



Zedcor

**Q2 Conference Call
Presentation
August 2024**

TSX-V:ZDC



SPEAKERS – ZEDCOR MANAGEMENT



Todd Ziniuk
President & CEO

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Chief Financial Officer

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Use of Non-GAAP Measures

Note that for purposes of this section, GAAP refers to International Financial Reporting Standards (“IFRS”). Zedcor Inc. uses certain measures which do not have any standardized meaning as prescribed by IFRS. These measures which are derived from information reported in the consolidated statements of operations and comprehensive income may not be comparable to similar measures presented by other reporting issuers. These measures have been described and presented in our MD&A, and may be used in this presentation, 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.

AT A GLANCE – QUARTERLY HIGHLIGHTS

Record Revenue

% Reoccurring¹

**Record Adjusted
EBITDA**

Fleet Update

\$7.4M

88%

\$2.7M

130+

Quarterly revenue, up
19% YoY

Up 48% YoY to 36.6% of
revenue

MobileyeZ™ added to fleet in
Q2 2024

1. Recurring Revenue is based on management estimates and revenues from non-project-based customers

AT A GLANCE – YEAR TO DATE HIGHLIGHTS

Record Revenue

% Reoccurring¹

**Record Adjusted
EBITDA**

Fleet Update

\$13.5M

82%

\$4.6M

1,003

YTD revenue, up 7% yoy

Up 16% YoY to 31.2% of
revenue

MobileyeZ™ up 48% yoy;
Utilization rates >90% for the
quarter

1. Recurring Revenue is based on management estimates and revenues from non-project-based customers

Q2 RESULTS – CONTINUED GROWTH MOMENTUM



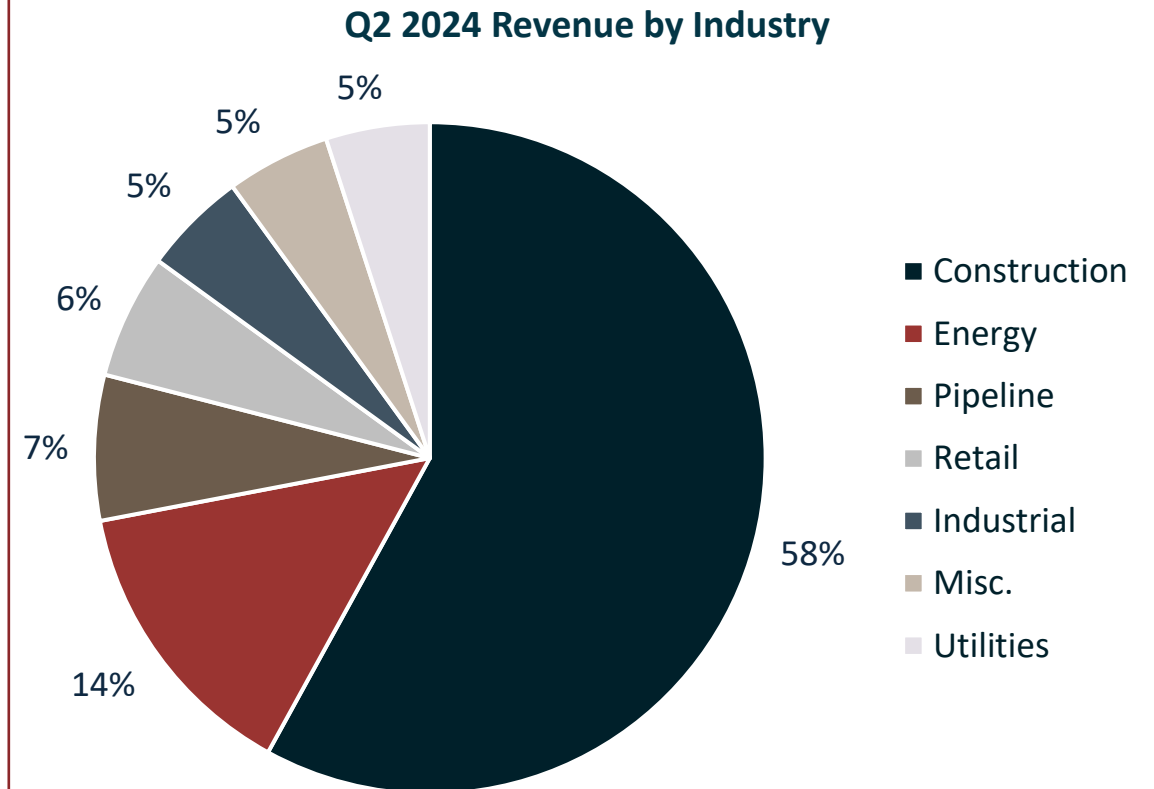
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- Revenue increased 19% to \$7.4M, driven by:
 - Expansion of MobileyeZ™ fleet
 - Improved fleet utilization
- Gross Margin increased to \$4.2M, or 57% of revenue, driven by:
 - Operational efficiencies (AI Cameras, reduced R&M)
 - Higher utilization rates
- Adjusted EBITDA increased to \$2.7M, representing 36.6% of revenue vs 29.3% of revenue in Q2'23
 - Revenues are fully diversified now
 - Seeing the benefits of AI camera roll out in 2023
- Adjusted EBITDA per share of \$0.03, driven by higher revenues, margin and offset by a higher share count
- MobileyeZ™ fleet was 1,003 at quarter end, an increase of 133 QoQ and 324 YoY, with utilization over 90% in Q2 2024

