



Condensed Interim Consolidated Financial Statements

**For the three and six months ended
March 31, 2023 and 2022**

(Unaudited)

**UNAUDITED CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, SSC Security Services Corp. discloses that its auditors have not reviewed the condensed interim consolidated financial statements for the six months ended March 31, 2023 and 2022.

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION**

(Unaudited)

	Note	As at March 31, 2023	As at September 30, 2022
ASSETS			
Current			
Cash		\$ 12,781,394	\$ 11,195,115
Accounts receivable	19	20,539,868	20,888,761
Contract assets	16	29,027	214,599
Inventories		294,807	349,282
Prepaid expenses		597,768	993,774
Other financial assets		333,473	533,140
Income tax recoverable		-	37,497
Mortgages and loans receivable	8	2,303,693	2,645,242
Assets held for sale	6	800,000	800,000
		\$ 37,680,030	\$ 37,657,410
Non-current			
Legacy contract assets	7	\$ 6,500,546	\$ 8,013,701
Mortgages and loans receivable	8	952,281	1,859,280
Property and equipment	9	3,567,580	3,157,106
Deferred income tax assets		2,477,681	2,456,994
Intangible assets	10	19,972,590	20,715,955
Goodwill	10	13,808,218	13,808,218
		\$ 84,958,926	\$ 87,668,664
LIABILITIES			
Current			
Accounts payable and accrued liabilities	11	\$ 10,562,834	\$ 11,765,507
Income tax payable		251,947	382,906
Obligation under lease	12	730,106	541,064
Contract Liabilities	16	167,479	508,759
		\$ 11,712,366	\$ 13,198,236
Non-current			
Obligation under lease	12	\$ 1,011,672	\$ 798,605
Deferred income tax liability		2,904,323	3,027,289
		\$ 3,915,995	\$ 3,825,894
EQUITY			
Share capital	14	\$ 79,103,063	\$ 79,574,976
Contributed surplus		4,315,034	4,234,190
Deficit		(14,087,532)	(13,164,632)
		\$ 69,330,565	\$ 70,644,534
		\$ 84,958,926	\$ 87,668,664

ON BEHALF OF THE BOARD

"Douglas Emsley", Director

"David H. Laidley", FCPA, Director

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

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

(Unaudited)

	Note	Three months ended March 31, 2023	Three months ended March 31, 2022	Six months ended March 31, 2023	Six months ended March 31, 2022
Revenue	16	25,217,948	5,498,620	53,236,764	11,383,749
Cost of sales		21,212,539	4,497,330	44,994,961	9,459,835
Gross profit		4,005,409	1,001,290	8,241,803	1,923,914
Corporate administration	17	4,636,523	1,842,833	9,100,816	3,649,111
Loss from operations		(631,114)	(841,543)	(859,013)	(1,725,197)
Financing					
Interest income		105,186	170,247	236,986	373,530
Interest expense		(37,492)	(5,735)	(72,026)	(16,816)
		67,694	164,512	164,960	356,714
Other income					
Gain from legacy business	19	397,096	197,391	897,919	95,548
Other income		104,384	95,839	149,651	228,789
		501,480	293,230	1,047,570	324,337
Net income (loss) before income tax		(61,940)	(383,801)	353,517	(1,044,146)
Income tax expense (recovery)	18	(21,496)	(99,243)	108,293	(282,004)
Net income (loss) and comprehensive income (loss)		\$ (40,444)	\$ (284,558)	\$ 245,224	\$ (762,142)
Basic income (loss) per share	15	\$ (0.00)	\$ (0.01)	\$ 0.01	\$ (0.04)
Fully diluted income (loss) per share	15	(0.00)	(0.01)	0.01	(0.04)

