Security Services Corp.

Consolidated Financial Statements

For the years ended
September 30, 2022 and 2021

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of SSC Security Services Corp.

Opinion

We have audited the consolidated financial statements of SSC Security Services Corp. (the Entity), which comprise:

- The consolidated statements of financial position as at September 30, 2022 and September 30, 2021
- the consolidated statements of (loss) income and comprehensive (loss) income for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at September 30, 2022 and September 30, 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management’s Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management’s Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors’ report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors’ report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity’s ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants
The engagement partner on the audit resulting in this auditors' report is Scott Douglas Verity.

Regina, Canada
December 19, 2022

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at September 30, 2022	As at September 30, 2021
ASSETS			
Current			
Cash		$ 11,195,115	$ 28,795,760
Accounts receivable	19	20,888,761	4,773,091
Contract assets	16	214,599	49,080
Inventories		349,282	-
Prepaid expenses		993,774	165,737
Other financial assets		533,140	1,487,209
Income tax recoverable		37,497	39,873
Legacy contract assets	7	-	27,598
Mortgages and loans receivable	8	2,645,242	1,031,225
Assets held for sale	6	800,000	3,669,893
		$ 37,657,410	$ 40,039,466
Non-current			
Legacy contract assets	7	$ 8,013,701	$ 10,442,553
Mortgages and loans receivable	8	1,859,280	11,470,181
Property and equipment	9	3,157,106	864,507
Deferred income tax assets	18	2,456,994	2,396,752
Intangible assets	10	20,715,955	10,257,886
Goodwill	10	13,808,218	9,416,321
		$ 87,668,664	$ 84,887,666
LIABILITIES			
Current			
Accounts payable and accrued liabilities	11	$ 11,765,507	$ 4,517,634
Income tax payable		382,906	-
Obligation under lease	12	541,064	80,640
Contract Liabilities	16	508,759	22,500
Long-term debt	13	-	2,262,674
		$ 13,198,236	$ 6,883,448
Non-current			
Obligation under lease	12	$ 798,605	$ 295,207
Long-term debt	13	-	276,993
Deferred income tax liability	18	3,027,289	1,565,270
		$ 3,825,894	$ 2,137,470
EQUITY			
Share capital	14	$ 79,574,976	$ 81,554,182
Contributed surplus		4,234,190	4,127,230
Deficit		(13,164,632)	(9,814,664)
		$ 70,644,534	$ 75,866,748
		$ 87,668,664	$ 84,887,666

ON BEHALF OF THE BOARD

"Douglas Emsley", Director

"David H. Laidley", FCPA, Director

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

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

	Note	Year ended September 30, 2022	Year ended September 30, 2021
Revenue	16	$ 49,696,540	18,308,011
Cost of sales		41,226,650	15,268,096
Gross profit		$ 8,469,890	3,039,915
Corporate administration	17	12,450,637	4,726,768
Loss from operations		$ (3,980,747)	(1,686,853)
Financing			
Interest income		605,486	1,967,666
Interest expense		(50,861)	(241,508)
		$ 554,625	1,726,158
Other income			
Gain from legacy business	19	1,582,748	2,076,003
Other income		529,317	474,474
		$ 2,112,065	2,550,477
Net (loss) income before income tax		$ (1,314,057)	2,589,782
Income tax (recovery) expense	18	(332,677)	700,912
Net (loss) income and comprehensive (loss) income		$ (981,380)	$ 1,888,870
Basic (loss) income per share	15	$ (0.05)	$ 0.10
Fully diluted (loss) income per share	15	(0.05)	0.09

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

Cash flow from (applied to)	Note	Year ended September 30, 2022	Year ended September 30, 2021
Operating activities			
Net (loss) income		$ (981,380)	$ 1,888,870
Adjustments			
Amortization of capital and intangible assets	17	1,765,256	665,229
Deferred share unit expense (recovery)	17	579,997	(691,727)
Share based payments	17	113,510	92,024
Income tax (recovery) expense	18	(332,677)	700,912
Income tax recovered		2,375	1,448
Interest revenue		(605,486)	(1,967,666)
Interest received		996,337	2,515,661
Cost of sales - legacy operations		11,545	1,678,785
Gain from legacy business	19	(1,582,748)	(2,076,003)
Other income		(179,634)	(265,369)
Changes in non-cash working capital items	20	(3,988,718)	(1,423,876)
Cash (applied to) generated from operating activities		$ (4,201,623)	$ 1,118,288
Investing activities			
Proceeds from legacy assets		7,878,749	5,913,890
Proceeds from repayment of mortgages and loans receivable		7,978,984	16,269,890
Purchase of property and equipment	9	(984,727)	(100,166)
Purchase of intangible assets	10	-	(1,366,442)
Acquisition of subsidiary, net of cash acquired	5	(21,146,496)	(11,241,187)
Cash (applied to) received from investing activities		$ (6,273,490)	$ 9,475,985
Financing activities			
Dividends paid		(2,388,687)	(2,274,585)
Interest expense		50,861	241,508
Interest paid		(39,819)	(283,509)
Principal lease payments	12	(222,464)	(153,455)
Net repayments on long-term debt	13	(2,539,667)	(5,207,878)
Purchase of common shares	14	(2,177,059)	(1,398,535)
Proceeds from shares issued	14	191,303	43,789
Cash applied to financing activities		$ (7,125,532)	$ (9,032,665)
(Decrease) increase in cash		(17,600,645)	1,561,608
Cash – beginning of the period		28,795,760	27,234,152
Cash - end of the period		$ 11,195,115	$ 28,795,760

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	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		(534,136)		(1,398,535)		-		-	$ (1,398,535)
Options exercised		18,289		57,597		(13,809)		-	43,788
Share based payment – options		-		-		92,024		-	92,024
Dividends		-		-		-		(2,883,234)	(2,883,234)
Acquisition of subsidiary	5	2,961,310		7,095,885		-		-	7,095,885
Total comprehensive income		-		-		-		1,888,870	1,888,870
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		(13)	$	-	$	-	$	-	$ -
NCIB shares purchased for cancellation		(749,700)		(2,177,059)		-		-	(2,177,059)
Options exercised		79,766		197,853		(6,550)		-	191,303
Share based payment – options		-		-		113,510		-	113,510
Dividends		-		-		-		(2,368,588)	(2,368,588)
Total comprehensive loss		-		-		-		(981,380)	(981,380)
At September 30, 2022	14	19,618,338	$	79,574,976	$	4,234,190	$	(13,164,632)	$ 70,644,534

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. The Company's common shares are publicly traded on the TSX Venture Exchange under the symbol "SECU" (OTCQX: SECUF). The Company provides physical and cyber security services across Canada.

