Zedcor Inc. Announces 2020 Year End Results and Continued Expansion of MobileyeZ Fleet

CALGARY, ALBERTA – April 09, 2021: Zedcor Inc. (the "Company") (TSX VENTURE: ZDC) today announced its financial and operating results for the year ended December 31, 2020 and continued expansion of its MobileyeZ fleet of security towers, including investment in environmentally friendly options.

Expansion of MobileyeZ fleet:

Due to increased customer demand, the Company continues to innovate and invest in its fleet of security towers, including investment in environmentally friendly options to help customers meet their carbon reduction targets. As at December 31, 2020, the Company had 130 solar hybrid security towers in its fleet ("Solar Hybrid MobileyeZ"). 84 of these towers were equipped with disturbance sensors. Subsequent to the end of the year, the Company announced the purchase of 20 additional Solar Hybrid MobileyeZ in order to satisfy customer demand. These security towers are equipped with solar panels and lithium-ion batteries; the solar panels power the batteries during the day, and coupled with diesel fuel allow for uninterrupted security coverage at night, substantially decreasing overall fuel consumption in comparison to a diesel-powered alternative.

During the year, the Company developed a fully electric security tower ("Electric MobileyeZ"). The Electric MobileyeZ are zero emission and easy to deploy allowing customers to simply plug into any existing electrical power source. Once plugged in, the Electric MobileyeZ provide immediate, 24/7 Live Verified security for customers. The Company built and deployed 14 additional electric security towers in Q4 bringing its total fleet to 26 Electric MobileyeZ.

Zedcor remains committed to providing environmentally friendly security solutions for our customers. The Company is currently in the process of developing a security tower that is powered entirely by solar power, removing the need for any diesel or other power sources. This will provide additional options to our customers and further reduce the Company's carbon footprint.

Financial and Operating Results for the Year Ended December 31, 2020:

	Three months ended December 31		Twelve months ended December 31	
(in $000s)	**2020**	**2019**	**2020**	**2019**
Revenue	3,967	3,384	13,762	16,962
Adjusted EBITDA[1,2]	1,789	1,305	5,913	6,832
Adjusted EBIT[1,2]	833	(741)	911	(1,792)
Net loss from operations	(2,250)	(3,930)	(4,678)	(8,035)
Net loss per share from operations				
Basic	($0.04)	($0.07)	($0.08)	($0.15)
Diluted	($0.04)	($0.07)	($0.08)	($0.15)

1 *Adjusted for severance costs*

2 *See Financial Measures Reconciliations below*

Zedcor recorded $1,789 of adjusted EBITDA for the three months ended December 31, 2020 and $5,913 of adjusted EBITDA for the twelve months ended December 31, 2020. This compares to adjusted EBITDA of $1,305 and $6,832 for the three and twelve months ended December 31, 2019. The S&S segment saw increased revenues and margins compared to 2019. This was offset by decreased revenues and margins from the Rentals segment, especially during Q2 and Q3 2020. The Rentals segment derives a significant portion of its revenues from customers involved in the oil & gas industry. Oil prices and demand for services were lower due to global oversupply and reduced energy consumption as a result of public health measures taken to limit the spread of the novel coronavirus ("COVID-19") resulting in minimal drilling and completions activity across Western Canada since March 2020, resulting in decreased demand for the Company's rental equipment. The Company qualified for the Canada Emergency Wage Subsidy ("CEWS") and the Canada Emergency Rent Subsidy ("CERS") programs as enacted in 2020 by the federal Government of Canada which supported the Company's results for the three and twelve months ended December 31, 2020. The Company recognized $936 of CEWS and CERS in the EBITDA amounts for 2020.