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

Cash flow from (applied to)	Note	Three months ended March 31, 2023	Three months ended March 31, 2022	Six months ended March 31, 2023	Six months ended March 31, 2022
Operating activities					
Net (loss) income		\$ (40,444)	\$ (284,558)	\$ 245,224	\$ (762,142)
Adjustments					
Amortization of capital and intangible assets	17	886,677	302,247	1,691,123	531,710
Deferred share unit expense	17	207,284	78,312	77,529	250,173
Share based payments	17	44,706	24,286	92,773	44,702
Income tax (recovery) expense	18	(21,496)	(99,243)	108,293	(282,004)
Income tax (paid) recovered		37,498	(1,194)	(345,403)	(4,776)
Interest revenue		(105,186)	(170,247)	(236,986)	(373,530)
Interest received		188,224	208,893	411,586	484,287
Cost of sales - legacy operations		113,777	-	210,096	6,640
Gain from legacy business	19	(397,096)	(197,391)	(897,919)	(95,548)
Other income		-	(44,231)	(8,477)	(131,059)
Changes in non-cash working capital items	20	2,023,888	406,682	(805,738)	341,272
Cash generated from operating activities		\$ 2,937,832	\$ 223,556	\$ 542,101	\$ 9,725
Investing activities					
Proceeds from legacy assets		991,986	372,748	2,414,175	2,917,241
Proceeds from repayment of mortgages and loans receivable		745,000	1,348,074	1,145,477	5,554,622
Purchase of property and equipment	9	(255,468)	(7,016)	(528,531)	(115,457)
Purchase of intangible assets	10	-	-	(29,113)	-
Cash received from investing activities		\$ 1,481,518	\$ 1,713,806	\$ 3,002,008	\$ 8,356,406
Financing activities					
Dividends paid		(584,512)	(595,648)	(1,173,062)	(1,204,297)
Interest expense		37,492	5,735	72,026	16,816
Interest paid		-	-	-	(38,073)
Principal lease payments	12	(221,655)	(40,821)	(391,431)	(19,898)
Net repayments on long-term debt	13	-	(474,667)	-	(2,539,667)
Purchase of common shares	14	(145,668)	(212,196)	(542,601)	(1,736,989)
Proceeds from shares issued	14	77,238	-	77,238	197,853
Cash applied to financing activities		\$ (837,105)	\$ (1,317,597)	\$ (1,957,830)	\$ (5,324,255)
Increase in cash		3,582,245	619,765	1,586,279	3,041,876
Cash – beginning of the period		9,199,149	31,217,871	11,195,115	28,795,760
Cash - end of the period		\$ 12,781,394	\$ 31,837,636	\$ 12,781,394	\$ 31,837,636

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Unaudited)

	Note	Share Capital		Contributed Surplus		Deficit	Total
		Number	Amount	Share Options			
At September 30, 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		(586,700)	(1,736,989)	-	-	\$ (1,736,989)	
Options exercised		79,766	197,853	(6,550)	-	191,303	
Share based payment – options		-	-	44,702	-	44,702	
Dividends		-	-	-	(1,189,088)	(1,189,088)	
Total comprehensive loss		-	-	-	(762,142)	(762,142)	
At March 31, 2022	14	19,781,338	\$ 80,015,046	\$ 4,165,382	\$ (11,765,894)	\$ 72,414,534	
NCIB shares purchased for cancellation		(163,000)	\$ (440,070)	\$ -	\$ -	\$ (440,070)	
Options exercised		-	(6,550)	6,550	-	-	
Share based payment – options		-	-	68,808	-	68,808	
Dividends		-	-	-	(1,179,500)	(1,179,500)	
Total comprehensive loss		-	-	-	(219,238)	(219,238)	
At September 30, 2022	14	19,618,338	\$ 79,568,426	\$ 4,240,740	\$ (13,164,632)	\$ 70,644,534	
NCIB shares purchased for cancellation		(189,100)	\$ (542,601)	\$ -	\$ -	\$ (542,601)	
Options exercised		24,483	77,238	(18,479)	-	58,759	
Share based payment – options		-	-	92,773	-	92,773	
Dividends		-	-	-	(1,168,124)	(1,168,124)	
Total comprehensive income		-	-	-	245,224	245,224	
At March 31, 2023	14	19,453,721	\$ 79,103,063	\$ 4,315,034	\$ (14,087,532)	\$ 69,330,565	

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023 - unaudited

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 condensed interim consolidated financial statements were authorized for issue by the Board of Directors on May 16, 2023.

2. Basis of presentation

A. STATEMENT OF COMPLIANCE

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Committee ("IFRIC"). They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last audited annual financial statements as at and for the period ended September 30, 2022.

B. BASIS OF MEASUREMENT

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

- Financial instruments that are accounted for 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 condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries SRG Security Resource Group Inc. ("SRG") and Logixx Security Inc. ("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 condensed interim 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 condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ materially from those estimates.

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

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

- Fair value of financial instruments;
- Expected credit losses on financial assets;
- Estimates of future taxable income; and
- Impairment of non-financial assets.

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

- Classification and measurement of financial instruments including the business model applied;
- 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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023 - unaudited

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 applied by the Company in these condensed interim consolidated financial statements are the same as those applied as at and for the year ended September 30, 2022, and are detailed in note 3 of the Company's audited consolidated financial statements.

