

# SSC Security Services Corp. Announces Record FY2023 Year End Results: Annual Revenue up 119% and Adjusted EBITDA up 100% YoY

REGINA, SK, Dec. 11, 2023 /CNW/ - SSC Security Services Corp. ("SSC" or the "Company") (TSXV: SECU) (OTCQX: SECUF), a national provider of cyber, physical and electronic security services to commercial, industrial and public sector clients across Canada, is pleased to release its results for the fourth quarter and year end for the 2023 fiscal year ended September 30, 2023. All figures are presented in Canadian dollars.

"We have had a very strong year this year with positive growth in all areas of the company. Our mission at SSC is to build a healthy company based on a foundation of conservative cash management and a commitment to the highest customer service levels in our industry. We are careful capital allocators and are constantly attempting to expand the company by being disciplined as we continue to grow into our balance sheet," said Chairman and CEO Doug Emsley.

"As part of our growth plan, our Cyber Security Division recently launched a formal Partnering Strategy that will allow us to accelerate the market penetration of our specialised suite of cyber services. Successful share buybacks, a disciplined approach to acquisitions, and an excellent management team creating organic growth is the right combination to grow a strong security company. We continue to be well capitalized, with no debt and have more than doubled the size of the company in the past year thanks to a dedicated management team," said Emsley.

## FY2023 HIGHLIGHTS

- During the fiscal year ended September 30, 2023, revenue for the full fiscal year was \$109 million, up 119% over revenue recorded in the same period last year. During Q4, we recorded revenue of \$29.3 million, up 11% from the same quarter last year.
- Adjusted EBITDA for the fiscal year was \$4.3 million (\$0.22 per share), which is 100% higher than the prior year \$2.1 million (\$0.11 per share). Adjusted EBITDA in Q4 was \$1.6 million (\$0.08 per share), up from \$1.4 million (\$0.07 per share) in the same quarter in the prior year.
- During the fiscal year, we continued to convert assets related to our legacy business into cash, bringing in about \$6.3 million in cash in the process. During the fiscal year, we also paid \$0.12 per share in dividends to shareholders and bought back 382,500 shares of the Company at an average of \$2.87 per share.
- We finished the year ended September 30 with (comparison to previous year end):
  - Cash and cash equivalents of \$14.8 million (\$11.2 million);
  - Loans and mortgages receivable of \$1.7 million (\$4.5 million);
  - Total shareholders' equity of \$67.7 million (\$70.6million); and
  - Long-term debt of nil (nil).

Key Performance Indicators for the comparable periods are summarized below:

Key Performance Indicators	Quarter ended Sept 30		Fiscal Year ended Sept 30	
	2023	2022	2023	2022
Revenue	29,291	26,506	109,055	49,697
Cost of Sales	25,283	21,818	92,805	41,227
Gross Margin	4,008	4,688	16,250	8,470

Gross Margin (%)	13.7 %	17.7 %	14.9 %	17.0 %
Comprehensive net income (loss)	(146)	(939)	87	(981)
Comprehensive net income (loss) per share (basic)	\$(0.01)	\$(0.05)	\$0.00	\$(0.05)
Adjusted EBITDA	1,552	1,445	4,296	2,144
Adjusted EBITDA per share (basic)	\$0.08	\$0.07	\$0.22	\$0.11

## REVENUE, GROSS MARGIN & NET INCOME

Revenues for the year ended September 30, 2023 were \$109.1 million compared with \$49.7 million during the previous year, an increase of \$59.3 million, or 119%. The increase in revenues was due primarily to the acquisition of Logixx and the inclusion of Logixx' revenue for the first full complete year. The prior year included only four months of revenue from the Logixx acquisition. See the segment comparisons in Note 4 of the financial statements for a presentation of the year-to-year changes.

Gross margin for the year ended September 30, 2023 increased to \$16.3 million (14.9% of revenue) from \$8.5 million (17.0% of revenue) during the previous year. The growth in gross margin is a result of the addition of Logixx starting June 1, 2022. The gross margin % for all periods remains within our long-term expectations for the security business.

Comprehensive net income for the year ended September 30, 2023 was \$0.1 million (income of \$0.00 per share), compared to comprehensive net loss in the previous year of \$1.0 million (loss of \$0.05 per share).

## ADJUSTED EBITDA

Adjusted EBITDA, and Adjusted EBITDA per share are the primary KPI's used by the Company to measure the financial performance of the Company. Adjusted EBITDA for the year ended September 30, 2023, was \$4.3 million, as compared to \$2.1 million during the previous year end. This increase can be attributed to a full year of our Logixx acquisitions operating results versus only four months in the prior year (as the acquisition was made on June 1, 2022). The Adjusted EBITDA per share for the year ended September 30, 2023 was \$0.22, double the \$0.11 Adjusted EBITDA per share amount for the year ended September 30, 2022.

