Zedcor Inc. Reports Record Quarterly Results, Including 42% Revenue and 49% Adjusted EBITDA Increases for the Third Quarter 2024

CALGARY, ALBERTA – November 13, 2024: Zedcor Inc. ("Zedcor" or the "Company") (TSX-V: ZDC) today announced its financial and operating results for the three and nine months ended September 30, 2024. Highlights include:

- Record quarterly revenue of $9.2 million, representing an increase of 42% year-over-year and 24% quarter-over-quarter
- Record quarterly Adjusted EBITDA of $3.4 million, representing an increase of 49% year-over-year and 26% quarter-over-quarter
- Adjusted EBITDA margin maintained at 37%, despite significant scaling costs out of the U.S. and driven by strong contribution margins in Canada and increased operational efficiency from its AI-at-the-edge cameras
- Deployed 148 MobileyeZ™ security towers during the three months ended September 30, 2024 and 326 MobileyeZ™ security towers during the nine months ended September 30, 2024; these security towers were deployed throughout North America and realized total fleet utilization rates above 90% for the quarter
- U.S. revenues exceeded 10% of total revenues for Q3 2024

Zedcor generated revenues of $9.2 million and $22.7 million for the three and nine months ended September 30, 2024, respectively, and Adjusted EBITDA of $3.4 million and $8.0 million. Revenue and Adjusted EBITDA generated in the quarter were both record highs for the Company. The previous quarterly revenue record was $7.4 million set in Q2 2024, which Q3 2024 exceeded by 24%. The previous high mark for quarterly Adjusted EBITDA was $2.7 million, which Q3 2024 exceeded by 26%.

Furthermore, the Company successfully continued its customer diversification and revenue growth efforts during the quarter, which was reflected in the revenue and Adjusted EBITDA results. Zedcor generated record daily revenues from its fleet of MobileyeZ™ security towers while successfully deploying 148 new MobileyeZ™ towers throughout North America, with growth focused in Texas and Canada. Notably, fleet-wide MobileyeZ™ utilization rate exceeded 90% for the quarter.

The U.S. accounted for more than 10% of the Company's third quarter revenue. The utilization rate for the fleet of security towers in the U.S. is near 100% capacity and the Company is starting to build a backlog of demand at its Houston service center. In addition, the Company has continued to establish its service offering throughout the state of Texas and into Colorado.

In Canada, Zedcor continued to experience revenue growth and strong utilization rates during the quarter. While one of the focuses for Zedcor is its U.S. expansion, the Company remains committed to allocating capital as appropriate to service its growing customer base across Canada where there is continued opportunity and growth.

The Company continues to invest significantly in the expansion of its enterprise-level sales team. Subsequent to the end of the quarter, the Company made key appointments to its enterprise sales team with the additions of Keith Aubele and Randy Beck. Keith Aubele was previously with Walmart and Home Depot, acting as senior VP of loss prevention and risk. Mr. Aubele will focus on leading the Company's continued growth in retail enterprise customers in the US. Randy Beck was the former Chief of Security for the Trans Mountain Pipeline and the former Assistant Commissioner of Federal Policing for the Royal Canadian Mounted Police.

Todd Ziniuk, President and CEO of Zedcor, commented: "The third quarter was the first full quarter after completing our $15.0 million equity financing. We have successfully accelerated our expansion in the U.S., and this is reflected in our record third quarter financial results, as well as record monthly results in September 2024. We continue to augment our sales team and expand our platform to further accelerate unit sales and are seeing significant contributions in the fourth quarter from our US expansion. We are currently able to service all of Texas and the Southern US, Colorado and the Midwest US, and are expanding into Arizona. Our entire team continues to execute, and we remain focused on providing turnkey security solutions to our customers with industry leading service levels. We are planning to increase production of our security towers in anticipation of further acceleration of sales in the fourth quarter and 2025. Trends in the fourth quarter remain robust and we are excited to enter a new frontier of growth supported by our enterprise sales team, which will target enterprise customers to disrupt and displace existing security solutions across all locations."