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 consolidated financial statements were authorized for issue by the Board of Directors on December 19, 2022.

2. *Basis of presentation*

A. STATEMENT OF COMPLIANCE

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Committee ("IFRIC").

B. BASIS OF MEASUREMENT

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

- Financial instruments that are accounted for at fair value through profit and loss (Note 19).
- 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 consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries SRG and Logixx. 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 consolidated financial statements are presented in Canadian dollars, the functional currency of the Company and its subsidiaries, 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 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.

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

- Classification and measurement of financial instruments including the business model applied;
- Recognition of deferred tax assets;
- Identification of the fair values of assets and liabilities acquired in a business combination;
- Assessing recoverable amounts of all significant financial and non-financial assets; and
- There is judgement in determining the timing of revenue recognition pertaining to electronic installation services, where the entire contract is one performance obligation and is recognized over time using the percentage of completion basis. Timing of revenue recognition may differ from when customers are invoiced, which could result in contract assets or contract liabilities being recognized.

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 the Company'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 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*

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

A. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

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

Proposed Standard	Description	Effective Date	Expected Impact
Amendments to IAS 1 - Classification of liabilities	The amendment provides clarification on the requirement on determining if a liability is current or non-current.	Fiscal years beginning on or after January 1, 2023, applied prospectively.	The Company does not expect any significant impact on the consolidated financial statements, but continues to do analysis.
Amendments to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets	The amendment provides clarification on the types of costs that can be included when fulfilling an onerous contract.	Fiscal years beginning on or after January 1, 2022 applied prospectively.	The Company does not expect any significant impact on the consolidated financial statements, but continues to do analysis.
Amendments to IFRS 3 - Business Combinations	This amendment provides clarification that an acquirer can not recognize contingent assets acquired in a business combination, and provides reference to the Conceptual Framework.	Fiscal years beginning on or after January 1, 2022 applied prospectively.	The Company did not recognize any contingent assets within business combinations during the period, but will adopt this amendment for future business combinations.
Amendments to IAS 16 - Property Plant and Equipment	This amendment provides clarification around the accounting for the net proceeds from selling any items produced while bringing an item of property, plant and equipment into use.	Fiscal years beginning on or after January 1, 2022 applied retrospectively.	The Company does not expect any significant impact on the consolidated financial statements, but continues to do analysis.
Amendments to IAS 12 - Income Taxes	This amendment provides clarification as to how companies should account for deferred tax on transactions such as leases and decommissioning obligations.	Fiscal years beginning on or after January 1, 2023 applied prospectively.	The Company does not expect any significant impact on the consolidated financial statements, but continues to do analysis.

Proposed Standard	Description	Effective Date	Expected Impact
Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors	This amendment provides clarification as to how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinguishment holds importance because changes in accounting estimates are applied prospectively only to future events, while changes to accounting policies are generally applied retrospectively to past transactions and other past events.	Fiscal years beginning on or after January 1, 2023 applied prospectively.	The Company does not expect any significant impact on the consolidated financial statements, but continues to do analysis.

B. BUSINESS COMBINATIONS

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

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

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

C. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (“CODM”). The CODM is the person or persons who are responsible for allocating resources and assessing performance of the operating segments. The CODM for the Company has been identified as the President and Chief Executive Officer. SSC follows the same accounting policies for each segment as those described in the notes to the consolidated financial statements. Transactions between reportable segments are accounted for in the same manner SSC accounts for transactions with external parties, but eliminated upon consolidation. All assets and liabilities are held exclusively in Canada as at September 30, 2022 and September 30, 2021.

D. REVENUE

SSC enters into security contracts with customers relating to protective and cyber security services. SSC recognizes revenue in a manner that depicts the transfer of promised goods or services to a customer at an amount that reflects the consideration expected to be received in exchange for transferring those goods and services, applying the following five steps:

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

The Company's contracts typically have a single performance obligation but may include multiple services which are capable of being distinct and accounted for as separate performance obligations.

The Company recognizes revenue from contracts based on the stage of completion of the performance obligation delivered. Revenue from contracts is recognized over time as the customer controls the asset as it is created, the Company's performance creates and or enhances an asset in the customer's control, and the Company has an enforceable right to payment for performance completed to date.

Contract modifications are accounted for as a separate contract with the customer, or will be accounted for by modifying the accounting for the current contract with the customer. Modifications that are distinct from those delivered prior to the modification will be accounted for prospectively. If the modifications are not distinct, they will be accounted for retrospectively. Any modifications to the Company's customer contracts are considered distinct and separate, and, therefore are accounted for prospectively or under a new and separate contract. In the current period, the Company did not have any contract modifications.

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

The Company makes no express or implied warranties concerning the services provided and as such no warranty provision is recorded within the consolidated financial statements.

Revenue from protective services includes performance obligations such as security consulting and guard and patrol services, which are recognized over the term of the contract as the service is provided. For professional services contracts billed on fixed price basis, revenue is recognized over time based on the proportion of services performed.

As a result of the acquisition of Logixx (see Note 5), protective services now includes revenues from electronic installation services which include the installation of security systems. The Company's contracts with customers require integration services which are not separately identifiable from other promises in the contracts and, therefore, not distinct. As such, the entire contract is one performance obligation recognized over time using the percentage of completion basis, where milestones are clearly defined, and performance is tied to milestones reached and costs incurred compared to total estimated costs. A contract asset is recognized for unbilled amounts on these projects during construction. Revenues from the sale of security devices and hardware are recognized upon delivery of goods and services to customers and acceptance of such goods and services by customers net of provisions for returns and discounts.

Revenue from cyber security services includes performance obligations such as managed security services, cyber security consulting, and staff augmentation services, which are recognized over the term of the contract as the service is provided. For professional services contracts billed on a fixed price basis, revenue is recognized over time based on the proportion of services performed. On occasion, the Company will arrange for the provision of a specified good or service on behalf of another party. In these rare instances, SSC does not control the specified good or service before it is transferred to the customer, and alternatively acts as an agent for these contract types and records the revenues on a net basis.

Legacy asset contracts

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

E. FINANCIAL INSTRUMENTS

Financial assets

Accounts receivable and debt securities issued are initially recognized on the date they originate. All other financial assets are initially recognized when SSC becomes a party to the contractual provisions of the instrument. SSC measures accounts receivable without a significant financing component at the transaction price. All other financial assets are initially recognized at fair value.

On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are not reclassified subsequent to their initial recognition, unless SSC changes its business model for managing financial assets.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

(i) The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

(ii) The contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Mortgages and loans receivable held by SSC contain fixed and determinable payments. SSC's business model is to hold the mortgages and loans receivable to collect principal and interest payments.