Zedcor is actively managing risks related to the volatility in the oil & gas sector by continuing to diversify its revenues and customers, and market its fleet of rental assets to other industries. This is in addition to the Company's focus on expanding its S&S segment. Financial and operational highlights for the three and twelve months ended December 31, 2020 include:

- Continued successful execution of a strategy to diversify away from its traditional oilfield rentals business towards a technology based, security solutions company. For the three months ended December 31, 2020, the S&S segment generated $2,458 or 62% of total revenues. For the twelve months ended December 31, 2020, the S&S segment generated $7,001 or 51% of total revenues.

- Due to increased customer demand, the Company continues to invest in its fleet of security towers. As at December 31, 2020, the Company had 130 solar hybrid light towers in its fleet ("Solar Hybrid MobileyeZ"). 84 of these towers were equipped with disturbance sensors. The Company also purchased and deployed 14 additional electric security towers in Q4 bringing its total fleet to 26 electric security towers ("Electric MobileyeZ").

- Continued focus on operational efficiency and cost savings. Direct operating costs for the twelve months ended December 31, 2020 were lower as a percentage of revenues:

			Twelve months ended December 31
	2020	**2019**	**% change**
Direct operating costs	5,156	6,758	(24%)
Direct operating costs as a percentage of revenues	37%	40%	(6%)

  Direct operating costs were lower as a result of continued focus on cost reductions, revenue mix driven towards less labour intensive work, and the CEWS which reduced direct operating costs by $121 for the 3 months ended December 31, 2020 and $590 for the twelve months ended December 31, 2020.

- Selling under-utilized Rental segment assets for proceeds of $2,041, for the twelve months ended December 31, 2020, which resulted in a loss of $84. The proceeds were used to pay down debt and invest in S&S segment assets.

- Streamlining operations and focusing on reducing fixed costs. During the year, the Company, disposed of a lease on a right-of-use property that was no longer required operationally. This resulted in a gain of $105 for the twelve months ended December 31, 2020. In addition, management reassessed the renewal periods of two of its leases, and concluded that it was unlikely to extend the leases. This resulted in lease liabilities being reduced by $3,133.

- Net loss from operations was $2,250 and $4,678 for the three and twelve months ended December 31, 2020 compared to $3,930 and $8,035 for the three and twelve months ended December 31, 2019. The decrease was a result of impairment charges of $2,118 for the three months ended December 31, 2020 compared to an impairment charge of $2,252 for the three months ended December 31, 2019. Without the impairment charge, net loss from operations for the three months ended December 31, 2020 would be $132 compared to $1,696 for the three months ended December 31, 2019. The lower loss in 2020 was due to lower general and administrative expenses, assets being sold for less of a loss, a gain on debt modification and government subsidies which reduced the loss by $234.
- On December 4, 2020, the Company extended and consolidated its Loan and Security Facility. This extension provides the Company with financial flexibility for the next two years and allows it to continue to invest in its S&S segment with an available $2.0 million accordion feature. It also simplifies the Company's debt structure with one lender and a defined repayment plan which puts the Company on target to meet its goals to reduce debt.
- Due to the ongoing COVID-19 pandemic, along with depressed commodity pricing and activity in the oil & gas sector in Western Canada, the Company recorded an impairment loss on its Rentals CGU assets of $2,118.

SELECTED QUARTERLY FINANCIAL INFORMATION

(Unaudited – in $000s)	Dec 31 2020	Sep 30 2020	Jun 30 2020	Mar 31 2020	Dec 31 2019	Sep 30 2019	Jun 30 2019	Mar 31 2019
Revenue	3,966	2,668	2,412	4,716	3,384	3,865	3,750	5,963
Net loss from continuing operations	(2,250)	(1,006)	(1,135)	(287)	(3,930)	(1,617)	(1,805)	(683)
Adjusted EBITDA[1]	1,789	1,151	901	2,066	1,305	1,509	1,264	2,758
Adjusted EBITDA per share - basic[1]	0.03	0.02	0.02	0.04	0.02	0.03	0.02	0.05
Net loss per share from continuing operations								
Basic	(0.04)	(0.02)	(0.02)	(0.005)	(0.07)	(0.03)	(0.03)	(0.01)
Diluted	(0.04)	(0.02)	(0.02)	(0.005)	(0.07)	(0.03)	(0.03)	(0.01)
Adjusted free cash flow[1]	190	(320)	2,098	903	1,240	(264)	2,431	676

