



Condensed Interim Consolidated Financial Statements

For the three and nine months ended

June 30, 2021 and 2020

(Unaudited)

**UNAUDITED CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, Input Capital Corp. discloses that its auditors have not reviewed the unaudited condensed interim consolidated financial statements for the nine month periods ended June 30, 2021 and 2020.

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION**

(Unaudited)

	Note	As at June 30, 2021	As at September 30, 2020
ASSETS			
Current			
Cash		\$ 25,006,475	\$ 27,234,152
Accounts receivable		2,696,544	682,081
Inventories		46,071	-
Crop interests	6	263,881	1,292,949
Other financial assets	4	1,779,078	74,540
Assets held for sale	7	4,561,405	5,890,454
Prepaid expenses		179,897	134,661
Mortgages and loans receivable	8	1,024,325	2,460,396
		\$ 35,557,676	\$ 37,769,233
Non-current			
Crop interests	6	\$ 11,020,218	\$ 13,103,231
Deferred income tax assets		2,941,161	3,681,421
Property and equipment	9	789,433	125,480
Intangible assets	10	9,030,312	-
Goodwill	10	9,416,321	-
Mortgages and loans receivable	8	16,960,353	27,221,901
		\$ 85,715,474	\$ 81,901,266
LIABILITIES			
Current			
Accounts payable and accrued liabilities		\$ 3,451,037	\$ 2,999,639
Income tax payable		66,739	-
Obligation under lease	11	29,328	126,132
Contract Liabilities	16	45,000	-
Long-term debt	13	407,675	211,091
		\$ 3,999,779	\$ 3,336,862
Non-current			
Obligation under lease	11	\$ 267,465	\$ -
Long-term debt	13	2,650,409	7,536,454
Deferred income tax liability		2,089,155	-
		\$ 5,007,029	\$ 7,536,454
EQUITY			
Share capital	14	\$ 81,554,182	\$ 75,799,235
Contributed surplus		4,100,405	4,049,015
Deficit		(8,945,921)	(8,820,300)
		\$ 76,708,666	\$ 71,027,950
		\$ 85,715,474	\$ 81,901,266

ON BEHALF OF THE BOARD

"Douglas Emsley", Director

"David H. Laidley", FCPA, FCA,
Director

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(Unaudited)

	Note	Three months ended June 30, 2021	Three months ended June 30, 2020	Nine months ended June 30, 2021	Nine months ended June 30, 2020
Revenue					
Agriculture	16	\$ 452,417	\$ 810,158	\$ 7,992,692	\$ 24,036,434
Security	16	3,909,364	-	6,402,037	-
		\$ 4,361,781	\$ 810,158	\$ 14,394,729	\$ 24,036,434
Expenses					
Direct security expenses		\$ 3,220,218	\$ -	\$ 5,166,150	\$ -
Corporate administration	19	1,315,096	943,755	2,709,556	2,580,102
Interest expense	13	43,116	87,792	208,975	604,282
Purchase of crop and other direct expenses	17	7,756	7,335	5,567,505	10,373,870
Realization of crop interests	17	(11,540)	-	1,880,361	9,951,621
		\$ 4,574,646	\$ 1,038,882	\$ 15,532,547	\$ 23,509,875
Other income (loss)					
Gain from settlement of crop interests	18	\$ 411,364	\$ 416,923	\$ 1,036,124	\$ 997,793
Gain on sale of assets held for sale		645,211	84,028	1,021,082	148,032
Realized gain on futures and options	6	-	-	-	177,130
Other income (loss)		126,265	73,399	309,410	(4,344,676)
		\$ 1,182,840	\$ 574,350	\$ 2,366,616	\$ (3,021,721)
Profit (loss) before the undernoted					
		\$ 969,975	\$ 345,626	\$ 1,228,798	\$ (2,495,162)
Impairment and expected credit recovery	4	(5,908)	1,341,846	24,088	1,867,235
Unrealized market value gain (loss)	4	762,142	(214,490)	1,679,496	1,035,035
Net income before income tax					
		\$ 1,726,209	\$ 1,472,982	\$ 2,932,382	\$ 407,108
Income tax expense	20	455,942	406,402	783,419	145,544
Net income and comprehensive income					
		\$ 1,270,267	\$ 1,066,580	\$ 2,148,963	\$ 261,564
Basic income per share					
	15	\$ 0.02	\$ 0.02	\$ 0.04	\$ 0.00
Fully diluted income per share					
	15	0.02	0.02	0.04	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, 2021	Three months ended June 30, 2020	Nine months ended June 30, 2021	Nine months ended June 30, 2020
Operating activities					
Net income for the period		\$ 1,270,267	\$ 1,066,580	\$ 2,148,963	\$ 261,564
Adjustments					
Amortization of capital and intangible assets		185,490	10,533	427,296	31,620
Deferred share unit expense (recovery)	24	(9,287)	234,529	(759,441)	199,122
Income tax expense	20	497,276	406,402	824,753	145,544
Income tax recovered (paid)		(3,582)	1,267,620	(36,304)	1,267,620
Interest revenue		(437,898)	(758,633)	(1,585,576)	(2,884,534)
Interest received (paid)		(227,761)	134,326	2,162,881	4,822,256
Realization of crop interests	6	364,004	28,802	3,392,086	10,804,690
Share based payments		26,066	32,213	65,199	131,945
Gain from settlement of crop interests		(373,033)	(416,923)	(997,793)	(997,793)
Gain from sale of assets held for sale		(645,211)	(84,028)	(1,021,082)	(148,032)
Other (income) expense	6	(78,067)	(7,321)	(145,652)	4,551,019
Realized gain on crop futures and options		-	-	-	(177,130)
Expected credit recovery (impairment)	4	5,908	(1,341,846)	(24,088)	(1,867,235)
Unrealized market value (gain) loss	4	(762,143)	214,490	(1,679,496)	(1,035,035)
Changes in non-cash working capital	22	(58,053)	707,302	(394,837)	(1,075,190)
Cash generated from (applied to) operating activities		\$ (246,024)	\$ 1,494,046	\$ 2,376,909	\$ 14,030,431
Investing activities					
Proceeds (acquisition) of crop interests		85,635	(155,851)	(1,751,241)	(4,992,192)
Proceeds from buy back of crop interests		407,174	684,748	1,217,759	7,004,661
Proceeds from contracts in restructuring and/or security realization		462,438	1,369,308	1,226,227	2,243,123
Proceeds from the sale of assets held for sale		1,549,344	364,127	3,150,131	709,232
Proceeds from repayment of mortgages and loans receivable		5,999,924	4,029,534	10,607,070	20,805,142
Net proceeds of futures and options		-	-	-	184,420
Purchase of capital and intangible assets		(16,133)	-	(20,565)	-
Acquisition of subsidiary, net of cash acquired	5	-	-	(11,241,187)	-
Cash received from investing activities		\$ 8,488,382	\$ 6,291,866	\$ 3,188,194	\$ 25,954,386
Financing activities					
Dividends paid		(608,649)	(615,357)	(1,665,937)	(1,872,072)
Interest expense		38,060	87,792	200,873	604,282
Interest paid		(115,134)	(391,095)	(283,509)	(903,778)
Repayment on revolving credit facility	12	-	-	-	(5,404,008)
Net repayments on long-term debt	13	(2,966,045)	(10,345,238)	(4,689,461)	(11,469,375)
Purchase of common shares		-	(5,593,548)	(1,398,535)	(7,202,584)
Proceeds from shares issued		-	-	43,789	-
Cash applied to financing activities		\$ (3,651,768)	\$ (16,857,446)	\$ (7,792,780)	\$ (26,247,535)
Increase (decrease) in cash		4,590,590	(9,071,534)	(2,227,677)	13,737,282
Cash – beginning of the period		20,415,885	34,248,276	27,234,152	11,439,460
Cash - end of the period		\$ 25,006,475	\$ 25,176,742	\$ 25,006,475	\$ 25,176,742

