\$ (1,150,792)	
Share based payment – options		-	-	27,856	-	27,856	
Dividends		-	-	-	(1,057,288)	(1,057,288)	
Total comprehensive loss		-	-	-	738,846	738,846	
At December 31, 2020	14	17,400,119	\$ 74,648,443	\$ 4,076,871	\$ (9,138,742)	\$ 69,586,572	
NCIB shares purchased for cancellation		(91,433)	\$ (247,743)	\$ -	\$ -	\$ (247,743)	
Options exercised		18,289	57,597	(13,809)	-	43,788	
Share based payment – options		-	-	64,168	-	64,168	
Dividends		-	-	-	(1,825,946)	(1,825,946)	
Acquisition of subsidiary	5	2,961,310	7,095,885	-	-	7,095,885	
Total comprehensive income		-	-	-	1,150,024	1,150,024	
At September 30, 2021	14	20,288,285	\$ 81,554,182	\$ 4,127,230	\$ (9,814,664)	\$ 75,866,748	
Adjustment due to share consolidation	14	(13)	\$ -	\$ -	\$ -	\$ -	
NCIB shares purchased for cancellation		(513,100)	(1,524,793)	-	-	(1,524,793)	
Options exercised		79,766	197,853	(6,550)	-	191,303	
Share based payment – options		-	-	26,965	-	26,965	
Dividends		-	-	-	(595,648)	(595,648)	
Total comprehensive income		-	-	-	(477,584)	(477,584)	
At December 31, 2021	14	19,854,938	\$ 80,227,242	\$ 4,147,645	\$ (10,887,896)	\$ 73,486,991	

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

## 1. Nature of operations

The predecessor corporation of SSC Security Services Corp. (the "Company" or "SSC") was incorporated under The Business Corporations Act (Saskatchewan) (the "Act") on October 25, 2011. The existing Company was formed by an amalgamation under the Act on August 8, 2013, and, prior to October 1, 2021, was known as Input Capital Corp., a Canadian Grain Commission licensed and bonded grain dealer. That legacy business is being wound down. The Company's common shares are publicly traded on the TSX Venture Exchange under the symbol "SECU" (OTCQX: SECUF).

On February 1, 2021, the Company began a pivot into the security business by acquiring SRG Security Resource Group Inc. ("SRG"), which provides cyber security and physical security services to commercial, industrial and public sector clients across Canada (see Note 5). Growth of the security business is now the focus of the Company.

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 condensed interim consolidated financial statements were authorized for issue by the Board of Directors on February 16, 2022.

## 2. Basis of presentation

### A. STATEMENT OF COMPLIANCE

These condensed 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 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, 2021.

### B. BASIS OF MEASUREMENT

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

- Financial instruments that are accounted for according to the financial instrument categories defined in Note 18.
- Share purchase options and deferred share units that are accounted for according to the share-based payments criteria.
- Assets held for sale are held at the lower of carrying value and fair value.

### 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 companies have a reporting date of September 30th.

### D. FUNCTIONAL AND PRESENTATIONAL CURRENCY

The condensed interim consolidated financial statements are presented in Canadian dollars, the functional currency of the Company and its subsidiary, 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 condensed interim 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 on financial assets;
- Estimates of future taxable income; and
- Impairment of non-financial assets.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

Areas of judgement in applying accounting policies that have the most significant effect on the amount recognized in the condensed interim 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;
- Recognition of deferred tax assets;
- Identification of the fair values of assets and liabilities acquired in a business combination; and
- Assessing recoverable amounts of all significant financial and non-financial assets.

### F. MEASUREMENT OF FAIR VALUES

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair value is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair value hierarchy establishes three levels to classify the inputs of valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described below:

- Level 1 – Fair values are determined using inputs that are quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 – Fair values are determined using inputs, other than quoted prices in level 1, that are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liabilities. In determining the inputs for calculating fair values, the Company looks for readily observable market inputs, primarily interest rates and forward prices based on the nature of SSC's derivative instruments.
- Level 3 – Fair values are determined based on inputs for the asset or liability that are not based on observable market data. Asset under collection values are calculated using internal discounted cash flow models that rely on forward pricing provided by independent sources and long term basis assumptions. Assets that are impaired or in the process of security realization are dependent upon fair value assessments of underlying security, primarily land.

