

**ZEDCOR INC.**  
**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED**  
**DECEMBER 31, 2024 AND 2023**



To the Shareholders of Zedcor Inc.:

## Opinion

We have audited the consolidated financial statements of Zedcor Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and December 31, 2023, and the consolidated statements of income and comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2024 and December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board.

## Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

## Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Stephen Bonnell.

Calgary, Alberta

April 9, 2025

*MNP LLP*

Chartered Professional Accountants

**ZEDCOR INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2024 AND 2023**  
**IN THOUSANDS OF CANADIAN DOLLARS**

	December 31, 2024	December 31, 2023
<b>Assets</b>		
Current assets:		
Cash	\$ 5,763	\$ 1,474
Accounts receivable (note 24)	7,833	4,117
Current portion of finance lease receivable	682	570
Inventory (note 5)	468	475
Prepaid expenses and deposits	795	650
	15,541	7,286
Non-current assets:		
Finance lease receivable (note 4)	1,108	1,792
Deposits	221	179
Property and equipment (note 6)	42,714	27,240
Right-of-use assets (note 7)	5,862	4,469
Deferred tax (note 11)	2,005	2,005
	51,910	35,685
<b>Total assets</b>	\$ 67,451	\$ 42,971
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 7,134	\$ 3,242
Current portion of lease liabilities (note 9)	3,037	2,421
Current debt (note 8)	4,068	3,788
	14,239	9,451
Non-current liabilities:		
Note payable (note 10)	—	3,249
Lease liabilities (note 9)	5,167	5,310
Long term debt (note 8)	16,054	12,846
	21,221	21,405
<b>Total liabilities</b>	35,460	30,856
Shareholders' equity		
Share capital (note 12)	131,317	114,024
Warrants (note 13)	—	1,122
Contributed surplus	3,403	2,216
Accumulated other comprehensive income (loss)	861	(28)
Deficit	(103,590)	(105,219)
	31,991	12,115
<b>Total liabilities and shareholders' equity</b>	\$ 67,451	\$ 42,971

Approved on behalf of the Board of Directors:

(Signed) "Dean Swanberg"  
**Dean Swanberg - Director**

(Signed) "Brian McGill"  
**Brian McGill - Director**

See accompanying notes to the Consolidated Financial Statements

**ZEDCOR INC.**  
**CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**  
**IN THOUSANDS OF CANADIAN DOLLARS**

	<b>Year ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Revenues (note 16)</b>	\$ 32,992	\$ 24,889
<b>Direct expenses</b>		
Direct operating costs	8,824	9,263
Depreciation of property and equipment (note 6)	4,824	3,240
	<u>13,648</u>	<u>12,503</u>
<b>Gross margin</b>	<u><b>19,344</b></u>	<u><b>12,386</b></u>
<b>Operating expenses</b>		
General and administrative (note 17)	13,730	8,543
Depreciation of other property and equipment (note 6)	479	374
Depreciation of right-of-use assets (note 7)	1,806	1,249
Loss on sale of property and equipment (note 6)	755	27
Loss on disposal of right-of-use assets (note 7)	141	81
	<u>16,911</u>	<u>10,274</u>
<b>Other (income) expenses</b>		
Finance costs (note 18)	1,949	1,621
Foreign exchange loss (gain)	55	(2)
Loss on repayment of note payable (note 10)	173	—
Other income (note 21)	(1,373)	(2,159)
	<u>804</u>	<u>(540)</u>
<b>Income before income taxes</b>	<b>1,629</b>	<b>2,652</b>
<b>Income taxes (note 11)</b>		
Current tax expense	—	—
Deferred tax recovery	—	—
	<u>—</u>	<u>—</u>
<b>Net income</b>	<u><b>1,629</b></u>	<u><b>2,652</b></u>
<b>Other comprehensive income (loss)</b>		
Unrealized foreign currency translation gain (loss)	889	(28)
<b>Comprehensive income</b>	<u><b>\$ 2,518</b></u>	<u><b>\$ 2,624</b></u>
<b>Net income per share</b>		
Basic	\$ 0.02	\$ 0.04
Diluted	\$ 0.02	\$ 0.03
<b>Weighted average number of shares outstanding (note 15)</b>		
Basic	87,098,716	73,122,487
Diluted	92,514,309	79,097,811

*See accompanying notes to the Consolidated Financial Statements*

**ZEDCOR INC.**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**  
**IN THOUSANDS OF CANADIAN DOLLARS**

	Share capital	Warrants	Contributed surplus	Accumulated other comprehensive income	Deficit	Total
<b>Balance - December 31, 2022</b>	\$ 113,183	\$ 1,368	\$ 1,809	\$ —	\$(107,871)	\$ 8,489
Stock based compensation (note 14)	—	—	562	—	—	562
Exercise of stock options (note 12)	355	—	(155)	—	—	200
Exercise of Warrants (note 13)	486	(246)	—	—	—	240
Net Income	—	—	—	—	2,652	2,652
Foreign currency translation loss	—	—	—	(28)	—	(28)
<b>Balance - December 31, 2023</b>	114,024	1,122	2,216	(28)	(105,219)	12,115
Stock based compensation (note 14)	—	—	1,566	—	—	1,566
Exercise of stock options and RSUs (note 12)	604	—	(379)	—	—	225
Exercise of warrants (note 13)	3,276	(1,122)	—	—	—	2,154
Shares issued, net of share issue costs (note 12)	13,413	—	—	—	—	13,413
Net income	—	—	—	—	1,629	1,629
Foreign currency translation gain	—	—	—	889	—	889
<b>Balance - December 31, 2024</b>	\$ 131,317	\$ —	\$ 3,403	\$ 861	\$(103,590)	\$ 31,991

*See accompanying notes to the Consolidated Financial Statements*

**ZEDCOR INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOW**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**  
**IN THOUSANDS OF CANADIAN DOLLARS**

	<b>Year ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash from (used in):</b>		
<b>Operating activities</b>		
Net income	\$ 1,629	\$ 2,652
Depreciation of property and equipment (note 6)	5,303	3,614
Depreciation of right-of-use assets (note 7)	1,806	1,249
Loss on sale of equipment (note 6)	755	27
Loss on disposal of right-of-use assets (note 7)	141	81
Loss on foreign currency translation	58	—
Loss on repayment of note payable (note 10)	173	—
Stock based compensation (note 14)	1,566	562
Non-cash interest expense and other financing costs	(128)	151
Receipt of finance lease receivable (note 4)	572	527
Cash flow from operating activities before changes in non-cash working capital	11,875	8,863
Changes in non-cash working capital (note 19)	(855)	1,023
Cash flow from operating activities	11,020	9,886
<b>Investing activities</b>		
Change in non-cash working capital related to investing activities (note 19)	851	(133)
Purchase of property and equipment (note 6)	(21,391)	(13,465)
Proceeds from sale of property and equipment (note 6)	7	147
Cash flow used in investing activities	(20,533)	(13,451)
<b>Financing activities</b>		
Proceeds from debt (note 8)	22,776	8,676
Repayment of debt (note 8)	(18,105)	(2,589)
Proceeds from share issuance, net of costs (note 12)	13,413	—
Repayment of lease liability (note 9)	(3,211)	(2,059)
Repayment of note payable (note 10)	(3,450)	—
Proceeds from exercise of stock options (note 14)	225	200
Proceeds from exercise of warrants (note 13)	2,154	240
Cash flow from financing activities	13,802	4,468
Net change in cash in the year	4,289	903
Cash, beginning of year	1,474	571
Cash, end of year	\$ 5,763	\$ 1,474

*See accompanying notes to the Consolidated Financial Statements*



**ZEDCOR INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**  
**IN THOUSANDS OF CANADIAN DOLLARS**

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**1. CORPORATE INFORMATION AND NATURE BUSINESS:**

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 and Texas with branches in British Columbia, Alberta, Manitoba, Ontario, and Houston, Texas. 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 consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee. These consolidated financial statements were authorized for issue by the Company's Board of Directors on April 9, 2025.