FINANCIAL & OPERATING RESULTS FOR THE THREE & NINE MONTHS ENDED SEPTEMBER 30, 2024:

	Three months ended September 30		Nine months ended September 30		Three months ended June 30
(in $000s)	**2024**	**2023**	**2024**	**2023**	**2024**
Revenue	9,152	6,431	22,658	19,090	7,372
Adjusted EBITDA[1,2]	3,409	2,285	8,002	6,244	2,695
Adjusted EBIT[1,2]	708	728	1,494	2,505	720
Net income (loss)	310	288	1,249	3,512	1,409
Net income (loss) per share					
Basic	0.00	0.00	0.01	0.05	0.02
Diluted	0.00	0.00	0.01	0.04	0.02

[1] *Adjusted for stock based compensation, foreign exchange (gain) loss, and other income*
[2] *See Financial Measures Reconciliations below*

Zedcor recorded $9,152 of revenue for the three months ended September 30, 2024. This compares to $6,431 of revenue from for the three months ended September 30, 2023. The revenue increase of 42% year over year was due to strong demand for our security towers in Canada and the addition of US revenues. US revenues continued to increase throughout the quarter and the Company generated 14% of total revenues from its US operations.

Quarter over quarter, the Company's total revenue was up $1,780 or 24% and adjusted EBITDA was up $714 or 26%. Revenue increased both year over year and quarter over quarter as a result of a larger fleet of security towers, revenue growth in the US and strong utilization rates during Q3 2024 as the Company was able to redeploy security towers returned from its large pipeline security project which ended in Q4 2023 and grow its fleet of MobileyeZ™.

The Company's security and surveillance services saw increased revenues and EBITDA for nine months ended September 30, 2024 compared to 2023 due largely to the same reasons discussed above. Zedcor exited the period with 1,151 MobileyeZ™ security towers which was an increase of 326 when compared to December 31, 2023 and 396 units when compared to September 30, 2023.

Financial and operational highlights for the three and nine months ended September 30, 2024 include:

- Net income was $310 for the three months ended September 30, 2024. This compares to net income of $288 for the three months ended September 30, 2023. For the nine months ended September 30, 2024 net income was $1,249 compared to net income of $3,512 for the nine months ended September 30, 2023. The decrease in net income is due to lower other income, higher finance costs as a result of higher total debt on our equipment financing facilities, higher stock-based compensation expense and a $173 loss on repayment of the Note Payable. Quarter over quarter, after adjusting for the other income, the Company was able to increase net income and continue to generate positive earnings as a result of: 1) a larger fleet of towers and strong customer demand which drove utilization and, in turn, revenues and 2) strong cost controls and efficiencies generated from our AI camera implementations completed in Q4 2023 which has reduced operating costs and increased margins.

- Diversification away from the Company's core pipeline construction customers. As the Company increases its fleet of MobileyeZ™ and expands geographically, our risk related to customer concentration has decreased. Zedcor's services are customer and industry agonistic and we continued to see that in the first nine months of 2024 as we were able to diversify our customers across the construction industry, into retail security and across other business segments. In addition, of our $9.2 million of revenue for the three months ended September 30, 2024, 86% of it is reoccurring and 14% of it was generated from the US.

- Continued traction across Ontario, customer diversification in Western Canada and strong utilization across the Canadian MobileyeZ™ fleet. The Company expanded to Ottawa in Q2 2022 and Toronto in Q3 2022. In less than two years, our Toronto equipment and servicing center has grown to be the largest in Canada with approximately 25% of the Canadian fleet being operated out of Toronto. In addition, we started to generate record daily revenues across our Canadian operations in June and our fleet of MobileyeZ™ was nearly 100% utilized in Canada. The record daily revenues has continued in Q3 2024. The Company also continued to attract new customers in Canada and for the nine months ended September 30, 2024, the Company added over 130 new customers across its operations.

- On track US expansion. Zedcor exited the Q3 2024 with 215 MobileyeZ™ located in the US, continued to expand the base of operations with the ability to service customers across Texas, and opened an equipment and servicing center in Denver, Colorado. For the nine months ended September 30, 2024, the Company generated $2,326 of revenues in the US and, for the 3 months ended September 30, 2024, the Company generated $1,244, or 14%, of revenues in the US. This number is expected to expand as the Company continues to build out its footprint in the US and continue to add additional customers.

- Continued development and expansion of manufacturing capabilities. Zedcor has manufactured over 250 of its Solar MobileyeZ™ Security Tower and has ramped up production capacity out of its Houston, Texas facility with the ability to meet customer demand in North America. The Company is actively managing its component suppliers and supply chains, while finding efficiencies in order to streamline manufacturing.

