

ZEDCOR INC.
CONSOLIDATED FINANCIAL STATEMENTS



FOR THE THREE & NINE MONTHS ENDED
SEPTEMBER 30, 2022 AND 2021

SECURITY
SOLUTIONS

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2022.

ZEDCOR INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited)

(Stated in thousands of Canadian dollars)	September 30, 2022	December 31, 2021
Assets		
Current assets:		
Cash	\$ 1,132	\$ 108
Accounts receivable	4,592	3,143
Current portion of finance lease receivable	502	448
Income taxes recoverable	—	88
Inventory	1,214	383
Prepaid expenses and deposits	401	272
	<u>7,841</u>	<u>4,442</u>
Non-current assets:		
Finance lease receivable	2,503	2,882
Deposits	145	109
Property and equipment (note 3)	16,578	11,073
Right-of-use assets	2,871	1,290
	<u>22,097</u>	<u>15,354</u>
Total assets	\$ 29,938	\$ 19,796
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 3,338	\$ 2,380
Current portion of finance lease liability	1,648	1,351
Current portion of long term debt (note 4)	2,192	2,231
	<u>7,178</u>	<u>5,962</u>
Non-current liabilities:		
Note payable (note 5)	3,165	3,115
Finance lease liability	5,415	4,604
Long term debt (note 4)	8,813	5,717
	<u>17,393</u>	<u>13,346</u>
Total liabilities	24,571	19,398
Shareholders' equity		
Share capital (note 6)	113,183	107,807
Preferred equity (note 6)	—	2,864
Warrants	1,368	587
Contributed surplus	1,763	1,681
Deficit	(110,947)	(112,541)
	<u>5,367</u>	<u>398</u>
Total liabilities and shareholders' equity	\$ 29,938	\$ 19,796

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

ZEDCOR INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME (LOSS) AND
COMPREHENSIVE INCOME (LOSS)
(Unaudited)

	Three months ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
(Stated in thousands of Canadian dollars, except per share amounts)				
Revenues (note 8)	\$ 5,795	\$ 3,684	\$ 15,682	\$ 9,474
Direct expenses				
Direct operating costs	2,194	1,619	6,683	3,927
Depreciation of equipment (note 3)	581	369	1,537	1,081
	2,775	1,988	8,220	5,008
Gross margin	3,020	1,696	7,462	4,466
Operating expenses				
General and administrative	1,490	725	3,894	2,220
Depreciation of other property and equipment	60	38	173	96
Depreciation of right-of-use assets	255	177	694	394
(Gain) loss on sale of equipment (note 3)	(50)	52	(124)	52
Loss on disposal of right-of-use assets	(11)	(46)	(4)	527
	1,744	946	4,633	3,289
Other (income) expenses				
Finance costs (note 9)	289	430	743	2,198
Loss on foreign exchange	21	24	47	24
Other income (note 10)	—	—	(883)	—
	310	454	(93)	2,222
Income (loss) before income taxes	966	296	2,922	(1,045)
Income taxes				
Current income taxes	—	—	—	—
Net income (loss) from continuing operations	966	296	2,922	(1,045)
Net loss from discontinued operations (note 10)	—	—	—	(2,052)
Net income (loss) and comprehensive income (loss)	\$ 966	\$ 296	\$ 2,922	\$ (3,097)
Net income (loss) per share from continuing operations				
Basic	\$ 0.01	\$ 0.01	\$ 0.04	\$ (0.02)
Diluted	\$ 0.01	\$ 0.01	\$ 0.04	\$ (0.02)
Basic and diluted loss per share from discontinued operations	\$ —	\$ —	\$ —	\$ (0.04)
Net income (loss) per share				
Basic	\$ 0.01	\$ 0.01	\$ 0.04	\$ (0.06)
Diluted	\$ 0.01	\$ 0.01	\$ 0.04	\$ (0.06)
Weighted average number of shares outstanding (note 6)				
Basic	70,892,259	58,239,094	66,558,652	57,882,505
Diluted	75,877,689	60,146,713	71,793,118	57,882,505

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

ZEDCOR INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN
SHAREHOLDERS' EQUITY
(Unaudited)