The Company regularly reviews significant inputs and valuation assumptions. If third party information, such as land valuations, is used to measure fair values, then the Company assesses the evidence obtained from third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

### 3. Significant accounting policies

Except as described below, the accounting policies applied by the Company in these condensed interim consolidated financial statements are the same as those applied as at and for the year ended September 30, 2021, and are detailed in note 3 of the Company's audited consolidated financial statements.

#### *Share capital*

When a share consolidation has the effect of changing the number of shares outstanding without a corresponding change in resources, the weighted-average number of shares outstanding for the period is retrospectively adjusted as if the change had occurred at the beginning of the first period of EPS information presented.

### 4. 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 December 31, 2021, Management has determined that the Company operates in two segments: Security and Legacy Operations. The security segment provides cyber security services, along with physical security services to primarily commercial and public sector clients. Legacy operations relate to the previous multi-year canola streaming business. Since May 2019, SSC has not deployed capital into new agriculture streams and is servicing those clients until their contracts with the Company mature.

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.



## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

Segment statements of income (loss) and comprehensive income (loss) for the three months ended December 31, 2021 are included below:

For the three months ended December 31, 2021

	Security	Legacy Operations	Total
<b>Revenue</b>	\$ 5,767,648	\$ 117,481	\$ 5,885,129
<b>Cost of sales</b>	4,889,705	72,799	4,962,504
<b>Gross profit</b>	\$ 877,943	\$ 44,682	\$ 922,625
Corporate administration	728,739	1,077,539	1,806,278
<b>Income (loss) from operations</b>	\$ 149,204	\$ (1,032,857)	\$ (883,653)
<b>Financing</b>			
Interest income	\$ 19	\$ 203,264	\$ 203,283
Interest expense	(3,939)	(7,142)	(11,081)
	\$ (3,920)	\$ 196,122	\$ 192,202
<b>Other income</b>			
Loss from legacy business	\$ -	\$ (101,843)	\$ (101,843)
Other income	-	132,949	132,949
	\$ -	\$ 31,106	\$ 31,106
<b>Net income (loss) before income tax</b>	\$ 145,284	\$ (805,629)	\$ (660,345)
Income tax recovery			(182,761)
<b>Net income (loss) and comprehensive income (loss)</b>			\$ (477,584)

Segment statements of income (loss) and comprehensive income (loss) for the three month comparative period ended December 31, 2020 are included below:

For the three months ended December 31, 2020

	Security	Legacy Operations	Total
<b>Revenue</b>	\$ -	\$ 4,276,353	\$ 4,276,353
<b>Cost of sales</b>	-	4,224,462	4,224,462
<b>Gross profit</b>	\$ -	\$ 51,891	\$ 51,891
Corporate administration	-	(74,820)	(74,820)
<b>Income from operations</b>	\$ -	\$ 126,711	\$ 126,711
<b>Financing</b>			
Interest income	\$ -	\$ 609,084	\$ 609,084
Interest expense	-	(85,578)	(85,578)
	\$ -	\$ 523,506	\$ 523,506
<b>Other income</b>			
Gain from legacy business	\$ -	\$ 295,060	\$ 295,060
Other income	-	77,144	77,144
	\$ -	\$ 372,204	\$ 372,204
<b>Net income before income tax</b>	\$ -	\$ 1,022,421	\$ 1,022,421
Income tax expense			283,575
<b>Net income and comprehensive income</b>			\$ 738,846

Segment information as at December 31, 2020 and December 31, 2021 are as follows:

	Security	Legacy Operations	Non-segmented	Total
<b>Segment assets:</b>				
As at December 31, 2021	\$ 26,383,742	\$ 21,786,095	\$ 32,252,463	\$ 80,422,300
As at September 30, 2021	\$ 26,098,034	\$ 28,840,264	\$ 29,949,368	\$ 84,887,666
<b>Segment liabilities:</b>				
As at December 31, 2021	\$ 3,792,562	\$ 891,063	\$ 2,251,684	\$ 6,935,309
As at September 30, 2021	\$ 3,871,278	\$ 3,023,631	\$ 2,126,009	\$ 9,020,918

Non-segmented assets includes cash of \$29,772,391 as at December 31, 2021 (\$27,518,558 at September 30, 2021).