[1] *See Financial Measures Reconciliations below*

LIQUIDITY AND CAPITAL RESOURCES

Loan and Security Facility:

On December 4, 2020, the Company restructured and extended its Loan and Security Facility. The key terms of and changes to the Loan and Security Facility are as follows:

- Term of the Loan and Security Facility was extended to January 1, 2023 with an option to renew for an additional 12 months at the satisfaction of the lender.
- Bears interest at a rate of 12.75% and is secured with a first charge over the Company's assets;
- Extension fee of 2% per annum, a portion of which was capitalized to the loan and a portion of which has been paid with the issuance of 2,000,000 common shares of the company;

- Amortized over 60 months with a monthly blended interest and principal payment of $391;
- Does not require quantitative financial covenants, but imposed restrictions on the Loan's collateral, being the property and equipment of the Company, and has a $2.5 million personal guarantee from a Board Member of the Company; and

As part of the restructuring, the Company consolidated its Term Loan Facility and Equipment Term Loan Facility into the Loan and Security Facility. In addition, there is a $2.0 million accordion feature available to the Company under the Loan and Security Facility. $1.0 million of this accordion feature was drawn upon by the Company on December 29, 2020.

On January 10, 2020, as part of the renewal in 2019, the Company issued the lender an additional 112,565 share purchase warrants. Each warrant entitles the lender to acquire one common share in the Company at an exercise price of $0.145 per warrant. The warrants expire on January 25, 2023. The Company also entered into a Warrant Amendment Agreement which extended the expiry dated of the previously issued warrants to January 25, 2023. On December 4, 2020, as part of the consolidation, the Company issued the lender an additional 730,562 share purchase warrants which expire on November 25, 2024. Each warrant entitles the lender to acquire one common share in the Company at an exercise price of $0.12 per warrant. The Company also amended and extended all previously issued warrants to have the same exercise price and maturity date as those issued on December 4, 2020.

Operating loan, term loan and equipment term loan facility:

On December 4, 2020, the Company repaid its Term Loan Facility and Equipment Term Loan Facility while leaving the $3.0 million Operating Loan Facility in place with the lender. The revolving Operating Loan Facility is payable on demand by the lender, bears interest at a rate of prime plus 5.0% and is secured by the Company's accounts receivable. The Operating Term Loan Facility requires that the Company's current ratio does not fall below 1.50:1.00, the debt service coverage ratio does not fall below 1.00:1.00 until December 31, 2021 and 1.25:1.00 thereafter and imposes a maximum debt level for the Company.

As at December 31, 2020, the Company's current ratio, as defined to exclude the current portion of debt, was 3.05:1.00, the debt service coverage ratio, calculated in accordance with the agreement with lender, was 1.41:1.00 and the Company's total debt of $27,461 was below the maximum of $33,000.

OUTLOOK

The public health containment measures in place to limit the spread of COVID-19 have significantly reduced economic activity and reduced global oil demand, pressuring oil prices to historical lows. While containment measures were being eased across the world, there were increased infections in the latter half of Q4 2020 and certain countries reimposed containment measures during Q4 2020. This is causing uncertainty on the pace and timing of the economic recovery. The pandemic is an unprecedented situation whose ultimate duration and magnitude are currently unknown.