A financial asset is measured at fair value through other comprehensive income if it meets both of the following conditions:

(i) The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

(ii) The contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets (liabilities) are subsequently measured at their fair values with changes in fair value, including any interest income, recognized in profit or loss.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows relating to the financial asset to a third party. Any interests in transferred assets that are created or retained by the Company are recognized as a separate asset or liability.

Financial liabilities

Debt associated with long term agreements is initially recognized at fair value less any directly attributable transaction costs. All other financial liabilities (including liabilities designated at fair value through profit and loss) are recognized initially on the trade date at which the Company becomes party to the contractual provisions of the instrument. SSC derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, SSC has the right to offset the amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

Derivative financial instruments

Derivatives embedded in contracts where the host is a financial asset are not separated and the hybrid financial instrument as a whole is assessed for classification and measurement. The Company has chosen not to use hedge accounting. Derivatives are recognized initially at fair value with attributable transaction costs recognized in profit and loss as incurred. Subsequent to initial measurement, derivatives are measured at fair value and the changes in fair value are recognized immediately in profit and loss.

Legacy contract assets arose from 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. Amounts advanced were capitalized on a contract by contract basis. These contracts did not meet the own-use scope exemption and cash flows were not solely payments of principal and interest. As such, legacy asset interests are carried at fair value through profit or loss.

In addition to settlement through regular crop deliveries, crop tonnage obligations outstanding on crop streaming contracts could also be settled by the farm operator directly through payment in cash, through cash proceeds received from crop insurance, through a conventional mortgage receivable, through a receivable agreement or through a land transfer. These transactions do not result in the title and risk of the crop passing to a purchaser from SSC and are considered to be the settlement of a financial asset with the farm operator. As a result, these transactions are not recorded as revenue.

There are no remaining active contracts and all outstanding amounts are in the collection process.

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

Allowance for credit losses on financial assets

The expected loss impairment model results in an allowance for credit losses being recorded on financial assets regardless of whether there has been an actual loss event.

The expected loss impairment model applies a three-stage approach to measure the allowance for credit losses:

- Stage 1 Represents performing financial assets not yet individually identified as credit impaired. On initial recognition, twelve month expected credit losses are recognized in profit or loss and a loss allowance is established.
- Stage 2 Also represents performing financial assets not yet individually identified as credit impaired. If credit risk increases significantly and the resulting credit risk is not considered to be low, full lifetime expected credit losses are recognized. In subsequent reporting periods, if the credit risk of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, then stage 1 credit losses are recognized.
- Stage 3 Represents impaired financial assets individually identified as credit impaired. When a financial asset is considered credit impaired, full lifetime expected credit losses are recognized and interest revenue is calculated based on the carrying amount of the asset, net of the loss allowance, rather than its gross carrying amount.

Loss allowances for accounts receivable are recorded at an amount equal to a lifetime expected credit loss.

At each reporting date, the Company assesses whether a significant increase in credit risk has taken place since initial recognition to determine the changes between stages 1 and 2. In assessing whether credit risk has increased significantly, SSC considers the following factors:

- whether financial assets are considered to have low credit risk at the reporting date;
- the risk of a default occurring on the financial asset as at the reporting date is compared with the risk of a default occurring on the financial asset as at the date of initial recognition;
- qualitative information available as at the reporting date; and
- days past due.

A financial asset is considered stage 3 credit where, in management's opinion, the credit quality has deteriorated to the extent that SSC no longer has reasonable assurance of timely collection of the full amount of principal and interest. When a financial asset is classified as stage 3 credit-impaired, the carrying value is reduced to Its estimated realizable value through an adjustment to the allowance for credit losses. Changes in the estimated realizable amount that arise subsequent to the initial impairment are also adjusted through the allowance for credit losses.

The expected loss impairment model reflects the present value of all cash shortfalls related to a default event over the expected life of the financial instrument. The estimation of future cash flows considers the fair value of any underlying security, estimated time and costs to realize the security and other future potential indicators.

All payments received on an impaired mortgage or loan receivable are credited against the recorded investment in the financial asset. Financial assets and their stage 3 allowance for credit losses are written off, either partially or in full, when there is no realistic prospect of future recovery.

F. CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

G. ASSETS HELD FOR SALE

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

H. PROPERTY AND EQUIPMENT

Property and equipment are reported at acquisition cost less accumulated amortization and accumulated net impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the assets.

Amortization is calculated based on the depreciable amount, which is the cost of an asset less its residual value. Amortization is calculated over the estimated useful lives of the assets using the following rates and methods:

Furniture and fixtures	20%	Declining balance
Computer equipment	30-55%	Declining balance
Managed security services equipment	1-5 years	Straight-line
Vehicles	60%	Declining balance
Leasehold improvements	Lease term	Straight-line
Uniforms	3 years	Straight-line
Right-of-use asset	Lease term	Straight-line

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

I. INTANGIBLE ASSETS

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

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

The Company amortizes intangible assets with finite useful lives (within Corporate administration) on the Consolidated Statements of Income on a straight-line basis over their estimated useful lives as noted below. Useful lives, residual values and amortization methods for these intangible assets with finite useful lives are reviewed at least annually. Intangible assets recognized by the Company with finite useful lives include:

Customer relationships	8 - 12 years	Straight-line
Computer software	5 years	Straight-line

J. GOODWILL

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

K. IMPAIRMENT OF NON-FINANCIAL ASSETS

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly. In measuring value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects the risks specific to the asset. Impairment testing of goodwill and indefinite life intangible assets is done annually at the September 30 year end, or when there are indicators of impairment.

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

L. INCOME TAXES

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

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

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

M. SHARE BASED PAYMENTS

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

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

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

N. LEASES

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

The Company recognizes a right-of-use asset and a lease liability at the beginning of the lease. This is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The Company then amortizes this right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits.

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

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

O. INVENTORIES

The Company acquired electronic security inventories as a part of the acquisition of Logixx (see Note 5). Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out allocation method. The cost of inventories comprises costs of purchase and cost incurred bringing the inventories to their present location. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and estimated selling costs. In determining inventory valuation, any obsolete or damaged inventory is written down to net realizable value.

P. FOREIGN CURRENCY TRANSLATION

Transactions in foreign currencies are translated into Canadian dollars by the use of the exchange rate in effect at the transaction date.

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction, and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into Canadian dollars at the exchange rate when the fair value was determined. Foreign currency difference are generally recognised in profit or loss and presented within other income.