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

The table below provides a disaggregation of the Company's overall revenues for the three months ended December 31, 2021 and 2020:

	Three months ended December 31, 2021	Three months ended December 30, 2020
Security services		
Physical security services	\$ 4,464,212	\$ -
Cyber security services	1,303,436	-
	\$ 5,767,648	\$ -
Legacy operations	117,481	4,276,353
	\$ 5,885,129	\$ 4,276,353

The gain (loss) from legacy business is made up of the following components:

	Three months ended December 31, 2021	Three months ended December 30, 2020
Gain on sale of assets held for sale	\$ 90,955	\$ 154,753
Net gains (losses) on legacy contract assets	(185,959)	141,673
Expected credit loss	(6,839)	(1,366)
Gain (loss) from legacy business	\$ (101,843)	\$ 295,060

The Company does not have revenues from any customers that represents a greater than 10% share of consolidated revenue.

### 5. Business Acquisition

On February 1, 2021, the Company acquired all the outstanding shares of SRG pursuant to a share purchase agreement between the Company 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 had 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 \$287,368 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 services that provides solutions and services to organizations across the Canada.

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	\$ 1,021,056
Accounts receivable	2,139,011
Prepaid expenses	108,637
Inventory	72,352
Right-of-use asset	308,630
Property and equipment	582,366
Tradename (Note 10)	2,310,000
Customer relationships (Note 10)	6,900,000
Goodwill (Note 10)	9,416,321
Total assets	\$ 22,858,373
Accounts payable and accrued liabilities	1,042,589
Lease liability	308,630
Deferred tax liability	2,149,026
Total liabilities	\$ 3,500,245
Net assets acquired	\$ 19,358,128
Total consideration	
Cash	\$ 12,262,243
Issuance of common shares	7,095,885
	\$ 19,358,128

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets Acquired	Valuation technique
Customer relationships	Multi-period excess earnings method: The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the customer relationships, by excluding any cash flows related to contributory assets.
Tradenname	Relief-from-royalty method: The relief-from-royalty method is based on the premise that the fair value of the tradenname is equal to the net present value of the future expected foregone royalties paid due to ownership of the tradenname.

For the eight month period ended September 30, 2021 following its acquisition, SRG contributed \$11,839,402 to consolidated revenues and \$172,451 of earnings before income taxes.

### 6. Assets held for sale

Assets held for sale result from the Company 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 December 31, 2020	\$	6,517,701
Remeasurement of carrying value of assets held for sale		431,368
Sale of assets held for sale		(3,279,176)
At September 30, 2021		3,669,893
Sale of assets held for sale		(2,363,730)
At December 31, 2021	\$	1,306,163

	Three months ended December 31, 2021	Three months ended December 30, 2020
Assets held for sale		
Proceeds received on sale of assets held for sale	\$ 2,454,685	\$ 327,505
Carrying value of assets held for sale	2,363,730	172,752
Gain realized on sale of assets	\$ 90,955	\$ 154,753

### 7. Legacy contract assets

Legacy contract assets were agreements for which settlements were called for in tonnes of crop, the amount of which was determined based on terms in the crop purchase agreements which were capitalized on a contract by contract basis and were recorded at fair value. All active marketing and capital streaming contracts have now been settled, and the remaining balance relates to legacy contract assets. A continuity schedule of legacy contract assets is presented below:

At December 31, 2020	\$	13,329,935
Realization of crop interests		(1,105,265)
Settlement or buy back of contracts		(1,903,558)
Market value adjustment		149,039
At September 30, 2021		10,470,151
Realization of crop interests		-
Settlement or buy back of contracts		(91,389)
Market value adjustment		4,284
At December 31, 2021	\$	10,383,046

### 8. Mortgages and loans receivable

Mortgages and loans receivable consist of conventional first mortgages and loans secured by land and equipment.