(Stated in thousands of Canadian dollars)	Share capital	Preferred shares	Warrants	Contributed surplus	Deficit	Total
Balance – December 31, 2020	\$ 107,625	\$ 2,864	\$ 587	\$ 1,582	\$(108,640)	4,018
Stock based compensation	—	—	—	95	—	95
Shares issued as consideration for loan guarantee	64	—	—	—	—	64
Exercise of stock options	79	—	—	(21)	—	58
Net loss and comprehensive loss	—	—	—	—	(3,097)	(3,097)
Balance – September 30, 2021	107,768	2,864	587	1,656	(111,737)	1,138
Stock based compensation	—	—	—	40	—	40
Shares issued as consideration for loan guarantee	11	—	—	—	—	11
Exercise of stock options	28	—	—	(15)	—	13
Net loss and comprehensive loss	—	—	—	—	(804)	(804)
Balance – December 31, 2021	107,807	2,864	587	1,681	(112,541)	398
Stock based compensation	—	—	—	83	—	83
Exercise of stock options	20	—	—	(1)	—	19
Shares issued, net of share issue costs (note 6)	1,203	—	—	—	—	1,203
Warrants issued (note 7)	—	—	781	—	—	781
Conversion of preferred shares, net of share issue costs (note 6)	2,825	(2,864)	—	—	—	(39)
Shares issued for dividend on conversion of preferred shares (note 6)	1,328	—	—	—	—	1,328
Dividend on conversion of preferred shares (note 6)	—	—	—	—	(1,328)	(1,328)
Net income and comprehensive income	—	—	—	—	2,922	2,922
Balance – September 30, 2022	\$ 113,183	\$ —	\$ 1,368	\$ 1,763	\$(110,947)	5,367

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

ZEDCOR INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW
(Unaudited)

	Three months ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
(Stated in thousands of Canadian dollars)				
Cash provided by (used in):				
Operating Activities				
Net income (loss) from continuing operations	\$ 966	\$ 296	\$ 2,922	\$ (1,045)
Depreciation of property and equipment (note 3)	641	407	1,710	1,177
Depreciation of right-of-use assets	255	177	694	394
(Gain) loss on disposal of property and equipment	(50)	52	(124)	52
(Gain) loss on disposal of right-of-use asset	(11)	(46)	(4)	527
Stock based compensation	10	33	83	95
Non-cash interest expense and other financing costs	53	262	131	776
Receipt of finance lease receivable	106	112	325	270
Income taxes recovered	—	—	88	—
	1,970	1,293	5,825	2,246
Changes in non-cash working capital	151	893	(1,657)	545
Cash flow from continuing operating activities	2,121	2,186	4,168	2,791
Cash flow from discontinued operating activities (note 10)	—	—	—	1,561
Cash flow from operating activities	2,121	2,186	4,168	4,352
Investing Activities				
Change in non-cash working capital related to investing activities	(304)	346	118	823
Purchase of property and equipment (note 3)	(2,714)	(2,045)	(7,284)	(3,819)
Proceeds from sale of property and equipment (note 3)	65	20	193	20
Cash flow used in continuing investing activities	(2,953)	(1,679)	(6,973)	(2,976)
Cash flow from discontinued investing activities (note 10)	—	—	—	11,825
Cash flow (used in) from investing activities	(2,953)	(1,679)	(6,973)	8,849
Financing Activities				
Proceeds from debt	923	328	5,223	1,249
Repayment of debt	(469)	(327)	(2,162)	(13,843)
Proceeds from Unit issuance, net of costs	—	—	1,984	—
Conversion of preferred shares	—	—	(39)	—
Proceeds from exercise of stock options	—	19	11	57
Payment of finance lease liability	(398)	(357)	(1,188)	(1,254)
Cash flow from (used in) financing activities	56	(337)	3,829	(13,791)
Net change in cash in the period	(776)	170	1,024	(590)
Cash, beginning of period	1,908	1	108	761
Cash, end of period	\$ 1,132	\$ 171	\$ 1,132	\$ 171

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

ZEDCOR INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(Unaudited)
IN THOUSANDS OF CANADIAN DOLLARS

1. CORPORATE INFORMATION:

Zedcor Inc. (the “Company”) was formed under the laws of Alberta as a corporation on August 10, 2011. The Company is a technology enabled business that is changing how physical security services are provided to businesses. Zedcor operates throughout Canada with branches in British Columbia, Alberta, Manitoba and Ontario. The Company has three main service offerings to customers across all market segments: 1) surveillance and live monitoring through its proprietary MobileyeZ security towers; 2) surveillance and live monitoring of fixed site locations; and 3) security personnel.

The Company is listed on the TSX Venture Exchange under the symbol ZDC.