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 March 31, 2023, 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 three months ended March 31, 2023 are included below:

	For the three months ended March 31, 2023					
	Security	Legacy Operations	Corporate	Intersegment eliminations	Total	
Revenue	\$ 25,159,556	\$ 90,003	\$ 1,081,555	\$ (1,113,166)	\$ 25,217,948	
Cost of sales	21,184,048	60,102	-	(31,610)	21,212,539	
Gross profit	\$ 3,975,508	\$ 29,901	\$ 1,081,555	\$ (1,081,556)	\$ 4,005,409	
Corporate administration (Note 17)	4,010,370	88,031	1,475,504	(937,382)	4,636,523	
Income (loss) from operations	\$ (34,862)	\$ (58,130)	\$ (393,949)	\$ (144,174)	\$ (631,114)	
Financing						
Interest income	\$ 26,160	\$ 79,026	\$ -	\$ -	\$ 105,186	
Interest expense	(173,202)	-	(8,464)	144,174	(37,492)	
	\$ (147,042)	\$ 79,026	\$ (8,464)	\$ 144,174	\$ 67,694	
Other income (loss)						
Gain from legacy business	\$ -	\$ 397,096	\$ -	\$ -	\$ 397,096	
Other income (loss)	35,853	-	68,531	-	104,384	
	\$ 35,853	\$ 397,096	\$ 68,531	\$ -	\$ 501,480	
Net income (loss) before income tax	\$ (146,051)	\$ 417,992	\$ (333,882)	\$ -	\$ (61,940)	

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023 - unaudited

Segment statements of income (loss) and comprehensive income (loss) for the six months ended March 31, 2023 are included below:

For the six months ended March 31, 2023						
	Security	Legacy Operations	Corporate	Intersegment eliminations	Total	
Revenue	\$ 53,163,626	\$ 118,196	\$ 2,117,936	\$ (2,162,994)	\$ 53,236,764	
Cost of sales	44,956,656	83,363	-	(45,058)	44,994,961	
Gross profit	\$ 8,206,970	\$ 34,833	\$ 2,117,936	\$ (2,117,936)	\$ 8,241,803	
Corporate administration (Note 17)	8,336,507	177,332	2,411,821	(1,824,844)	9,100,816	
Income (loss) from operations	\$ (129,537)	\$ (142,499)	\$ (293,885)	\$ (293,092)	\$ (859,013)	
Financing						
Interest income	\$ 49,779	\$ 187,207	\$ -	\$ -	\$ 236,986	
Interest expense	(350,550)	-	(14,568)	293,092	(72,026)	
	\$ (300,771)	\$ 187,207	\$ (14,568)	\$ 293,092	\$ 164,960	
Other income						
Loss from legacy business	\$ -	\$ 897,919	\$ -	\$ -	\$ 897,919	
Other income	20,080	8,477	121,094	-	149,651	
	\$ 20,080	\$ 906,396	\$ 121,094	\$ -	\$ 1,047,570	
Net income (loss) before income tax	\$ (410,228)	\$ 951,104	\$ (187,359)	\$ -	\$ 353,517	

For the three months ended March 31, 2022						
	Security	Legacy Operations	Corporate	Intersegment eliminations	Total	
Revenue	\$ 5,452,348	\$ 46,272	\$ 757,309	\$ (757,309)	\$ 5,498,620	
Cost of sales	4,471,294	26,036	-	-	4,497,330	
Gross profit	\$ 981,054	\$ 20,236	\$ 757,309	\$ (757,309)	\$ 1,001,290	
Corporate administration (Note 17)	1,688,207	187,272	757,309	(789,955)	1,842,833	
Income (loss) from operations	\$ (707,153)	\$ (167,036)	\$ -	\$ 32,646	\$ (841,543)	
Financing						
Interest income	\$ 256	\$ 169,991	\$ -	\$ -	\$ 170,247	
Interest expense	(3,989)	-	(1,746)	-	(5,735)	
	\$ (3,733)	\$ 169,991	\$ (1,746)	\$ -	\$ 164,512	
Other income						
Loss from legacy business	\$ -	\$ 197,391	\$ -	\$ -	\$ 197,391	
Other income	-	44,232	51,607	-	95,839	
	\$ -	\$ 241,623	\$ 51,607	\$ -	\$ 293,230	
Net income (loss) before income tax	\$ (710,886)	\$ 244,578	\$ 49,861	\$ 32,646	\$ (383,801)	

For the six months ended March 31, 2022						
	Security	Legacy Operations	Corporate	Intersegment eliminations	Total	
Revenue	\$ 11,219,995	\$ 163,754	\$ 1,527,993	\$ (1,527,993)	\$ 11,383,749	
Cost of sales	9,361,000	98,835	-	-	9,459,835	
Gross profit	\$ 1,858,995	\$ 64,919	\$ 1,527,993	\$ (1,527,993)	\$ 1,923,914	
Corporate administration (Note 17)	3,225,004	494,127	1,527,993	(1,598,013)	3,649,111	
Income (loss) from operations	\$ (1,366,009)	\$ (429,208)	\$ -	\$ 70,020	\$ (1,725,197)	
Financing						
Interest income	\$ 275	\$ 373,255	\$ -	\$ -	\$ 373,530	
Interest expense	(7,929)	-	(8,887)	-	(16,816)	
	\$ (7,654)	\$ 373,255	\$ (8,887)	\$ -	\$ 356,714	
Other income						
Loss from legacy business	\$ -	\$ 95,548	\$ -	\$ -	\$ 95,548	
Other income	-	131,061	97,728	-	228,789	
	\$ -	\$ 226,609	\$ 97,728	\$ -	\$ 324,337	
Net income (loss) before income tax	\$ (1,373,663)	\$ 170,656	\$ 88,841	\$ 70,020	\$ (1,044,146)	