	December 31, 2021	September 30, 2021
Mortgages and loans receivable		
Current	\$ 962,713	\$ 1,031,225
Non-current	7,377,971	11,470,181
	\$ 8,340,684	\$ 12,501,406

Interest revenue on mortgages and loans receivable for the three months ended December 31, 2021 was \$195,293 (three months ended December 31, 2020 - \$1,499,701).

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

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, 2021	\$ -	\$ 12,202,729	\$ 855,599	\$ 13,058,328
Expected credit loss balance on mortgages and loans receivable as at September 30, 2020	-	(707)	(1,223,416)	(1,224,123)
Re-measurement	-	707	(96,995)	(96,288)
Recoveries	-	-	69,133	69,133
Transfers to assets held for sale	-	-	694,356	694,356
Expected credit loss balance on mortgages and loans receivable for the three months ended September 30, 2021	-	-	(556,922)	(556,922)
Mortgages and loans receivable - net carrying value as at September 30, 2021	-	12,202,729	298,677	12,501,406

	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 December 31, 2021	\$ -	\$ 8,042,009	\$ 875,094	\$ 8,917,103
Expected credit loss balance on mortgages and loans receivable as at September 30, 2021	-	-	(556,922)	(556,922)
Re-measurement	-	-	(19,497)	(19,497)
Expected credit loss balance on mortgages and loans receivable as at December 31, 2021	-	-	(576,419)	(576,419)
Mortgages and loans receivable - net carrying value as at December 31, 2021	-	8,042,009	298,675	8,340,684

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 December 31, 2021	\$ 32,467	\$ 2,509	\$ 2,593	\$ 558,099	\$ 595,668

### 9. Property and equipment

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

	December 31, 2021		
	Cost	Accumulated Amortization	Carrying Amount
Furniture and fixtures	\$ 33,170	\$ 7,447	\$ 25,723
Computer hardware	41,791	10,728	31,063
Managed security services equipment	350,811	149,289	201,522
Vehicles	168,147	55,327	112,820
Leasehold improvements	119,716	32,313	87,403
Software	220,300	213,293	7,007
Property and equipment	\$ 933,935	\$ 468,397	\$ 465,538
Right-of-use asset	820,630	465,190	355,440
Total	\$ 1,754,565	\$ 933,587	\$ 820,978

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

	September 30, 2021		
	Cost	Accumulated Amortization	Carrying Amount
Furniture and fixtures	\$ 33,170	\$ 4,526	\$ 28,644
Computer hardware	29,000	7,462	21,538
Managed security services equipment	350,811	117,155	233,656
Vehicles	91,277	36,557	54,720
Leasehold improvements	109,116	22,198	86,918
Software	218,436	212,279	6,157
Property and equipment	\$ 831,810	\$ 400,177	\$ 431,633
Right-of-use asset	814,827	443,327	371,500
<b>Total</b>	<b>\$ 1,646,637</b>	<b>\$ 843,504</b>	<b>\$ 803,133</b>

The following table summarizes the changes in the net carrying amounts of property and equipment during the quarter ended December 31, 2021.

	September 30, 2021			December 31, 2021	
	Net carrying Amount	Net additions	Depreciation	Net carrying amount	
Furniture and fixtures	\$ 28,644	\$ -	\$ 2,921	\$ 25,723	
Computer hardware	21,538	12,791	3,266	31,063	
Managed security services equipment	233,656	-	32,134	201,522	
Vehicles	54,720	76,870	18,770	112,820	
Leasehold improvements	86,918	10,600	10,115	87,403	
Software	6,157	1,864	1,014	7,007	
Property and equipment	\$ 431,633	\$ 102,125	\$ 68,220	\$ 465,538	
Right-of-use asset	371,500	6,315	22,375	355,440	
<b>Total</b>	<b>\$ 803,133</b>	<b>\$ 108,440</b>	<b>\$ 90,595</b>	<b>\$ 820,978</b>	

Depreciation expense relating to property and equipment included in the condensed interim consolidated statement of income (loss) and comprehensive income (loss) is \$90,593 for the three months ended December 31, 2021 (\$4,405 for the three months ended December 31, 2020).