- 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, 2019	14	63,751,757	\$ 83,034,919	\$ 3,884,368	\$	(6,319,129)	\$ 80,600,158
NCIB shares purchased for cancellation		(2,762,604)	\$ (2,009,504)	\$ -	\$	-	\$ (2,009,504)
SIB shares purchased for cancellation		(7,418,686)	(5,193,080)	-	-	-	(5,193,080)
Share based payment – options		-	-	131,945	-	-	131,945
Dividends		-	-	-	-	(1,770,418)	(1,770,418)
Total comprehensive income		-	-	-	-	261,564	261,564
At June 30, 2020	14	53,570,467	\$ 75,832,335	\$ 4,016,313	\$	(7,827,983)	\$ 72,020,665
NCIB shares purchased for cancellation		(42,000)	\$ (33,100)	\$ -	\$	-	\$ (33,100)
Share based payment – options		-	-	32,702	-	-	32,702
Total comprehensive income		-	-	-	-	(992,317)	(992,317)
At September 30, 2020	14	53,528,467	\$ 75,799,235	\$ 4,049,015	\$	(8,820,300)	\$ 71,027,950
NCIB shares purchased for cancellation		(1,602,409)	\$ (1,398,535)	\$ -	\$	-	\$ (1,398,535)
Options exercised		54,867	57,597	(13,809)	-	-	43,788
Share based payment – options		-	-	65,199	-	-	65,199
Dividends		-	-	-	-	(2,274,584)	(2,274,584)
Acquisition of subsidiary	5	8,883,930	7,095,885	-	-	-	7,095,885
Total comprehensive income		-	-	-	-	2,148,963	2,148,963
At June 30, 2021	14	60,864,855	\$ 81,554,182	\$ 4,100,405	\$	(8,945,921)	\$ 76,708,666

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 - unaudited

1. Nature of operations

Input Capital Corp. (the "Company" or "Input") was founded as a Canadian Grain Commission licensed and bonded grain dealer to acquire canola from western Canadian farmers through multi-year canola streaming contracts. In return for providing capital for land financing and/or working capital purposes, the Company received the right to receive and/or purchase a specified number of tonnes of canola each year over the life of the agreement. The Company is no longer offering agriculture streaming contracts but continues to provide services to existing clients until their contracts with the Company mature. The Company's shares are publicly traded on the TSX Venture Exchange, under the symbol "INP".

On February 1, 2021, the Company completed the acquisition of SRG Security Resource Group Inc. ("SRG"), which provides world-class cyber security and physical protective security services across Canada (see note 5). The Company will back the growth of SRG while running off the legacy agriculture business. SRG is now a wholly-owned subsidiary of the Company that will operate as a stand-alone entity.

The agriculture segment of the Company's business is subject to a high degree of seasonality. The Company's agriculture revenue is received from crop deliveries and sales over several months after the harvest has been completed. The Company normally expects to recognize the majority of its annual agriculture revenues during its first and second fiscal quarters.

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 unaudited condensed consolidated financial statements were authorized for issue by the Board of Directors on August 16, 2021.

2. Basis of presentation

A. STATEMENT OF COMPLIANCE

These unaudited condensed 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 consolidated 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, 2020.

B. BASIS OF MEASUREMENT

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

- Financial instruments that are accounted for according to the financial instrument categories defined in Note 4.
- Share purchase options and deferred share units that are accounted for according to the share-based payments criteria defined in Note 3O.
- Assets held for sale are held at the lower of carrying value and fair value as defined in Note 3G.

C. BASIS OF CONSOLIDATION

The condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, SRG. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases. All intercompany transactions and balances have been eliminated. All companies have a reporting date of September 30th.

D. FUNCTIONAL AND PRESENTATIONAL CURRENCY

The unaudited condensed consolidated financial statements are presented in Canadian dollars, the functional currency of the Company, 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 unaudited condensed 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 - unaudited

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; and
- Estimates of future taxable income

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

- Classification and measurement of financial instruments including the business model applied;
- Assessing staging of mortgages for purposes of estimating expected credit losses; and
- Recovery of deferred tax assets.
- Identification of the fair values of assets and liabilities acquired in a business combination

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these unaudited condensed consolidated financial statements. Accounting policies have been expanded to reflect the impact of the acquisition of the security business as described in note 5.

A. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

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

Proposed Standard	Description	Effective Date	Expected Impact
Amendments to IAS 1 - Classification of liabilities	The amendment provides clarification on the requirement on determining if a liability is current or non-current.	Fiscal years beginning on or after January 1, 2023, applied prospectively.	The Company does not expect any significant impact on the consolidated financial statements, but continues to do analysis.
Amendment to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets	The amendment provides clarification on the types of costs that can be include when fulfilling an onerous contract.	Fiscal years beginning on or after January 1, 2022 applied prospectively.	The Company does not expect any significant impact on the consolidated financial statements, but continues to do analysis.

The Company is reviewing these standards to determine the potential impact, if any, on its consolidated financial statements.

B. BUSINESS COMBINATION

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

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

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

C. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM is the person or persons who are responsible for allocating resources and assessing performance of the operating segments. The CODM for the Company has been identified as the President and Chief Executive Officer. Input follows the same accounting policies for each segment as those described in the notes to the consolidated financial statements. Transactions between reportable segments are accounted for in the same manner Input accounts for transactions with external parties, but eliminated upon consolidation. The Company's property and equipment are held exclusively in Canada as at June 30, 2021 and June 30, 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 - unaudited

D. CROP INTERESTS

Crop interests are agreements for which settlements are called for in tonnes of crop, the amount of which is determined based on terms in the crop purchase agreements which are capitalized on a contract by contract basis and are recorded at fair value. Under IFRS 9, crop interests do not meet the own-use scope exemption and cash flows are not solely payments of principal and interest. As such, crop interests are carried at fair value through profit or loss. At each reporting date the fair value of each contract is calculated using internal discounted cash flow models that rely on forward commodity pricing provided by independent sources. Other variables that impact the fair value of crop interests include the timing of the delivery of the crop, changes in expected costs of realizing on the contract, changes in credit risk, and changes in the risk free interest rate. Subsequent changes in fair value are recognized in profit or loss in unrealized market value gain or loss. Realized gains and losses that result from the sale are recognized in profit or loss in realization of crop interests.