- Continued growth in the retail security segment with an expanded rental and service agreement to provide MobileyeZ™ security towers at 23 sites for a leading North American home improvement retailer. This represented an additional ten store locations and thirteen locations across Canada for the customer's capital initiatives program, including new store builds or major renovations, bringing the total MobileyeZ™ coverage for the Customer in Canada to over 20 stores and two distribution centers.

- Continued investment in expansion of enterprise-level sales and obtaining enterprise-level customers. Subsequent to the end of the quarter, the Company has expanded its enterprise level sales team with the addition of Randy Beck and Keith Aubele. Randy Beck was the former Chief of Security for the Trans Mountain Pipeline and the former Assistant Commissioner of Federal Policing for the Royal Canadian Mounted Police. Keith Aubele previously worked for Walmart and Home Depot as their senior VP of loss prevention and risk. Mr. Beck will focus on helping the Company expand its energy focused enterprise customers and Mr. Aubele will focus on helping the Company expand its retail customers in the US.

- Payment of $3.5 million to retire the balance of a Note issued in February 2016 and exercise of all outstanding warrants on the Company's balance sheet. This results in streamlined capital structure for the Company.
- Completion of a $15.0 million equity financing which to help expedite our long-term strategy.

SELECTED QUARTERLY FINANCIAL INFORMATION

(Unaudited – in $000s)	Sept 30 2024	Jun 31 2024	Mar 31 2024	Dec 31 2023	Sept 30 2023	Jun 30 2023	Mar 31 2023	Dec 31 2021
Revenue	9,152	7,372	6,134	5,799	6,431	6,216	6,443	6,415
Net income (loss)	310	1,409	(470)	(860)	288	2,472	752	3,076
Adjusted EBITDA[1]	3,409	2,695	1,898	1,401	2,285	1,824	2,135	2,380
Adjusted EBITDA per share - basic[1]	0.04	0.03	0.03	0.02	0.03	0.02	0.03	0.04
Net income (loss) per share from continuing operations								
Basic	0.00	0.02	(0.01)	(0.00)	0.00	0.03	0.01	0.05
Diluted	0.00	0.02	(0.01)	(0.01)	0.00	0.03	0.01	0.04
Adjusted free cash flow[1]	3,342	1,016	458	482	4,664	968	978	1,931

[1] *See Financial Measures Reconciliations below*

LIQUIDITY AND CAPITAL RESOURCES

(in $000s)	Nine months ended September 30			
	2024	2023	$ Change	% Change
Cash flow from operating activities	6,881	9,096	(2,215)	(24%)
Cash flow used by continuing investing activities	(13,207)	(11,185)	(2,022)	18%
Cash flow from financing activities	10,277	2,479	7,798	315%

The following table presents a summary of working capital information:

(in $000s)	As at September 30			
	2024	2023	$ Change	% Change
Current assets	14,417	7,388	7,029	95%
Current liabilities *	12,693	9,013	3,680	41%
Working capital	1,724	(1,625)	3,349	(206%)

**Includes $4.4 million of debt and $2.6 million of lease liabilities in 2024 and $3.2 million of debt and $2.0 million of lease liabilities in 2023*

The primary uses of funds are operating expenses, growth capital spending, interest and principal payments on debt facilities. The Company has a variety of sources available to meet these liquidity needs, including cash generated from operations. In general, the Company funds its operations with cash flow generated from operations, while growth capital and acquisitions are typically funded by issuing new equity, debt or cash flow from operations.

Principal Credit Facility

	Interest rate	Final maturity	Facility maximum	Outstanding as at September 30, 2024	Outstanding as at December 31, 2023
Term Loan	5.15%	Oct 2026	6,100	2,730	3,538
Revolving Equipment Financing	Prime + 2.00%	Revolving	15,000	13,529	13,096
Authorized Overdraft	Prime + 1.50%	Revolving	3,000	—	—
Equipment Financing	Various	Various	N/A	254	—
				16,513	16,634
Current portion				(4,441)	(3,788)
Long term debt				12,072	12,846

On June 6, 2023, the Company entered into a second amending agreement ("Second Amended Financing Agreement") which increased the Company's equipment financing from $6.0 million to $15.0 million. As at September 30, 2024, the Second Amended Financing Agreement provides the Company with the following:

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 $15.0 million revolving equipment financing facility ("Revolving Equipment Financing"). The Company is able to draw on this facility at any time for up to 100% 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, 2024 the Prime Interest Rate was 6.45% and the interest rate on the Revolving Equipment Financing was 8.45%. As the Company pays down the Revolving Equipment Financing, it can borrow back up to the facility maximum of $15.0 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, 2024 the Prime Interest Rate was 6.45% and the interest rate on the Revolving Equipment Financing was 7.95%.