**b) Functional and presentation currency and basis of presentation**

These consolidated financial statements are presented in Canadian dollars which is the Company's presentation currency. Each of the Company's subsidiaries determines its functional currency, and items included in the financial statements of each entity are measured using that functional currency. The functional currency of the Canadian operations is the Canadian Dollar and the functional currency of the United States operations is the United States Dollar. All financial information presented in dollars has been rounded to the nearest thousand except for share and per share amounts.

The Company's consolidated financial statements are prepared under the historical cost convention, with the exception of items that IFRS requires to be measured at fair value. The accounting policies set out in note 3 have been applied consistently in the preparation of the consolidated financial statements.

**c) Critical accounting estimates and significant management judgments**

The following judgments and estimates are those deemed by management to be material to the Company's consolidated financial statements.

*Depreciation and amortization*

Amounts recorded for depreciation and amortization are based on the estimated useful lives and residual values of the underlying assets. Useful lives and residual values are based on management's best estimate using knowledge of past transactions and as such are subject to measurement uncertainty. The estimates are reviewed at least annually and are updated if expectations change as a result of physical wear and tear and legal or other limitations to use. It is possible that changes in these factors may cause changes in the estimated useful lives and residual values of the Company's property and equipment, right of use assets, and intangible assets in the future.

**ZEDCOR INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**  
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*Recoverability of assets*

The Company assesses impairment on its non-financial assets when it has determined that a potential indicator of impairment exists. The assessment of the existence of impairment indicators is based on various internal and external factors and involves management's judgement. Impairment exists when the carrying value of a non-financial asset or cash generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use ("VIU").

Assessing for indicators of impairment requires judgment in the assessment of facts and circumstances and is a subjective process that often involves a number of estimates and is subject to interpretation.

*Allowance for doubtful accounts*

Amounts included in allowance for doubtful accounts reflect the lifetime expected credit losses for trade receivables. Management determines allowances based on specific accounts of future expected credit losses, considering historical credit loss experience, current economic conditions, and forecasts of future economic conditions. Significant or unanticipated changes in economic conditions could impact the magnitude of future expected credit losses.

The Company uses the "expected credit loss" model for calculating allowance for doubtful accounts and recognizes expected credit losses as a loss allowance for assets measured at amortized cost. The Company's trade and other receivables are typically short-term with payments received within a twelve month period and do not have a significant financing component and are to customers with good credit ratings, therefore the Company recognizes expected credit losses based on specific reserves for individual customers. The carrying amount of these assets is net of any loss allowance.

*Income taxes*

Tax interpretations, regulations, and legislation, in the various jurisdictions in which the Company operates are subject to change. As such, income taxes are subject to measurement uncertainty. Deferred taxes are assessed by management at the end of the reporting period to determine the likelihood that they may be realized from future taxable earnings.

*Inventories*

Management reviews the carrying amount of inventories at the end of each reporting year and the recorded amount is adjusted to the lower of cost or net realizable value. As part of the review, management is required to make certain assumptions when determining expected realizable amounts. The value of slow-moving inventories is based on management's assessment of market conditions for its products as determined by usage and estimated future demand.

*Leases*

IFRS 16 requires management to make judgements and estimates in order to determine the value of the right-of-use assets and the lease liabilities. Judgements may relate to the identification of a lease in a contract, calculation of the incremental borrowing rate and the determination of the lease term and whether an extension or termination option in a lease will be exercised. Estimates may relate to the lease term, separation of lease and non-lease components and the determination of the appropriate discount rates.

**ZEDCOR INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**  
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*Share-based payments*

The compensation costs relating to share-based payment arrangements are based on estimates of how many stock options, restricted share units, and deferred share units will actually vest, be exercised, estimated volatility, future forfeiture rates and expected life of the stock options and warrants.

**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES:**

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements.

**a) Basis of consolidation:**

These financial statements include the accounts of Zedcor Inc. and its wholly owned subsidiaries. Subsidiaries are those entities controlled by Zedcor Inc. Control exists when Zedcor Inc. has power over an investee, exposure or rights to variable returns from its involvement with its investees and the ability to use its power to affect its return from the investee. Subsidiaries are fully consolidated from the date on which control is transferred to Zedcor Inc. They are derecognized from the date that control ceases. The following entities have been included in these consolidated financial statements:

	Basis of consolidation	Jurisdiction
Zedcor Inc.	Parent	Canada
Zedcor Security Solutions Corp.	100% owned	Canada
Zedcor Holdings (USA), Inc.	100% owned	USA
Zedcor Manufacturing Solutions (USA), LLC	100% owned	USA
Zedcor Security Solutions (USA), LLC	100% owned	USA
Zedcor Rental Solutions (USA), LLC	100% owned	USA
Zedcor Industrial Services Corp.	100% owned	Canada

Inter-entity balances, transactions and any unrealized gains or losses arising from inter-entity transactions are eliminated in the preparation of these consolidated financial statements.

**b) Business combinations:**

The acquisitions of businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets obtained, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquired business. The acquired business' identifiable net assets, including intangible assets, liabilities and contingent liabilities, are recognized at their fair values at the acquisition date.

To the extent the fair value of consideration paid exceeds the fair value of the net identifiable tangible and intangible assets, goodwill is recognized. To the extent the fair value of consideration paid is less than the fair value of net identifiable tangible assets and intangible assets, the excess is recognized in the statement of income.

Transaction costs, other than those associated with the issuance of debt or equity securities, incurred in connection with a business combination, such as legal fees, due diligence fees and other professional and consulting fees, are expensed as incurred.

**ZEDCOR INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**c) Inventory:**

Inventories, which comprises of spare parts and supplies used in maintaining the Company's assets, are stated at the lower of cost and net realizable value. Costs of inventories are determined using the weighted average cost method and includes the cost of purchase and other costs required to bring the inventories to their present location and condition. Net realizable value represents the estimated selling price for inventories, less all estimated costs of completion and costs necessary to make the sale. Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, damage or declining selling prices. When circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in selling prices, the amount of write-down previously recorded is reversed.

Inventory is recognized as property and equipment when it meets the definition of property and equipment and are expected to be used in construction of the Company's own assets. Spare parts inventory is recognized in the statement of income when it is determined to be replacing broken parts on the Company's property and equipment.

**d) Property and equipment:**

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized in the consolidated statements of income and comprehensive income.

The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

Depreciation is provided for at the following rates and methods:

	Basis of depreciation	Useful life/ declining balance rate	Residual value
Security towers and equipment	Straight line	3 to 10 years	0% to 10%
Technology equipment for security towers	Declining balance	30%	—
Automotive and other equipment	Declining balance	20% to 30%	—
Furniture, computer, software and office equipment	Declining balance	20% to 100%	—

Leasehold improvements and right-of-use assets are amortized over the term of the lease or, for right-of-use assets where ownership is transferred at the end of the lease, over its estimated useful life.