C\$000 excl. /share	Q2'24	Q1'24	Q2'23
Revenue	\$7,372	\$6,134	\$6,216
Gross Margin	\$4,215	\$2,911	\$2,918
Adjusted EBITDA	\$2,695	\$1,898	\$1,824
Adj EBITDA Margin	36.6%	30.9%	29.3%
Adj EBITDA per share	\$0.03	\$0.03	\$0.02
EPS	\$0.02	(\$0.01)	\$0.02
Fleet Growth	+133	+45	+115
Reoccurring revenue	88%	78%	54%

STRONG VISIBILITY AND FUNDING FOR FUTURE GROWTH

- Expanded MobileyeZ™ Service Agreement with a leading North American home improvement retailer
 - Showcasing the value of Zedcor's platform and ability to grow within existing blue-chip customer base
- Developed customized monitoring solutions for the world's largest online retailer's distribution and fulfillment centers
 - Showed immediate results with arrests and increased employee satisfaction; currently at 6 sites and expected to grow
- Successfully on-boarded 85+ new clients to the MobileyeZ™ platform throughout Canada and the United States in first 6 months of 2024
 - Continue to expand presence in residential home building security; currently working for the three largest US home builders
 - Fully diversified customer base and industry verticals; previously two large projects in pipeline construction were over 50% of total revenues
- Bolstered Balance Sheet by completing \$15MM equity raise; retired \$3.5M Note Payable issued in February 2016



ROBUST BALANCE SHEET - SUPPORTS GROWTH TRAJECTORY



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- Cash balance stood at \$9.1 million at the end of Q2, have repaid Note Payable and started to deploy cash from \$15M equity financing completed in May
- YoY change in net debt is attributable to repayment of Note Payable and an increase in cash as a result of equity financing
- Net Debt / LTM EBITDA decreased to 1.02x in Q2, this will increase over time as we deploy capital but will be offset by growing EBITDA
- \$1.3M of debt is expected to come due in the next quarter which will be retired from free cash flow
- Net PPE increased \$4.8M to \$33.3M due to continued investments in growing the Company's fleet of MobileyeZ™ security towers and setting up for Houston monitoring center, less depreciation

C\$000 excl. ratios	Q2'24	Q1'24	Q2'23
Cash	\$9,116	\$1,444	\$1,245
Total Debt ¹	\$17,586	\$18,304	\$14,827
Net Debt ²	\$8,470	\$20,125	\$16,798
LTM EBITDA	\$8,279	\$7,408	\$8,460
Net Debt/EBITDA	1.02x	2.72x	1.99x
Undrawn Debt	\$3,718	\$3,041	\$7,342
PP&E, Net	\$33,282	\$28,479	\$23,767