E. REALIZATION OF CROP INTERESTS

The initial upfront payment allocated to crop interests is capitalized. Upfront payments are refundable deposits allocated to crop interests and are recorded as realization of crop interests on a proportionate contractual unit basis as sales are recorded for each specific contract. Crop payments are recorded as realization of crop interests on a unit basis as sales are recorded for each specific contract. Realized market value gains and losses that result from the sale of tonnes of crop are recognized in profit or loss in realization of crop interests. Realized market value gains and losses that result from contract buy backs are recognized in profit or loss as a gain (loss) from settlements of crop interests.

F. OTHER FINANCIAL ASSETS (LIABILITIES)

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

Part of the Company's crop marketing program involves the purchase of crop futures and options contracts to maintain an open pricing position. These contracts are settled in cash and at each reporting date the fair value of open contracts is calculated using current crop pricing provided by independent sources. Subsequent changes in fair value of these derivative financial instruments are recognized in profit or loss in unrealized market value adjustments. Realized gains and losses relating to these contracts are recognized in realized gain (loss) on crop futures and options.

G. ASSETS HELD FOR SALE

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

H. MORTGAGES AND LOANS RECEIVABLE

Mortgages and loans receivable include mortgages and other loans that contain fixed and determinable payments. Input's business model is to hold the mortgages and loans receivable to collect principal and interest payments. Under IFRS 9, these assets qualify for the solely payments of principal and interest model. Upon initial recognition, these are recognized at fair value. Subsequently these assets are carried at amortized cost less expected credit losses. Interest revenue is recorded on an effective interest basis.

An impairment loss for mortgages and loans receivable measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. Losses are recognized in net earnings or loss. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of a previous impairment loss to reverse or partially reverse, the decrease in impairment is reversed through net earnings or loss.

I. PROPERTY AND EQUIPMENT

Property and equipment are reported at acquisition cost less accumulated amortization and impairment losses. Amortization is calculated over the estimated useful lives of the assets using the following rates and methods:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 - unaudited

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

J. INTANGIBLE ASSETS

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

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

The Company amortizes intangible assets with finite useful lives (within Corporate administration) on the Consolidated Statements of Income on a straight-line basis over their estimated useful lives as noted below. These intangible assets are tested for impairment whenever events or changes indicate that their carrying amount may not be recoverable. Useful lives, residual values and amortization methods for these intangible assets with finite useful lives are reviewed at least annually. Intangible assets recognized by the Company with finite useful lives include:

Customer relationships	16 years	Straight-line
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K. GOODWILL

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

L. INCOME TAXES

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

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

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

M. REVENUE RECOGNITION

Revenue is recognized upon transfer of control of promised products and services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. The Company determines the amount of revenue to be recognized through application of the following steps:

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 - unaudited

Security revenue is recognized upon transfer of control of the promised services to customers in an amount that reflects the consideration the Company expects to receive in exchange for the services. The Company's contracts may include multiple services which are generally capable of being distinct and accounted for as separate performance obligations. For professional services contracts billed on fixed price basis, revenue is recognized over time based on the proportion of services performed.

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

IFRS 15 requires the treatment of certain costs directly incurred in acquiring customer contracts to be recognized as an asset and amortized over time consistent with the pattern of transfer of the goods or services to which the asset relates. In instances where the contract term is longer than 12 months, the Company recognizes these costs as an asset and amortizes the costs into expenses over time consistent with the pattern of transfer of the goods or services to which the asset relates.

Interest revenue on mortgages and loans receivable and interest on accounts receivable is recorded on an effective interest basis.

N. NET SETTLEMENT OF CROP INTERESTS

In addition to regular crop deliveries, crop tonnage obligations outstanding on crop streaming contracts may also be settled by the farm operator directly through payment in cash, through cash proceeds received from crop insurance, through a conventional mortgage receivable with the Company, through a receivable agreement with the Company, or through a land transfer to the Company. These transactions do not result in the title and risk of the crop passing to a purchaser from Input and are considered to be the settlement of a financial asset with the farm operator. As a result, these transactions are not recorded as crop revenue. When cash proceeds are not received as the means of settlement, the transaction is valued at fair value. These transactions are recorded as a gain or loss from settlements of crop interests on the statement of income or loss.

O. SHARE BASED PAYMENTS

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

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

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

P. IMPAIRMENT OF NON-FINANCIAL ASSETS

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly. In measuring value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects the risks specific to the asset. Impairment testing of goodwill and indefinite life intangible assets is done annually in Q4, or when there are indicators of impairment.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 - unaudited

Q. LEASES

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

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

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

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

4. 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 \$76,708,666 (September 30, 2020 - \$71,027,950) of equity attributable to common shareholders, comprised of issued capital (Note 14), contributed surplus (Note 14), and accumulated deficit.

CREDIT RISK MANAGEMENT - The Company's assets subject to credit risk include cash, accounts receivable in the ordinary course of business, mortgages and loans receivable and crop interests. 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, 2021	September 30, 2020
Cash	\$ 25,006,475	\$ 27,234,152
Accounts receivable	2,696,544	682,081
Crop interests (Note 6)	11,284,099	14,396,180
Mortgages and loans receivable (Note 8)	17,984,678	29,682,297
	<u>\$ 56,971,796</u>	<u>\$ 71,994,710</u>

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

COMMODITY PRICE RISK - The Company's financial results may be significantly affected by fluctuations in the price of crops. The price of crops is affected by numerous factors beyond the Company's control, including but not limited to, interest rates, exchange rates, inflation or deflation, fluctuation in the value of foreign currencies, global and regional supply and demand, and the political and economic conditions of major countries throughout the world.

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 crop deliveries or payments from customers. However, should the timing of payments differ from what is contracted, this does not change the requirement to repay loans from the bank, potentially affecting liquidity. It is due to these timing uncertainties that the Company maintains a high level of cash liquidity on an ongoing basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 - unaudited

Crop purchase agreements contain obligations in that the Company agrees to purchase crop 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	\$ 1,873,194	\$ 1,707,098	\$ -	\$ -	\$ 3,580,292

Financial liabilities and other contractual obligations at June 30, 2021, 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	\$ 3,451,037	\$ -	\$ -	\$ -	\$ 3,451,037

Long-term debt repayment and interest obligations at June 30, 2021 are summarized below:

	Payment due by period				Total
	< 1 year	1 - 3 years	4 - 5 years	> 5 years	
Long-term debt principal and interest paid	\$ 529,375	\$ 2,781,282	\$ -	\$ -	\$ 3,310,657

INTEREST RATE RISK - The company has mortgages and loans receivable that are measured at amortized cost and contain a fixed interest rate. There is no variability in cash flow amounts or timing of cash flows with changes in interest rates, however, there are changes in the fair value of these financial assets.

At each reporting date the fair value of each crop interest contract is calculated using internal discounted cash flow models that rely on forward commodity pricing provided by independent sources. Changes in interest rates impact the fair value of these crop interests.

OTHER RISKS - The Company is not subject to other significant foreign currency, or other price risks.