Segment information as at September 30, 2022 and March 31, 2023 are as follows:

	Security	Legacy Operations	Corporate	Intersegment eliminations	Total	
Segment assets:						
As at March 31, 2023	\$ 62,688,806	\$ 10,969,178	\$ 65,431,093	\$ (54,130,151)	\$ 84,958,926	
As at September 30, 2022	\$ 64,158,859	\$ 13,930,548	\$ 63,869,670	\$ (54,290,413)	\$ 87,668,664	

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023 - unaudited

Segment liabilities:

As at March 31, 2023	\$	30,818,378	\$	(25,268)	\$	3,695,567	\$	(18,860,315)	\$	15,628,361
As at September 30, 2022	\$	31,976,111	\$	(540)	\$	4,069,136	\$	(19,020,577)	\$	17,024,130

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

5. Business Acquisition

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
Capitalized commissions		-
Software (Note 10)		57,472
Tradenname (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.
Tradenname	Relief-from-royalty method: The relief-from-royalty method is based on the premise that the fair value of the tradenname is equal to the net present value of the future expected foregone royalties paid due to ownership of the tradenname.

As of March 31, 2023, the purchase price allocation is still being finalized and is subject to change.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023 - unaudited

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, 2021	\$	3,669,893
Sale of assets held for sale		(2,363,730)
At March 31, 2022	\$	1,306,163
Sale of assets held for sale		(506,163)
At September 30, 2022	\$	800,000
Sale of assets held for sale		-
At March 31, 2023	\$	800,000

	Three months ended March 31, 2023	Three months ended March 31, 2022	Six months ended March 31, 2023	Six months ended March 31, 2022
Assets held for sale				
Proceeds received on sale of assets held for sale	\$ -	\$ 6,956	\$ -	\$ 2,461,641
Carrying value of assets held for sale	-	6,956	-	2,370,686
Gain realized on sale of assets	-	-	-	90,955

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:

	March 31, 2023	September 30, 2022
Legacy contract assets:		
Opening balance - date	October 1, 2022	October 1, 2021
Opening balance	\$ 8,013,701	\$ 10,470,151
Crop payments	-	6,640
Realization of crop interests	(210,096)	(11,545)
Settlements on contracts that are in the process of restructuring and or security realization	(1,513,155)	(2,225,753)
Buy back of crop contracts	210,096	(230,076)
Market value adjustment	-	4,284
	\$ 6,500,546	\$ 8,013,701
Current	\$ -	\$ -
Non-current	6,500,546	8,013,701
	\$ 6,500,546	\$ 8,013,701

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:

	March 31, 2023	September 30, 2022
Mortgages and loans receivable		
Current	\$ 2,303,693	\$ 2,645,242
Non-current	952,281	1,859,280
	\$ 3,255,974	\$ 4,504,522

Interest income on mortgages and loans receivable for the six months ended March 31, 2023 was \$173,150 (six months ended March 31, 2022 - \$356,668).

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023 - unaudited

Details regarding the expected mortgage credit losses are outlined below:

	Stage 1	Stage 2	Stage 3	Total
Mortgages and loans receivable - gross carrying value as at March 31, 2023	\$ -	\$ 2,070,746	\$ 1,858,061	\$ 3,928,807
Expected credit loss balance on mortgages and loans receivable as at September 30, 2022	-	-	(634,268)	(634,268)
Re-measurement	-	-	(38,565)	(38,565)
Expected credit loss balance on mortgages and loans receivable as at March 31, 2023	-	-	(672,833)	(672,833)
Mortgages and loans receivable - net carrying value as at March 31, 2023	-	2,070,746	1,185,228	3,255,974

	Stage 1	Stage 2	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)
Expected credit loss balance on mortgages and loans receivable for the year ended 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

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

	1 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total
As at March 31, 2023	\$ -	\$ -	\$ -	\$ 382,805	\$ 382,805

