Condensed Interim Consolidated Financial Statements

For the three and nine months ended
June 30, 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 nine months ended June 30, 2023 and 2022.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited)

	Note	As at June 30, 2023	As at September 30, 2022
ASSETS			
Current			
Cash		$ 12,648,138	$ 11,195,115
Accounts receivable	19	21,498,806	20,888,761
Contract assets	16	191,311	214,599
Inventories		432,146	349,282
Prepaid expenses		549,569	993,774
Other financial assets		277,285	533,140
Income tax recoverable		-	37,497
Mortgages and loans receivable	8	1,016,651	2,645,242
Assets held for sale	6	800,000	800,000
		$ 37,413,906	$ 37,657,410
Non-current			
Legacy contract assets	7	$ 5,816,941	$ 8,013,701
Mortgages and loans receivable	8	226,119	1,859,280
Property and equipment	9	3,418,680	3,157,106
Deferred income tax assets		2,415,674	2,456,994
Intangible assets	10	19,321,144	20,715,955
Goodwill	10	13,909,918	13,808,218
		$ 82,522,382	$ 87,668,664
LIABILITIES			
Current			
Accounts payable and accrued liabilities	11	$ 9,073,400	$ 11,765,507
Income tax payable		244,568	382,906
Obligation under lease	12	660,401	541,064
Contract Liabilities	16	145,139	508,759
		$ 10,123,508	$ 13,198,236
Non-current			
Obligation under lease	12	$ 974,999	$ 798,605
Deferred income tax liability		2,778,257	3,027,289
		$ 3,753,256	$ 3,825,894
EQUITY			
Share capital	14	$ 78,991,000	$ 79,574,976
Contributed surplus		4,336,817	4,234,190
Deficit		(14,682,199)	(13,164,632)
		$ 68,645,618	$ 70,644,534
		$ 82,522,382	$ 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 June 30, 2023	Three months ended June 30, 2022	Nine months ended June 30, 2023	Nine months ended June 30, 2022
Revenue	16	26,511,808	11,806,498	79,748,572	23,190,248
Cost of sales		22,511,067	9,955,375	67,506,028	19,415,210
Gross profit		4,000,741	1,851,123	12,242,544	3,775,038
Corporate administration	17	4,288,914	2,734,683	13,389,730	6,383,794
Loss from operations		(288,173)	(883,560)	(1,147,186)	(2,608,756)
Financing					
Interest income		88,621	117,163	325,607	490,693
Interest expense		(36,402)	(10,296)	(108,428)	(27,112)
		52,219	106,867	217,179	463,581
Other income					
Gain from legacy business	19	180,812	1,662,080	1,078,731	1,757,628
Other income		39,989	151,594	189,639	380,380
		220,801	1,813,674	1,268,370	2,138,008
Net income (loss) before income tax		(15,153)	1,036,981	338,363	(7,167)
Income tax (recovery) expense	18	(2,859)	276,892	105,435	(5,112)
Net income (loss) and comprehensive income (loss)		$ (12,294)	$ 760,089	$ 232,928	$ (2,055)
Basic income (loss) per share	15	$ (0.00)	$ 0.04	$ 0.01	$ (0.00)
Fully diluted income (loss) per share	15	(0.00)	0.04	0.01	(0.00)