The Second 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 a note payable, and other standard non-financial security.

The agreement has the following quarterly financial covenant requirements, calculated on a trailing twelve month basis:

- a debt servicing covenant of no less than 1.25 to 1.00; and
- a funded debt to EBITDA covenant of no more than 3.00 to 1.00.

As at September 30, 2024, the Company is in compliance with its financial covenant requirements. The debt servicing ratio as calculated based on the Second Amended Financing Agreement was 1.71 to 1.00 and the funded debt to EBITDA was 1.78 to 1.00.

The Company may also enter into specific financing agreements with certain vendors for specific pieces of equipment. These financing agreements are entered into at the time of purchase and granted by various third parties based on the Company's financial condition at the time. They are secured with the specific equipment being financed and terms and interest rates are decided at the time of application. As at September 30, 2024 the Company had $254 outstanding with respect to these specific financing agreements (As at December 31, 2023 - $nil).

CREDIT RISK

The Company extends credit to customers, primarily comprised of construction companies, energy companies and pipeline construction companies, in the normal course of its operations. Historically, bad debt expenses have been limited to specific customer circumstances. However, the volatility in economic activity may result in higher collection risk on trade receivables. The Company has reviewed its outstanding accounts receivable as at September 30, 2024 and believes the expected loss provision is sufficient.

OUTLOOK

Zedcor continues to execute its long-term strategy of growing its technology-enabled security services platform across North America. The Company is optimizing its funding for growth with a mix of cash flow, debt and the proceeds from its equity financing to build additional MobileyeZ™ security towers to provide surveillance services to our expanding customer base. In Q2 2024, Zedcor completed a $15.0 million equity financing to help expedite its long-term strategy. The Company was able to effectively redeploy equipment to new customers throughout its operating regions and grow US revenues to over 10% of total revenues in Q3 2024. The Company has grown its salesforce across North America to obtain contracts for its MobileyeZ™ while expanding its service offering to different industries. The fleet of security towers is fully utilized, and the Company continues to build a backlog of demand.

Priorities that Zedcor intends to focus on for the remainder of 2024 include:

1) Expanding operations in the United States and continuing to grow revenues in Canada. Due to significant spending on infrastructure in North America, along with increased theft and vandalism, the Company is seeing strong demand for its products in both countries. Zedcor is well-situated to disrupt the traditional security market through its innovative products and commitment to customer service.
2) With the strong demand that Zedcor is seeing for its security towers, the Company continues to further take control of its supply chain and remove bottlenecks for its security towers by manufacturing and assembling more of the components of its towers in-house. This improves its ability to actively manage demand and, over time, reduce capital costs.
3) Building new, innovative products based on customer demand. As the Company has obtained customers in different industry verticals, it has seen an increasing number of use cases for its security solutions coupled with Zedcor's 24/7 Live, Verified™ video monitoring. This includes a need for additional AI-based technology that is actively monitored as well as a mobile security product with a smaller footprint.
4) Rollout of enterprise sales strategy, targeting systematic deployment of security solutions across the entire footprint for enterprise customers in the U.S. and Canada
5) The Company is committed to generating customer and shareholder value and positive earnings per share by effectively managing its growth, executing on the above noted strategies and increasing its capital markets presence.

NON-IFRS MEASURES RECONCILIATION

Zedcor Inc. uses certain measures in this MD&A 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 operations and comprehensive income may not be comparable to similar measures presented by other reporting issuers. These measures have been described and presented in this MD&A 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.

EBITDA and Adjusted EBITDA

EBITDA refers to net income before finance costs, income taxes, depreciation and amortization. Adjusted EBITDA is calculated as EBITDA before costs associated with severance, gains and losses on sale of equipment and stock based compensation. These measures do not have a standardized definition prescribed by IFRS and therefore may not be comparable to similar captioned terms presented by other issuers.