Q. 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 earnings per share information presented.

R. FINANCE INCOME AND FINANCE COSTS

The Company's finance income and finance costs include interest income primarily on mortgages and interest expense on long-term debt and capital leases. Interest income and interest expense is recognized using the effective interest method. In calculating interest income, the effective interest is applied to the gross carrying amount of the asset when the asset is not credit impaired. For financial assets that have become credit impaired, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

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 September 30, 2022, Management has determined that the Company operates in three segments: Security, Legacy Operations, and Corporate. The security segment provides security services to primarily commercial and public sector clients. Services include cyber security services, protective services as well as security system design, sales, installations, and monitoring and alarm response. Legacy operations relate to the previous canola streaming business. The corporate segment includes intersegment charges and corporate overhead costs. Since May 2019, SSC has not deployed capital into new agriculture streams and is servicing those clients until their contracts with the Company mature.

The Company provides security services for enterprise customers across Canada. Segment results include items directly attributable to a segment and inter-segment administration charges, reflected as corporate revenue. The Company accounts for intersegment sales as if they were to external customers.

Segment statements of income (loss) and comprehensive income (loss) for the year ended September 30, 2022 are included below:

	For the year ended September 30, 2022				
	Security	Legacy Operations	Corporate	Intersegment eliminations	Total
Revenue	$ 49,432,026	$ 286,992	$ 2,996,445	$ (3,018,923)	$ 49,696,540
Cost of sales	41,081,598	167,530	-	(22,478)	41,226,650
Gross profit	$ 8,350,428	$ 119,462	$ 2,996,445	$ (2,996,445)	$ 8,469,890
Corporate administration	10,806,364	512,082	4,247,967	(3,115,776)	12,450,637
Income (loss) from operations	$ (2,455,936)	$ (392,620)	$ (1,251,522)	$ 119,331	$ (3,980,747)
Financing					
Interest income	$ 21,254	$ 584,232	$ -	$ -	$ 605,486
Interest expense	(41,974)	-	(8,887)	-	(50,861)
	$ (20,720)	$ 584,232	$ (8,887)	$ -	$ 554,625
Other income					
Gain from legacy business	$ -	$ 1,582,748	$ -	$ -	$ 1,582,748
Other income	107,092	179,635	242,590	-	529,317
	$ 107,092	$ 1,762,383	$ 242,590	$ -	$ 2,112,065
Net income (loss) before income tax	$ (2,369,564)	$ 1,953,995	$ (1,017,819)	$ 119,331	$ (1,314,057)

Segment statements of income (loss) and comprehensive income (loss) for the year ended September 30, 2021 are included below:

	For the year ended September 30, 2021				
	Security	Legacy Operations	Corporate	Intersegment eliminations	Total
Revenue	$ 11,844,131	$ 6,468,609	$ 2,248,401	$ (2,253,130)	$ 18,308,011
Cost of sales	9,674,684	5,593,412	-	-	15,268,096
Gross profit	$ 2,169,447	$ 875,197	$ 2,248,401	$ (2,253,130)	$ 3,039,915
Corporate administration	4,322,228	665,957	2,078,248	(2,339,665)	4,726,768
Income (loss) from operations	$ (2,152,781)	$ 209,240	$ 170,153	$ 86,535	$ (1,686,853)
Financing					
Interest income	$ -	$ 1,967,666	$ -	$ -	$ 1,967,666
Interest expense	(9,704)	-	(231,804)	-	(241,508)
	$ (9,704)	$ 1,967,666	$ (231,804)	$ -	$ 1,726,158
Other income					
Gain from legacy business	$ -	$ 2,076,003	$ -	$ -	$ 2,076,003
Other income	-	474,474	-	-	474,474
	$ -	$ 2,550,477	$ -	$ -	$ 2,550,477
Net income (loss) before income tax	$ (2,162,485)	$ 4,727,383	$ (61,651)	$ 86,535	$ 2,589,782

Segment information as at September 30, 2022 and September 30, 2021 are as follows:

	Security	Legacy Operations	Corporate	Intersegment eliminations	Total
Segment assets:					
As at September 30, 2022	$ 64,158,859	$ 13,930,548	$ 63,869,670	$ (54,290,413)	$ 87,668,664
As at September 30, 2021	$ 26,275,293	$ 28,056,109	$ 54,194,722	$ (23,638,458)	$ 84,887,666
Segment liabilities:					
As at September 30, 2022	$ 31,976,111	$ (540)	$ 4,069,136	$ (19,020,577)	$ 17,024,130
As at September 30, 2021	$ 8,495,893	$ 2,539,667	$ 2,352,223	$ (4,366,865)	$ 9,020,918
Capital expenditures:					
As at September 30, 2022	$ 1,412,517	$ -	$ 2,697	$ -	$ 1,415,214
As at September 30, 2021	$ 186,922	$ 7,784	$ -	$ -	$ 194,706

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

5. Business Acquisition

A. ACQUISITION OF LOGIXX SECURITY INC.

On June 1, 2022, the Company acquired all the outstanding shares of Logixx Security Inc. and repaid shareholder debt for aggregate cash consideration of $23,919,647. There were no finders' fees payable in connection with this transaction. Acquisition costs in the amount of $273,122 were incurred on this transaction and expensed. This includes professional fees incurred towards financial, tax and legal due diligence.

Logixx is a Toronto, Ontario-based provider of physical protective security services as well as security system design, sales, installations, monitoring and alarm response.

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 Logixx 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 Logixx acquisition:

		June 1, 2022
Cash	$	2,773,151
Accounts receivable		13,823,922
Inventories		240,340
Contract assets		119,593
Prepaid expenses		62,942
Right-of-use asset (Note 9)		765,383
Property and equipment (Note 9)		851,855
Software (Note 10)		57,472
Tradename (Note 10)		3,800,000
Customer relationships (Note 10)		7,626,000
Goodwill (Note 10)		4,391,897
Total assets	$	34,512,555
Accounts payable and accrued liabilities	$	7,397,325
Obligations under lease		765,383
Contract liabilities		312,840
Deferred tax liability (Note 18)		2,117,360
Total liabilities	$	10,592,908
Net assets acquired	$	23,919,647
Total consideration		
Cash	$	23,919,647
	$	23,919,647

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.
Tradename	Relief-from-royalty method: The relief-from-royalty method is based on the premise that the fair value of the tradename is equal to the net present value of the future expected foregone royalties paid due to ownership of the tradename.

For the four month period ended September 30, 2022 following its acquisition, Logixx contributed $27,013,092 to consolidated revenues and $414,978 of net loss before income taxes. If the acquisition had occurred on October 1, 2021, management estimates that consolidated revenue would have been $99,521,269, and consolidated net earnings for the year would have been $472,495. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on October 1, 2021. As of September 30, 2022, the purchase price allocation is still being finalized and is subject to change.