The ongoing effect of the COVID-19 pandemic and uncertainty within international markets did not materially impact the Company's financial performance for the nine months ended June 30, 2021 but may in the future. The financial impact will be dependent on the spread and duration of the pandemic and on related restrictions and government advisories. Given this uncertainty, the financial impact on the Company, if any, cannot be determined at this time.

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

	Classification	Level	June 30, 2021	September 30, 2020
Cash	Amortized cost	1	\$ 25,006,475	\$ 27,234,152
Accounts receivable	Amortized cost	2	2,696,544	682,081
Other financial assets	Fair value through profit or loss	2	1,779,078	74,540
Crop interests	Fair value through profit or loss	3	11,284,099	14,396,180
Mortgages and loans receivable	Amortized cost	2	17,984,678	29,682,297
Accounts payable and accrued liabilities	Other financial liabilities	2	3,451,037	2,999,639
Long-term debt	Other financial liabilities	2	3,058,084	7,747,545

The following table represents the change in fair values recognized in the statement of net loss and comprehensive loss.

	Three months ended June 30, 2021	Three months ended June 30, 2020	Nine months ended June 30, 2021	Nine months ended June 30, 2020
Other financial assets (liabilities)	\$ (789,501)	\$ 61,550	\$ (1,704,538)	\$ (346,621)
Crop interests	27,359	152,940	25,042	(688,414)
Unrealized market value loss (gain)	\$ (762,142)	\$ 214,490	\$ (1,679,496)	\$ (1,035,035)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 - unaudited

The following table represents expected credit losses and impairment losses recognized in the statement of net income and comprehensive income.

	Three months ended June 30, 2021	Three months ended June 30, 2020	Nine months ended June 30, 2021	Nine months ended June 30, 2020
Accounts receivable	\$ (857)	\$ (941)	\$ (81,591)	\$ (4,956)
Mortgages and loans receivable	6,765	(1,340,905)	57,503	(1,862,279)
Impairment and expected credit recovery	\$ 5,908	\$ (1,341,846)	\$ (24,088)	\$ (1,867,235)

The fair value of short-term financial instruments approximates their carrying amounts due to the relatively short period to maturity. These include cash, accounts receivable, and accounts payable and accrued liabilities.

The Company has term debt with Concentra Bank that is secured against the mortgages underlying mortgage streams with Input clients. As of June 30, 2021 there was \$3,058,084 (September 30, 2020 - \$7,747,545) drawn on the \$10 million available. The covenants of the term debt include a minimum debt service coverage ratio of 1.5 to 1. At June 30, 2021, the Company met all of its covenants as required by the debt agreement.

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

5. Business Acquisition

On February 1, 2021, the Company acquired all the outstanding shares of SRG Security Resource Group Inc. ("SRG") pursuant to a share purchase agreement between Input Capital Corp. and the individual and entity shareholders ("Sellers") of SRG, for an aggregate purchase price of \$19,358,128, \$12,262,243 paid in cash and the issuance of 8,883,930 common shares in the capital of the Company to the Sellers. Such shares have a fair value of \$7,095,885 as at the date of acquisition. There were no finders' fees payable in connection with this transaction. Acquisition costs in the amount of \$264,448 were incurred on this transaction and expensed. This includes professional fees incurred towards financial, tax and legal due diligence.

SRG is a Regina, Saskatchewan-based provider of cyber security and physical protective security service that provides solutions and services to organizations across the country. SRG services include managed security services, information technology services, CCTV monitoring, and security guard and patrol services.

This transaction qualifies as a business combination and was accounted for in accordance with IFRS 3 Business Combinations using the acquisition method of accounting. To account for the transaction, the Company has performed a business valuation of SRG at the date of acquisition and a purchase price allocation.

The following table summarizes the consideration and closing date fair values of the net identifiable assets acquired pursuant to the SRG acquisition:

	February 1, 2021
Cash and cash equivalents	\$ 970,675
Accounts receivable and prepaid expenses	2,247,648
Inventory	72,352
Right-of-use asset	308,630
Property and equipment	582,366
Tradename (note 10)	2,310,000
Customer relationships (note 10)	6,900,000
Goodwill (note 10)	9,416,321
Total assets	\$ 22,807,992
Accounts payable and accrued liabilities	992,208
Lease liability	308,630
Deferred tax liability	2,149,026
Total liabilities	\$ 3,449,864
Net assets acquired	\$ 19,358,128
Total consideration	
Cash	\$ 12,262,243
Issuance of common shares	7,095,885
	\$ 19,358,128

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 - unaudited

For the five months ended June 30, 2021 following its acquisition, SRG contributed \$6,402,037 to consolidated revenues and \$255,877 of earnings before income taxes. As at June 30, 2021 the purchase price allocation is still being finalized and is subject to change.

6. Crop interests and other financial assets (liabilities)

	June 30, 2021	September 30, 2020
Crop interests:		
Opening balance - date	October 1, 2020	October 1, 2019
Opening balance	\$ 14,396,180	\$ 28,394,845
Acquisition of crop interests - crop payments	1,751,241	5,343,603
Realization of crop interests	(3,392,086)	(12,421,983)
Settlements on contracts that are in the process of restructuring and or security realization	(1,226,227)	(2,530,950)
Buy back of crop contracts	(219,965)	(5,416,926)
Market value adjustment	(25,044)	1,027,591
	\$ 11,284,099	\$ 14,396,180
Crop interests (including amounts relating to terminated contracts):		
Current	\$ 263,881	\$ 1,292,949
Non-current	11,020,218	13,103,231
	\$ 11,284,099	\$ 14,396,180

The fair value of each streaming contract is calculated using internal discounted cash flow models that rely on forward canola and other correlated commodity pricing provided by independent sources. Other variables that impact the fair value of crop interests include the timing of the delivery of the tonnes, changes in expected costs and cash flows associated with the contract, and changes in the risk free interest rate. Included in the market value adjustment as a reduction to the value of crop interests is a cumulative unrealized market value loss of \$13,067,807 (September 30, 2020 - loss of \$14,137,820) on streaming contracts that are in the process of restructuring and/or security realization relating to changes in the timing and expected net cash flows associated with the settlement of crop delivery obligations.

As at June 30, 2021, there are streaming contracts that are in the process of restructuring and/or security realization. The value of these contracts included in crop interests at June 30, 2021 is \$10,673,659 (September 30, 2020 - \$11,775,951).

A producer or the Company may negotiate a buy back of a streaming contract. The buy back of crop interests resulted in a gain as disclosed further in Note 18.