**ZEDCOR INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**e) Impairment of non-financial assets:**

The carrying value of long-term assets, excluding goodwill, is reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset or CGU may not be recoverable. If indicators of impairment exist, the recoverable amount of the asset or CGU is estimated. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the consolidated statements of income and comprehensive income. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or CGU is the greater of its fair value less costs of disposal and its VIU. Fair value is determined to be the amount for which the asset could be sold for in an arm's length transaction. The VIU calculation is based on a discounted cash flow model. The cash flows are derived from the Company's forecast and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Reversals of impairments are recognized when the indicators of an impairment loss recognized in prior periods may no longer exist, or may have decreased. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. In this event, the carrying amount of the asset or CGU is increased to its revised recoverable amount with an impairment reversal recognized in net earnings. The recoverable amount is limited to the original carrying amount less depreciation and amortization as if no impairment had been recognized for the asset or CGU for prior periods. An impairment loss in respect of goodwill is not reversed.

**f) Leases:**

At inception of a contract, the Company assesses whether a contract is, or contains, a lease; if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

**i. As a lessee**

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise of the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and,
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension options, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

*Short-term leases and leases of low-value assets*

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the term of the lease.

**ii. As a lessor**

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

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To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract.

The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term.

**g) Provisions:**

A provision is recognized if, as a result of a past event, the Company has a legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost.

**h) Onerous contracts:**

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the asset associated with that contract.

**i) Revenue recognition:**

Revenue from security tower rentals is recognized over time as the rental service and monitoring is rendered, based upon agreed daily, weekly or monthly rates, and only if collectability is reasonably assured.

Revenue from fixed camera installations is recognized when inventories are sold to the customer and installed at client sites and only if it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

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Revenue from monitoring contracts at fixed locations is recognized over time as the monitoring services are rendered, based upon agreed monthly rates and only if it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

Revenue from security personnel services is recognized over time as the service is rendered, based upon agreed daily or hourly rate, and only if collectability is reasonably assured.

**j) Equity settled transactions:**

The Company has a stock based compensation plan that allows employees, contractors, officers and directors, who have been granted options, to purchase common shares at a set price over a specified time period. From time to time, the Company may issue either stock options, restricted share units ("RSU"), deferred share units ("DSU") or a combination to employees, contractors, officers and directors.

*Stock Options*

Option exercise prices approximate the market price of the shares on the date the options are granted. Options granted under the plan vest over three years and expire five years after the grant date.

Stock based compensation expense related to stock options is determined based on the estimated fair value of the options on the date they are granted. The fair value of the options granted is estimated using the Black-Scholes option pricing model. Factors used in this model include expected volatility, expected dividends, risk-free interest rates, expected life of the options and estimated future forfeitures.

The compensation expense is recognized in earnings over the vesting period, with a corresponding increase in contributed surplus.

Consideration paid on the exercise of the options is recorded as an increase in shareholders' equity together with corresponding amounts previously recognized in contributed surplus. Forfeitures are estimated for at date of grant, which may result in a reduction of compensation expense in the period of the forfeiture.

*Restricted Share Units*

RSUs are granted without an exercise price and the vesting period is determined by the Board of Directors at each grant date. The Company has the option to settle the RSUs at the time of vesting in shares of the Company or in cash. The Company treats these units as equity settled. Stock based compensation expense related to RSUs is determined based on the estimated fair value of the RSU which is the price of the shares on the date they are granted.

The compensation expense is recognized in earnings over the vesting period, with a corresponding increase in contributed surplus. Forfeitures are estimated for at date of grant, which may result in a reduction of stock based compensation expense in the period of the forfeiture.



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*Deferred Share Units*

DSUs may be granted to officers or directors of the Company without an exercise price and the vesting period is determined by the Board of Directors at each grant date. The Company has the option to settle the DSUs at the time of vesting in shares of the Company or in cash with settlement to occur upon the director or officers retirement or termination from the Company. The Company treats these units as share settled. Stock based compensation expense related to DSUs is determined based on the estimated fair value of the DSU which is the price of the shares on the date they are granted.

The stock based compensation expense is recognized in earnings over the vesting period, with a corresponding increase in contributed surplus. Forfeitures are estimated for at date of grant, which may result in a reduction of stock based compensation expense in the period of the forfeiture.

**k) Finance costs:**

Finance costs are comprised of interest expense on borrowings, amortization of the discount on the Note Payable and other non-cash finance costs, and are recognized in earnings when incurred. Borrowing costs that are not directly attributable to the acquisition of a qualifying asset are recognized in profit or loss.

**l) Income taxes:**

Income tax expense is comprised of current and deferred tax. Current and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or recoverable on the taxable income or loss for the period, using tax rates enacted at the reporting date, and any adjustment to the tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that will not affect accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be in effect when the temporary differences reverse, based on laws that have been enacted or substantially enacted at the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available in sufficient amounts to offset the tax losses, credits and temporary differences.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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**m) Net income and comprehensive income per share:**

Basic net income per share is determined by dividing the net income and comprehensive income by the weighted average number of shares outstanding during the year. Diluted net income per share reflects the potential dilution that would occur if stock options, RSUs, DSUs, and warrants were exercised. The treasury stock method is used to determine the dilutive effect of stock options and warrants. Under the treasury stock method only “in-the-money” options and warrants impact the dilution calculation.

**n) Foreign currency translation:**

Assets and liabilities of foreign operations having a functional currency other than the Canadian dollar are translated at the rate of exchange prevailing at the reporting date, and revenues and expenses at average rates during the period. Gains or losses on translation are included as a component of shareholders' equity in accumulated other comprehensive loss.

Transactions in foreign currencies are translated to the respective functional currencies of the Company's entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in net income or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency gains and losses are reported on a net basis.

**o) Financial instruments:**

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (“FVOCI”) and fair value through profit or loss (“FVTPL”). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

The “expected credit loss” model applies to financial assets measured at amortized cost, and contract assets and debt instruments at FVOCI.

*Non-derivative financial assets*

The Company initially recognizes cash, accounts receivable and deposits on the date that they originate. All other financial assets (including assets designated at fair value through net income or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

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The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position only when the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

*Impairment*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

An impairment loss in respect of a financial asset measured at amortized cost is calculated using the “expected credit loss” model and recognizes expected credit losses as a loss allowance. The Corporation recognizes an amount equal to the lifetime expected credit losses based on the Corporation’s historical experience and including forward-looking information. The carrying amount of these assets in the consolidated statement of financial position is net of any loss allowance. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

The Company has the following non-derivative financial assets:

Financial instrument	Initial measurement	Subsequent measurement
Cash	Fair value	Amortized cost
Accounts receivable	Fair value	Amortized cost
Deposits	Fair value	Amortized cost

Cash comprise of cash balances and cash deposits with original maturities of three months or less.

The Company initially recognizes accounts receivable and other receivables on the date that they originate. Impairment of trade and other receivables is recognized in selling, general and administration expenses when evidence of impairment arises. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss, or a portion of such is reversed. The amount of the impairment loss reversed may not exceed the original impairment amount.

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*Non-derivative financial liabilities*

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they originate. All other financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities:

Financial instrument	Initial measurement	Subsequent measurement
Accounts payable and accrued liabilities	Fair value	Amortized cost
Debt	Fair value	Amortized cost

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. Interest, losses and gains relating to the financial liability are recognized in profit or loss.

