

SSC Security Services Corp. Announces FY2022 Q3 Results

REGINA, SK, Aug. 16, 2022 /CNW/ - SSC Security Services Corp. ("**SSC**" or the "**Company**") (TSXV: SECU) (OTCQX: SECUF), a leading provider of cyber and physical security services to commercial, industrial and public sector clients across Canada, is pleased to release its results for the third quarter of the 2022 fiscal year ended June 30, 2022. All figures are presented in Canadian dollars.

"The quarter ending June 30, 2022 marks our transition from a small, regional security company into a medium-sized, national security company," said President & CEO Doug Emsley. "On June 1, we closed our transformative acquisition of Logixx Security Inc. ("**Logixx**"). As a result, we now have about \$100 million in annualized revenue and well over 2,750 employees across Canada. We remain debt free and we are very well capitalized, so we are well-positioned to bid bigger, national contracts and grow our business when opportunities present themselves."

Q3 2022 HIGHLIGHTS

- On June 1, 2022, we closed the acquisition of Logixx Security Inc. in an all-cash transaction. One month of Logixx' revenues are included in this quarter's financial reports.
- During the quarter, we recorded revenue of \$11.8 million, up 203% from the same quarter last year. Year-to-date revenues are \$23.2 million, up 81% compared to the same period last year. With the completion of the Logixx acquisition, pro forma annual revenue is expected to be approximately \$100 million.
- During the quarter, we continued to convert assets related to our legacy business into cash, we paid \$0.03 per share in dividends, and bought back and cancelled 83,000 shares of the Company. Our cash position declined only because of the Logixx acquisition, which was paid entirely in cash.
- Adjusted EBITDA in the quarter was \$357,000 (\$0.02 per share), up from \$195,000 (\$0.01 per share) last quarter.
- We finished the quarter ended June 30 with (comparison to previous quarter):
 - Cash and cash equivalents of \$15.3 million (\$31.8 million);
 - Loans and mortgages receivable of \$4.4 million (\$7.0 million);
 - Total shareholders' equity of \$72.4 million (\$72.4 million); and
 - Long-term debt of nil (nil).

Key Performance Indicators for the comparable periods are summarized below:

Key Performance Indicators	Quarter ended June 30		Nine months ended June 30	
	2022	2021	2022	2021
Revenue	11,807	3,924	23,190	12,809
Cost of Sales	9,955	3,216	19,415	12,614
Gross Profit	1,851	707	3,775	195
Gross Margin (%)	15.7 %	18.0 %	16.3 %	1.5 %
Comprehensive net income (loss)	760	1,270	(2)	2,149
Comprehensive net income (loss) per share (basic)	\$0.04	\$0.06	\$(0.00)	\$0.11
Adjusted EBITDA	357	1,557	699	2,892
Adjusted EBITDA per share (basic)	\$0.02	\$0.08	\$0.04	\$0.15

REVENUE & NET INCOME

Revenues for the quarter ended June 30, 2022 were \$11.8 million compared with \$3.9 million during the comparable quarter ended June 30, 2021, an increase of \$7.9 million. The increase in revenues was due primarily to the acquisition of Logixx and the inclusion of Logixx' revenue starting on June 1, 2022. The Company's revenue now comes virtually all from the security business. See the segment comparisons in Note 4 of the financial statements for the period ending June 30, 2022 for a presentation of the year-to-year changes.

During the quarter, we recorded a comprehensive net income of \$0.8 million (\$0.04 per share), compared to comprehensive net income in the previous year's comparable period of \$1.3 million (\$0.06 per share). The prior period featured significant gains associated with the winding down of our legacy business.

ADJUSTED EBITDA

Adjusted EBITDA for the quarter ended June 30, 2022, was \$0.4 million, as compared to \$1.6 million during the comparable quarter ended June 30, 2021. The decrease is mainly a function of gains realized in the Company's legacy business during the comparable period last year. Until the legacy business wind-up is substantially complete, it will be difficult to make comparisons to prior periods.

<i>Net Income and Adjusted EBITDA</i>	Quarter ended June 30		Nine months ended June 30	
	2022	2021	2022	2021
Net income (Loss)	760	1,270	(2)	2,149
Adjusted EBITDA	357	1,557	699	2,892
Adjusted EBITDA per share	\$0.02	\$0.08	\$0.04	\$0.15

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 Jun 30, 2022	As at Jun 30, 2021
Cash	15,314	25,006
Legacy contract assets	8,014	11,284
Assets held for sale	800	4,561
Mortgages and loans receivable	4,429	17,984
Total assets	87,229	85,715
Total liabilities	14,837	9,007
Total shareholders' equity	72,392	76,709
Common shares outstanding	19,698	20,288
Working capital	25,377	31,558
Long-term debt	-	3,058

UPDATE ON NORMAL COURSE ISSUER BID

During the quarter ended June 30, 2022, we bought back 83,000 shares at an average price of \$2.58 per share. During the fiscal year to date, we have purchased 669,700 shares at an average price of \$2.91 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

Our legacy business has become an immaterial part of our income statement, although it still occupies a significant part of our balance sheet. We continue to make significant progress converting these assets into cash, and expect this trend to continue. Our objective is to make these resources available for redeployment into our security business.

All future growth will be in the security segment, in part from organic growth as SRG and Logixx win new contracts, launch new products, and via acquisition, as we look to acquire other companies in the Canadian cyber and physical security space, such as the recently completed Logixx acquisition.

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.

The ongoing effects of the COVID-19 pandemic and uncertainty within international markets could impact the Company's financial performance for the year ended September 30, 2022 and, possibly, beyond. The financial impact will be dependent on the spread and duration of the pandemic and on related restrictions and government advisories. We have not seen any material impact on our security or legacy business to date, but we have seen some shifting of client demand for security services as a result of COVID. Demand is smaller in certain market segments, but higher in other segments. Given the balance of uncertainties, the long-term financial impact on the Company, if any, cannot be determined with any certainty. Taken together, COVID-19 has not had a material impact on the results of our business.

ABOUT SSC

SSC Security Services Corp. is a leading provider of cyber and physical security services to corporate and public sector clients across Canada. For more information, please visit www.securityservicescorp.ca.

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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 page 22 and 23 of the the Company's Management Discussion and Analysis dated August 16, 2022 available on the Company's website at www.securityservicescorp.ca and on SEDAR at www.sedar.com.

SOURCE SSC Security Services Corp.

View original content: <http://www.newswire.ca/en/releases/archive/August2022/16/c7769.html>

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