- 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 June 30, 2023	Three months ended June 30, 2022	Nine months ended June 30, 2023	Nine months ended June 30, 2022
Operating activities					
Net (loss) income		$ (12,294)	$ 760,089	$ 232,928	$ (2,055)
Adjustments					
Amortization of capital and intangible assets	17	833,533	480,065	2,524,660	1,011,775
Deferred share unit (recovery) expense	17	(2,059)	(184,528)	75,470	65,644
Share based payments	17	35,704	21,672	128,477	59,824
Income tax (recovery) expense	18	(2,859)	276,892	105,435	(5,112)
Income tax paid		-	-	(345,403)	(4,776)
Interest revenue		(88,621)	(117,163)	(325,607)	(490,693)
Interest received		178,011	399,982	589,597	884,269
Cost of sales - legacy operations		76,062	-	256,380	6,640
Gain from legacy business	19	(180,812)	(1,662,080)	(1,078,731)	(1,757,628)
Other income		-	(51,648)	(8,477)	(182,709)
Changes in non-cash working capital items	20	(2,567,513)	(1,242,445)	(3,371,776)	(884,407)
Cash applied to operating activities		$ (1,730,848)	$ (1,319,164)	$ (1,217,047)	$ (1,299,228)
Investing activities					
Proceeds from legacy assets		809,429	4,920,303	3,253,381	7,837,822
Proceeds from repayment of mortgages and loans receivable		1,922,797	2,443,515	3,068,274	7,998,137
Purchase of property and equipment	9	(238,913)	(757,643)	(767,444)	(862,667)
Purchase of intangible assets	10	-	(11,930,597)	(29,113)	(11,930,597)
Acquisition of subsidiary, net of cash acquired	5	-	(9,029,499)	-	(9,029,499)
Cash received from (applied to) investing activities		$ 2,493,313	$ (14,353,921)	$ 5,525,098	$ (5,986,804)
Financing activities					
Dividends paid		(583,612)	(593,440)	(1,756,674)	(1,797,737)
Interest expense		36,402	10,296	108,428	27,112
Interest paid		-	(1,746)	-	(39,819)
Principal lease payments	12	(222,526)	(52,556)	(596,955)	(93,377)
Net repayments on long-term debt	13	-	-	-	(2,539,667)
Purchase of common shares	14	(149,423)	(213,571)	(692,024)	(1,950,560)
Proceeds from shares issued	14	23,438	-	82,197	197,853
Cash applied to financing activities		$ (895,721)	$ (851,017)	$ (2,855,028)	$ (6,196,195)
(Decrease) increase in cash		(133,256)	(16,524,102)	1,453,023	(13,482,227)
Cash – beginning of the period		12,781,394	31,837,635	11,195,115	28,795,760
Cash - end of the period		$ 12,648,138	$ 15,313,533	$ 12,648,138	$ 15,313,533

- 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		(669,700)	(1,950,560)	-	-	$ (1,950,560)
Options exercised		79,766	197,853	(6,550)	-	191,303
Share based payment – options		-	-	66,374	-	66,374
Dividends		-	-	-	(1,780,038)	(1,780,038)
Total comprehensive loss		-	-	-	(2,055)	(2,055)
At June 30, 2022	14	19,698,338	$ 79,801,475	$ 4,187,054	$ (11,596,757)	$ 72,391,772
NCIB shares purchased for cancellation		(80,000)	$ (226,499)	$ -	$ -	$ (226,499)
Options exercised		-	-	-	-	-
Share based payment – options		-	-	47,136	-	47,136
Dividends		-	-	-	(588,550)	(588,550)
Total comprehensive loss		-	-	-	(979,325)	(979,325)
At September 30, 2022	14	19,618,338	$ 79,574,976	$ 4,234,190	$ (13,164,632)	$ 70,644,534
NCIB shares purchased for cancellation		(240,200)	$ (692,024)	$ -	$ -	$ (692,024)
Options exercised		34,249	108,048	(25,850)	-	82,198
Share based payment – options		-	-	128,477	-	128,477
Dividends		-	-	-	(1,750,495)	(1,750,495)
Total comprehensive income		-	-	-	232,928	232,928
At June 30, 2023	14	19,412,387	$ 78,991,000	$ 4,336,817	$ (14,682,199)	$ 68,645,618

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 August 14, 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.

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 June 30, 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 June 30, 2023 are included below:

	For the three months ended June 30, 2023				
	Security	Legacy Operations	Corporate	Intersegment eliminations	Total
Revenue	$ 26,538,337	$ -	$ 994,927	$ (1,021,456)	$ 26,511,808
Cost of sales	22,537,596	-	-	(26,529)	22,511,067
Gross profit	$ 4,000,741	$ -	$ 994,927	$ (994,927)	$ 4,000,741
Corporate administration (Note 17)	3,998,439	79,925	1,070,678	(860,128)	4,288,914
Income (loss) from operations	$ 2,302	$ (79,925)	$ (75,751)	$ (134,799)	$ (288,173)
Financing					
Interest income	$ 32,935	$ 55,686	$ -	$ -	$ 88,621
Interest expense	(163,829)	-	(7,372)	134,799	(36,402)
	$ (130,894)	$ 55,686	$ (7,372)	$ 134,799	$ 52,219
Other income (loss)					
Gain from legacy business	$ -	$ 180,812	$ -	$ -	$ 180,812
Other income (loss)	(53,178)	-	93,167	-	39,989
	$ (53,178)	$ 180,812	$ 93,167	$ -	$ 220,801
Net income (loss) before income tax	$ (181,770)	$ 156,573	$ 10,044	-	$ (15,153)