**p) Segment reporting:**

The Company's operating segments are organized based on the operating structure of the Company's business and are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM"). The CEO has authority for resource allocation and assessment of the Company's performance and is therefore the CODM.

The Company has two segments – Canada and the United States.

**q) Government subsidies**

Government subsidies are recognized only when there is reasonable assurance that (a) the Company will comply with any conditions attached to the subsidy and (b) the subsidy will be received. The government subsidies are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes the expense for the related costs for which the subsidies are intended to compensate. The Company has elected to present these amounts net of the related expense.

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**4. FINANCE LEASE RECEIVABLE:**

	Properties	Equipment	Total
<b>At December 31, 2022</b>	2,870	19	2,889
Receipts	(517)	(10)	(527)
<b>At December 31, 2023</b>	2,353	9	2,362
Receipts	(565)	(7)	(572)
<b>At December 31, 2024</b>	1,788	2	1,790

**5. INVENTORY:**

The major components of inventory are as follows:

	December 31, 2024	December 31, 2023
Spare parts	468	321
Finished goods	—	154
	468	475

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the average cost method and net realizable value is the estimated selling price in the ordinary course of business. As at December 31, 2024 and 2023, the balance of the Company's inventory was carried at weighted average cost.

The following tables summarizes the movements in inventory:

	December 31, 2024	December 31, 2023
Balance, beginning of year	475	1,315
Inventory additions	462	922
Expensed to direct operating costs	(368)	(984)
Reclassification to property and equipment	(101)	(778)
Balance, end of year	468	475

The Company uses inventory as spare parts for repairs and maintenance of its security towers.

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**6. PROPERTY AND EQUIPMENT:**

<b>Cost</b>	<b>Security towers &amp; equipment</b>	<b>Automotive</b>	<b>Office furniture &amp; computers</b>	<b>Leasehold improvements</b>	<b>Total</b>
<b>At December 31, 2022</b>	23,383	237	1,632	248	25,500
Additions	12,771	—	583	111	13,465
Disposals	(670)	(116)	(1)	—	(787)
<b>At December 31, 2023</b>	35,484	121	2,214	359	38,178
Additions	20,456	104	785	46	21,391
Disposals	(2,464)	—	—	—	(2,464)
Effect of foreign exchange	141	—	7	—	148
<b>At December 31, 2024</b>	53,617	225	3,006	405	57,253

<b>Accumulated depreciation</b>	<b>Security towers &amp; equipment</b>	<b>Automotive</b>	<b>Office furniture &amp; computers</b>	<b>Leasehold improvements</b>	<b>Total</b>
<b>At December 31, 2022</b>	6,911	135	806	85	7,937
Depreciation	3,168	30	374	42	3,614
Elimination on disposal	(497)	(115)	(1)	—	(613)
<b>At December 31, 2023</b>	9,582	50	1,179	127	10,938
Depreciation	4,755	20	479	49	5,303
Elimination on disposal	(1,702)	—	—	—	(1,702)
<b>At December 31, 2024</b>	12,635	70	1,658	176	14,539

<b>Net Book Value</b>	<b>Security towers &amp; equipment</b>	<b>Automotive</b>	<b>Office furniture &amp; computers</b>	<b>Leasehold improvements</b>	<b>Total</b>
<b>At December 31, 2023</b>	25,902	71	1,035	232	27,240
<b>At December 31, 2024</b>	40,982	155	1,348	229	42,714

For the year ended December 31, 2024, the Company sold assets with a net book value of \$762 (year ended December 31, 2023 - \$174) for proceeds of \$7 (year ended December 31, 2023 - \$147), resulting in a loss of \$755 (year ended December 31, 2023 - loss of \$27).

At each reporting period, the Company reviews the carrying value of its property and equipment for indicators of impairment. As at December 31, 2024 and 2023, no indicators of impairment existed for the Company's Security & Surveillance segment.

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**7. RIGHT-OF-USE ASSETS:**

<b>Cost</b>	<b>Properties</b>	<b>Automotive</b>	<b>Equipment</b>	<b>Total</b>
<b>At December 31, 2022</b>	1,901	1,610	422	3,933
Additions	1,624	1,491	—	3,115
Disposals	—	(810)	—	(810)
<b>At December 31, 2023</b>	3,525	2,291	422	6,238
Additions	1,282	2,215	—	3,497
Disposals	(276)	(1,083)	—	(1,359)
Effect of foreign exchange	80	31	—	111
<b>At December 31, 2024</b>	4,611	3,454	422	8,487

<b>Accumulated Depreciation</b>	<b>Properties</b>	<b>Automotive</b>	<b>Equipment</b>	<b>Total</b>
<b>At December 31, 2022</b>	300	560	134	994
Depreciation	554	663	32	1,249
Disposals	—	(474)	—	(474)
<b>At December 31, 2023</b>	854	749	166	1,769
Depreciation	1,076	698	32	1,806
Disposals	(276)	(707)	—	(983)
Effect of foreign exchange	13	20	—	33
<b>At December 31, 2024</b>	1,667	760	198	2,625

<b>Net Book Value</b>	<b>Properties</b>	<b>Automotive</b>	<b>Equipment</b>	<b>Total</b>
<b>At December 31, 2023</b>	2,671	1,542	256	4,469
<b>At December 31, 2024</b>	2,944	2,694	224	5,862

During the year ended December 31, 2024, the Company:

- a. Disposed of right-of-use automotive assets with a net book value of \$376. This resulted in a loss on disposal of \$141.
- b. The Company signed a new lease to expand its current manufacturing capacity, as well as a new head office. Both new leases are in Houston, Texas. This increased right-of-use asset cost by \$1,282.
- c. Added new fleet vehicles or replaced or disposed of fleet vehicles which resulted in increased right-of-use asset cost by \$2,215.

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During the year ended December 31, 2023, the Company:

- a) Disposed of right-of-use automotive assets with a net book value of \$336. This resulted in a loss on disposal of \$81.
- b) Renewed the leases for the Company's service center properties in Vancouver and Calgary. The Company also signed a lease for its manufacturing and service center in Houston, Texas. This increased right-of-use asset cost by \$1,624.
- c) Added new fleet vehicles or replaced disposed fleet vehicles which resulted in increased right-of-use asset cost by \$1,491.

**8. CREDIT FACILITIES:**

	Interest rate	Final maturity	Facility maximum	Outstanding as at December 31, 2024	Outstanding as at December 31, 2023
Non-Revolving Reducing Term Loan	Prime + 1.50%	Dec 2027	20,000	19,732	—
Revolving Operating Loan	Prime + 1.50%	Dec 2027	10,000	—	—
Term Loan	N/A	N/A	N/A	—	3,538
Revolving Equipment Financing	N/A	N/A	N/A	—	13,096
Authorized Overdraft	N/A	N/A	N/A	—	—
Equipment Financing	Various	Various	N/A	390	—
				20,122	16,634
Current portion				(4,068)	(3,788)
Long term debt				16,054	12,846

On December 18, 2024, the Company entered into a Commitment Letter with ATB Financial which provided the Company with the following:

1. A \$10.0 million revolving operating loan. The Company is able to draw on this facility for working capital, capital expenditures, and general corporate purposes. The Company may borrow, repay, reborrow, and convert between types of borrowings. This is due and payable in full on the maturity date of December 17, 2027.
2. A \$20.0 million non-revolving reducing term loan, available in two advances, (i) initial advance to pay out in full the indebtedness of the existing Term Loan and (ii) an amount not exceeding the remainder of the maximum amount shall be used for working capital, capital expenditures, and general corporate purposes. This loan is amortized over 60 months with any unpaid balance due and payable on December 17, 2027. Commencing on January 31, 2025, and on the last Business Day of each month thereafter, the Company shall make equal principal and interest repayments.