The Company currently has right-of-use assets relating to lease agreements for office space. At December 31, 2021, the carrying amount of property under lease was \$355,440 (December 31, 2020: \$48,430), with \$22,373 of depreciation included in the condensed interim consolidated statement of income (loss) and comprehensive income (loss) for the three months ended December 31, 2021 (\$72,646 for the three months ended December 31, 2020).

### 10. Goodwill and intangible assets

	Goodwill	Customer relationships	Tradename	Total
<b>Cost</b>				
<b>Balance at October 1, 2021</b>	\$ 9,416,321	\$ 8,266,442	\$ 2,310,000	\$ 19,992,763
Acquisitions	-	-	-	-
Retirements, disposals, and adjustments	-	-	-	-
<b>Balance at December 31, 2021</b>	<b>\$ 9,416,321</b>	<b>\$ 8,266,442</b>	<b>\$ 2,310,000</b>	<b>\$ 19,992,763</b>
Balance at October 1, 2020	\$ -	\$ -	\$ -	\$ -
Acquisitions	-	1,366,442	-	1,366,442
Acquired through business combination (Note 5)	9,416,321	6,900,000	2,310,000	18,626,321
Retirements, disposals, and adjustments	-	-	-	-
Balance at September 30, 2021	\$ 9,416,321	\$ 8,266,442	\$ 2,310,000	\$ 19,992,763

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

### Accumulated amortization

Balance at October 1, 2021	\$	-	\$	318,556	\$	-	\$	318,556
Amortization		-		138,868		-		138,868
Retirements, disposals, and adjustments		-		-		-		-
<b>Balance at December 31, 2021</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>457,424</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>457,424</b>
Balance at October 1, 2020	\$	-	\$	-	\$	-	\$	-
Amortization		-		318,556		-		318,556
Retirements, disposals, and adjustments		-		-		-		-
Balance at September 30, 2021	\$	-	\$	318,556	\$	-	\$	318,556

### Carrying amounts

<b>At December 31, 2021</b>	<b>\$</b>	<b>9,416,321</b>	<b>\$</b>	<b>7,809,018</b>	<b>\$</b>	<b>2,310,000</b>	<b>\$</b>	<b>19,535,339</b>
At September 30, 2021	\$	9,416,321	\$	7,947,886	\$	2,310,000	\$	19,674,207

On July 10, 2021, SRG finalized an asset purchase agreement with Impact Security Group Inc. to purchase all Impact security and guard contracts in the Province of Saskatchewan, Canada.

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

### 11. Accounts payable and accrued liabilities

	December 31, 2021	September 30, 2021
Current liabilities:		
Accounts payable	\$ 728,783	\$ 869,663
Payroll tax and other statutory liabilities	79,332	237,638
Dividends payable	595,648	608,649
Deferred share units payable	1,383,144	1,197,032
Other payables	1,848,388	1,604,652
	<b>\$ 4,635,295</b>	<b>\$ 4,517,634</b>

Account payable and accrued liabilities are unsecured and are usually paid within 30 days of recognition. The carrying amount of accounts payable and accrued liabilities are considered to be the same as their fair values, due to their short-term nature.

### 12. 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, 2021	\$	375,847
Additions during the period		6,313
Principal payments on lease liabilities		(24,855)
Interest payments on lease liabilities		3,939
Balance at December 31, 2021	\$	361,244
Current portion		80,952
Long-term portion		280,292
Total balance at December 31, 2021	\$	361,244

### 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. The debt is secured by mortgages underlying mortgage streams with SSC clients, and has no principal repayment obligations except when a mortgage is repaid. A continuity schedule of the Company's term debt with Concentra is presented below:

At September 30, 2020	\$	7,747,545
Repayments		(13,417)
At December 31, 2020		7,734,128
Repayments		(5,194,461)
At September 30, 2021		2,539,667
Repayments		(2,065,000)
At December 31, 2021	\$	474,667

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

Interest expense relating to the long-term debt for the three months ended December 31, 2021 is \$7,142 (three months ended December 31, 2020 - \$84,229). The fair value of the term debt as at December 31, 2021 is \$423,695 (as at December 31, 2020 - \$7,306,197).