Segment statements of income (loss) and comprehensive income (loss) for the nine months ended June 30, 2023 are included below:

For the nine months ended June 30, 2023

	Security	Legacy Operations	Corporate	Intersegment eliminations	Total
Revenue	$ 79,701,962	$ 118,196	$ 3,112,864	$ (3,184,450)	$ 79,748,572
Cost of sales	67,494,251	83,363	-	(71,586)	67,506,028
Gross profit	$ 12,207,711	$ 34,833	$ 3,112,864	$ (3,112,864)	$ 12,242,544
Corporate administration (Note 17)	12,334,948	257,256	3,482,498	(2,684,972)	13,389,730
Income (loss) from operations	$ (127,237)	$ (222,423)	$ (369,634)	$ (427,892)	$ (1,147,186)
Financing					
Interest income	$ 82,714	$ 242,893	$ -	$ -	$ 325,607
Interest expense	(514,379)	-	(21,941)	427,892	(108,428)
	$ (431,665)	$ 242,893	$ (21,941)	$ 427,892	$ 217,179
Other income					
Loss from legacy business	$ -	$ 1,078,731	$ -	$ -	$ 1,078,731
Other income	(33,099)	8,477	214,261	-	189,639
	$ (33,099)	$ 1,087,208	$ 214,261	$ -	$ 1,268,370
Net income (loss) before income tax	$ (592,001)	$ 1,107,678	$ (177,314)	$ -	$ 338,363

For the three months ended June 30, 2022

	Security	Legacy Operations	Corporate	Intersegment eliminations	Total
Revenue	$ 11,723,856	$ 87,829	$ 604,702	$ (609,889)	$ 11,806,498
Cost of sales	9,913,935	45,240	-	$ (3,800)	9,955,375
Gross profit	$ 1,809,921	$ 42,589	$ 604,702	$ (606,089)	$ 1,851,123
Corporate administration (Note 17)	2,411,101	187,716	774,406	$ (638,540)	2,734,683
Income (loss) from operations	$ (601,180)	$ (145,127)	$ (169,704)	$ 32,451	$ (883,560)
Financing					
Interest income	$ 2,161	$ 115,002	$ -	$ -	$ 117,163
Interest expense	(10,296)	-	-	$ -	(10,296)
	$ (8,135)	$ 115,002	$ -	$ -	$ 106,867
Other income					
Loss from legacy business	$ -	$ 1,662,080	$ -	$ -	$ 1,662,080
Other income	12,850	51,648	87,096	$ -	151,594
	$ 12,850	$ 1,713,728	$ 87,096	$ -	$ 1,813,674
Net income (loss) before income tax	$ (596,465)	$ 1,683,603	$ (82,608)	$ 32,451	$ 1,036,981

For the nine months ended June 30, 2022

	Security	Legacy Operations	Corporate	Intersegment eliminations	Total
Revenue	$ 22,948,970	$ 251,584	$ 2,132,695	$ (2,143,001)	$ 23,190,248
Cost of sales	19,274,935	144,075	-	(3,800)	19,415,210
Gross profit	$ 3,674,035	$ 107,509	$ 2,132,695	$ (2,139,201)	$ 3,775,038
Corporate administration (Note 17)	5,636,105	366,315	2,617,926	(2,236,552)	6,383,794
Income (loss) from operations	$ (1,962,070)	$ (258,806)	$ (485,231)	$ 97,351	$ (2,608,756)
Financing					
Interest income	$ 2,436	$ 488,257	$ -	$ -	$ 490,693
Interest expense	(18,224)	-	(8,888)	-	(27,112)
	$ (15,788)	$ 488,257	$ (8,888)	$ -	$ 463,581
Other income					
Loss from legacy business	$ -	$ 1,757,628	$ -	$ -	$ 1,757,628
Other income	12,850	182,707	184,823	-	380,380
	$ 12,850	$ 1,940,335	$ 184,823	$ -	$ 2,138,008
Net income (loss) before income tax	$ (1,965,008)	$ 2,169,786	$ (309,296)	$ 97,351	$ (7,167)