Net and comprehensive income and Adjusted EBITDA	Quarter ended Sept 30		Fiscal Year ended Sept 30	
	2023	2022	2023	2022
Net and comprehensive income (loss)	(146)	(939)	87	(981)
Adjusted EBITDA	1,552	1,445	4,296	2,144
Adjusted EBITDA per share	\$0.08	\$0.07	\$0.22	\$0.11

A reconciliation of earnings to EBITDA and Adjusted EBITDA is provided in the Non-IFRS section of the MD&A published concurrently with this press release.\*

## BALANCE SHEET

Key balance sheet items are summarized below:

Statements of Financial Position	As at Sept 30, 2023	As at Sept 30, 2022	As at Sept 30, 2021
Cash	14,843	11,195	28,796
Accounts receivable	21,835	20,889	4,773
Legacy contract assets	5,817	8,013	10,470
Assets held for sale	800	800	3,670
Mortgages and loans receivable	1,714	4,504	12,501
Total assets	84,776	87,451	84,888
Total liabilities	17,089	16,807	9,021
Total shareholders' equity	67,687	70,644	75,867
Common shares outstanding	19,313	19,618	20,288
Current assets	39,943	37,657	40,039
Current liabilities	13,410	13,050	6,883
Working capital	26,533	24,607	33,156

Long-term debt	-	-	2,540
----------------	---	---	-------

## UPDATE ON NORMAL COURSE ISSUER BID

During the year ended September 30, 2023, we bought back 382,500 shares at an average price of \$2.87 per share. (Prior year: 757,700 shares at an average price of \$2.90 per share.) Since October 1, 2023, to the date of this news release, we have purchased 46,300 shares at an average price of \$2.38 per share.

We continue to believe that our shares have been trading in a price range which does not adequately reflect their value and that the purchase of shares under the NCIB will enhance shareholder value in general.

## OUTLOOK

We have successfully integrated Logixx into the operations of the Company. We expect demand for security services to continue to grow and our national presence to assist in winning new contracts. Additional growth may come via acquisition, as we look to acquire other companies in the Canadian security industry. Additional acquisitions will help us reach our goals more quickly, but we will remain disciplined about achieving our metrics as we pursue new opportunities.

We see growing opportunities for the integration of security offerings, particularly where security guard services can be combined or supplemented with electronic monitoring using cameras and sensors. We will continue to look for opportunities to offer these integrated security offerings.

In our legacy business, the majority of our legacy assets are expected to convert to cash within the next year. Our objective is to make these resources available for the expansion of our security business.

We plan to continue to distribute capital to shareholders via the dividend, operate with minimal to no debt while maintaining solid liquidity, and focus on maximizing Adjusted EBITDA per share.

## ABOUT SSC

SSC Security Services Corp. is a national provider of cyber, physical and electronic security services to corporate and public sector clients across Canada. For more information, please visit [www.securityservicescorp.ca](http://www.securityservicescorp.ca)

NEITHER TSX VENTURE EXCHANGE NOR ITS REGULATION SERVICES PROVIDER (AS THAT TERM IS DEFINED IN POLICIES OF THE TSX VENTURE EXCHANGE) ACCEPTS RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.

## **Forward Looking Statements**

*This release includes forward-looking statements regarding SSC and its business. Such statements are based on the current expectations and views of future events of SSC's management. In some cases the forward-looking statements can be identified by words or phrases such as "may", "will", "expect", "plan", "anticipate", "intend", "potential", "estimate", "believe" or the negative of these terms, or other similar expressions intended to identify forward-looking statements. The forward-looking events and circumstances discussed in this release may not occur and could differ materially as a result of known and unknown risk factors and uncertainties affecting SSC, including risks regarding the security industry, the agricultural industry, economic factors and the equity markets generally and many other factors beyond the control of SSC. No forward-looking statement can be guaranteed. Forward-looking statements and information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to*

*be materially different from any future results, performance or achievements expressed or implied by such forward-looking statement or information. Accordingly, readers should not place undue reliance on any forward-looking statements or information. Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made and SSC undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.*

#### **\*Non-IFRS Measures**

SSC measures key performance metrics established by management as being key indicators of the Company's strength, using certain non-IFRS performance measures, including:

- EBITDA, EBITDA per share, Adjusted EBITDA, and Adjusted EBITDA per share.

The Company uses these non-IFRS measures for its own internal purposes. These non-IFRS measures do not have any standardized meaning prescribed by IFRS, and these measures may be calculated differently by other companies. The presentation of these non-IFRS measures is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The Company provides these non-IFRS measures to enable investors and analysts to understand the underlying operating and financial performance of the Company in the same way as it is frequently evaluated by Management. Management will periodically assess these non-IFRS measures and the components thereof to ensure their continued use is beneficial to the evaluation of the underlying operating and financial performance of the Company. For more detailed information, please refer to pages 22 and 23 of the Company's Management Discussion and Analysis dated December 11, 2023 available on the Company's website at [www.securityservicescorp.ca](http://www.securityservicescorp.ca) and on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

SOURCE SSC Security Services Corp.

View original content: <http://www.newswire.ca/en/releases/archive/December2023/11/c3217.html>

%SEDAR: 00032915E

**For further information:** Doug Emsley, President & CEO, (306) 347-1024, [doug@securityservicescorp.ca](mailto:doug@securityservicescorp.ca); Brett Leonard, Chief Financial Officer, (306) 347-1242, [brett@securityservicescorp.ca](mailto:brett@securityservicescorp.ca)

CO: SSC Security Services Corp.

CNW 20:15e 11-DEC-23