2. BASIS OF PREPARATION:

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 – Interim Financial Reporting. These condensed consolidated interim financial statements do not include all of the information required for full financial disclosure. The disclosures provided below are incremental to those included in the annual financial statements and certain disclosures, which are normally required to be included in the notes to annual financial statements, have been condensed or omitted. The same accounting policies and methods of computation were followed in the preparation of these interim financial statements as were followed in the preparation of the Company’s annual financial statements for the year ended December 31, 2021. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the Company’s consolidated financial statements and notes thereto for the year ended December 31, 2021.

These condensed consolidated interim financial statements were approved by the Board of Directors on November 15, 2022.

b) Functional and presentation currency and basis of presentation

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company’s functional currency and presentation currency. All currency amounts have been rounded to the nearest thousand dollars, unless otherwise indicated.

The Company’s condensed consolidated interim financial statements are prepared under the historical cost convention, with the exception of items that IFRS requires to be measured at fair value.

c) Significant accounting policies

The significant accounting policies adopted in the preparation of these condensed consolidated interim financial statements are the same as those set out in the consolidated financial statements for the year ended December 31, 2021.

ZEDCOR INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(Unaudited)
IN THOUSANDS OF CANADIAN DOLLARS

3. PROPERTY AND EQUIPMENT:

Cost	Rental equipment	Automotive & other equipment	Office furniture & equipment	Leasehold improvements	Total
At December 31, 2020	52,943	241	1,175	177	54,536
Additions	5,233	—	440	87	5,760
Disposals and discontinued operations	(42,942)	(125)	(495)	(113)	(43,675)
At December 31, 2021	15,234	116	1,120	151	16,621
Additions	6,884	98	249	53	7,284
Disposals	(66)	(4)	(7)	(12)	(89)
At September 30, 2022	22,052	210	1,362	192	23,816

Accumulated depreciation	Rental equipment	Automotive & other equipment	Office furniture & equipment	Leasehold improvements	Total
At December 31, 2020	30,768	221	857	141	31,987
Depreciation	2,191	8	145	18	2,362
Elimination on disposal and discontinued operations	(28,150)	(113)	(427)	(111)	(28,801)
At December 31, 2021	4,809	116	575	48	5,548
Depreciation	1,505	13	160	32	1,710
Elimination on disposal	(11)	—	—	(9)	(20)
At September 30, 2022	6,303	129	735	71	7,238

Net Book Value	Rental equipment	Automotive & other equipment	Office furniture & equipment	Leasehold improvements	Total
At December 31, 2021	10,425	—	545	103	11,073
At September 30, 2022	15,749	81	627	121	16,578

During the nine months ended September 30, 2022, the Company sold assets with a net book value of \$69 for proceeds of \$193, resulting in a gain of \$124 (nine months ended September 30, 2021 – loss of \$52). During the nine months ended September 30, 2022, the Company also disposed of right-of-use assets with a net book value of \$24. This resulted in a gain of \$4 (nine months ended September 30, 2021 – loss of \$527).

The Company reviews the carrying value of its long-lived assets and cash generating units at each reporting date to determine whether there is any indication of impairment. For the three months ended September 30, 2022, no triggers for impairment were identified for the Security & Surveillance CGU.

ZEDCOR INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(Unaudited)
IN THOUSANDS OF CANADIAN DOLLARS

4. CREDIT FACILITIES:

	Interest rate	Final maturity	Facility maximum	Outstanding as at September 30, 2022	Outstanding as at December 31, 2021
Term Loan	5.15%	Oct 2026	6,100	5,005	5,861
Revolving Equipment Financing	Prime + 2.00%	Revolving	6,000	6,000	1,182
Authorized Overdraft	Prime + 1.50%	Revolving	3,000	—	905
				11,005	7,948
Current portion				(2,192)	(2,231)
Long term debt				8,813	5,717

On April 27, 2022, the Company entered into an amended financing agreement with its lender (the “Amended Financing Agreement”) which consists of:

1. A \$6.1 million term loan that is fully committed for five years (“Term Loan”). The Term Loan bears interest at 5.15% and will have monthly blended principal and interest payments of \$116.
2. A \$6.0 million revolving equipment financing facility (“Revolving Equipment Financing”). The Company is able to draw on this facility at any time for up to 75% of new equipment purchases. The draws bear interest at Prime + 2.0% and each draw will be amortized over 5 years with blended principal and interest payments. As at September 30, 2022 the Prime Interest Rate was 5.45% and the interest rate on the Revolving Equipment Financing was 7.45%. As the Company pays down the Revolving Equipment Financing, it can borrow back up to the facility maximum of \$6.0 million.
3. An authorized overdraft facility (“Authorized Overdraft”) up to \$3.0 million, secured by the Company’s accounts receivable, up to 75%, less priority payables which are GST payable, income taxes payable, employee remittances payable and WCB payables. The Authorized Overdraft is due on demand and any outstanding overdraft bears interest at Prime + 1.5%. As at September 30, 2022 the Prime Interest Rate was 5.45% and the interest rate on the Revolving Equipment Financing was 6.95%.

