



INPUT CAPITAL

Securing the Future

March 2021



Forward Looking Statements

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Recap: 2019 Strategic Alternatives Review

- Feb 2019 – Input launched a strategic alternatives process / search for scalable mortgage capital
- Feb 2019 – China bans most Canadian canola & canola prices fall 15%, creating headwinds for capital search
- May 2019 – Input concludes strategic alternatives process by halting capital deployment to focus on maximizing BV per share and financial flexibility.
 - June 2019 – Substantial Issuer Bid – bought back 16.1 million shares at \$0.82
 - March 2020 – Substantial Issuer Bid – At height of COVID lockdown, bought back 7.4 million shares at \$0.70
 - Normal Course Issuer Bid activity started in Dec 2017 = 9.2 million shares bought back to date at \$0.86
 - Total share buyback activity since Dec 2017 = 32.7 million shares @ \$0.80

	May 2019	Dec 2020
Cash	\$24.5 million	\$29 million
Debt	\$24.7 million	\$7.7 million
BV per Share	\$1.16	\$1.33 (\$0.07 in dividends pd since May 2019)
FD Shares Out	86.8 million	56.1 million
Insider Ownership	26.7%	34.3%

This strategy was designed to leave as many doors open and available as possible, while increasing the financial strength of the company and increasing Book Value per Share.



Recap: FY2020 Strategic Plan

- During FY2020, Input continued its focus on growing BV per share and keeping options open:

FY2020 Strategy	Status
Simplify operations to maximize operating profit	<ul style="list-style-type: none">• Eliminated marketing streams, reduced staff, stopped sales & marketing spend in 2019• Executive salaries cut by 50%, bonuses and stock options drastically cut for all staff• Maintained existing book of business to cover G&A and dividend while capital search continued
Collect on delinquent accounts and repatriate capital wherever possible	<ul style="list-style-type: none">• Over \$27 million in buyouts and capital recovered in 2020• Cash position increased to \$27.5 million (up from \$12.5 million)
Pay down debt and reduce debt covenants	<ul style="list-style-type: none">• HSBC debt paid off, GSA removed – reduced LT debt from \$19.2 to \$7.7 million• Changed banks for a better deal
Execute ~\$5 million Substantial Issuer Bid if opportunity arises	<ul style="list-style-type: none">• Substantial Issuer Bid launched at height of COVID lockdown – 7.4 million shares bought back @ \$0.70 per share
Continue to buy back shares via NCIB at significant discount to BV	<ul style="list-style-type: none">• 2.3 million shares bought back in FY2020 via NCIB at avg price of \$0.80 per share
Continue to watch for opportunity to partner with scalable capital source – be open to sale of company for the right price	<ul style="list-style-type: none">• Third party offer to buy the company for \$1.75 per share was enthusiastically supported by shareholders, but the buyer was not able to close the deal.

The SRG Deal

In early November 2020, management began to discuss the opportunity to acquire SRG Security Resource Group Inc. (SRG), with a plan to back SRG's growth with Input's balance sheet.

The Deal:

- Closed on February 1, 2021
- Input paid \$19.9 million for SRG
- Consideration = 50% cash + 50% in shares of INP
 - \$9.95 million cash + 8,883,930 million shares of INP @ \$1.12 per share
 - The shares being issued to SRG shareholders were all bought back by INP in 2020 via NCIB and SIB activity at an average price of \$0.71. When reissued at \$1.12, this effectively reduced the price paid by INP shareholders by \$3.6 million – to \$16.3 million.
- The entire SRG management team have remained in with the company. SRG management has 33 years of experience in security industry.
- Input's legacy agriculture business to run-off over 1-2 years, repositioning the company as the best-capitalized company in the security business and a plan to **grow via organic growth and by acquisition.**

About



SECURITY RESOURCE GROUP INC.



About SRG Security Resource Group

- Founded in 1996 by Doug Emsley & Blair Ross
- This management team previously started (1987), built & sold a 1,000-employee company in the same industry (Vision Security sold to Securitas in 2001)
- Due to close relationship, SRG has provided Input with IT and other common services for many years and was located on the same floor as Input in the same building in Regina, Saskatchewan
- 24-year-old established business with approx 400 employees located primarily in western Canada. Long history of profitability.
- Two lines of business
 - **Physical security** – primarily to commercial clients in Western Canada
 - **Cyber security** – primarily to commercial clients across all of Canada
- Management team has worked together in the security industry for 33 years. The entire management team has remained with the company post-transaction.
- Security is a fragmented industry and a prime candidate for consolidation (over 2,700 companies in Canada alone)
- SRG had been on the verge of selling-out or going public to pursue growth. This transaction secures growth funding by marrying SRG's business with Input's balance sheet.