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

	Security	Legacy Operations	Corporate	Intersegment eliminations	Total
Segment assets:					
As at June 30, 2023	$ 62,783,774	$ 8,216,180	$ 67,365,507	$ (55,843,080)	$ 82,522,382
As at September 30, 2022	$ 64,158,859	$ 13,930,548	$ 63,869,670	$ (54,290,413)	$ 87,668,664
Segment liabilities:					
As at June 30, 2023	$ 31,185,829	$ 10,817	$ 3,402,083	$ (20,721,964)	$ 13,876,765
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 $23,770,927. 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
Tradename (Note 10)	3,670,000
Customer relationships (Note 10)	7,437,000
Goodwill (Note 10)	4,493,597
Total assets	$ 34,295,255
Accounts payable and accrued liabilities	$ 7,397,325
Obligations under lease	765,383
Contract liabilities	312,840
Deferred tax liability (Note 18)	2,048,780
Total liabilities	$ 10,524,328
Net assets acquired	$ 23,770,927
Total consideration	
Cash	$ 23,770,927
	$ 23,770,927

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, 2021	$ 3,669,893
Sale of assets held for sale	(2,363,730)
At June 30, 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 June 30, 2023	$ 800,000

	Three months ended June 30, 2023	Three months ended June 30, 2022	Nine months ended June 30, 2023	Nine months ended June 30, 2022
Assets held for sale				
Proceeds received on sale of assets held for sale	$ -	$ 681,830	$ -	$ 1,845,590
Carrying value of assets held for sale	-	(499,207)	$ -	(1,572,011)
Gain realized on sale of assets	-	182,623	-	273,579

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:

	June 30, 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	(256,380)	(11,545)
Settlements on contracts that are in the process of restructuring and or security realization	(2,196,760)	(2,225,753)
Buy back of crop contracts	256,380	(230,076)
Market value adjustment	-	4,284
	$ 5,816,941	$ 8,013,701
Current	$ -	$ -
Non-current	5,816,941	8,013,701
	$ 5,816,941	$ 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:

	June 30, 2023	September 30, 2022
Mortgages and loans receivable		
Current	$ 1,016,651	$ 2,645,242
Non-current	226,119	1,859,280
	$ 1,242,770	$ 4,504,522

Interest income on mortgages and loans receivable for the three and nine months ended June 30, 2023 was $38,576 and $211,727 respectively (three and nine months ended June 30, 2022 - $108,451 and $465,119 respectively).

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 June 30, 2023	$ -	$ 64,768	$ 1,870,118	$ 1,934,886
Expected credit loss balance on mortgages and loans receivable as at September 30, 2022	-	-	(634,268)	(634,268)
Re-measurement			(57,848)	(57,848)
Expected credit loss balance on mortgages and loans receivable as at June 30, 2023	-	-	(692,116)	(692,116)
Mortgages and loans receivable - net carrying value as at June 30, 2023	-	64,768	1,178,002	1,242,770

	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 June 30, 2023	$ 150,000	$ 107,797	$ 1,004,994	$ 533,347	$ 1,796,137

9. *Property and equipment*

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

	June 30, 2023		
	Cost	Accumulated Amortization	Carrying Amount
Furniture and fixtures	76,085	26,221	$ 49,864
Computer equipment	213,165	79,024	134,141
Managed security services equipment	681,679	300,126	381,553
Vehicles	294,916	190,862	104,054
Leasehold improvements	140,054	80,061	59,993
Uniforms	1,911,834	784,179	1,127,655
Property and equipment	3,317,733	1,460,473	$ 1,857,260
Right-of-use asset	2,871,148	1,309,728	1,561,420
Total	$ 6,188,881	$ 2,770,201	$ 3,418,680

	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

The following table summarizes the changes in the net carrying amounts of property and equipment during the nine months ended June 30, 2023:

	September 30, 2022			June 30, 2023
	Net carrying Amount	Net additions	Depreciation	Net carrying amount
Furniture and fixtures	41,600	17,016	8,752	49,864
Computer equipment	73,592	106,521	45,972	134,141
Managed security services equipment	471,373	2,310	92,130	381,553
Vehicles	120,071	46,020	62,037	104,054
Leasehold improvements	74,433	8,900	23,340	59,993
Uniforms	1,081,964	586,677	540,986	1,127,655
Property and equipment	1,863,033	767,444	773,217	1,857,260
Right-of-use asset	1,294,073	913,867	646,520	1,561,420
Total	3,157,106	1,681,311	1,419,737	3,418,680

Depreciation expense relating to property and equipment included in the condensed statement of income (loss) and comprehensive income (loss) is $274,056 and $773,216 for the three and nine-month periods ended June 30, 2023 respectively ($152,716 and $279,216 for the three and nine-month periods ended June 30, 2022).

The Company currently has two categories of right-of-use assets relating to vehicles and property leases. At June 30, 2023, the carrying amount of vehicles under lease was $912,434 (September 30, 2022: $930,012), with $134,739 and $381,954 of depreciation included in the condensed statement of income (loss) for the three and nine-month periods ended June 30, 2023 respectively (June 30, 2022: $30,471 and $30,471 respectively).

At June 30, 2023, the property leases relating to office space had a carrying amount of $648,986 (September 30, 2022: $386,844), with $92,298 and $264,568 of depreciation included in the condensed statement of income (loss) for the three and nine-month periods ended June 30, 2023 respectively (June 30, 2022: $25,442 and $69,278 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	-	(189,000)	(130,000)	(319,000)	101,700
Balance at June 30, 2023	$ 86,585	$ 15,703,442	$ 5,980,000	$ 21,770,027	$ 13,909,918
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	15,059	1,089,865	-	1,104,924	-
Retirements, disposals, and adjustments		-	-	-	-
Balance at June 30, 2023	$ 22,243	$ 2,426,640	$ -	$ 2,448,883	$ -
Carrying amounts					
At June 30, 2023	$ 64,342	$ 13,276,802	$ 5,980,000	$ 19,321,144	$ 13,909,918
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 of the Company's audited consolidated financial statements.

11. Accounts payable and accrued liabilities

	June 30, 2023	September 30, 2022
Current liabilities:		
Accounts payable	$ 1,305,601	$ 1,811,073
Payroll tax and other statutory liabilities	2,036,629	3,371,318
Dividends payable	582,372	588,550
Deferred share units payable	1,866,751	1,773,951
Commission accrual	3,080	38,785
Vacation payable	1,802,347	1,840,303
Bonus accrual	510,833	564,986
Other payables	965,787	1,776,541
	$ 9,073,400	$ 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	362,950	529,736	892,686
Principal payments on lease liabilities	(239,510)	(357,445)	(596,955)
Balance at June 30, 2023	$ 1,065,209	$ 570,191	$ 1,635,400
Current portion	478,430	181,971	660,401
Long-term portion	468,843	506,156	974,999
Total balance at June 30, 2023	$ 947,273	$ 688,127	$ 1,635,400

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 June 30, 2023	$ -

Interest expense relating to the long-term debt for the three and nine months ended June 30, 2023 was $nil (three months ended June 30, 2022 - $nil, nine months ended June 30, 2022 $8,887). The fair value of the Wyth Financial term debt as at June 30, 2023 is $nil (as at September 30, 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 June 30, 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.

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. SHARE 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	(669,700)	(1,950,560)
Options exercised	79,766	197,853
Common shares - June 30, 2022	19,698,338	$ 79,801,475
Shares purchased for cancellation under the normal course issuer bid	(80,000)	(226,499)
Common shares - September 30, 2022	19,618,338	79,574,976
Shares purchased for cancellation under the normal course issuer bid	(240,200)	(692,024)
Options exercised	34,249	108,048
Common shares - June 30, 2023	19,412,387	78,991,000

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 nine months ended June 30, 2023, the Company bought back 240,200 shares under its normal course issuer bid at an average price of $2.85 per share (nine months ended June 30, 2022 - 669,700 shares at an average price of $2.91). During the nine months ended June 30, 2023, the Company cancelled 240,200 shares (nine months ended June 30, 2022 - 669,700).