The estimated principal repayments on the Company's long-term debt in each of the next five fiscal periods is as follows:

2022	197,674
2023	276,993
	\$ 474,667

A wholly-owned subsidiary of the Company has up to \$750,000 in a revolving demand credit facility with The Toronto Dominion Bank. No amount has been drawn on this facility as at December 31, 2021.

### 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 CONSOLIDATION

On October 1, 2021, the Company consolidated its shares on the basis of one post-consolidation common share for three pre-consolidation common shares. Per share and option information has been restated to give effect to this consolidation.

#### C. SHARES ISSUED AND PURCHASED

	Number of Shares	Share Capital
Common shares - September 30, 2020	17,842,822	\$ 75,799,235
Shares purchased for cancellation under the normal course issuer bid	(442,703)	(1,150,792)
Common shares - December 31, 2020	17,400,119	\$ 74,648,443
Shares purchased for cancellation under the normal course issuer bid	(91,433)	(247,743)
Options exercised	18,289	57,597
Acquisition of subsidiary	2,961,310	7,095,885
Common shares - September 30, 2021	20,288,285	\$ 81,554,182
Adjustment due to share consolidation	(13)	-
Shares purchased for cancellation under the normal course issuer bid	(513,100)	(1,524,793)
Options exercised	79,766	197,853
Common shares - December 31, 2021	19,854,938	\$ 80,227,242

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, 2022 and will be active until the earlier of January 3, 2023 and the date by which SSC has acquired the maximum shares which may be purchased.

During the three months ended December 31, 2021, the Company bought back 513,100 shares under its normal course issuer bid at an average price of \$2.97 per share (three months ended December 31, 2020 - 442,703 shares at an average price of \$2.60). During the three months ended December 31, 2021, the Company cancelled 513,100 shares (three months ended December 31, 2020 - 442,703).

#### D. 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. Refer to Note 16 for share-based payment compensation.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

The following table summarizes stock options vested and outstanding at December 31, 2021:

Option series	Number	Expiry date	Exercise price	Fair value at date of grant
(1) granted on December 15, 2016	214,300	December 15, 2021	\$ 6.00	\$ 6.00
(2) granted on December 15, 2017	593,667	December 15, 2022	\$ 4.62	\$ 4.62
(3) granted on December 21, 2018	313,833	December 21, 2023	\$ 2.40	\$ 2.40
(4) granted on February 18, 2021	143,333	February 18, 2026	\$ 2.85	\$ 2.85
(5) granted on March 1, 2021	6,667	March 1, 2026	\$ 2.82	\$ 2.82

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, 2020 and are based on management's best estimates at the time of issuance.

Inputs into the model	Option Series	
	Series 4	Series 5
Grant date share price	\$ 2.85	\$ 2.82
Exercise price	\$ 2.85	\$ 2.82
Average vesting period from grant date	3.00 years	3.00 years
Volatility	60.04%	60.04%
Expected life	5.00 years	5.00 years
Dividend yield	4.21%	4.00%
Risk free interest rate	0.59%	0.81%

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

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

Option series	Average remaining life (in years)	Options outstanding				Total
		Vested	Unvested	Exercised	Expired or cancelled	
Series 1*	0.00	214,300	-	-	28,833	185,467
Series 2	0.96	593,667	-	-	106,067	487,600
Series 3	1.97	313,833	-	98,055	143,644	72,134
Series 4	4.13	41,364	101,970	-	-	143,334
Series 5	4.16	1,857	4,810	-	-	6,667
Weighted average	1.66	1,735,993	106,780	98,055	849,517	895,201

\*Any options that are set to expire within a blackout period placed on eligible employees, officers, directors and consultants, will have the expiry dates of such options be extended beyond the blackout period in accordance with the share option plan.

A continuity schedule of the total number of options is presented below:

Options outstanding at September 30, 2020 (weighted average exercise price of \$4.95)	3,419,100
Expired or cancelled	(180,988)
Options outstanding at December 31, 2020 (weighted average exercise price of \$4.59)	3,238,112
Issued	450,000
Exercised	(54,867)
Expired or cancelled	(708,345)
Options outstanding at September 30, 2021 (weighted average exercise price of \$4.26)	2,924,900
Adjustment due to share consolidation	(1,949,933)
Exercised	(79,766)
Options outstanding at December 31, 2021 (weighted average exercise price of \$4.43)	895,201



## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

### E. DIVIDENDS

The Company declared the following dividends since October 1, 2020 to the shareholders of record on the following dates.