B. ACQUISITION OF SRG SECURITY RESOURCE GROUP INC.

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 2,961,310 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 commercial, industrial and public sector clients across 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 (Note 9)		308,630
Property and equipment (Note 9)		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

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.
Tradename	Relief-from-royalty method: The relief-from-royalty method is based on the premise that the fair value of the tradename is equal to the net present value of the future expected foregone royalties paid due to ownership of the tradename.

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 September 30, 2020	$	5,890,454
Increase as a result of assuming ownership of properties underlying a mortgage		800,000
Remeasurement of carrying value of assets held for sale		431,368
Sale of assets held for sale		(3,451,929)
At September 30, 2021	$	3,669,893
Sale of assets held for sale		(2,869,893)
At September 30, 2022	$	800,000

		Year ended September 30, 2022		Year ended September 30, 2021
Assets held for sale				
Proceeds received on sale of assets held for sale	$	3,143,472	$	4,151,080
Carrying value of assets held for sale		2,869,893		3,451,929
Gain realized on sale of assets		273,579		699,151
Revaluation in carrying value of assets held for sale		-		431,368
Total gain on sale of assets (Note 19)	$	273,579	$	1,130,519

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 under collection. A continuity schedule of legacy contract assets is presented below:

	September 30, 2022	September 30, 2021
Legacy contract assets:		
Opening balance - date	October 1, 2021	October 1, 2020
Opening balance	$ 10,470,151	$ 14,396,180
Crop payments	6,640	1,734,319
Realization of crop interests	(11,545)	(3,526,003)
Settlements on contracts that are in the process of restructuring and or security realization	(2,225,753)	(1,865,066)
Buy back of crop contracts	(230,076)	(544,623)
Market value adjustment	4,284	275,344
	$ 8,013,701	$ 10,470,151
Current	$ -	$ 27,598
Non-current	8,013,701	10,442,553
	$ 8,013,701	$ 10,470,151

The fair value of streaming contracts were calculated using internal discounted cash flow models that relied on forward canola and other correlated commodity pricing provided by independent sources. Other variables that impacted the fair value of crop interests include the timing of the delivery of the tonnes, changes in expected costs and cash flows associated with the contract, and changes in the risk free interest rate. Included in the market value adjustment as a reduction to the value of crop interests is a cumulative unrealized market value loss of $6,907,915 (September 30, 2021 - loss of $9,354,188).

As at September 30, 2022, the carrying value of streaming contracts that are in the process of restructuring and/or security realization is $8,013,701 (September 30, 2021 - $10,387,546).

8. Mortgages and loans receivable

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

	September 30, 2022	September 30, 2021
Mortgages and loans receivable		
Current	$ 2,645,242	$ 1,031,225
Non-current	1,859,280	11,470,181
	$ 4,504,522	$ 12,501,406

The weighted average yield of the mortgages and loans is 8.5% and the weighted average term is 1.2 years. The fair value of the loans and mortgages are calculated on a discounted cash flow basis using the prevailing market rates. The fair value of the mortgages and loans receivable at September 30, 2022 is $4,808,974 (September 30, 2021 - $13,988,858).

Interest income on mortgages and loans receivable for the year ended September 30, 2022 was $559,373 (year ended September 30, 2021 - $1,935,473).

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, 2022	$ -	$ 2,315,069	$ 2,823,721	$ 5,138,790
Expected credit loss balance on mortgages and loans receivable as at September 30, 2021	-	-	(556,922)	(556,922)
Re-measurement	-	-	(77,346)	(77,346)
Write-downs	-	-	-	-
Transfers to assets held for sale	-	-	-	-
Expected credit loss balance on mortgages and loans receivable as at September 30, 2022	-	-	(634,268)	(634,268)
Mortgages and loans receivable - net carrying value as at September 30, 2022	-	2,315,069	2,189,453	4,504,522

	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)
Write-downs	-	-	69,133	69,133
Transfers to assets held for sale	-	-	694,356	694,356
Expected credit loss balance on mortgages and loans receivable for the year 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

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 September 30, 2022	$ -	$ -	$ -	$ 413,565	$ 413,565

The estimated principal repayments in each of the next five fiscal periods are as follows:

2023	$ 2,214,797
2024	2,147,662
2025	73,500
2026	56,531
2027	-
Thereafter	-
	$ 4,492,490

Accrued interest on mortgages and loans receivable for the year ended September 30, 2022 was $646,299 (September 30, 2021 - $766,489).

9. *Property and equipment*

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

	September 30, 2022		
	Cost	Accumulated Amortization	Carrying Amount
Furniture and fixtures	$ 59,070	$ 17,470	$ 41,600
Computer equipment	314,599	241,007	73,592
Managed security services equipment	679,369	207,996	471,373
Vehicles	220,416	123,128	97,288
Leasehold improvements	131,154	56,721	74,433
Uniforms	1,325,157	243,193	1,081,964
Property and equipment	$ 2,729,765	$ 889,515	$ 1,840,250
Right-of-use asset	2,010,698	693,842	1,316,856
Total	$ 4,740,463	$ 1,583,357	$ 3,157,106

	September 30, 2021		
	Cost	Accumulated Amortization	Carrying Amount
Furniture and fixtures	$ 33,170	$ 4,526	$ 28,644
Computer equipment	247,436	219,741	27,695
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
Uniforms	61,374	-	61,374
Property and equipment	$ 893,184	$ 400,177	$ 493,007
Right-of-use asset	814,827	443,327	371,500
Total	$ 1,708,011	$ 843,504	$ 864,507

The following table summarizes the changes in the net carrying amounts of property and equipment during the year ended September 30, 2022:

	September 30, 2021				September 30, 2022
	Net carrying Amount	Acquisitions from business combination	Net additions	Depreciation	Net carrying amount
Furniture and fixtures	$ 28,644	$ 22,181	$ 3,720	$ 12,945	$ 41,600
Computer equipment	$ 27,695	12,826	54,337	21,266	73,592
Managed security services equipment	$ 233,656	-	328,558	90,841	471,373
Vehicles	$ 54,720	-	129,139	86,571	97,288
Leasehold improvements	$ 86,918	11,437	10,600	34,522	74,433
Uniforms	$ 61,374	805,411	458,373	243,194	1,081,964
Property and equipment	$ 493,007	$ 851,855	$ 984,727	$ 489,339	$ 1,840,250
Right-of-use asset	371,500	765,383	430,487	250,514	1,316,856
Total	$ 864,507	$ 1,617,238	$ 1,415,214	$ 739,853	$ 3,157,106

	September 30, 2020				September 30, 2021
	Net carrying Amount	Acquisitions from business combination	Net additions	Depreciation	Net carrying amount
Furniture and fixtures	$ -	$ 25,493	$ 7,677	$ 4,526	$ 28,644
Computer equipment	4,405	10,405	26,379	13,494	27,695
Managed security services equipment	-	345,009	5,802	117,155	233,656
Vehicles	-	92,343	(1,066)	36,557	54,720
Leasehold improvements	-	109,116	-	22,198	86,918
Uniforms	-	-	61,374	-	61,374
Property and equipment	$ 4,405	$ 582,366	$ 100,166	$ 193,930	$ 493,007
Right-of-use asset	121,075	308,630	94,540	152,745	371,500
Total	$ 125,480	$ 890,996	$ 194,706	$ 346,675	$ 864,507

The Company currently has two categories of right-of-use assets relating to vehicles and property leases. At September 30, 2022, the carrying amount of vehicles under lease was $930,012 (September 30, 2021: $nil), with $147,835 of depreciation included in the consolidated statement of income (loss) for the year ended September 30, 2022 (September 30, 2021: $nil).