Changes in the fair value of other financial assets (liabilities) are recognized in profit or loss in market value adjustment and as follows:

	Three months ended June 30, 2021	Three months ended June 30, 2020	Nine months ended June 30, 2021	Nine months ended June 30, 2020
Unrealized market value gain (loss)	\$ 789,501	\$ (61,550)	\$ 1,704,538	\$ 346,621

Part of the Company's crop marketing program may involve the purchase of crop futures and options contracts to maintain an open pricing position. Included in realized gain on futures and options is a gain of \$nil for the nine months ended June 30, 2021 (nine months ended June 30, 2020 - gain of \$177,130).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 - unaudited

7. Assets held for sale

Assets held for sale result from Input 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, 2019	\$	992,771
Increase as a result of assuming ownership of properties underlying a mortgage		5,457,350
Sale of assets held for sale		(561,200)
At June 30, 2020	\$	5,888,921
Increase as a result of assuming ownership of properties underlying a mortgage		1,533
Sale of assets held for sale		-
At September 30, 2020		5,890,454
Increase as a result of assuming ownership of properties underlying a mortgage		800,000
Sale of assets held for sale		(2,129,049)
At June 30, 2021	\$	4,561,405

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:

At September 30, 2019	\$	59,243,087
Less repayments on mortgages and loans receivable		(19,930,234)
Less settlements of mortgages and loans receivable		(5,441,191)
Decrease in interest receivable on mortgages and loans receivable		(1,011,913)
Decrease in expected credit losses		(2,360,765)
At June 30, 2020		30,498,984
Less repayments on mortgages and loans receivable		(806,775)
Less settlements of mortgages and loans receivable		-
Increase in interest receivable on mortgages and loans receivable		422,452
Remeasurement of expected credit losses		(432,364)
At September 30, 2020		29,682,297
Less repayments on mortgages and loans receivable		(1,718,189)
Less settlements of mortgages and loans receivable		(9,487,790)
Decrease in interest receivable on mortgages and loans receivable		(414,845)
Remeasurement of expected credit losses		(76,794)
At June 30, 2021	\$	17,984,678

Interest revenue on mortgages and loans receivable for the nine months ended June 30, 2021 was \$1,499,701 (nine months ended June 30, 2020 - \$2,119,887).

The allowance for expected mortgage credit losses as at June 30, 2021 is \$537,429 (September 30, 2020 - \$1,224,123). The Company continues to assess the probability and amount of credit losses at each reporting date.

Details regarding the expected mortgage credit losses are outlined below:

	Performing (stage 1)	Significant increase in credit risk (stage 2)	Expected credit losses on impaired mortgages (stage 3)	Total
Mortgages and loans receivable - gross carrying value as at September 30, 2020	\$ -	\$ 27,550,628	\$ 3,355,792	\$ 30,906,420
Expected credit loss balance on mortgages and loans receivable as at September 30, 2019	-	(3,956)	(2,925,272)	(2,929,228)
Re-measurement	-	3,249	(3,027,253)	(3,024,004)
Recoveries	-	-	282,261	282,261
Transfers to assets held for sale	-	-	4,446,848	4,446,848
Expected credit loss balance on mortgages and loans receivable for the year ended September 30, 2020	-	(707)	(1,223,416)	(1,224,123)
Mortgages and loans receivable - net carrying value as at September 30, 2020	-	27,549,921	2,132,376	29,682,297

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 - unaudited

	Performing (stage 1)	Significant increase in credit risk (stage 2)	Expected credit losses on impaired mortgages (stage 3)	Total
Mortgages and loans receivable - gross carrying value as at June 30, 2021	\$ -	\$ 17,686,003	\$ 836,104	\$ 18,522,107
Expected credit loss balance on mortgages and loans receivable as at September 30, 2020	-	(707)	(1,223,416)	(1,224,123)
Re-measurement	-	707	(77,502)	(76,795)
Write-downs	-	-	69,133	69,133
Transfers to assets held for sale	-	-	694,356	694,356
Expected credit loss balance on mortgages and loans receivable as at June 30, 2021	-	-	(537,429)	(537,429)
Mortgages and loans receivable - net carrying value as at June 30, 2021	-	17,686,003	298,675	17,984,678

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, 2021	\$ 43,054	\$ 7,748	\$ 1,911	\$ 421,636	\$ 474,349

9. Property and equipment

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

	September 30, 2020		
	Cost	Accumulated Amortization	Carrying Amount
Furniture and fixtures	\$ -	\$ -	\$ -
Computer hardware	-	-	-
Managed security services equipment	-	-	-
Vehicles	-	-	-
Leasehold improvements	-	-	-
Software	210,653	206,248	4,405
Property and equipment	\$ 210,653	\$ 206,248	\$ 4,405
Right-of-use asset	411,658	290,583	121,075
Total	\$ 622,311	\$ 496,831	\$ 125,480
	June 30, 2021		
	Cost	Accumulated Amortization	Carrying Amount
Furniture and fixtures	\$ 25,493	\$ 2,670	\$ 22,823
Computer hardware	18,451	2,601	15,850
Managed security services equipment	350,811	64,919	285,892
Vehicles	91,277	22,947	68,330
Leasehold improvements	109,116	13,819	95,297
Software	218,436	211,403	7,033
Property and equipment	\$ 813,584	\$ 318,359	\$ 495,225
Right-of-use asset	720,288	426,080	294,208
Total	\$ 1,533,872	\$ 744,439	\$ 789,433

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 - unaudited

The following table summarizes the changes in the net carrying amounts of property and equipment during 2021 and 2020.

	September 30, 2020			June 30, 2021	
	Net carrying Amount	Net additions	Acquisitions from business combination	Depreciation	Net carrying amount
Furniture and fixtures	\$ -	\$ -	\$ 25,493	\$ 2,670	\$ 22,823
Computer hardware	-	8,046	10,405	2,601	15,850
Managed security services equipment	-	5,802	345,009	64,919	285,892
Vehicles	-	(1,066)	92,343	22,947	68,330
Leasehold improvements	-	-	109,116	13,819	95,297
Software	4,405	7,784	-	5,156	7,033
Property and equipment	\$ 4,405	\$ 20,566	\$ 582,366	\$ 112,112	\$ 495,225
Right-of-use asset	121,075	-	308,630	135,497	294,208
Total	\$ 125,480	\$ 20,566	\$ 890,996	\$ 247,609	\$ 789,433

Depreciation expense relating to property and equipment included in the consolidated statement of income and comprehensive income is \$79,698 and \$247,609 for the three and nine-month periods ending June 30, 2021 (\$10,533 and \$31,619 for the three and nine-month periods ending June 30, 2020).

The Company currently has one right-of-use asset relating to a lease agreement for corporate office space. At June 30, 2021 the carrying amount of property under lease was \$294,208 (September 30, 2020: \$121,075), with \$8,653 and \$135,497 of depreciation included in the consolidated statement of income and comprehensive income for the three and nine-month periods ended June 30, 2021 respectively, (June 30, 2020: \$72,646 and \$145,291 respectively).

10. Goodwill and intangible assets

A. FINITE-LIFE INTANGIBLE ASSETS

	Customer relationships
<u>Cost</u>	
Balance at September 30, 2020	\$ -
Customer relationships acquired in business acquisition (note 5)	6,900,000
Balance at June 30, 2021	\$ 6,900,000
<u>Amortization</u>	
Balance at September 30, 2020	-
Amortization charge for the period	179,688
Balance at June 30, 2021	179,688
<u>Carrying Amounts</u>	
Balance at September 30, 2020	\$ -
Balance at June 30, 2021	\$ 6,720,312

B. GOODWILL AND INDEFINITE-LIFE INTANGIBLE ASSETS

Balance at September 30, 2020	\$ -
Goodwill acquired in business acquisition (see note 5)	\$ 9,416,321
Tradename	2,310,000
Balance at June 30, 2021	\$ 11,726,321

The above intangible assets and goodwill were acquired upon the acquisitions of SRG Security Resource Group Inc. on February 1, 2021. The Company uses estimates in determining the recoverable amount of intangible assets and goodwill. The determination of the recoverable amount for the purpose of impairment testing requires the use of significant estimates including future cash flows, terminal growth rates, and discount rates. Input estimates value in use for impairment tests by discounting estimated future cash flows to their present value. The future cash flows are based on the Company's estimates and expected future operating results of the CGU after considering economic conditions and a general outlook for the CGU's industry. The terminal value is the value attributed to the CGU's operations beyond the projected time period of the cash flows using a perpetuity rate based on expected economic conditions and a general outlook for the industry.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 - unaudited

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

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

11. Obligations under lease

The lease payments are discounted using the interest rate implicit in the lease, or if that cannot be determined, the Company's incremental borrowing rate.