1. Total debt includes Note Payable, excludes finance leases

2. Calculated as total debt, less cash (includes Note Payable, does not included finance leases)

CAPEX & CASH FLOW



- Adjusted Operating Cash Flow ("OCF") increased 41% YoY to \$2.2M, demonstrating the growing cash flow generation capacity of the business
- Capital expenditures ramped up in Q2 2024 as our manufacturing capabilities are streamlined, we have staffed up our team, and established our processes.
 - Purchasing longer lead items ahead of tower deployment
- Maintenance capex represents a small portion of total capex
- Free cash flow for Q2'24 was \$1.0M and similar to prior year due to additional investments in working capital in Q2'24

C\$000 excl. ratios	Q2'24	Q1'24	Q2'23
Adj OCF pre-WC ¹	\$2,239	\$1,591	\$1,582
Adj OCF post-WC ¹	\$1,079	\$658	\$3,185
Debt & finance lease repayment	\$1,642	\$1,417	\$1,003
Adj Free Cash Flow ²	\$1,016	\$458	\$968
Capex	\$6,042	\$2,429	\$5,943

1. Adjusted for other income, related to sale of Energy Services Business in 2021, as this is a non-recurring item

2. The Company defines adjusted free cash flow as net income, plus non-cash expenses, less non-recurring income, plus or minus the net change in non-cash working capital.

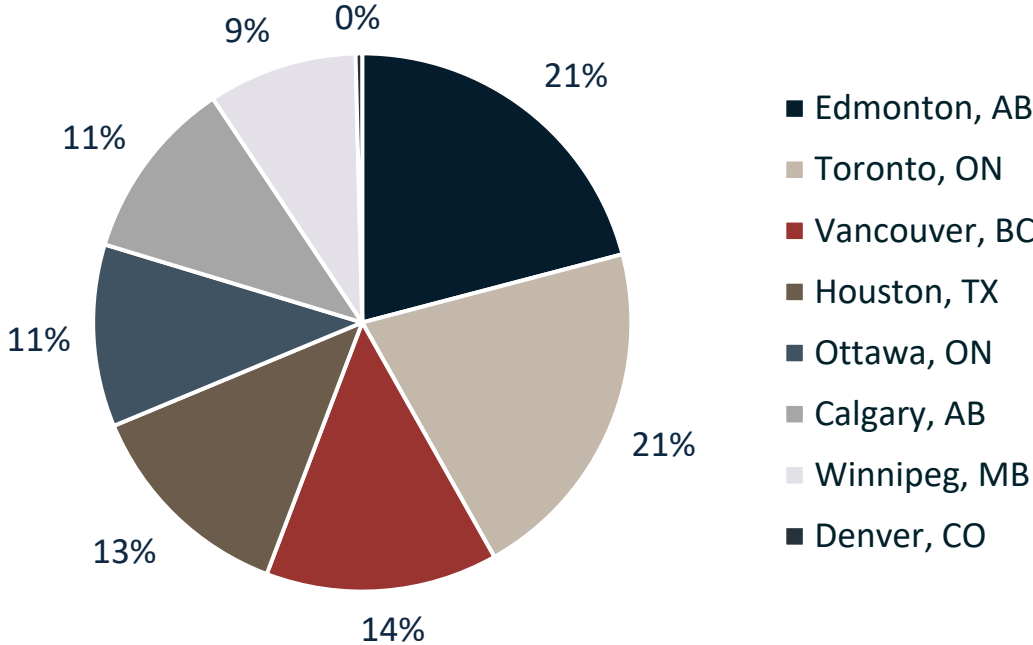
OPERATIONS UPDATE - CANADA & U.S.