At September 30, 2022, the property leases relating to office space had a carrying amount of $386,844 (September 30, 2021: $371,500), with $102,679 of depreciation included in the consolidated statement of income (loss) for the year ended September 30, 2022 (September 30, 2021: $152,745).

10. *Goodwill and intangible assets*

A. RECONCILIATION OF CARRYING AMOUNT

	Software	Customer relationships	Tradename	Total intangible assets	Goodwill
Cost					
Balance at September 30, 2020	$ -	$ -	$ -	$ -	$ -
Acquisitions	-	1,366,442		1,366,442	-
Acquired through business combination (Note 5)	-	6,900,000	2,310,000	9,210,000	9,416,321
Retirements, disposals, and adjustments	-	-	-	-	-
Balance at September 30, 2021	$ -	$ 8,266,442	$ 2,310,000	$ 10,576,442	$ 9,416,321
Balance at September 30, 2021	$ -	$ 8,266,442	$ 2,310,000	$ 10,576,442	$ 9,416,321
Acquisitions	-	-	-	-	-
Acquired through business combination (Note 5)	57,472	7,626,000	3,800,000	11,483,472	4,391,897
Retirements, disposals, and adjustments	-	-	-	-	-
Balance at September 30, 2022	$ 57,472	$ 15,892,442	$ 6,110,000	$ 22,059,914	$ 13,808,218
Accumulated amortization					
Balance at September 30, 2020	$ -	$ -	$ -	$ -	$ -
Amortization	-	318,556	-	318,556	-
Retirements, disposals, and adjustments	-	-	-	-	-
Balance at September 30, 2021	$ -	$ 318,556	$ -	$ 318,556	$ -
Balance at September 30, 2021	$ -	$ 318,556	$ -	$ 318,556	$ -
Amortization	7,184	1,018,219	-	1,025,403	-
Retirements, disposals, and adjustments	-	-	-	-	-
Balance at September 30, 2022	$ 7,184	$ 1,336,775	$ -	$ 1,343,959	$ -
Carrying amounts					
At September 30, 2022	$ 50,288	$ 14,555,667	$ 6,110,000	$ 20,715,955	$ 13,808,218
At September 30, 2021	$ -	$ 7,947,886	$ 2,310,000	$ 10,257,886	$ 9,416,321

The amortization of customer relationships is included in corporate administration expense on the 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.

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

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

The carrying amounts of goodwill and tradename are allocated to the CGU's as follows:

	September 30, 2022	September 30, 2021
Legacy Operations	$ -	$ -
SRG Security Resources Group Inc.	11,726,321	11,726,321
Logixx Security Inc.	8,191,897	-
	$ 19,918,218	$ 11,726,321

The recoverable amounts of all CGU's has been determined from value in use calculations based on discounting the future cash flows generated from the continuing use of the CGU. The recoverable amount was determined to exceed the carrying amount of the CGU's and there was no impairment.

The key assumptions used in the estimation of value in use were as follows:

	SRG Security Resource Group Inc.		Logixx Security Inc.	
	2022	2021	2022	2021
Pre-tax discount rate	13.6%	11.6%	12.5%	N/A
Terminal value growth rate	2.0%	2.0%	2.0%	N/A
Estimated revenue growth rate (average)	10.3%	2.5%	8.9%	N/A
Cash flow period	5 years	5 years	5 years	N/A

B. CHANGE IN ESTIMATE

During the year ended September 30, 2022, the Company conducted a review of the useful lives of depreciable intangible assets which resulted in changes in the expected useful life of certain customer relationships. The review utilized new information that resulted in customer relationships being amortized over an 8 - 12 year period (previously 11 - 16 years). The effect of these changes on actual and expected amortization expense, included in 'corporate administration', was as follows:

	2022	**2023**	**2024**	**2025**	**2026**
Increase in amortization expense	$ 250,913	$ 334,551	$ 334,551	$ 334,551	$ 334,551

11. *Accounts payable and accrued liabilities*

	September 30, 2022	September 30, 2021
Current liabilities:		
Accounts payable	$ 1,811,073	$ 869,663
Payroll tax and other statutory liabilities	3,371,318	237,637
Dividends payable	588,550	608,649
Deferred share units payable	1,773,951	1,197,032
Commission accrual	38,785	-
Vacation payable	1,840,303	559,048
Bonus accrual	564,986	469,688
Other payables	1,776,541	575,917
	$ 11,765,507	$ 4,517,634

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.

	Vehicle lease liability	Property lease liability	Total lease liability
Balance at September 30, 2020	$ -	$ 126,132	$ 126,132
Additions	-	403,170	403,170
Principal payments on lease liabilities	-	(153,455)	(153,455)
Balance at September 30, 2021	$ -	$ 375,847	$ 375,847
Additions	1,074,578	111,708	1,186,286
Principal payments on lease liabilities	(132,809)	(89,655)	(222,464)
Balance at September 30, 2022	$ 941,769	$ 397,900	$ 1,339,669
Current portion	428,172	112,892	541,064
Long-term portion	513,597	285,008	798,605
Total balance at September 30, 2022	$ 941,769	$ 397,900	$ 1,339,669

During the year ended September 30, 2022, the Company paid interest on vehicle leases in the amount of $16,886 (September 30, 2021 - $nil), and $24,868 on property leases (September 30, 2021 - $11,391).