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 June 30, 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	-	132,304	143,730	37,799
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	132,304	951,697	437,797

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.

	Option Series
Inputs into the model	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	(238,434)
Issued	250,000
Expired or cancelled	(62,739)
Options outstanding at June 30, 2022 (weighted average exercise price of $3.57)	923,794
Exercised	-
Expired or cancelled	-
Options outstanding at September 30, 2022 (weighted average exercise price of $3.57)	923,794
Exercised	(34,332)
Expired or cancelled	(451,665)
Options outstanding at June 30, 2023 (weighted average exercise price of $2.58)	437,797

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	19,483,738	$ 583,612
June 30, 2023	$ 0.03	19,412,387	$ 582,372

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 June 30, 2023 there were 641,495 DSUs granted and outstanding (June 30, 2022 - 549,817). Included in accounts payable and accrued liabilities at June 30, 2023 is $1,866,750 (June 30, 2022 - $1,276,928) relating to the valuation of the DSUs. Included in Board and executive expenses under corporate administration expense for the three months ended June 30, 2023 is a recovery of $2,059 (three months ended June 30, 2022 - recovery of $184,528) and an expense of $75,470 for the nine months ended June 30, 2023 (expense of $65,644 for the nine months ended June 30, 2022) relating to the valuation of the DSUs. During the nine months ended June 30, 2023 and June 30, 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 June 30, 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 June 30, 2023	Three months ended June 30, 2022	Nine months ended June 30, 2023	Nine months ended June 30, 2022
Basic weighted average number of shares	19,687,167	19,781,338	19,502,760	19,926,136
Dilutive securities:				
Share options	N/A	869,580	611,748	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 June 30, 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 nine months ended June 30, 2023 and 2022:

	Three months ended June 30, 2023	Three months ended June 30, 2022	Nine months ended June 30, 2023	Nine months ended June 30, 2022
Security services				
Physical protective security services	$ 24,727,022	10,455,509	$ 74,940,412	$ 18,983,562
Cyber security services	1,811,315	$ 1,268,347	4,761,550	$ 3,965,409
	$ 26,538,337	$ 11,723,856	$ 79,701,962	$ 22,948,971
Legacy operations	$ -	87,829	$ 118,196	$ 251,583
Corporate and intersegment eliminations	(26,529)	(5,187)	(71,586)	(10,306)
	$ 26,511,808	$ 11,806,498	$ 79,748,572	$ 23,190,248

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

	June 30, 2023	September 30, 2022
Contract assets	$ 191,311	$ 214,599
Contract liabilities	$ 145,139	$ 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.

17. Corporate administration

	Three months ended June 30, 2023	Three months ended June 30, 2022	Nine months ended June 30, 2023	Nine months ended June 30, 2022
Amortization of capital and intangible assets	$ 833,533	$ 480,065	$ 2,524,660	$ 1,011,775
Contracted services	193,959	172,458	700,490	510,871
Director compensation - DSU's (Note 21)	(2,059)	(184,528)	75,470	65,644
Office	1,003,500	421,977	3,281,141	1,004,627
Bad debt (recovery) (Note 19)	40,861	-	(415,397)	-
Other administration	271,712	382,296	783,329	674,962
Professional fees	140,509	487,305	661,446	781,838
Salaries, wages and benefits	1,771,195	953,438	5,650,115	2,274,253
Share option based compensation	35,704	21,672	128,477	59,824
Total expense	$ 4,288,914	$ 2,734,683	$ 13,389,730	$ 6,383,794

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 June 30, 2023	Three months ended June 30, 2022	Nine months ended June 30, 2023	Nine months ended June 30, 2022
Net (loss) income before income tax	$ (15,153)	$ 1,036,981	$ 338,363	$ (7,167)
Canadian federal and provincial tax rates	27.0%	27.0%	27.0%	27.0%
Income tax (recovery) expense based on the above rates	(4,091)	279,985	91,358	(1,935)
Increase due to the tax effect of:				
Non-deductible expenses	14,682	5,851	59,223	17,921
Other	(13,449)	(8,944)	(45,146)	(21,098)
Income tax (recovery) expense	$ (2,858)	$ 276,892	$ 105,435	$ (5,112)

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 $68,645,618 (June 30, 2022 - $72,391,772) 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:

	June 30, 2023	September 30, 2022
Cash	$ 12,648,138	$ 11,195,115
Accounts receivable	21,498,806	20,888,761
Legacy contract assets (Note 7)	5,816,941	8,013,701
Mortgages and loans receivable (Note 8)	1,242,770	4,504,522
	$ 41,206,655	$ 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.