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- Expanded across Texas; ability to service major cities throughout including Houston, Dallas, San Antonio, Austin; expanded to Denver, CO in late Q2
- Canada seeing more demand than anticipated both with new customers and expanding current customer base; exceeding internal daily revenue targets in Q3
- Seeing increased margins as a result of reduced operating costs, lower repairs & maintenance and AI camera efficiencies
- Manufacturing operations are fully staffed with ability to manufacture 15-20 units per week
- Targeting US monitoring center in Q4 2024

MobileyeZ™ By Service Center

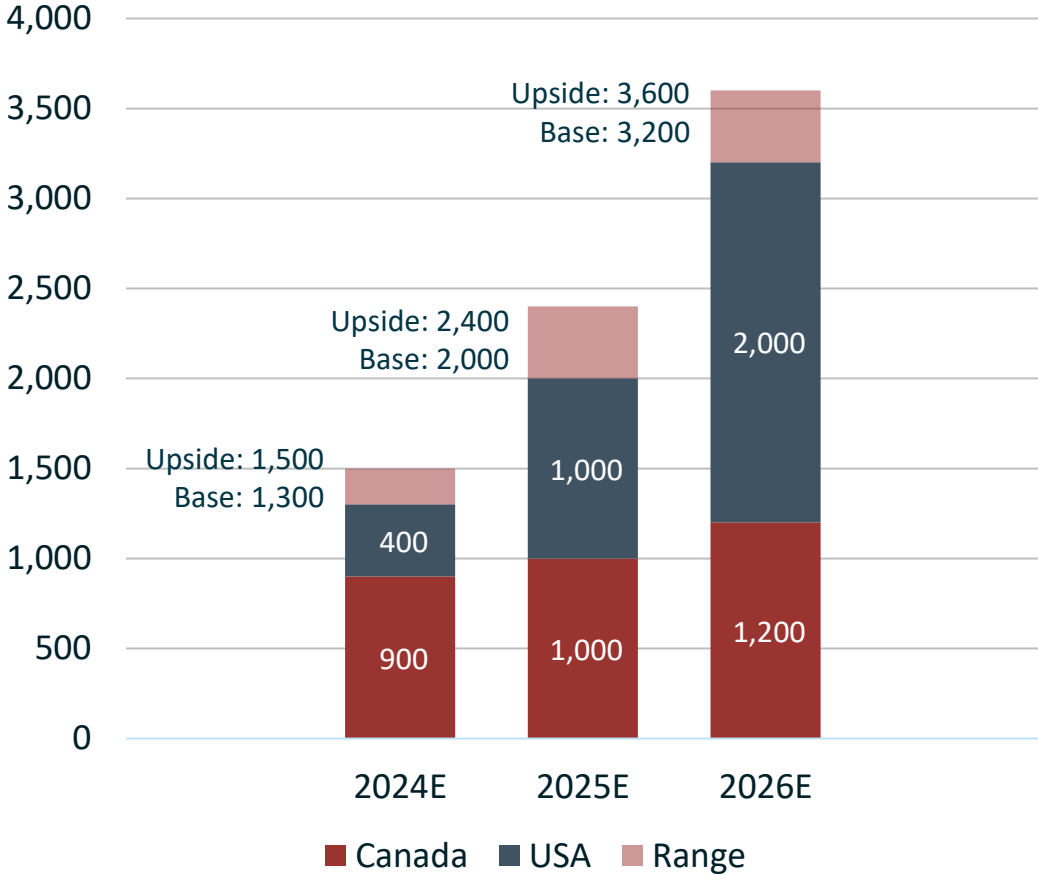


OUTLOOK & GO-FORWARD STRATEGY



1. Demand continues to outpace supply of MobileyeZ™; goal is to ramp up production of MobileyeZ™ to 20-25 per week
2. Continued US operating footprint expansion – West Texas opportunities, Arizona Q1 2025 and service Washington out of Vancouver branch
3. Continue to find efficiencies in everything we do:
 - Source additional component suppliers in order to reduce cost of MobileyeZ™ and meet production targets
 - Will continue to realize AI gains throughout Company and SG&A investments from Canadian business
 - Non-billable service calls on existing equipment decreasing

MobileyeZ™ Towers By Country



QUESTIONS & ANSWERS



**THANK YOU FOR ATTENDING THE ZEDCOR INC. Q2 FINANCIAL RESULTS
CONFERENCE CALL**

A REPLAY OF THIS CALL WILL BE AVAILABLE ON OUR WEBSITE