Management believes that EBITDA and Adjusted EBITDA are useful measures of performance as they eliminate non-recurring items and the impact of finance and tax structure variables that exist between entities. "Adjusted EBITDA per share – basic" refers to Adjusted EBITDA divided by the weighted average basic number of shares outstanding during the relevant periods.

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

(in $000s)	Three months ended September 30 2024	2023	Nine months ended September 30 2024	2023
Net income	310	288	1,249	3,513
Add:				
Finance costs	398	440	1,445	1,152
Depreciation of property & equipment	1,405	1,000	3,887	2,566
Depreciation of right-of-use assets	375	308	1,172	860
Loss (gain) on sale of equipment	350	(3)	350	(73)
Loss on disposal of right-of-use asset	13	11	29	12
Loss on repayment of note payable	—	—	173	—
EBITDA	2,851	2,044	8,305	8,029
Add (deduct):				
Stock based compensation	538	238	1,035	382
(Gain) loss on foreign exchange	20	3	35	(8)
Other income	—	—	(1,373)	(2,159)
	558	241	(303)	(1,785)
Adjusted EBITDA	3,409	2,285	8,002	6,244

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:

	Three months ended September 30		Nine months ended September 30	
(in $000s)	**2024**	**2023**	**2024**	**2023**
Net income	310	288	1,249	3,512
Add (deduct):				
Finance costs	398	440	1,445	1,152
Loss on repayment of note payable	—	—	173	—
Other income	—	—	(1,373)	(2,159)
Adjusted EBIT	708	728	1,494	2,505

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:

	Three months ended September 30		Nine months ended September 30	
(in $000s)	**2024**	**2023**	**2024**	**2023**
Net income	310	288	1,249	3,512
Add non-cash expenses:				
Depreciation of property & equipment	1,405	1,000	3,887	2,566
Depreciation of right-of-use assets	375	308	1,172	860
Loss on repayment of note payable	—	—	173	—
Stock based compensation	538	238	1,035	382
Finance costs (non-cash portion)	6	16	58	35
	2,634	1,850	7,574	7,355
(Deduct) non-recurring income and expenses:				
Other income	—	—	(1,373)	(2,159)
	2,634	1,850	6,201	5,196
Change in non-cash working capital	708	2,814	(1,384)	1,414
Adjusted Free Cash Flow	3,342	4,664	4,817	6,610

CONFERENCE CALL

A conference call will be held in conjunction with this release:

Date:	Thursday, November 14, 2024
Time:	10:00 am ET (8:00 am MT)
Webinar Link:	https://bit.ly/ZDCQ32024
Dial:	647-374-4685 Toronto local
	780-666-0144 Calgary local
	778-907-2071 Vancouver local
	346-248-7799 Houston local
Meeting ID #:	923 8804 8751

Please connect 10 minutes prior to the conference call to ensure time for any software download that may be required. Participants wishing to login to the webinar will be required to register before the start of the call. Audio only dial in available without registering.

Full details of the Company's financial results, in the form of the condensed consolidated interim financial statements and notes for the three and nine months ended September 30, 2024 and 2023, and Management's Discussion and Analysis of the results are available on SEDAR+ at www.sedarplus.ca and on the Company's website at www.zedcor.com.

About Zedcor Inc.

Zedcor Inc. (TSX-V:ZDC) is disrupting the traditional physical security industry through its proprietary MobileyeZ™ security towers by providing turnkey and customized mobile surveillance and live monitoring solutions to blue-chip customers across North America. The Company continues to expand its established platform of over 1,200 MobileyeZ™ towers in Canada and the United States, with emphasis on industry leading service levels, data-supported efficiency outcomes, and continued innovation. Zedcor services the Canadian market through equipment and service centers currently located in British Columbia, Alberta, Manitoba, and Ontario. The Company continues to advance its U.S. expansion which now has the capacity to service markets throughout the Midwest with locations throughout Texas and in Denver, Colorado, with a location in Phoenix, Arizona to follow by Q1 2025.

FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this MD&A 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 MD&A 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 MD&A are expressly qualified by this cautionary statement.

This MD&A also makes reference to certain non-IFRS measures, which management believes assists in assessing the Company's financial performance. Readers are directed to the section above entitled "Financial Measures Reconciliations" for an explanation of the non-IFRS measures used.

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