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The interest is payable at Prime plus the applicable margin. The applicable margin means, with respect to each facility, the percentage per annum applicable to the Net Funded Debt to EBITDA ratio. As at December 31, 2024 the Applicable Margin was 1.50%.

The agreement has the following quarterly financial covenant requirements:

- A Net Funded Debt to EBITDA ratio of no more than 3.50:1.00, as at the Closing Date or as at the end of any fiscal quarter thereafter up to and including June 30, 2025; or
- A Net Funded Debt to EBITDA ratio of no more than 3.00:1.00 as at the end of fiscal quarter ending September 30, 2025 or any Fiscal Quarter thereafter; and,
- A Fixed Charge Coverage Ratio of no less than 1.15:1.00 as at the Closing Date or as at the end of any fiscal quarter thereafter

The credit facilities were 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. As at December 31, 2024, the Company is in compliance with its financial covenant requirements.

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 specific equipment being financed and terms and interest rates are decided at the time of application. As at December 31, 2024 the Company had \$390 outstanding with respect to these specific financing agreements.

As at December 31, 2024 the Company also have a letter of credit facility of \$240 (as at December 31, 2023 - \$240). The facility is unused as at December 31, 2024.

As at December 31, 2023, the Company had the following credit facilities which were repaid in 2024 and replaced with the ATB Financial facilities:

1. A \$6.1 million term loan. The term loan bore interest at 5.15% and had monthly blended principal and interest payments of \$116.
2. A \$15.0 million revolving equipment financing facility.
3. An authorized overdraft facility up to \$3.0 million, secured by the Company’s accounts receivable, up to 75%, less priority payables which were GST payable, income taxes payable, employee remittances payable and WCB payables.

The following table summarizes the Company’s credit facility maturity:

Maturity Analysis	Total
Less than one year	5,391
Two to five years	17,976
More than five years	—
<b>Total undiscounted liability as at December 31, 2024</b>	<b>23,367</b>
Less: implicit interest	(3,245)
<b>Total as at December 31, 2024</b>	<b>20,122</b>

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**9. LEASE LIABILITIES:**

The following table summarizes the Company's lease liabilities based on type:

	<b>Properties</b>	<b>Automotive</b>	<b>Equipment</b>	<b>Total</b>
<b>At December 31, 2022</b>	5,568	1,070	313	6,951
Repayments	(1,290)	(629)	(140)	(2,059)
Other adjustments	81	—	—	81
Additions	1,624	1,491	—	3,115
Disposals	—	(357)	—	(357)
<b>At December 31, 2023</b>	5,983	1,575	173	7,731
Repayments	(1,702)	(1,003)	(124)	(2,829)
Additions	1,282	2,303	—	3,585
Disposals	—	(382)	—	(382)
Effect of foreign exchange	70	29	—	99
<b>At December 31, 2024</b>	5,633	2,522	49	8,204

The following table summarizes the Company's lease maturities:

<b>Maturity Analysis</b>	<b>Total</b>
Less than one year	3,620
Two to five years	5,709
<b>Total undiscounted lease payables as at December 31, 2024</b>	<b>9,329</b>
Less: implicit interest	(1,125)
<b>Total lease liabilities as at December 31, 2024</b>	<b>8,204</b>
Current portion	3,037
Long term portion	5,167

**10. NOTE PAYABLE:**

<b>Balance, December 31, 2022</b>	<b>3,182</b>
Accretion of note payable discount	67
<b>Balance, December 31, 2023</b>	<b>3,249</b>
Accretion of note payable discount	28
Repayment of note payable	(3,450)
Loss on repayment of note payable	173
<b>Balance, December 31, 2024</b>	<b>—</b>

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The unsecured, subordinated note payable, was due to a corporation controlled by a director of the company, maturing on December 31, 2026, at its notional value of \$2.5 million and bore interest at 7% per annum, accrued daily from the issue date.

On May 27, 2024, the Company agreed to repay the entire note payable for its notional value of \$2,500 and accrued interest of \$950 for a total of \$3,450. This resulted in a loss on repayment of \$173.

**11. INCOME TAXES:**

The major components of income tax expense are as follows:

	December 31, 2024	December 31, 2023
Current income tax expense	—	—
Deferred tax recovery	—	—
Provision for income taxes	—	—

Reconciliation of effective tax rate:

	December 31, 2024	December 31, 2023
Net loss before income tax	1,629	2,652
Statutory tax rate	25.6%	25.0%
Expected tax	417	663
Non-deductible expenses and non-taxable income	517	200
Change in valuation allowance	(2,271)	—
Unrecognized benefit of tax losses	1,785	(889)
Change in enacted tax rate	481	123
Difference in deferred tax rate on temporary differences	(329)	(97)
Tax recovery	—	—

The statutory tax rate changed due to the Company's operations being in different provinces which have higher tax rates.

The Company's deferred assets and liabilities are as follows:

	December 31, 2024	December 31, 2023
Property & equipment	1,868	5,587
Right-of-use asset and lease receivables	(1,900)	(1,680)
Capital lease obligations	2,037	(1,902)
Net deferred tax asset	2,005	2,005

The following table summarizes the Company's unrecognized deductible temporary differences:

	December 31, 2024	December 31, 2023
Property & equipment	33,057	31,448
Non-capital losses	7,090	14,211
Capital losses	2,196	2,196

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As at December 31, 2024 the Company's had non-capital loss carry forwards of approximately \$7,090 (as at December 31, 2023 - \$14,211) which are available to reduce future taxable income. \$4,613 of these losses are for the Company's operations in the United States and can be carried forward indefinitely (as at December 31, 2023 - \$696). The remaining losses of \$2,477 are in Canada and these non-capital losses from Canada which begin to expire in 2037 (as at December 31, 2023 - \$13,515). Also included in the December 31, 2024 tax pools are net capital losses of \$2,196 (as at December 31, 2023 - \$2,196), which are available to reduce future capital gains in Canada and do not expire. However, these losses are unrecognized as a deferred income tax asset at December 31, 2024 and 2023, as management does not believe sufficient future net capital gains will be generated.

**12. SHARE CAPITAL:**

The Company is authorized to issue an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

Common shares issued and fully paid:	Number of shares	\$
<b>Balance, December 31, 2022</b>	<b>70,892,259</b>	<b>113,183</b>
Issued on exercise of stock options	1,316,666	355
Issued on exercise of warrants	2,000,000	486
<b>Balance, December 31, 2023</b>	<b>74,208,925</b>	<b>114,024</b>
Issued on exercise of stock options	1,091,665	392
Issued on exercise of warrants	5,361,870	3,276
Issued on vesting of RSUs	399,997	212
Share issuance, net of share issue costs	15,000,000	13,413
<b>Balance, December 31, 2024</b>	<b>96,062,457</b>	<b>131,317</b>

During the year ended December 31, 2024, 5,361,870 warrants were exercised for common shares. For the year ended December 31, 2023, 2,000,000 warrants were exercised for common shares (note 13).