The Amended Financing Agreement is secured with a first charge over the Company’s current and after acquired equipment, a general security agreement, a subordination and postponement agreement with a director of the Company with respect to the Note Payable, and other standard non-financial security.

The agreement has the following annual financial covenant requirements:

- For the fiscal year ends December 31, 2022 and onwards, a debt servicing covenant of 1.25 to 1.00 and a funded debt to EBITDA covenant of 3.00 to 1.00.

As at September 30, 2022, the Company did not have quarterly financial covenant requirements that it had to comply with.

ZEDCOR INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(Unaudited)
IN THOUSANDS OF CANADIAN DOLLARS

5. NOTE PAYABLE

Balance, December 31, 2020	2,696
Interest payable	175
Accretion of note payable discount	290
Extinguishment of note payable	(3,161)
Recognition of note payable at fair value	3,115
Balance, December 31, 2021	3,115
Accretion of note payable discount	50
Balance, September 30, 2022	3,165

The unsecured, subordinated Note Payable, which is due to a corporation controlled by a director of the company, matures on December 31, 2026 at its nominal value of \$2.5 million and bears interest at 7% per annum, accruing daily from the issue date. In agreement with the lender, the Company started making monthly interest payments in January 2022. The Note Payable is unsecured and subordinated to the Amended Financing Agreement and subject to certain restrictions in the Amended Financing Agreement.

6. SHARE CAPITAL

(a) Common share capital

Common shares issued and fully paid:	Number of shares	\$
Balance, December 31, 2020	57,611,244	107,625
Issued as consideration for loan guarantee	295,369	75
Issued for stock option exercise	393,330	107
Balance, December 31, 2021	58,299,943	107,807
Unit issuance, net of issuance costs	5,233,930	1,203
Issued on conversion of preferred shares, net of issuance costs	4,400,000	2,825
Issued for stock dividend on conversion of preferred shares	2,883,386	1,328
Issued on exercise of stock options	75,000	20
Balance, September 30, 2022	70,892,259	113,183

On March 30, 2022, the Company issued 4,533,930 units ("Units"). Each Unit consisted of one common share of the Company and one-half of one common share purchase warrant of the Company. Each whole common share purchase warrant entitles the holder thereof to acquire one common share at a price of \$0.70 for a period of two years from the date of issue (note 7).

On April 6, 2022, the Company completed a private placement of 700,000 additional Units.

ZEDCOR INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(Unaudited)
IN THOUSANDS OF CANADIAN DOLLARS

(b) Preferred equity

Preferred shares issued:	Number of shares	\$
Balance, December 31, 2020 & December 31, 2021	4,400,000	2,864
Conversion of preferred shares to common shares	(4,400,000)	(2,864)
Balance, September 30, 2022	—	—

On April 7, 2022, the Company redeemed all outstanding Preferred Shares through the issuance of 4,400,000 common shares at the stated conversion price of \$0.70 per share. In respect of the cumulative dividend payable on the Preferred Shares in the amount of \$1,328, the Company issued 2,883,386 common shares.

(c) Per share amounts

Basic and diluted earnings per share have been calculated on the basis of weighted average number of common shares outstanding as outlined below:

	For the three months ended		For the nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Net income (loss) for the period	966	296	2,922	(1,045)
Less: dividend on preferred shares for the period	—	—	(82)	—
Net income (loss) for the period attributable to common shareholders	966	296	2,840	1,276
Weighted average number of shares outstanding – basic	70,892,259	58,239,094	66,558,652	54,906,680
Earnings (loss) per share – basic	0.01	0.01	0.04	(0.02)
Weighted average number of shares outstanding – basic	70,892,259	58,239,094	66,558,652	54,906,680
Share option dilution	1,704,070	672,050	1,817,334	—
Warrant dilution	3,281,360	1,235,569	3,417,132	—
Weighted average number of shares outstanding – diluted	75,877,689	60,146,713	71,793,118	54,906,680
Earnings (loss) per share – diluted	0.01	0.01	0.04	(0.02)