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

	June 30, 2023	September 30, 2022
Not past due	$ 16,286,443	$ 14,872,138
Past due 0-90 days	3,836,997	5,401,966
More than 90 days past due	1,830,041	1,434,960
Total trade and other receivables	21,953,481	21,709,064
Allowance for doubtful accounts	(454,675)	(820,303)
Total trade and other receivables net of allowance	$ 21,498,806	$ 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				
	< 1 year	1 - 3 years	4 - 5 years	> 5 years	Total
Purchase obligations	$ 266,539	$ -	$ -	$ -	$ 266,539

Financial liabilities and other contractual obligations at June 30, 2023, 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	$ 9,073,400	$ -	$ -	$ -	$ 9,073,400
Lease principal and interest obligations	921,290	782,777	86,724	21,681	1,812,472
	$ 9,994,690	$ 782,777	$ 86,724	$ 21,681	$ 10,885,872

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 nine month period ended June 30, 2023, approximately 9.0% 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	June 30, 2023	September 30, 2022
Cash	Amortized cost	1	$ 12,648,138	$ 11,195,115
Accounts receivable	Amortized cost	2	21,498,806	20,888,761
Other financial assets	Fair value through profit or loss	2	277,285	533,140
Legacy contract assets	Fair value through profit or loss	3	5,816,941	8,013,701
Mortgages and loans receivable	Amortized cost	2	1,234,075	4,808,979
Accounts payable and accrued liabilities	Other financial liabilities	2	9,073,400	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 June 30, 2023	Three months ended June 30, 2022	Nine months ended June 30, 2023	Nine months ended June 30, 2022
Accounts receivable - corporate administration	$ (40,861)	$ -	$ 415,397	$ -
Mortgages and loans receivable - gain from legacy business	35,115	(6,765)	21,585	(20,295)

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:

	Three months ended June 30, 2023	Three months ended June 30, 2022	Nine months ended June 30, 2023	Nine months ended June 30, 2022
Gain on sale of assets held for sale (Note 6)	$ -	$ 182,623	$ -	$ 273,579
Net gains on legacy contract assets	145,697	1,486,222	1,057,146	1,504,344
Expected credit loss (gain)	35,115	(6,765)	21,585	(20,295)
Gain from legacy business	$ 180,812	$ 1,662,080	$ 1,078,731	$ 1,757,628

20. Supplemental cash flow information

	Three months ended June 30, 2023	Three months ended June 30, 2022	Nine months ended June 30, 2023	Nine months ended June 30, 2022
Change in non-cash working capital items				
Accounts receivable	$ (1,026,319)	$ 322,192	$ (746,677)	$ 1,511,009
Inventory	(137,339)	101,753	(82,866)	(14,638)
Contract assets	(162,283)	(38,206)	72,368	(38,206)
Prepaid expenses	48,198	(854,732)	444,205	(855,393)
Contract liabilities	(21,921)	(13,261)	(363,201)	(13,261)
Accounts payable and accrued liabilities	(1,154,214)	(843,885)	(2,310,231)	(1,598,433)
Right of use assets	(113,635)	83,694	(385,374)	124,515
Net decrease in cash	$ (2,567,513)	$ (1,242,445)	$ (3,371,776)	$ (884,407)

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 June 30, 2023	Three months ended June 30, 2022	Nine months ended June 30, 2023	Nine months ended June 30, 2022
Contractors, employee salaries and benefits	$ 243,645	$ 263,325	$ 757,336	$ 706,173
Deferred share unit (recovery) expense	(2,059)	(184,528)	75,470	65,644
Share based payments	35,704	21,672	128,477	59,824
Total key management compensation expense	$ 277,290	$ 100,469	$ 961,283	$ 831,641

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 $238,557 for the three months ended June 30, 2023 ($266,431 for the three months ended June 30, 2022) and $846,743 for the nine months ended June 30, 2023 ($791,821 for the nine months ended June 30, 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.