On May 16, 2024, the Company completed an issuance of 5,000,000 common shares, at \$1.00 per common share, pursuant to Part 5A of National Instrument 45-106, and a concurrent private placement of 10,000,000 common shares, at \$1.00 per common share, for total gross proceeds of \$15,000. Gross proceeds, less share issuance costs, were \$13,413.

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**13. WARRANTS:**

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

Warrants issued	Number of warrants	\$
<b>Balance, December 31, 2022</b>	<b>7,361,870</b>	<b>1,368</b>
Warrants exercised	(2,000,000)	(246)
<b>Balance, December 31, 2023</b>	<b>5,361,870</b>	<b>1,122</b>
Warrants exercised	(5,361,870)	(1,122)
<b>Balance, December 31, 2024</b>	<b>—</b>	<b>—</b>

During the year ended December 31, 2024, 2,744,905 warrants with an exercise price of \$0.12 and 2,616,965 warrants with an exercise price of \$0.70 were exercised for total proceeds of \$2,154.

As at December 31, 2024, the Company does not have any warrants issued and outstanding.

**14. STOCK BASED COMPENSATION:**

**(a) Stock options**

Changes in outstanding and exercisable employee options are as follows:

	Number of options	Exercise price	Remaining contractual life in years	Weighted average exercise price
<b>Options as at December 31, 2022</b>	3,566,666	—	2.86	0.23
Options vested	—	0.22	—	—
Options exercised	(1,316,666)	0.15	—	—
Options forfeited	(125,000)	0.50	—	—
Options granted – May 29, 2023	325,000	0.58	4.41	0.58
<b>Options as at December 31, 2023</b>	<b>2,450,000</b>	<b>—</b>	<b>2.39</b>	<b>0.30</b>
Options exercised	(1,091,665)	0.21	—	—
Options forfeited	(66,667)	0.50	—	—
Options granted – May 29, 2024	2,150,000	1.25	4.40	1.25
<b>Options as at December 31, 2024</b>	<b>3,441,668</b>	<b>—</b>	<b>3.47</b>	<b>0.92</b>
<b>Options vested/ exercisable at December 31, 2024</b>	<b>924,996</b>	<b>—</b>	<b>—</b>	<b>0.30</b>

During the year ended December 31, 2024, 1,091,665 options were exercised (year ended December 31, 2023 – 1,316,666) for total proceeds of \$225 (year ended December 31, 2023 – \$200).

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The Company estimated the fair value of the 325,000 and 2,150,000 employee stock options issued in 2023 and 2024, respectively, using the Black-Scholes method of valuation. All options vest equally over three years on each of the first, second and third anniversaries of the grant date. The Black-Scholes estimate of fair value used the following assumptions:

<b>Issue date</b>	<b>May 29, 2024</b>	<b>May 29, 2023</b>
Expected annual dividend	\$0.00	\$0.00
Expected volatility	70.2%	103.3%
Risk-free interest rate	4.06%	3.91%
Expected life of options	2.98 years	3.06 years
Expected forfeiture rate	35.3%	35.4%
Grant date fair value	\$1.21	\$0.58

During the year ended December 31, 2024, \$399 of stock-based compensation related to stock options was recorded in general and administrative expenses (year ended December 31, 2023 - \$160). At December 31, 2024, the weighted average price of exercisable options was \$0.30 (as at December 31, 2023 - \$0.20).

**(b) Restricted share units**

The Company put into place a restricted share unit plan in 2023 pursuant to which the Company may grant RSUs to certain employees. The vesting of the RSUs will be determined by the Board of Directors at each grant date. The Company may settle any vested RSUs by issuing cash or shares. As at December 31, 2024, the Company intends to settle vested RSU through the issuance of shares and, accordingly, these RSUs are treated as equity settled stock based payments.

RSUs issued, outstanding and the weighted average remaining life of the RSUs at December 31, 2024 and 2023 are as follows:

	<b>Number of RSUs</b>	<b>Remaining contractual life in years</b>
<b>RSUs as at December 31, 2022</b>	—	—
RSUs granted - May 29, 2023	1,200,000	1.41
RSUs granted - August 17, 2023	100,000	1.63
<b>RSUs as at December 31, 2023</b>	1,300,000	1.43
RSUs vested & exercised	(399,997)	—
RSU forfeited	(225,000)	—
RSUs granted	2,250,000	2.48
<b>RSUs as at December 31, 2024</b>	2,925,003	2.19

The fair value of each RSU granted is based on the market price of the Company's shares on the date of the grant. The RSUs granted in 2024 vest equally over 3 years on each of the first, second and third anniversary date of the grant. For the year ended December 31, 2024, a weighted average forfeiture rate of 15% was applied (year ended December 31, 2023 - 15% weighted average forfeiture rate). For the year ended December 31, 2024, the Company recognized stock based compensation expense of \$962 related to RSUs (year ended December 31, 2023 - \$219).

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**(c) Deferred share units**

The Company put into place a deferred share unit plan in 2023 pursuant to which the Company may grant DSUs to certain directors of the Company. The vesting of the DSUs will be determined by the Board of Directors at each grant date. Once vested, the Company will settle DSUs, through the issuance of shares or payment of cash, upon the director or officer no longer being a director or officer of the Company. As at December 31, 2024, the Company intends to settle vested DSU through the issuance of shares and, accordingly, these DSUs are treated as equity settled stock based payments.

DSUs issued, outstanding and the weighted average remaining life of the DSUs at December 31, 2024 and 2023 are as follows:

	Number of RSUs	Vesting period remaining
<b>DSUs as at December 31, 2022</b>	—	—
DSUs granted – May 29, 2023	1,000,000	1.41
<b>DSUs as at December 31, 2023</b>	1,000,000	1.41
DSUs vested	—	—
<b>DSUs as at December 31, 2024</b>	1,000,000	0.60
<b>DSUs vested at December 31, 2024</b>	333,333	—

The fair value of each DSU granted is based on the market price of the Company's shares on the date of the grant. The DSUs granted on May 29, 2023 vest equally over 3 years on each of the first, second and third anniversary date of the grant. No DSUs were granted in 2024. For the year ended December 31, 2024, the Company recognized stock based compensation expense of \$205 related to DSUs (year ended December 31, 2023 - \$183).

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**15. 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:

	December 31, 2024	December 31, 2023
Net income for the period attributable to shareholders	1,629	2,682
Weighted average number of shares outstanding – basic	87,098,716	73,122,487
Earnings per share – basic	0.02	0.04
Weighted average number of shares outstanding – basic	87,098,716	73,122,487
Share option dilution	1,490,590	1,452,165
Restricted share unit dilution	2,925,003	1,300,000
Deferred share unit dilution	1,000,000	1,000,000
Warrant dilution	—	2,223,159
Weighted average number of shares outstanding – diluted	92,514,309	79,097,811
Earnings per share – diluted	0.02	0.03

The diluted weighted average reflects the dilutive effect of “in-the-money” options, restricted and deferred share units outstanding.