Record date	Dividend per share	Shares outstanding	Total Dividend
November 9, 2020	\$ 0.03	17,842,822	\$ 535,284
December 31, 2020	\$ 0.03	17,400,119	\$ 522,003
March 31, 2021	\$ 0.03	20,288,285	\$ 608,649
June 30, 2021	\$ 0.03	20,288,285	\$ 608,649
September 30, 2021	\$ 0.03	20,288,285	\$ 608,649
December 31, 2021	\$ 0.03	19,854,938	\$ 595,648

### 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 December 31, 2021	Three months ended December 31, 2020
Basic weighted average number of shares	20,186,212	17,792,503
Dilutive securities:		
Share options	-	1,139,700

The average market value of the Company's shares for the purpose of calculating the dilutive effect of share options was based on quoted market prices for the year during which the options were outstanding. Due to the net loss in the period ended December 31, 2021, share options were anti-dilutive.

### 16. Corporate administration

	Three months ended December 31, 2021	Three months ended December 31, 2020
Amortization of capital and intangible assets	\$ 229,464	\$ 77,050
Contracted services	169,475	127,169
Director compensation - DSU's (Note 21)	171,861	(951,861)
Office	306,978	40,636
Other administration	145,669	37,749
Professional fees	143,660	416,792
Salaries, wages and benefits	612,206	149,789
Share option based compensation	26,965	27,856
Total expense	\$ 1,806,278	\$ (74,820)

### 17. 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 income (loss) before income taxes. These differences result from the following items:

	Three months ended December 31, 2021	Three months ended December 31, 2020
Net income (loss) before income tax	\$ (660,345)	\$ 1,022,421
Canadian federal and provincial tax rates	27.0%	27.0%
Income tax expense (recovery) based on the above rates	(178,293)	276,054
Increase due to the tax effect of:		
Non-deductible expenses	7,280	7,521
Other	(11,748)	-
Income tax expense (recovery)	\$ (182,761)	\$ 283,575

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

The income tax expense (recovery) consists of the following:

	Three months ended December 31, 2021	Three months ended December 31, 2020
Current	\$ -	\$ -
Deferred	(182,761)	283,575
Income tax expense (recovery)	\$ (182,761)	\$ 283,575

### 18. 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 \$73,486,991 (December 31, 2020 - \$69,586,572) 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 legacy contract assets. Management's view is that the carrying amounts of these assets represent the maximum credit exposure.

The carrying amount of these assets is:

	December 31, 2021	September 30, 2021
Cash	\$ 31,217,871	\$ 28,795,760
Accounts receivable	4,539,537	4,822,171
Legacy contract assets (Note 7)	10,383,046	10,470,151
Mortgages and loans receivable (Note 8)	8,340,684	12,501,406
	\$ 54,481,138	\$ 56,589,488

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 insurance. For the remaining legacy business contracts, management also monitors the industry environment to ensure that policies, activities and prices are appropriate and relevant.

The aging of trade and other receivables and allowance for doubtful accounts are as follows:

	December 31, 2021	September 30, 2021
Not past due	\$ 2,700,067	\$ 3,555,228
Past due 0-90 days	1,207,442	944,167
More than 90 days past due	655,686	345,216
Total trade and other receivables	4,563,195	4,844,611
Allowance for doubtful accounts	(23,658)	(22,440)
Total trade and other receivables net of allowance	\$ 4,539,537	\$ 4,822,171

Included in trade and other receivables are contract assets of \$595,592 (\$255,080 at September 30, 2021) relating to unbilled revenue. These contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date.