Despite the challenging operating environment and reduced economic activity, the Company continues to execute on its long-term strategy of growing its S&S segment. We continued to effectively use cash flow to retrofit existing equipment in order to provide surveillance services. In addition, the Company has used technological solutions in order to reduce the capital costs of expanding this service line and providing lower cost security solutions to customers. The Company's surveillance towers fitted with high resolution cameras and supported by live, 24/7 live verified, remote monitoring, continue to see high utilization and we continued to see this trend subsequent to the end of the year with the announcement of two contracts for 115 Solar Hybrid MobileyeZ and approximately $15.8 million in revenues over the two year contract terms. In addition, the Company continues to expand its security service offerings with on-site security personnel services and remote monitoring solutions.

While oil prices have stabilized and activity has slightly increased in Western Canada, the Company anticipates that demand for rental equipment which supports drilling and completions activity in the WCSB will stay at historical lows during 2021 and the Company does not have a lot of visibility to activity beyond Q2 2021. While pricing has stabilized, it is still at all-time lows and the Company is not forecasting significant growth for this segment. The outlook remains uncertain and customers are very reactionary as commodity prices change. Most customers are not providing external guidance on activity which makes it difficult to predict utilization of the rental equipment fleet. As a result, the Company continues to focus on maintaining strong relationships with existing customers and cost reductions for this segment.

By focusing on cost efficiencies and providing value added services to customers, Zedcor is committed to generating strong free cash flow from operations in order to further reduce debt and strengthen the financial position of the Company. The Company plans to pursue low capital intensive growth projects by utilizing existing infrastructure, where possible. This includes expanding the number of remote surveillance sites that can be serviced by our monitoring center in Leduc. Where the opportunity arises, the Company will strengthen the balance sheet by selling underutilized assets.

NON-IFRS MEASURES RECONCILIATION

Zedcor Inc. uses certain measures in this press release which do not have any standardized meaning as prescribed by International Financial Reporting Standards ("IFRS"). These measures which are derived from information reported in the consolidated statements of loss and comprehensive loss may not be comparable to similar measures presented by other reporting issuers. These measures have been described and presented in this press release in order to provide shareholders and potential investors with additional information regarding the Company.

Investors are cautioned that EBITDA, adjusted EBITDA, adjusted EBITDA per share, adjusted EBIT and adjusted free cash flow are not acceptable alternatives to net income or net income per share, a measurement of liquidity, or comparable measures as determined in accordance with IFRS.

A reconciliation of net income to Adjusted EBITDA is provided below:

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	Three months ended December 31		Twelve months ended December 31	
(in $000s)	**2020**	**2019**	**2020**	**2019**
Net loss*	(2,250)	(3,930)	(4,678)	(8,035)
Add:				
Finance costs	988	954	3,476	4,050
(Gain) loss on foreign exchange	4	2	7	(2)
Depreciation of property & equipment	1,034	1,286	4,298	5,478
Depreciation of right of use assets	249	335	1,217	1,354
Amortization of intangibles	—	—	—	440
Income tax recovery	(23)	(18)	(88)	(74)
EBITDA	2	(1,371)	4,232	3,211
Add:				
Stock based compensation	49	23	77	87
Severance costs	—	1	83	15
Impairment of property and equipment	2,118	2,252	2,118	2,252
Loss (gain) on sale of equipment & right-of-use assets	196	400	(21)	1,267
Gain on substantial debt modification	(576)	—	(576)	—
Adjusted EBITDA	1,789	1,305	5,913	6,832

**Net loss is reduced by $936 of CEWS and CERS for the twelve months ended December 31, 2020*

Adjusted EBIT

Adjusted EBIT refers to earnings before interest and finance charges, taxes, and severance costs.