13. *Debt facilities*

The Company previously had up to $10 million in five year term debt available from Concentra Bank. The term debt had a fixed interest rate of 4.33% and interest was payable semi-annually. The debt was secured by mortgages underlying mortgage streams with SSC clients, and had no principal repayment obligations except when a mortgage was repaid. On February 16, 2022, this term debt was fully repaid. A continuity schedule of the Company's term debt with Concentra is presented below:

At September 30, 2020	$	7,747,545
Repayments		(5,207,878)
At September 30, 2021		2,539,667
Repayments		(2,539,667)
At September 30, 2022	$	-

Interest expense relating to the long-term debt for the year ended September 30, 2022 was $8,887 (year ended September 30, 2021 - $230,115). The fair value of the Concentra term debt as at September 30, 2022 is $nil (as at September 30, 2021 - $2,708,442).

On June 1, 2022, the Company entered into a credit facility agreement with the Canadian Imperial Bank of Commerce ("CIBC"). Under this agreement, the CIBC provided a revolving credit facility of up to $5 million of which $nil has been drawn as at September 30, 2022, along with a $350,000 credit card facility. The revolving credit facility is repayable on demand, and bears interest at a rate equal to 1.0% per annum over the bank prime rate. This facility is secured by the Company's accounts receivable, inventory, equipment and machinery.

As a part of the acquisition of Logixx (see Note 5), the Company entered into a $200,000 letter of credit with CIBC.

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	(534,136)		(1,398,535)
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	(749,700)		(2,177,059)
Options exercised	79,766		197,853
Common shares - September 30, 2022	19,618,338		79,574,976

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 year ended September 30, 2022, the Company bought back 757,700 shares under its normal course issuer bid at an average price of $2.90 per share (year ended September 30, 2021 - 534,136 shares at an average price of $2.61). During the year ended September 30, 2022, the Company cancelled 749,700 shares (year ended September 30, 2021 - 534,136).

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 17 for share-based payment compensation.

At September 30, 2022, the following options to purchase common shares were outstanding:

Option series	Average remaining life (in years)	Options outstanding				
		Vested	Unvested	Exercised	Expired or cancelled	Total
Series 1	0.00	10,300	-	-	10,300	-
Series 2	0.00	304,233	-	-	304,233	-
Series 3	0.00	214,300	-	-	214,300	-
Series 4	0.21	593,667	-	-	142,002	451,665
Series 5	1.22	313,833	-	98,055	143,647	72,131
Series 6	3.39	77,099	66,233	-	-	143,332
Series 7	3.42	3,519	3,147	-	-	6,666
Series 8	4.68	27,169	222,831	-	-	250,000
Weighted average	2.01	1,544,120	292,211	98,055	814,482	923,794

Option series	Expiry date	Exercise price	Fair value at date of grant
(1) granted on November 16, 2015	November 16, 2020	$ 5.64	$ 5.64
(2) granted on June 8, 2016	September 8, 2021	$ 6.54	$ 6.54
(3) granted on December 15, 2016	December 15, 2021	$ 6.00	$ 6.00
(4) granted on December 15, 2017	December 15, 2022	$ 4.62	$ 4.62
(5) granted on December 21, 2018	December 21, 2023	$ 2.40	$ 2.40
(6) granted on February 18, 2021	February 18, 2026	$ 2.85	$ 2.85
(7) granted on March 1, 2021	March 1, 2026	$ 2.82	$ 2.82
(8) granted on June 3, 2022	June 3, 2027	$ 2.44	$ 2.44

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 6	Series 7	Series 8
Grant date share price	$ 2.85	$ 2.82	$ 2.44
Exercise price	$ 2.85	$ 2.82	$ 2.44
Average vesting period from grant date	3.00 years	3.00 years	3.00 years
Volatility	60.04%	60.04%	60.74%
Expected life	5.00 years	5.00 years	5.00 years
Dividend yield	4.21%	4.00%	4.00%
Risk free interest rate	0.59%	0.81%	2.94%

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

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)	1,139,700
Issued	150,000
Exercised	(18,289)
Expired or cancelled	(296,444)
Options outstanding at September 30, 2021 (weighted average exercise price of $4.26)	974,967
Issued	250,000
Exercised	(79,766)
Expired or cancelled	(221,407)
Options outstanding at September 30, 2022 (weighted average exercise price of $3.57)	923,794

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
March 31, 2022	$ 0.03	19,781,338	$ 593,440
June 30, 2022	$ 0.03	19,698,338	$ 590,950
September 30, 2022	$ 0.03	19,618,338	$ 588,550

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

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

	Year ended September 30, 2022	Year ended September 30, 2021
Basic weighted average number of shares	19,864,604	19,184,584
Dilutive securities:		
Share options	N/A	1,124,854

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 year ended September 30, 2022, share options were anti-dilutive.

16. *Revenue*

A. DISAGGREGATION OF REVENUE

Revenue is recognized in a manner that depicts the transfer of promised goods or services to the customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods and services. Standard 30-day payment terms apply to the majority of accounts receivable for the Company. The table below provides a disaggregation of the Company's overall revenues for the years ended September 30, 2022 and 2021:

	Year ended September 30, 2022	Year ended September 30, 2021
Security services		
Physical protective security services	$ 44,045,359	$ 8,434,611
Cyber security services	5,386,667	3,409,520
	$ 49,432,026	$ 11,844,131
Legacy operations	$ 286,992	$ 6,468,609
Corporate and intersegment eliminations	(22,478)	(4,729)
	$ 49,696,540	$ 18,308,011

The following table provides information about contract assets and contract liabilities from contracts with customers:

	September 30, 2022	September 30, 2021
Contract assets	$ 214,599	$ 49,080
Contract liabilities	$ 508,759	$ 22,500

The contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date. The acquisition of Logixx (see Note 5) added $119,593 of contract assets to the consolidated statements of financial position at June 1, 2022. Amounts are billed in accordance with the terms of each customer contract, generally subsequent to the performance of obligations and related revenue recognition, resulting in accounts receivable with standard payment terms.

The contract liabilities primarily relate to customer payments prior to satisfying contracted obligations and recognizing revenue. The acquisition of Logixx (see Note 5) added $312,840 of contract liabilities to the consolidated statements of financial position at June 1, 2022.