**16. REVENUE:**

Revenue is generated from the following sales and services:

	December 31, 2024	December 31, 2023
Security tower surveillance services	31,561	23,283
Fixed site monitoring services	715	1,208
Security personnel	716	398
Total revenues	32,992	24,889

**17. GENERAL AND ADMINISTRATIVE EXPENSES:**

General and administrative expenses are comprised of the following:

	December 31, 2024	December 31, 2023
Operations management salaries, sales & administrative salaries and office costs	10,508	6,839
Professional and consulting fees	545	277
Advertising, promotion, and investor relations	846	460
Computer and technology related expenses	249	379
Bad debt expenses	16	26
Stock based compensation	1,566	562
Total general & administrative	13,730	8,543



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**18. FINANCE COSTS:**

Finance costs are comprised of the following:

	December 31, 2024	December 31, 2023
Bank charges and interest	43	88
Interest on debt	1,425	975
Interest and accretion of discount on note payable	101	242
Interest on finance leases	380	316
<b>Total finance costs</b>	<b>1,949</b>	<b>1,621</b>

**19. CHANGES IN NON-CASH WORKING CAPITAL:**

Changes in non-cash working capital related to operating activities:

	December 31, 2024	December 31, 2023
Accounts receivable	(3,716)	582
Inventory	7	840
Prepaid expenses and deposits	(187)	(232)
Accounts payable and accrued liabilities	3,041	(34)
Accounts payable and accrued liabilities related to investing activities	851	(133)
<b>Change in non-cash working capital</b>	<b>(4)</b>	<b>1,023</b>
Change in non-cash working capital included in operating activities	(855)	1,023
Change in non-cash working capital included in financing activities	851	(133)
Supplementary information:		
Cash interest paid	2,057	1,470
Taxes recovered	—	—

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**20. RELATED PARTY TRANSACTIONS:**

**a) Key management personnel compensation:**

In addition to their salaries, the Company also provides non-cash benefits to executive officers. The Company has no retirement or post-employment benefits available to its directors and executive officers.

The remuneration of key management personnel and directors during the year ended December 31 was:

	2024	2023
Short term employment salary and benefits	3,370	1,769
Stock based compensation expense	745	421

**b) Transactions with key management personnel and directors:**

On February 2, 2016 the Company issued a vendor take back note as part of an acquisition. During 2017, the holder of the vendor take back note was elected as a director of the Company. On May 27, 2024 the Company agreed to repay the entire note payable for its notional value. As at December 31, 2024, the note payable had a carrying value of \$0 (as at December 31, 2023 - \$3,249) (note 10).

The Company had the following related party transactions for the twelve months ended December 31, 2024:

- \$365 in wages paid to close family members of an executive officer (December 31, 2023 - \$205).
- \$163 in corporate secretarial services paid to a company owned by a close family member of an executive officer (December 31, 2023 - \$128).
- \$138 in promotional products purchased from a company owned by a close family member of an executive officer (twelve months ended December 31, 2023 - \$50).
- \$10 in sports advertising purchased from a company owned by a Board Member (twelve months ended December 31, 2023 - \$nil).
- \$188 in management fees and rent received from a company controlled by a director as per the purchase and sale agreement for the sale of the Company's Rentals assets (twelve months ended December 31, 2023 - \$350) (note 21). In addition, the Company sold \$28 in services to the same company (twelve months ended December 31, 2023 - \$111).
- \$1,373 in bonus payments were received during the year from a company controlled by a director as per the purchase and sale agreement for the sale of the Company's Rentals assets (twelve months ended December 31, 2023 - \$2,159) (note 21).

These related party transactions are in the normal course of business and have been recorded at the exchange amount. At December 31, 2024 the amounts receivable from related parties was \$29 and amounts payable to related parties was \$169 (as at December 31, 2023 - \$32 receivable and \$44 payable).

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**21. OTHER INCOME:**

On June 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. In addition to the gross proceeds, the Company will receive a monthly management fee for up to 36 months after the closing date. The Company received \$129 in management fees which were netted against general and administrative costs for the year ended December 31, 2024 (year ended December 31, 2023 - \$350). 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 received \$1,373 in other income for the year ended December 31, 2024 for the Annual Bonus (year ended December 31, 2023 - \$2,159).

**22. GEOGRAPHIC INFORMATION:**

The Company has operations in two countries: (i) Canada and (ii) USA. The Company's corporate costs are located in both countries and presented separately. Information regarding results of the countries in which the Company operates is included below.

The following is a summary of the Company's results by geographic region for the year ended December 31, 2024 and 2023:

<b>Year ended December 31, 2024</b>	<b>Canada</b>	<b>USA</b>	<b>Corporate</b>	<b>Total</b>
<b>Revenues</b>	28,507	4,485	—	32,992
<b>Direct expenses</b>				
Direct operating costs	7,614	1,210	—	8,824
Depreciation of equipment	3,960	864	—	4,824
	11,574	2,074	—	13,648
<b>Gross margin</b>	16,933	2,411	—	19,344
<b>Operating expenses</b>				
General and administrative	4,340	2,346	7,044	13,730
Depreciation of other property and equipment	448	—	31	479
Depreciation of right-of-use assets	1,111	580	115	1,806
Loss on sale of equipment	755	—	—	755
Loss (gain) on disposal of right-of-use assets	166	—	(25)	141
	6,820	2,926	7,165	16,911
<b>Other (income) expenses</b>				
Finance costs	108	161	1,680	1,949
Foreign exchange (gain) loss	—	—	55	55
Loss on repayment of Note Payable	—	—	173	173
Other income	—	—	(1,373)	(1,373)
	108	161	535	804
<b>Income before taxes</b>	10,005	(676)	(7,700)	1,629

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<b>Year ended December 31, 2023</b>	<b>Canada</b>	<b>USA</b>	<b>Corporate</b>	<b>Total</b>
<b>Revenues</b>	24,863	26	—	24,889
<b>Direct expenses</b>				
Direct operating costs	9,215	48	—	9,263
Depreciation of equipment	3,240	—	—	3,240
	12,455	48	—	12,503
<b>Gross margin</b>	12,408	(22)	—	12,386
<b>Operating expenses</b>				
General and administrative	3,859	591	4,093	8,543
Depreciation of other property and equipment	330	—	44	374
Depreciation of right-of-use assets	1,022	68	159	1,249
Loss on sale of equipment	27	—	—	27
Loss (gain) on disposal of right-of-use assets	81	—	—	81
	5,319	659	4,296	10,274
<b>Other (income) expenses</b>				
Finance costs	234	14	1,373	1,621
Foreign exchange (gain) loss	—	—	(2)	(2)
Loss on repayment of Note Payable	—	—	—	—
Other income	—	—	(2,159)	(2,159)
	234	14	(788)	(540)
<b>Income before taxes</b>	6,855	(695)	(3,508)	2,652

The following is a summary of the Company's property and equipment and right of use assets by country and for its corporate assets for the years ended December 31, 2024 and 2023:

<b>As at December 31, 2024</b>	<b>Canada</b>	<b>USA</b>	<b>Corporate</b>	<b>Total</b>
Property and equipment	26,023	16,639	52	42,714
Right-of-use assets	2,221	3,393	248	5,862
<b>As at December 31, 2023</b>	<b>Canada</b>	<b>USA</b>	<b>Corporate</b>	<b>Total</b>
Property and equipment	25,350	1,722	168	27,240
Right-of-use assets	1,846	1,191	1,432	4,469

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The following table summarizes the Company’s revenue and non-current assets as at and for the year ended December 31, 2024 based on the Company’s country of domicile and foreign country in which the Company operates:

	Canada	USA	Total
Revenue	28,507	4,485	32,992
Non-current assets	31,803	20,107	51,910

**23. CAPITAL MANAGEMENT:**

The Company’s objective when managing capital is to prudently exercise financial discipline and to deliver positive returns. The Company’s capital management strategy remained unchanged during the year ended December 31, 2024.