9. Property and equipment

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

	March 31, 2023		
	Cost	Accumulated Amortization	Carrying Amount
Furniture and fixtures	76,086	22,577	\$ 53,509
Computer equipment	192,543	60,618	131,925
Managed security services equipment	679,369	269,288	410,081
Vehicles	275,830	167,353	108,477
Leasehold improvements	140,054	72,133	67,921
Uniforms	1,714,939	594,448	1,120,491
Property and equipment	3,078,821	1,186,417	\$ 1,892,404
Right-of-use asset	2,782,807	1,107,630	1,675,176
Total	\$ 5,861,628	\$ 2,294,047	\$ 3,567,580
	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	248,895	128,824	120,071
Leasehold improvements	131,154	56,721	74,433
Uniforms	1,325,157	243,193	1,081,964
Property and equipment	\$ 2,758,244	\$ 895,211	\$ 1,863,033
Right-of-use asset	1,982,219	688,146	1,294,073
Total	\$ 4,740,463	\$ 1,583,357	\$ 3,157,106

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023 - unaudited

The following table summarizes the changes in the net carrying amounts of property and equipment during the six months ended March 31, 2023:

	September 30, 2022			March 31, 2023
	Net carrying Amount	Net additions	Depreciation	Net carrying amount
Furniture and fixtures	41,600	17,015	5,106	\$ 53,509
Computer equipment	73,592	85,898	27,565	131,925
Managed security services equipment	471,373	-	61,292	410,081
Vehicles	120,071	26,935	38,529	108,477
Leasehold improvements	74,433	8,901	15,413	67,921
Uniforms	1,081,964	389,782	351,255	1,120,491
Property and equipment	1,863,033	528,531	499,160	\$ 1,892,404
Right-of-use asset	1,294,073	800,588	419,485	1,675,176
Total	3,157,106	1,329,119	918,645	\$ 3,567,580

Depreciation expense relating to property and equipment included in the condensed statement of income (loss) and comprehensive income (loss) is \$260,476 and \$499,160 for the three and six-month periods ended March 31, 2023 respectively (\$58,278 and \$126,500 for the three and six-month periods ended March 31, 2022).

The Company currently has two categories of right-of-use assets relating to vehicles and property leases. At March 31, 2023, the carrying amount of vehicles under lease was \$933,898 (September 30, 2022: \$930,012), with \$124,761 and \$247,215 of depreciation included in the condensed statement of income (loss) for the three and six-month periods ended March 31, 2023 respectively (March 31, 2022: \$nil and \$nil respectively).

At March 31, 2023, the property leases relating to office space had a carrying amount of \$741,272 (September 30, 2022: \$386,844), with \$96,833 and \$172,270 of depreciation included in the condensed statement of income (loss) for the three and six-month periods ended March 31, 2023 respectively (March 31, 2022: \$21,463 and \$43,836 respectively).

10. Goodwill and intangible assets

RECONCILIATION OF CARRYING AMOUNT

	Software	Customer relationships	Tradename	Total intangible assets	Goodwill
Cost					
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
Balance at September 30, 2022	\$ 57,472	\$ 15,892,442	\$ 6,110,000	\$ 22,059,914	\$ 13,808,218
Acquisitions	29,113	-	-	29,113	-
Retirements, disposals, and adjustments	-	-	-	-	-
Balance at March 31, 2023	\$ 86,585	\$ 15,892,442	\$ 6,110,000	\$ 22,089,027	\$ 13,808,218
Accumulated amortization					
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	\$ -
Balance at September 30, 2022	\$ 7,184	\$ 1,336,775	\$ -	\$ 1,343,959	\$ -
Amortization	9,717	762,762	-	772,479	-
Retirements, disposals, and adjustments	-	-	-	-	-
Balance at March 31, 2023	\$ 16,901	\$ 2,099,537	\$ -	\$ 2,116,437	\$ -
Carrying amounts					
At March 31, 2023	\$ 69,684	\$ 13,792,905	\$ 6,110,000	\$ 19,972,590	\$ 13,808,218
At September 30, 2022	\$ 50,288	\$ 14,555,667	\$ 6,110,000	\$ 20,715,955	\$ 13,808,218

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023 - unaudited

11. Accounts payable and accrued liabilities

	March 31, 2023	September 30, 2022
Current liabilities:		
Accounts payable	\$ 1,643,033	\$ 1,811,073
Payroll tax and other statutory liabilities	3,298,155	3,371,318
Dividends payable	583,612	588,550
Deferred share units payable	1,868,810	1,773,951
Commission accrual	14,911	38,785
Vacation payable	1,646,644	1,840,303
Bonus accrual	348,333	564,986
Other payables	1,159,336	1,776,541
	\$ 10,562,834	\$ 11,765,507

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, 2022	\$ 941,769	\$ 397,900	\$ 1,339,669
Additions	263,805	529,736	793,541
Principal payments on lease liabilities	(244,066)	(147,366)	(391,432)
Balance at March 31, 2023	\$ 961,508	\$ 780,270	\$ 1,741,778
Current portion	460,110	269,996	730,106
Long-term portion	501,398	510,274	1,011,672
Total balance at March 31, 2023	\$ 961,508	\$ 780,270	\$ 1,741,778

During the three and six-months ended March 31, 2023, the Company paid interest on vehicle leases in the amount of \$24,320 and \$48,224 respectively (three and six months ended March 31, 2022 - \$nil and \$nil respectively). The Company paid interest on property leases of \$12,631 and \$23,262 respectively for the three and six months ended March 31, 2023 (three and six months ended March 31, 2022 - \$3,989 and \$8,213 respectively).