ZEDCOR INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(Unaudited)
IN THOUSANDS OF CANADIAN DOLLARS

7. WARRANTS

Changes in the outstanding number, weighted average exercise price and movements in warrants are as follows:

Warrants issued	Number of warrants	\$
Balance, December 31, 2020 & December 31, 2021	4,744,905	587
Warrant issuance	2,616,965	781
Balance, September 31, 2022	7,361,870	1,368

As part of the Unit issuances completed on March 30, 2022 and April 6, 2022 (note 6), the Company issued 2,616,965 warrants. Each warrant issued allows the holder to acquire one common share at a price of \$0.70 for a period of two years from the date of issue.

The Black-Scholes estimate of fair value used to value the warrants used the following assumptions:

Issue date	March 30, 2022	April 6, 2022
Expected annual dividend	\$0.00	\$0.00
Expected volatility	166%	152%
Risk-free interest rate	2.31%	2.37%
Expected life of warrants	2 years	2 years

The following table summarizes the Company's issued and outstanding warrants, exercise prices and expiry dates as at September 30, 2022:

Issue date	December 4, 2020	March 30, 2022	April 6, 2022
Warrants issued and outstanding	4,744,905	2,266,965	350,000
Exercise price	\$0.12	\$0.70	\$0.70
Expiry date	Nov 25, 2024	Mar 30, 2024	Apr 6, 2024

8. REVENUE

Revenue is generated from the following sales and services:

	For the three months ended		For the nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Security tower surveillance service	5,382	3,432	14,428	9,018
Fixed site monitoring service	271	154	722	311
Security personnel	142	98	532	145
	5,795	3,684	15,682	9,474

ZEDCOR INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(Unaudited)
IN THOUSANDS OF CANADIAN DOLLARS

9. FINANCE COSTS:

Finance costs are comprised of the following:

	For the three months ended		For the nine months ended	
	September 30,	September 30,	September 30,	September 30,
	2022	2021	2022	2021
Bank charges and interest	4	8	21	18
Interest on debt	162	253	379	1,687
Interest on note payable	60	116	181	348
Interest on finance leases	63	53	162	145
	289	430	743	2,198

10. DISCONTINUED OPERATIONS:

On September 30, 2021, the Company sold the assets of its Rentals Segment to a company controlled by a director of the Company for gross proceeds of \$11.3 million. The sale allowed the Company to focus on its Security & Surveillance business while reducing the debt on its balance sheet. The comparative condensed consolidated interim statements of income (loss) have been restated to show the discontinued operations separate from continuing operations.

In addition to the gross proceeds of \$11.3 million, the Company will receive a monthly management fee for up to 36 months after the closing date. The Company received \$150 and \$450 in management fees for the three and nine months ended September 30, 2022 (three and nine months ended September 30, 2021 - \$150). The Company may also receive an annual bonus payment of 35% of EBITDA in excess of certain annual targets (the "Annual Bonus"). The annual targets are calculated on the first, second, and third anniversary dates of closing. The Company recorded \$883 in other income for the nine months ended September 30, 2022 for the Annual Bonus (nine months ended September 30, 2021 - \$nil).

ZEDCOR INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(Unaudited)
IN THOUSANDS OF CANADIAN DOLLARS

The following tables summarize the Company's discontinued operations for the three and nine months ended September 30, 2022 and 2021:

	For the three months ended		For the nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Revenues	—	—	—	3,052
Direct expenses				
Direct operating costs	—	—	—	1,085
Depreciation of equipment	—	—	—	737
	—	—	—	1,822
Gross Margin	—	—	—	1,230
Operating expenses				
General and administrative	—	—	—	406
Depreciation of right-of-use assets	—	—	—	246
(Gain) on sale of equipment	—	—	—	(70)
	—	—	—	582
Operating income (loss)	—	—	—	648
Loss on sale of discontinued operations	—	—	—	(2,700)
Net loss (income) from discontinued operations	—	—	—	(2,052)

Cash flows from discontinued operations

	For the three months ended		For the nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Net cash flow from operating activities	—	—	—	1,561
Net cash flow from investing activities	—	—	—	11,825
Net cash flow from financing activities	—	—	—	—
Net cash flows	—	—	—	13,386