A reconciliation of net income to Adjusted EBIT is provided below:

(in $000s)	Three months ended December 31 2020	2019	Twelve months ended December 31 2020	2019
Net loss	(2,250)	(3,930)	(4,678)	(8,035)
Add:				
Finance costs	988	954	3,476	4,050
Impairment of property and equipment	2,118	2,252	2,118	2,252
Income tax recovery	(23)	(18)	(88)	(74)
Severance costs	—	1	83	15
Adjusted EBIT	833	(741)	911	(1,792)

Adjusted free cash flow

Adjusted free cash flow is defined by management as net income plus non-cash expenses, plus or minus the net change in non-cash working capital, plus severance costs, less maintenance capital. Maintenance capital is also a non-IFRS term. Management defines maintenance capital as the amount of capital expenditure required to keep its operating assets functioning at the same level of efficiency. Management believes that adjusted free cash flow reflects the cash generated from the ongoing operation of the business. Adjusted free cash flow is a non-IFRS measure generally used as an indicator of funds available for re-investment and debt payment. There is no standardized method of determining free cash flow, adjusted free cash flow or maintenance capital prescribed under IFRS and therefore the Company's method of calculating these amounts is unlikely to be comparable to similar terms presented by other issuers.

Adjusted free cash flow from continuing operations is calculated as follows:

(in $000s)	Three months ended December 31 2020	2019	Twelve months ended December 31 2020	2019
Net loss	(2,250)	(3,930)	(4,678)	(8,035)
Add non-cash expenses:				
Depreciation of property & equipment	1,034	1,286	4,298	5,478
Depreciation of right of use assets	249	335	1,217	1,354
Amortization of intangibles	—	—	—	440
Impairment of property and equipment	2,118	2,252	2,118	2,252
Loss gain on sale of equipment & right-of-use assets	196	400	(21)	1,267
Stock based compensation	49	23	77	87
Finance costs (non-cash portion)	172	103	538	444
Current taxes	(23)	(18)	(88)	(74)
	1,545	451	3,461	3,213
Add non-recurring expenses:				
Severance	—	1	83	15
	1,545	452	3,544	3,228
Change in non-cash working capital	(1,267)	743	(517)	786
Maintenance capital	(88)	27	(156)	33
Adjusted Free Cash Flow	190	1,222	2,871	4,047

No Conference Call

No conference call will be held in conjunction with this release. Full details of the Company's financial results, in the form of the consolidated financial statements and notes for the year ended December 31, 2019 and Management's Discussion and Analysis of the results are available on SEDAR at www.sedar.com and on the Company's website at www.zedcor.ca.

About Zedcor Inc.

Zedcor Inc. is a Canadian public corporation and parent company to Zedcor Security Solutions Corp. ("Zedcor"). Zedcor is engaged in the providing security & surveillance services, and rental of surface equipment & accommodations in Western Canada. The Company trades on the TSX Venture Exchange under the symbol "ZDC". Zedcor operates with two business segments: Security & Surveillance and Rentals (formerly Energy Services).

FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this press release constitute forward-looking statements or forward-looking information, including management's belief that streamlining rental assets with newer equipment will drive improvements in equipment rental rates and utilization, and that the expanded market reach and customer base will lead to more diversity in the Company's revenue stream and increase utilization. Forward-looking statements or information may contain statements with the words "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", "budget", "should", "project", "would have realized', "may have been" or similar words suggesting future outcomes or expectations. Although the Company believes that the expectations implied in such forward-looking statements or information are reasonable, undue reliance should not be placed on these forward-looking statements because the Company can give no assurance that such statements will prove to be correct. Forward-looking statements or information are based on current expectations, estimates and projections that involve a number of assumptions about the future and uncertainties. These assumptions include that the Company's new solar hybrid light tower and related security and surveillance service offerings will lead to more diversity in revenue streams and protect against future down swings in the economic environment. Although management believes these assumptions are reasonable, there can be no assurance that they will prove to be correct, and actual results will differ materially from those anticipated. For this purpose, any statements herein that are not statements of historical fact may be deemed to be forward-looking statements. The forward-looking statements or information contained in this press release are made as of the date hereof and the Company assumes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new contrary information, future events or any other reason, unless it is required by any applicable securities laws. The forward-looking statements or information contained in this press release are expressly qualified by this cautionary statement.

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