13. Debt facilities

The Company previously had up to \$10 million in five year term debt available from Wyth Financial (formerly 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 Wyth Financial is presented below:

At September 30, 2021	\$ 2,539,667
Repayments	(2,539,667)
At September 30, 2022 and March 31, 2023	\$ -

Interest expense relating to the long-term debt for the three months ended March 31, 2023 was \$nil (three months ended March 31, 2022 - \$1,746) and for the six months ended March 31, 2023 was \$nil (six months ended March 31, 2022 \$8,887). The fair value of the Wyth Financial term debt as at March 31, 2023 is \$nil (as at September 31, 2022 - \$nil).

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 March 31, 2023, 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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023 - unaudited

14. Share capital, contributed surplus, share-based payment arrangements, 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, 2021	20,288,285	\$ 81,554,182
Adjustment due to share consolidation	(13)	
Shares purchased for cancellation under the normal course issuer bid	(586,700)	(1,736,989)
Options exercised	79,766	197,853
Common shares - March 31, 2022	19,781,338	\$ 80,015,046
Shares purchased for cancellation under the normal course issuer bid	(163,000)	(446,620)
Common shares - September 30, 2022	19,618,338	79,568,426
Shares purchased for cancellation under the normal course issuer bid	(189,100)	(542,601)
Options exercised	24,483	77,238
Common shares - March 31, 2023	19,453,721	79,103,063

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, 2023 and will be active until the earlier of January 3, 2024 and the date by which SSC has acquired the maximum shares which may be purchased.

During the six months ended March 31, 2023, the Company bought back 189,100 shares under its normal course issuer bid at an average price of \$2.87 per share (six months ended March 31, 2022 - 586,700 shares at an average price of \$2.96). During the six months ended March 31, 2023, the Company cancelled 189,100 shares (six months ended March 31, 2022 - 586,700).

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 March 31, 2023, the following options to purchase common shares were outstanding:

Options outstanding						
Option series	Average remaining life (in years)	Vested	Unvested	Exercised	Expired or cancelled	Total
Series 1	0.00	214,300	-	-	214,300	-
Series 2	0.00	593,667	-	-	593,667	-
Series 3	0.73	313,833	-	122,538	143,647	47,648
Series 4	2.89	101,527	41,805	-	-	143,332
Series 5	2.92	4,629	2,037	-	-	6,666
Series 6	4.18	69,446	180,554	-	-	250,000
Weighted average	3.20	1,297,402	224,396	122,538	951,614	447,646

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023 - unaudited

Option series	Expiry date	Exercise price	Fair value at date of grant
(1) granted on December 15, 2016	December 15, 2021	\$ 6.00	\$ 6.00
(2) granted on December 15, 2017	December 15, 2022	\$ 4.62	\$ 4.62
(3) granted on December 21, 2018	December 21, 2023	\$ 2.40	\$ 2.40
(4) granted on February 18, 2021	February 18, 2026	\$ 2.85	\$ 2.85
(5) granted on March 1, 2021	March 1, 2026	\$ 2.82	\$ 2.82
(6) 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, 2021 and are based on management's best estimates at the time of issuance.

Inputs into the model	Option Series	
	Series 6	
Grant date share price	\$	2.44
Exercise price	\$	2.44
Average vesting period from grant date		3.00 years
Volatility		60.74%
Expected life		5.00 years
Dividend yield		4.00%
Risk free interest rate		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, 2021 (weighted average exercise price of \$4.26)	974,967
Exercised	(79,766)
Expired or cancelled	(62,739)
Options outstanding at March 31, 2022 (weighted average exercise price of \$4.37)	832,462
Issued	250,000
Expired or cancelled	(158,668)
Options outstanding at September 30, 2022 (weighted average exercise price of \$3.57)	923,794
Exercised	(24,483)
Expired or cancelled	(451,665)
Options outstanding at March 31, 2023 (weighted average exercise price of \$2.57)	447,646

E. DIVIDENDS

The Company declared the following dividends since October 1, 2021 to the shareholders of record on the following dates.