17. *Corporate administration*

	Year ended September 30, 2022	Year ended September 30, 2021
Amortization of capital and intangible assets	$ 1,765,256	$ 665,229
Contracted services	713,424	642,406
Director compensation - DSU's (Note 21)	579,997	(691,727)
Office	2,381,260	750,673
Bad debt (recovery) (Note 19)	820,303	(6,664)
Other administration	592,815	262,721
Professional fees	1,339,825	1,253,566
Salaries, wages and benefits	4,144,247	1,758,540
Share option based compensation	113,510	92,024
Total expense	$ 12,450,637	$ 4,726,768

18. *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:

	Year ended September 30, 2022	Year ended September 30, 2021
Net (loss) income before income tax	$ (1,314,057)	$ 2,589,782
Canadian federal and provincial tax rates	27.0%	27.0%
Income tax (recovery) expense based on the above rates	(354,795)	699,241
Non-deductible expenses	36,296	24,847
Other	(14,178)	(23,176)
Income tax (recovery) expense	$ (332,677)	$ 700,912

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

	Year ended September 30, 2022	Year ended September 30, 2021
Current	$ 382,903	$ -
Deferred	(715,580)	700,912
Income tax expense (recovery)	$ (332,677)	$ 700,912

The components of deferred income taxes recognized on the statement of financial position are as follows:

	September 30, 2022	September 30, 2021
Deferred income tax assets		
Director compensation - DSU's	$ 478,967	$ 324,769
Property and equipment	(487)	1,033
Legacy contract assets - market value adjustment	1,978,514	1,609,107
Non-capital loss carry forwards	-	461,843
Deferred income tax asset	$ 2,456,994	$ 2,396,752

	September 30, 2022	September 30, 2021
Deferred income tax liabilities		
Obligations under lease	$ 14,263	$ 1,174
Property and equipment	(292,290)	(27,746)
Intangible assets	(4,301,783)	(2,024,686)
Non-capital loss carry forwards	1,552,521	485,988
Deferred income tax liability	$ (3,027,289)	$ (1,565,270)
Net deferred income tax assets (liabilities)	$ (570,295)	$ 831,482

	September 30, 2022	September 30, 2021
Net deferred income tax assets (liabilities)		
Balance beginning of the year	$ 831,482	$ 3,681,421
Recognized in net income	715,583	(700,913)
Recognized on business acquisition	(2,117,360)	(2,149,026)
Balance ending of the year	$ (570,295)	$ 831,482

As of September 30, 2022, the Company has operating losses for income tax purposes in the amount of $5,750,077 which may be carried forward to reduce taxable income of future years (year ended September 30, 2021: $3,476,964). The losses expire as follows:

Taxation year	Total
2039	$ 135,263
2040	620,813
2041	1,897,978
2042	3,096,023
	$ 5,750,077

19. *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 $70,644,534 (September 30, 2021 - $75,866,748) of equity attributable to common shareholders, comprised of share capital, contributed surplus, and accumulated deficit.

CREDIT RISK MANAGEMENT - The Company's financial assets subject to credit risk include cash, accounts receivable, mortgages 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:

	September 30, 2022	September 30, 2021
Cash	$ 11,195,115	$ 28,795,760
Accounts receivable	20,888,761	4,773,091
Legacy contract assets (Note 7)	8,013,701	10,470,151
Mortgages and loans receivable (Note 8)	4,504,522	12,501,406
	$ 44,602,099	$ 56,540,408

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:

	September 30, 2022	September 30, 2021
Not past due	$ 14,872,138	$ 3,506,148
Past due 0-90 days	5,401,966	944,167
More than 90 days past due	1,434,960	345,216
Total trade and other receivables	21,709,064	4,795,531
Allowance for doubtful accounts	(820,303)	(22,440)
Total trade and other receivables net of allowance	$ 20,888,761	$ 4,773,091

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.

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	$ 510,883	$ 37,459	$ -	$ -	$ 548,342

Financial liabilities and other contractual obligations at September 30, 2022, 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	$ 11,765,507	$ -	$ -	$ -	$ 11,765,507
Lease principal and interest obligations	622,482	733,617	86,304	53,940	1,496,343
	$ 12,387,989	$ 733,617	$ 86,304	$ 53,940	$ 13,261,850

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, but, there are changes in the fair value of these financial assets. A 1% change in the interest rate results in a $78,279 (September 30, 2021 - $608,842) change in the fair value of the mortgages and loans receivable.

FOREIGN CURRENCY RISK - Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and other foreign currencies will affect the Company's operations and financial results. During the year ended September 30, 2022, approximately 5.9% of the Company's revenues were received or receivable in U.S. dollars, while a smaller percentage of its total costs were paid or payable in U.S dollars. A significant change in the exchange rate would have a nominal effect on income or loss.

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 year ended September 30, 2022 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	September 30, 2022	September 30, 2021
Cash	Amortized cost	1	$ 11,195,115	$ 28,795,760
Accounts receivable	Amortized cost	2	20,888,761	4,773,091
Other financial assets	Fair value through profit or loss	2	533,140	1,487,209
Legacy contract assets	Fair value through profit or loss	3	8,013,701	10,470,151
Mortgages and loans receivable	Amortized cost	2	4,808,979	13,988,858
Accounts payable and accrued liabilities	Other financial liabilities	2	11,765,507	4,517,634
Long-term debt	Other financial liabilities	2	-	2,708,442

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

	Year ended September 30, 2022	Year ended September 30, 2021
Accounts receivable - corporate administration	$ (820,303)	$ 6,664
Mortgages and loans receivable - gain from legacy business	(27,134)	17,249

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.

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.

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

	Year ended September 30, 2022	Year ended September 30, 2021
Gain on sale of assets held for sale (Note 6)	$ 273,579	$ 1,130,519
Net gains on legacy contract assets	1,336,304	928,235
Expected credit (loss) recovery	(27,135)	17,249
Gain from legacy business	$ 1,582,748	$ 2,076,003

20. Supplemental cash flow information

	Year ended September 30, 2022	Year ended September 30, 2021
Change in non-cash working capital items		
Accounts receivable	$ (2,624,976)	$ (1,381,175)
Inventory	(108,940)	10,980
Contract assets	(45,925)	-
Prepaid expenses	(765,095)	77,561
Contract liabilities	173,420	-
Accounts payable and accrued liabilities	(186,715)	(36,702)
Right of use assets	(430,487)	(94,540)
Net decrease in cash	$ (3,988,718)	$ (1,423,876)

21. 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, and the Chief Operating Officer.

	Year ended September 30, 2022	Year ended September 30, 2021
Contractors, employee salaries and benefits	$ 1,421,126	$ 1,182,951
Deferred share unit (recovery) expense	579,997	(691,727)
Share based payments	86,884	59,436
Total key management compensation expense	$ 2,088,007	$ 550,660

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 September 30, 2022 there were 585,462 DSUs granted and outstanding (September 30, 2021 - 475,013). Included in accounts payable and accrued liabilities at September 30, 2022 is $1,773,950 (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 year ended September 30, 2022 is an expense of $579,997 (year ended September 30, 2021 - recovery of $691,727). During the years ended September 30, 2022 and September 30, 2021, $nil was paid out for DSUs being cash-settled.

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 $1,052,764 for the year ended September 30, 2022 ($1,002,156 for the year ended September 30, 2021) and are included within the expense categories detailed in Note 17.

23. Commitments and contingencies

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.

24. Comparative figures

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