Balance at September 30, 2020	\$	126,132
Additions during the period		308,630
Principal payments on lease liabilities		(145,355)
Interest payments on lease liabilities		7,386
Balance at June 30, 2021	\$	296,793
Current portion		29,328
Long-term portion		267,465
Total balance at June 30, 2021	\$	296,793

12. Revolving credit

The Company previously had up to \$15 million in a revolving credit facility with HSBC Bank Canada. In April 2020, the Company repaid all outstanding principal and interest relating to this facility and the facility was cancelled. A continuity schedule of the Company's revolving debt is presented below:

At September 30, 2019	\$	5,404,008
Repayments		(5,404,008)
At September 30, 2020 and June 30, 2021	\$	-

Interest expense relating to the revolving credit facility for the nine months ended June 30, 2021 is \$nil (nine month ended June 30, 2020 - \$66,984).

A wholly-owned subsidiary of the Company has up to \$750,000 in a revolving demand credit facility with The Toronto Dominion Bank. No amount has been drawn on this facility as at June 30, 2021.

13. Long-term debt

The Company has up to \$10 million in five year term debt available from Concentra Bank. The term debt bears a fixed interest rate of 4.33% and interest is payable semi-annually. The debt is secured by mortgages underlying mortgage streams with Input clients, and has no principal repayment obligations except when a mortgage is repaid. A continuity schedule of the Company's term debt with Concentra is presented below:

At September 30, 2019	\$	9,769,601
Repayments		(2,022,056)
At June 30, 2020		7,747,545
Repayments		-
At September 30, 2020		7,747,545
Repayments		(4,689,461)
At June 30, 2021	\$	3,058,084

The Company had up to \$10 million in revolving debt available from HSBC Bank Canada for mortgage funding purposes. In April 2020, the Company repaid all outstanding principal and interest relating to this facility and the facility was cancelled. A continuity schedule of the Company's mortgage related debt with HSBC is presented below:

At September 30, 2019	\$	9,447,319
Advances		17,500
Repayments		(9,464,819)
At September 30, 2020 and June 30, 2021	\$	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 - unaudited

Interest expense relating to the long-term debt for the three months ended June 30, 2021 is \$38,060 (three months ended June 30, 2020 - \$63,469) and for the nine months ended June 30, 2021 is \$199,184 (nine months ended June 30, 2020 - \$524,488). The fair value of the term debt as at June 30, 2021 is \$2,821,639 (as at September 30, 2020 - \$8,435,431).

14. Share capital, contributed surplus and retained earnings

A. SHARES AUTHORIZED

The Company's authorized share capital consists of an unlimited number of Class "A" common voting shares ("common shares") without par value.

B. SHARES ISSUED AND PURCHASED

	Number of Shares	Share Capital
Common shares - September 30, 2019	63,751,757	\$ 83,034,919
Shares purchased for cancellation under the normal course issuer bid	(2,762,604)	(2,009,504)
Shares purchased for cancellation under the substantial issuer bid	(7,418,686)	(5,193,080)
Common shares - June 30, 2020	53,570,467	\$ 75,832,335
Shares purchased for cancellation under the normal course issuer bid	(42,000)	(33,100)
Common shares - September 30, 2020	53,528,467	\$ 75,799,235
Shares purchased for cancellation under the normal course issuer bid	(1,602,409)	(1,398,535)
Options exercised	54,867	57,597
Acquisition of subsidiary	8,883,930	7,095,885
Common shares - June 30, 2021	60,864,855	81,554,182

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, 2021 and will be active until the earlier of January 3, 2022 and the date by which Input has acquired the maximum shares which may be purchased.

During the nine months ended June 30, 2021, the Company bought back 1,602,409 shares under its normal course issuer bid at an average price of \$0.87 per share (nine months ended June 30, 2020 - 2,762,604 shares at an average price of \$0.73). During the nine months ended June 30, 2021, the Company cancelled 1,602,409 shares (nine months ended June 30, 2020 - 10,349,786).

C. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 - unaudited

The following option plans were in existence during the current and prior years:

Option series	Number	Expiry date	Exercise price	Fair value at date of grant
(1) granted on November 28, 2014	37,218	November 28, 2019	\$ 2.01	\$ 2.01
(2) granted on June 10, 2015	732,100	June 10, 2020	\$ 3.05	\$ 3.05
(3) granted on November 16, 2015	30,900	November 16, 2020	\$ 1.88	\$ 1.88
(4) granted on June 8, 2016	912,700	June 8, 2021	\$ 2.18	\$ 2.18
(5) granted on December 15, 2016	642,900	December 15, 2021	\$ 2.00	\$ 2.00
(6) granted on December 15, 2017	1,781,000	December 15, 2022	\$ 1.54	\$ 1.54
(7) granted on December 21, 2018	941,500	December 21, 2023	\$ 0.80	\$ 0.80
(8) granted on February 18, 2021	430,000	February 18, 2026	\$ 0.95	\$ 0.95
(9) granted on March 1, 2021	20,000	March 1, 2026	\$ 0.94	\$ 0.94

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, 2018 and are based on management's best estimates at the time of issuance.

Inputs into the model	Option Series		
	Series 7	Series 8	Series 9
Grant date share price	\$ 0.80	\$ 0.95	\$ 0.94
Exercise price	\$ 0.80	\$ 0.95	\$ 0.94
Average vesting period from grant date	3.00 years	3.00 years	3.00 years
Volatility	53.02%	60.04%	60.04%
Expected life	5.00 years	5.00 years	5.00 years
Dividend yield	5.00%	4.21%	4.26%
Risk free interest rate	1.89%	0.59%	0.81%

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

At June 30, 2021, the following options to purchase common shares were outstanding:

Option series	Average remaining life (in years)	Options outstanding				Total
		Vested	Unvested	Exercised	Expired or cancelled	
Series 1	0.00	37,218	-	-	37,218	-
Series 2	0.00	732,100	-	-	732,100	-
Series 3	0.00	30,900	-	-	30,900	-
Series 4	0.00	912,700	-	-	912,700	-
Series 5	0.46	642,900	-	-	86,500	556,400
Series 6	1.46	1,781,000	-	-	318,200	1,462,800
Series 7	2.48	791,891	149,609	54,867	430,933	455,700
Series 8	4.64	51,836	378,164	-	-	430,000
Series 9	4.67	2,210	17,790	-	-	20,000
Weighted average	1.73	4,982,755	545,563	54,867	2,548,551	2,924,900

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 - unaudited

D. DIVIDENDS

The Company declared the following dividends since October 1, 2019 to the shareholders of record on the following dates.