Record date	Dividend per share	Shares outstanding	Total Dividend
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
December 31, 2022	\$ 0.03	19,483,738	\$ 584,512
March 31, 2023	\$ 0.03	19,453,721	\$ 583,612

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023 - unaudited

F. CASH-SETTLED SHARE-BASED PAYMENT ARRANGEMENTS

The Company has a Deferred Share Unit Plan (the "DSU Plan") whereby the Company grants deferred share units ("DSUs") to eligible directors. Each eligible director is given the opportunity to elect, in lieu of cash, to receive all, or a portion of, their annual board retainer or board meeting fees in the form of DSUs. The DSUs are cash-settled payment transactions and are valued at the fair value of the rights based on the closing stock price at the end of the reporting period. At March 31, 2023 there were 622,937 DSUs granted and outstanding (March 31, 2022 - 522,356). Included in accounts payable and accrued liabilities at March 31, 2023 is \$1,868,809 (March 31, 2022 - \$1,461,456) relating to the valuation of the DSUs. Included in Board and executive expenses under corporate administration expense for the three and six months ended March 31, 2023 is \$207,284 and \$77,529 (three and six months ended March 31, 2022 - expense of \$250,173 and \$78,312). During the three and six months ended March 31, 2023 and March 31, 2022, \$nil was paid out for DSUs being cash-settled.

On October 27, 2022, the Company adopted a Share Appreciation Rights Plan (the "SAR Plan") pursuant to which it may grant share appreciation rights ("SARs"). On October 27, 2022, the Company granted 355,000 SARs to certain employees and executive officers that entitle them to a cash payment equal to the share price appreciation from \$2.84 per share over 5 years. The SARs vest one-third per year over a three year vesting period, and expire at the end of a five-year period after the grant date. As at March 31, 2023, any expense or liability balance relating to the SAR Plan has been deemed nominal.

15. Basic and diluted weighted average number of common shares

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

	Three months ended March 31, 2023	Three months ended March 31, 2022	Six months ended March 31, 2023	Six months ended March 31, 2022
Basic weighted average number of shares	19,480,199	19,806,689	19,530,728	19,998,536
Dilutive securities:				
Share options	N/A	N/A	660,735	N/A

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 three month period ended March 31, 2023, 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 three and six months ended March 31, 2023 and 2022:

	Three months ended March 31, 2023	Three months ended March 31, 2022	Six months ended March 31, 2023	Six months ended March 31, 2022
Security services				
Physical protective security services	\$ 23,683,388	\$ 4,057,806	\$ 50,213,390	\$ 8,528,053
Cyber security services	1,476,167	1,394,736	2,950,236	2,697,067
	\$ 25,159,555	\$ 5,452,542	\$ 53,163,626	\$ 11,225,120
Legacy operations	\$ 90,003	\$ 46,273	\$ 118,196	\$ 163,754
Corporate and intersegment eliminations	(31,610)	(195)	(45,058)	(5,125)
	\$ 25,217,948	\$ 5,498,620	\$ 53,236,764	\$ 11,383,749

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

	March 31, 2023	September 30, 2022
Contract assets	\$ 29,027	\$ 214,599
Contract liabilities	\$ 167,479	\$ 508,759

The contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date. 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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023 - unaudited

17. Corporate administration

	Three months ended March 31, 2023	Three months ended March 31, 2022	Six months ended March 31, 2023	Six months ended March 31, 2022
Amortization of capital and intangible assets	\$ 886,677	\$ 302,247	\$ 1,691,126	\$ 531,710
Contracted services	324,400	168,938	506,531	338,413
Director compensation - DSU's (Note 21)	207,284	78,312	77,529	250,173
Office	1,055,785	278,902	2,277,641	584,663
Bad debt (recovery) (Note 19)	(464,020)	675	(456,258)	1,894
Other administration	302,139	129,990	511,617	282,209
Professional fees	261,972	150,874	520,937	294,532
Salaries, wages and benefits	2,017,580	708,609	3,878,920	1,320,815
Share option based compensation	44,706	24,286	92,773	44,702
Total expense	\$ 4,636,523	\$ 1,842,833	\$ 9,100,816	\$ 3,649,111

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:

	Three months ended March 31, 2023	Three months ended March 31, 2022	Six months ended March 31, 2023	Six months ended March 31, 2022
Net (loss) income before income tax	\$ (61,940)	\$ (383,801)	\$ 353,517	\$ (1,044,146)
Canadian federal and provincial tax rates	27.0%	27.0%	27.0%	27.0%
Income tax (recovery) expense based on the above rates	(16,724)	(103,626)	95,450	(281,919)
Increase due to the tax effect of:				
Non-deductible expenses	26,902	4,789	44,541	12,069
Other	(31,674)	(406)	(31,697)	(12,154)
Income tax (recovery) expense	\$ (21,496)	\$ (99,243)	\$ 108,294	\$ (282,004)