**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 payments from 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.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

Legacy agreements contain obligations in that the Company agrees to purchases 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	\$ 1,319,292	\$ 37,459	\$ -	\$ -	\$ 1,356,751

Financial liabilities and other contractual obligations at December 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	\$ 4,635,295	\$ -	\$ -	\$ -	\$ 4,635,295
Lease obligations	95,552	151,289	86,304	85,304	418,449
	\$ 4,730,847	\$ 151,289	\$ 86,304	\$ 85,304	\$ 5,053,744

Long-term debt repayment and interest obligations at December 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 paid	\$ 206,587	\$ 288,319	\$ -	\$ -	\$ 494,906

**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 legacy 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 legacy contracts.

**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 three months ended December 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	December 31, 2021	September 30, 2021
Cash	Amortized cost	1	\$ 31,217,871	\$ 28,795,760
Accounts receivable	Amortized cost	2	4,539,537	4,822,171
Other financial assets	Fair value through profit or loss	2	1,291,907	1,487,209
Legacy contract assets	Fair value through profit or loss	3	10,383,046	10,470,151
Mortgages and loans receivable	Amortized cost	2	8,340,684	12,501,406
Accounts payable and accrued liabilities	Other financial liabilities	2	4,635,295	4,517,634
Long-term debt	Other financial liabilities	2	423,695	2,708,442

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 following table represents expected credit recoveries (impairments) recognized in the statement of income (loss) and comprehensive income (loss).

	Three months ended December 31, 2021	Three months ended December 31, 2020
Accounts receivable	\$ -	\$ 25,528
Mortgages and loans receivable	(6,839)	(26,894)
Expected credit loss	\$ (6,839)	\$ (1,366)

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

The Company has term debt with Concentra Bank that is secured against the mortgages underlying mortgages with clients. As of December 31, 2021, there was \$474,667 (December 31, 2020 - \$7,734,128) drawn on the \$10 million available.

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 legacy contracts and any collateral security granted in favour of the Company in connection with each contract.

### 19. Supplemental cash flow information

	Three months ended December 31, 2021	Three months ended December 31, 2020
Change in non-cash working capital items		
Accounts receivable	\$ 79,856	\$ (639,387)
Prepaid expenses	(317,301)	3,846
Accounts payable and accrued liabilities	192,940	210,812
Net increase (decrease) in cash	\$ (44,505)	\$ (424,729)

### 20. Key management personnel compensation

Members of the key management team include the Board of Directors, the President and Chief Executive Officer, the Executive Vice-President and Chief Financial Officer, the Chief Operating Officer, and the Vice-President.

	Three months ended December 31, 2021	Three months ended December 31, 2020
Contractors, employee salaries and benefits	\$ 196,075	\$ 117,678
Deferred share unit (recovery) expense (see Note 21)	171,861	(951,861)
Share based payments	26,965	15,504
Total key management compensation expense (recovery)	\$ 394,901	\$ (818,679)

### 21. 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 December 31, 2021 there were 495,269 DSUs granted and outstanding (December 31, 2020 - 368,662). Included in accounts payable and accrued liabilities at December 31, 2021 is \$1,383,144 (September 30, 2021 - \$1,197,033) relating to the valuation of the DSUs. Included in Board and executive expenses under corporate administration expense for the three months ended December 31, 2021 is an expense of \$171,861 (three months ended December 31, 2020 - recovery of \$951,861) relating to the valuation of the DSUs. During the three months ended December 31, 2021, \$nil was paid out for DSUs being cash-settled (three months ended December 31, 2020 - \$nil).

### 22. Related party transactions

The Company enters into certain transactions with private companies controlled by key management of SSC. 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.

Related party expenses totalled \$262,186 for the three months ended December 31, 2021 (\$208,725 for the three months ended December 31, 2020) and are included within the expense categories detailed in Note 16.

### 23. 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. On January 31, 2022, SSC cancelled this Canadian Grain Commission license that related to the legacy operations.

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.

## **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2021

### **24. Comparative figures**

Due to changes in business operations, certain prior period figures have been reclassified.

### **25. Subsequent events**

On February 9, 2022, the Company announced that it had entered into a definitive agreement to acquire Avante Logixx Inc. (TSXV: XX) via Plan of Arrangement. The deal is subject to a vote of the Avante shareholders, and if successful, is expected to close during the second calendar quarter of 2022.

On February 16, 2022, the Company completed repayment of the credit facility with Concentra Bank. The Company is now debt-free.