Record date	Dividend per share	Shares outstanding	Total Dividend
December 31, 2019	0.01	61,919,757	619,198
March 31, 2020	0.01	61,535,657	615,357
June 30, 2020	0.01	53,586,471	535,865
November 9, 2020	0.01	53,528,467	535,285
December 31, 2020	0.01	52,200,358	522,004
March 31, 2021	0.01	60,864,855	608,649
June 30, 2021	0.01	60,864,855	608,649

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, 2021	Three months ended June 30, 2020	Nine months ended June 30, 2021	Nine months ended June 30, 2020
Basic weighted average number of shares	60,864,855	55,341,905	56,437,924	60,076,783
Dilutive securities:				
Share options	3,564,003	3,940,833	3,526,095	4,144,420

When there is a net loss and comprehensive loss the share options are anti-dilutive and therefore the diluted loss per share is the same as the basic loss per share.

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, 2021 and 2020:

	Three months ended June 30, 2021	Three months ended June 30, 2020	Nine months ended June 30, 2021	Nine months ended June 30, 2020
Agriculture				
Crop revenue (note 17)	\$ -	\$ -	\$ 6,312,857	\$ 21,038,096
Interest revenue	437,898	758,633	1,585,576	2,884,534
Rental revenue	14,519	51,525	94,259	113,804
	\$ 452,417	\$ 810,158	\$ 7,992,692	\$ 24,036,434
Security services				
Physical security services	\$ 2,625,303	\$ -	\$ 4,309,395	\$ -
Cyber security services	1,284,061	-	2,092,642	-
	\$ 3,909,364	\$ -	\$ 6,402,037	\$ -
	\$ 4,361,781	\$ 810,158	\$ 14,394,729	\$ 24,036,434

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 - unaudited

Contract liabilities balance at September 30, 2020	\$ -
Additions during the period	94,900
Recognized during the period	(49,900)
Contract liabilities balance at June 30, 2021	\$ 45,000
Contract liabilities balance at June 30, 2021 to be recognized in this fiscal year	22,500
Contract liabilities balance at June 30, 2021 to be recognized after this fiscal year	22,500
	\$ 45,000

17. Crop revenue, purchase of crop and other direct expenses, and realization of crop interests

Crop revenue, realization of crop interests and other direct expenses for crop sales is presented below:

	Three months ended June 30, 2021	Three months ended June 30, 2020	Nine months ended June 30, 2021	Nine months ended June 30, 2020
Crop revenue	\$ -	\$ -	\$ 6,312,857	\$ 21,038,096
Realization of crop interests				
Upfront payments	-	-	533,969	4,617,935
Crop payments	-	-	1,313,248	5,096,387
Realized market value expense (gain)	(11,540)	-	33,144	237,299
Other direct expenses	7,756	7,335	5,567,505	10,373,870
Profit (loss) from crop contracts	\$ 3,784	\$ (7,335)	\$ (1,135,009)	\$ 712,605

18. Net settlement of crop interests

The net settlement of crop interests is presented below:

	Three months ended June 30, 2021	Three months ended June 30, 2020	Nine months ended June 30, 2021	Nine months ended June 30, 2020
Total cash proceeds received for settlement of current crop interests	\$ 591,907	\$ 95,963	\$ 2,096,457	\$ 2,074,885
Amounts applied to the realization of crop interests				
Upfront payments	80,127	46,958	218,803	1,095,752
Crop payments	293,686	29,001	1,292,922	759,466
Realized market value expense	-	-	(7,550)	-
Other direct expenses	1,732	-	1,732	432
Net settlement of current crop interests	\$ 216,362	\$ 20,004	\$ 590,550	\$ 219,235
Gain on buy-back of non-current crop interests	328,945	396,919	607,789	386,276
Realized market value gain (loss) on buyouts	(133,943)	-	(162,215)	392,282
Gain from settlements of crop interests	\$ 411,364	\$ 416,923	\$ 1,036,124	\$ 997,793

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 - unaudited

19. Corporate administration

The corporate administration expenses (recoveries) of the Company are as follows:

	Three months ended June 30, 2021	Three months ended June 30, 2020	Nine months ended June 30, 2021	Nine months ended June 30, 2020
Amortization of capital and intangible assets	\$ 185,490	10,532	\$ 427,296	\$ 31,619
Board and executive expenses (recovery)	(6,144)	237,139	(750,464)	218,237
Contractors, employee salaries and benefits	631,672	255,861	1,420,502	1,095,386
Investor relations and public company costs	-	50,680	9,400	122,670
Licenses, dues and filing fees	41,969	20,436	109,470	90,970
Mortgage administration and commissions	22,135	9,677	51,875	30,669
Office expenses	216,349	105,837	403,668	372,557
Professional fees – legal, accounting, tax and collection	197,559	221,380	972,610	486,049
Share option based compensation	26,066	32,213	65,199	131,945
Total corporate administration expense	\$ 1,315,096	\$ 943,755	\$ 2,709,556	\$ 2,580,102

20. 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 loss before income taxes. These differences result from the following items:

	Three months ended June 30, 2021	Three months ended June 30, 2020	Nine months ended June 30, 2021	Nine months ended June 30, 2020
Net income before income tax	\$ 1,726,209	\$ 1,472,982	\$ 2,932,382	\$ 407,108
Canadian federal and provincial tax rates	27.0%	27.0%	27.0%	27.0%
Income tax expense based on the above rates	466,076	397,707	791,743	109,919
Increase due to the tax effect of:				
Non-deductible expenses	27,258	8,695	51,547	35,625
Other	(37,392)		(59,871)	
Income tax expense	\$ 455,942	\$ 406,402	\$ 783,419	\$ 145,544

21. 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, 2021, Management has determined that the Company operates in two segments: Agriculture, and Security. The Agriculture segment acquires crop from western Canadian farmers through multi-year purchase contracts (streams). In return for providing capital for land financing and/or working capital purposes, the Company receives the right to receive and/or purchase a specified volume of crop from the farmer each year over the life of the agreement. Since May 2019, Input has not deployed capital into new streams and is now focusing on servicing the existing clients until their contracts with the Company mature. The security segment provides cyber security services, along with physical security services to primarily commercial and public sector clients.