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 \$69,330,565 (March 31, 2022 - \$72,414,534) 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:

	March 31, 2023	September 30, 2022
Cash	\$ 12,781,394	\$ 11,195,115
Accounts receivable	20,539,868	20,888,761
Legacy contract assets (Note 7)	6,500,546	8,013,701
Mortgages and loans receivable (Note 8)	3,255,974	4,504,522
Total	\$ 43,077,782	\$ 44,602,099

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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023 - unaudited

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

	March 31, 2023	September 30, 2022
Not past due	\$ 13,316,271	\$ 14,872,138
Past due 0-90 days	5,731,967	5,401,966
More than 90 days past due	1,894,313	1,434,960
Total trade and other receivables	20,942,551	21,709,064
Allowance for doubtful accounts	(402,683)	(820,303)
Total trade and other receivables net of allowance	\$ 20,539,868	\$ 20,888,761

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					Total
	< 1 year	1 - 3 years	4 - 5 years	> 5 years		
Purchase obligations	\$ 232,159	\$ -	\$ -	\$ -	\$ -	232,159

Financial liabilities and other contractual obligations at March 31, 2023, and their maturities are summarized below:

	Payment due by period					Total
	< 1 year	1 - 3 years	4 - 5 years	> 5 years		
Accounts payable and accrued liabilities	\$ 10,562,834	\$ -	\$ -	\$ -	\$ -	10,562,834
Lease principal and interest obligations	835,614	963,126	86,724	43,362		1,928,826
	\$ 11,398,448	\$ 963,126	\$ 86,724	\$ 43,362	\$ -	12,491,660

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.

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 six month period ended March 31, 2023, approximately 8.9% 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.

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

	Classification	Level	March 31, 2023	September 30, 2022
Cash	Amortized cost	1	\$ 12,781,394	\$ 11,195,115
Accounts receivable	Amortized cost	2	20,539,868	20,888,761
Other financial assets	Fair value through profit or loss	2	333,473	533,140
Legacy contract assets	Fair value through profit or loss	3	6,500,546	8,013,701
Mortgages and loans receivable	Amortized cost	2	3,182,900	4,808,979
Accounts payable and accrued liabilities	Other financial liabilities	2	10,562,834	11,765,507

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

	Three months ended March 31, 2023	Three months ended March 31, 2022	Six months ended March 31, 2023	Six months ended March 31, 2022
Accounts receivable - corporate administration	\$ 464,020	\$ (675)	\$ 456,258	\$ (1,894)
Mortgages and loans receivable - gain from legacy business	(6,691)	(6,691)	(13,530)	(13,530)

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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023 - unaudited

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:

	Three months ended March 31, 2023	Three months ended March 31, 2022	Six months ended March 31, 2023	Six months ended March 31, 2022
Gain on sale of assets held for sale (Note 6)	\$ -	\$ -	\$ -	\$ 90,955
Net gains (losses) on legacy contract assets	403,787	204,082	911,449	18,123
Expected credit loss	(6,691)	(6,691)	(13,530)	(13,530)
Gain from legacy business	\$ 397,096	\$ 197,391	\$ 897,919	\$ 95,548

20. Supplemental cash flow information

	Three months ended March 31, 2023	Three months ended March 31, 2022	Six months ended March 31, 2023	Six months ended March 31, 2022
Change in non-cash working capital items				
Accounts receivable	\$ 2,938,358	\$ 1,115,275	\$ 246,708	\$ 1,195,131
Inventory	(42,551)	-	54,473	-
Contract assets	281,968	-	234,652	-
Prepaid expenses	358,294	200,250	396,005	(117,052)
Contract liabilities	(140,324)	-	(341,280)	-
Accounts payable and accrued liabilities	(1,276,509)	(908,843)	(630,735)	(736,807)
Right of use assets	(95,348)	-	(765,561)	-
Net decrease in cash	\$ 2,023,888	\$ 406,682	\$ (805,738)	\$ 341,272

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.

	Three months ended March 31, 2023	Three months ended March 31, 2022	Six months ended March 31, 2023	Six months ended March 31, 2022
Contractors, employee salaries and benefits	\$ 313,309	\$ 246,773	\$ 624,293	\$ 442,848
Deferred share unit (recovery) expense	207,284	78,312	77,529	250,173
Share based payments	44,706	24,286	92,773	44,701
Total key management compensation expense	\$ 565,299	\$ 349,371	\$ 794,595	\$ 737,722

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 \$238,865 for the three months ended March 31, 2023 (\$263,204 for the three months ended March 31, 2022) and \$607,804 for the six months ended March 31, 2023 (\$525,389 for the six months ended March 31, 2022) 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.