The Company monitors capital based on the ratio of debt to Adjusted EBITDA (Adjusted EBITDA is a non-GAAP measure and defined as net income before interest, taxes, depreciation, amortization, gain or loss on disposal of property and equipment and non-cash share-based compensation plus non-recurring charges such as acquisition expenses, refinancing charges and severance payments). This ratio is calculated as debt, defined as total liabilities excluding trade payables and other accrued current liabilities incurred in the ordinary course of business, and deferred income taxes divided by Adjusted EBITDA. The Company’s strategy is to maintain the debt to EBITDA ratio and debt service coverage ratios within the parameters as set out in the Company’s current loan agreement (note 8).

The Company considers its capital structure to include shareholders’ equity, credit facilities, and working capital. In order to maintain or adjust its capital structure, the Company may from time to time, issue shares and adjust its capital spending to manage the level of its short-term borrowings, or may revise the terms of its credit facilities to support future growth initiatives.

**24. FINANCIAL INSTRUMENTS:**

**a) Fair value:**

The fair value of the Company’s financial instruments consisting of cash, accounts receivable, deposits, accounts payable, accrued liabilities, and debt approximate their carrying value as at December 31, 2024 and 2023, due to their short-term maturities, floating interest rates and that the interest rate for the note payable approximates market interest rates.

**b) Credit risk:**

Credit risk is the risk of financial loss resulting from a customer or counter party to a financial instrument failing to meet its obligation to the Company. Credit risk arises principally from the Company’s cash, accounts receivable and leases receivable.

The Company is exposed to credit risk with respect to cash and actively manages that risk with deposits at reputable financial institutions.

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The Company is exposed to credit risk with respect to accounts receivable as it has a concentration of customers involved in the construction industry. The Company's accounts receivable represent balances owing, largely, by a number of unrelated companies with no significant exposure to any individual customer. Management believes that the Company's credit risk with respect to accounts receivable is limited due to the Company's broad customer base. Historically credit losses have not been significant. As at December 31, 2024, no one customer makes up 10% or more of the Company's accounts receivable balance (As at December 31, 2023 – one customer accounted for 11%).

The Company considers accounts that have been outstanding for more than 90 days as past due. The allowance for doubtful accounts in respect of trade receivables is used to record impairment losses unless the Company is satisfied that a recovery of the amount owing is extremely remote, at which point the amounts are considered irrecoverable and are written off against the trade receivables directly. Aging of accounts receivable is as follows:

	December 31, 2024	December 31, 2023
<b>Trade receivables, gross:</b>		
Outstanding 1 - 30 days	3,832	2,014
Outstanding 30 – 60 days	2,541	1,415
Outstanding over 60 days	1,474	649
	7,847	4,078
Allowance for doubtful accounts	(50)	(50)
Trade receivables, net	7,797	4,028
Sales tax and other receivables	36	89
Accounts receivable	7,833	4,117

The movement in the allowance for doubtful accounts in respect of trade receivables during the years ended December 31, 2024 and 2023 was as follows:

	2024	2023
Balance as at January 1,	50	50
Change in allowance of trade receivables	—	—
Balance as at December 31,	50	50

Based on historical default rates, the Company believes that no additional bad debt allowance is necessary in respect of trade receivables.

The Company is also exposed to credit risk with respect to lease receivables. A significant portion of the lease receivable balance is due from one sublessor. Management believes that the Company's credit risk with respect to leases receivable is limited as the sublessor is a large company with a diversified customer base and diversified operations.

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**c) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due.

At December 31, 2024, the Company had positive working capital of \$1,302 (as at December 31, 2023 – negative working capital of \$2,165). The Company believes that future cash flows from operations will be sufficient to meet its obligations as they arise.

The following table shows the undiscounted contractual maturities of the Company’s financial liabilities and financial lease obligation as at December 31, 2024:

	1 Year	2-3 years	4-5 years	Thereafte r	Total	Carrying value
<b>Accounts payable and accrued liabilities</b>	7,134	—	—	—	7,134	7,134
<b>Current debt</b>	5,391	—	—	—	5,391	4,068
<b>Long-term debt</b>	—	17,944	32	—	17,976	16,054
<b>Finance lease liabilities</b>	3,620	4,825	884	—	9,329	8,204
<b>Total</b>	16,145	22,769	916	—	39,830	35,460

The Company is actively managing its financing and cash flow from operations to ensure adequate liquidity is available through fiscal year 2024. As at December 31, 2024, the Company was in compliance with its covenant requirements. In addition, the Company is not forecasting a breach of covenants for fiscal year 2025. This expectation could be adversely affected by a material negative change or a longer than anticipated downturn in the economy. The Company regularly prepares and updates budgets and forecasts in order to monitor its liquidity and ability to meet its financial obligations and commitments, including the ability to comply with the financial covenants. If available liquidity is not sufficient to meet the Company’s operating and debt servicing obligations as they come due, management’s plans include further expenditure reductions, asset dispositions, or pursuing other corporate strategic alternatives.

**d) Market risk**

*Interest rate risk:*

Interest rate risk is the risk that the fair value of a financial instrument or its cash flows will fluctuate as a result of changes in interest rates. As at December 31, 2024, the Company has \$19,732 floating interest rate debt. At December 31, 2024, a 1% change in interest rates on the floating rate debt would result in a \$197 change in net income before taxes (December 31, 2023 - \$131).

*Currency risk:*

Currency risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in foreign exchange rates.

The Company purchases equipment, parts and supplies from foreign suppliers that are denominated in United States dollars (“USD”). The Company also has foreign exchange exposure related to its operations in the United States which have a functional currency of the United States dollar.

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**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**  
**IN THOUSANDS OF CANADIAN DOLLARS**

At December 31, 2024 the Company had the following financial instruments denominated in foreign currencies:

	Amount as at December 31, 2024	Currency
Cash	300	USD
Accounts receivable	1,163	USD
Accounts payable and accrued liabilities	2,885	USD
Lease liabilities	2,708	USD

A 1% change in the foreign exchange rate would result in a gain or loss of \$41 on a net basis (December 31, 2023 - \$13). Management does not believe that its foreign currency risk would result in a material impact and does not employ derivative instruments to manage foreign currency risk.

*Dependence on major customers:*

The Company does not generate more than 10% of its revenue from any one customer for the year ended December 31, 2024 (for the twelve months ended December 31, 2023 – 40% from its top three customers).

**25. SUBSEQUENT EVENTS**

On February 5, 2025, and subsequent to December 31, 2024, the Company announced a \$25.3 bought deal share financing at a price of \$3.35 per share. The Company issued 7.6 million common shares at \$3.35 per share for gross proceeds for of \$25.3 million.

Subsequent to year end, the United States government announced new tariffs on imported goods from various countries. The Canadian government then announced retaliatory tariffs and other measures on goods being imported from the United States. The Company exports security towers from the United States to Canada for its Canadian Operations. The Company also imports goods into the United States from Canada, Mexico, and various European and Asian countries, to assemble its MobileyeZ security towers in the United States. While the extent of the impact cannot be quantified at this time, these measures may have an adverse effect on the Company's operations.