Both segments operate substantially in Canada. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The Company accounts for intersegment sales as if they were to external customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 - unaudited

Segment statements of income and comprehensive income for the three and nine-months periods ending June 30, 2021 are included below:
For the three-months ended June 30, 2021

	Agriculture	Security	Total
Revenue	\$ 452,417	\$ 3,909,364	\$ 4,361,781
Direct security expenses	\$ -	\$ 3,220,218	\$ 3,220,218
Corporate administration	723,749	591,347	1,315,096
Interest expense	38,060	5,056	43,116
Purchase of crop and other direct expenses	7,756	-	7,756
Realization of crop	(11,540)	-	(11,540)
	<u>\$ 758,025</u>	<u>\$ 3,816,621</u>	<u>\$ 4,574,646</u>
Other income			
Gain from settlement of crop interests	\$ 411,364	\$ -	\$ 411,364
Gain on sale of asset held for sale	645,211	-	645,211
Other income	126,265	-	126,265
	<u>\$ 1,182,840</u>	<u>\$ -</u>	<u>\$ 1,182,840</u>
Profit before the undernoted	\$ 877,232	\$ 92,743	\$ 969,975
Impairment and expected credit loss	(5,908)	-	(5,908)
Unrealized market value gain	762,142	-	762,142
Net income before income tax	<u>\$ 1,633,466</u>	<u>\$ 92,743</u>	<u>\$ 1,726,209</u>
Income tax expense	447,916	8,026	455,942
Net income and comprehensive income	<u>\$ 1,185,550</u>	<u>\$ 84,717</u>	<u>\$ 1,270,267</u>

For the nine-months ended June 30, 2021

	Agriculture	Security	Total
Revenue	\$ 7,992,692	\$ 6,402,037	\$ 14,394,729
Direct security expenses	\$ -	\$ 5,166,150	\$ 5,166,150
Corporate administration	1,737,648	971,908	2,709,556
Interest expense	200,873	8,102	208,975
Purchase of crop and other direct expenses	5,567,505	-	5,567,505
Realization of crop	1,880,361	-	1,880,361
	<u>\$ 9,386,387</u>	<u>\$ 6,146,160</u>	<u>\$ 15,532,547</u>
Other income			
Gain from settlement of crop interests	\$ 1,036,124	\$ -	\$ 1,036,124
Gain on sale of asset held for sale	1,021,082	-	1,021,082
Other income	309,410	-	309,410
	<u>\$ 2,366,616</u>	<u>\$ -</u>	<u>\$ 2,366,616</u>
Profit before the undernoted	\$ 972,921	\$ 255,877	\$ 1,228,798
Impairment and expected credit recovery	24,088	-	24,088
Unrealized market value gain	1,679,496	-	1,679,496
Net income before income tax	<u>\$ 2,676,505</u>	<u>\$ 255,877</u>	<u>\$ 2,932,382</u>
Income tax expense	740,260	43,159	783,419
Net income and comprehensive income	<u>\$ 1,936,245</u>	<u>\$ 212,718</u>	<u>\$ 2,148,963</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 - unaudited

Segment assets and liabilities as at September 30, 2020 and June 30, 2021 are as follows:

	Agriculture	Security	Total
Segment assets:			
As at September 30, 2020	\$ 81,901,266	\$ -	\$ 81,901,266
As at June 30, 2021	\$ 62,333,179	\$ 23,382,295	\$ 85,715,474
Segment liabilities:			
As at September 30, 2020	\$ 10,873,316	\$ -	\$ 10,873,316
As at June 30, 2021	\$ 5,195,361	\$ 3,811,447	\$ 9,006,808

22. Supplemental cash flow information

	Three months ended June 30, 2021	Three months ended June 30, 2020	Nine months ended June 30, 2021	Nine months ended June 30, 2020
Change in non-cash working capital items				
Accounts receivable	\$ (695,900)	\$ 1,074,570	\$ 63,435	\$ (1,073,653)
Prepaid expenses	62,576	11,969	63,401	141,493
Accounts payable and accrued liabilities	560,381	(379,237)	(547,955)	(143,030)
Inventory	14,890	-	26,282	-
Net increase (decrease) in cash	\$ (58,053)	\$ 707,302	\$ (394,837)	\$ (1,075,190)

23. Key management personnel compensation

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

	Three months ended June 30, 2021	Three months ended June 30, 2020	Nine months ended June 30, 2021	Nine months ended June 30, 2020
Contractors, employee salaries and benefits	\$ 246,639	\$ 100,564	\$ 613,813	\$ 497,139
Share based payments	15,186	18,737	31,191	87,125
Total key management compensation expense	\$ 261,825	\$ 119,301	\$ 645,004	\$ 584,264

24. Board compensation

The Company has a Deferred Share Unit Plan (the "DSU Plan") whereby the Company grants deferred share units ("DSUs") to eligible directors. Each eligible director is given the opportunity to elect, in lieu of cash, to receive all, or a portion of, their annual board retainer or board meeting fees in the form of DSUs. The DSUs are cash-settled payment transactions and are valued at the fair value of the rights based on the closing stock price at the end of the reporting period. At June 30, 2021 there were 1,345,376 DSUs granted and outstanding (September 30, 2020 - 1,093,684). Included in accounts payable and accrued liabilities at June 30, 2021 is \$1,143,569 (September 30, 2020 - \$1,903,010) relating to the valuation of the DSUs. Included in Board and executive expenses under corporate administration expense for the three months ended June 30, 2021 is a recovery of \$9,287 (three months ended June, 2020 - expense of \$234,529) and a recovery of \$759,441 for the nine months ended June 30, 2021 (expense of \$199,122 for the nine month ended June 30, 2020) relating to the valuation of the DSUs. During the nine months ended June 30, 2021 and June 30, 2020, \$nil was paid out for DSUs being cash-settled.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 - unaudited

25. Related party transactions

The Company is related to Emsley & Associates (2002) Inc., Nomad Holdings Ltd., and Dalhousie Capital Corp. as a result of common management. The companies share some common personnel and Input rents furnished office space from Emsley & Associates Inc. 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.

On December 14, 2020, the Company announced that it had entered into a binding share purchase agreement with SRG Security Resource Group Inc. whereby the Company agreed to acquire all of the issued and outstanding common shares of SRG Security Resource Group Inc. (see note 5). This acquisition was completed on February 1, 2021, and as a result of common management was considered a related party transaction under the TSX Venture Exchange policy Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transaction. The Company formed a special committee of independent directors to consider and oversee the acquisition and following their review and recommendation, the Input board approved the Company proceeding with the acquisition.

Related party expenses are summarized in the following table:

	Three months ended June 30, 2021	Three months ended June 30, 2020	Nine months ended June 30, 2021	Nine months ended June 30, 2020
Corporate administration	\$ 267,332	\$ 162,937	\$ 734,646	\$ 720,392

26. Commitments and contingencies

The Company has a contract of insurance in favour of the Canadian Grain Commission in the amount of \$600,000 covering the period from April 1, 2021 to March 31, 2022. The policy can be claimed against by the beneficiary in the event of a producer grain payment default.

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.

As a result of the SRG acquisition detailed in note 5, the Company acquired a five-and-a-half year lease ending December 31, 2024 (see note 11). The Company's annual fiscal commitments remaining under the lease are as follows:

Commitments and contingencies	
2021	\$ 10,521
2022	42,084
2023	42,084
2024	42,084
2025	10,521
	\$ 147,294

27. Subsequent events

On July 10, 2021, the Company finalized an asset purchase agreement with Impact Security Group Inc. ("Impact") to purchase all Impact security and guard contracts in the Province of Saskatchewan, Canada. The purchase price was \$2.0 million, with \$1.35 million in cash paid on closing and the balance to be paid as an earnout based on the performance of the contracts over the next twelve months.