SRG Security Resource Group

Organized into two divisions:

SRG Cyber Security Services

- *Managed Security Services*
- *Vulnerability & Risk Analysis*
- *Cyber Security Consulting*
- *CISO Consulting*
- *Staff Augmentation Services*

SRG Protective Services

- *Guard & Patrol*
- *Security Consulting*
- *Labour Dispute Security*
- *GuardVision 24/7*

Sample of Corporate Clients



Sample of Government Clients



Royal Canadian Mounted Police



Many Healthcare and Event Clients

Health Care

Grace Hospital, Winnipeg

Manitoba Clinic, Winnipeg

Misericordia Hospital, Winnipeg

St. Paul's Hospital, Vancouver

St. Paul's Hospital, Saskatoon

Saskatoon City Hospital

St. Boniface Hospital, Winnipeg

UBC Hospital

Vancouver General Hospital

Events

Annual Premiers Conferences,
BC & SK

APEC Summit

Vancouver International Visa
Conference

Juno Awards Regina 2013

Pan American Games, Winnipeg

Regina Folk Festival

XI World AIDS Conference,
Vancouver

Industry Partners



Security Industry Highlights

- **Biggest players**
 - Securitas AB (Swedish pubco) – 336,000 employees
 - G4S PLC (UK pubco) – 570,000 employees
 - Allied Universal (USA private company) – 220,000 employees
 - Prosegur (Spanish pubco) – 170,000+ employees
 - GardaWorld (Canadian private company) – 102,000 employees
- **Industry Trends**
 - Increasing demand for Cybersecurity increasing due to Work-from-Home COVID environment
 - Emphasis on Data Privacy
 - Cloud Computing
 - Artificial Intelligence
 - Facial Recognition
 - National Security Concerns
 - Connectivity & IoT Everything
 - Workforce Development
 - Move to Service Models
 - Identity as the New Perimeter
- **Security guard & patrol services business** is USD\$134 billion globally (2019) growing at 7.0% annual growth rate
 - USD\$5.4 billion industry in Canada, with 2,741 companies employing more than 95,000 people – there are many potential acquisition targets
- **Cybersecurity sector** growing at CAGR of 12.2% annually – expected to reach USD\$430 billion by 2027

Security Services in Growing Demand

Security Services Market Worldwide by region
(in billions of USD)



Post-Deal Cap Table

Market Cap: ~\$55 million

Cash Position: ~\$20 million

Long-Term Debt: \$7.4 million secured to farmland mortgages

Shares Outstanding: 60.9 million (65 million FD)

Insider Ownership (board, management, employees): 34.1% (basic); 38.8% (FD)

Tightly held share structure:

- Top 11 shareholders own more than 1 million shares each and total 56.8% of shares outstanding
- 20 people significantly influence or control 80.3% of shares outstanding
- Very low institutional ownership (<1%)

Management Team

Doug Emsley, MBA, CEO & Chairman

- Co-founder & Chairman of SRG Security Resource Group, previously President of Vision Security & member of the Securitas Canada executive team – 33 years in the security industry
- Co-founder of Input Capital Corp., Assiniboia Capital Corp. & Assiniboia Farmland LP – 16 years in ag industry
- Board Member – Information Services Corp. (TSX: ISV), Greenfield CO2
- Former Board Member – Bank of Canada, Saskatchewan Roughriders, Royal Utilities Income Fund

Blair Ross, ICD.D, Chief Operating Officer

- Co-founder & President of SRG Security Resource Group, previously VP of Vision Security & member of the Securitas Canada executive team – 33 years in the security industry
- Board Member – Saskatchewan Gaming Corporation
- Member of the Institute of Corporate Directors

Brad Farquhar, MPA, Chief Financial Officer

- Co-founder of Input Capital Corp., Assiniboia Capital Corp. & Assiniboia Farmland LP – 16 years in ag industry
- Executive in Residence in Agribusiness at the University of Regina & advisor to companies on several continents
- Board Member – Mongolia Growth Group (TSXV: YAK), Luxxfolio Holdings (CSE: LUXX), Radicle Group Inc., Greenfield CO2

Brian Zerr, VP of Cyber Security Services

- Over 20 years in the IT security and consulting business with IBM and CDSL Canada Ltd. prior to joining SRG in 2006

Gord Nystuen, VP of Ag Services

- Co-founder of Input Capital Corp.
- Former VP of Corporate Affairs at SaskPower, Chairman of Saskatchewan Crop Insurance, Saskatchewan Deputy Minister of Agriculture, Chief of Staff to the Premier
- Active board member and investor in agribusiness enterprises in Saskatchewan

SRG as an Industry Roll-up Platform

- ✓ Security industry is large, growing, highly fragmented & prime for consolidation
- ✓ Many companies operating in local & regional markets
- ✓ Well-rounded acquisition team with 33 years of industry experience
- ✓ Proven operational formula that creates value, including cross-selling high value cyber services into guard clients
- ✓ Disciplined, proven approach to finding & evaluating targets
- ✓ Disciplined, proven approach to integration of new acquisitions

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