

ZEDCOR INC.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**FOR THE THREE MONTHS ENDED
MARCH 31, 2025 AND 2024**

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2025.



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

(Stated in thousands of Canadian dollars)		March 31, 2025	December 31, 2024
Assets			
Current assets:			
Cash	\$	20,387	\$ 5,763
Accounts receivable		8,714	7,833
Current portion of finance lease receivable		690	682
Inventory		469	468
Prepaid expenses and deposits		1,010	795
		<u>31,270</u>	<u>15,541</u>
Non-current assets:			
Finance lease receivable		931	1,108
Prepaid expenses and deposits		685	221
Property and equipment (note 3)		52,190	42,714
Right-of-use assets		6,203	5,862
Deferred tax		2,005	2,005
		<u>62,014</u>	<u>51,910</u>
Total assets	\$	93,284	\$ 67,451
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	\$	8,864	\$ 7,134
Current portion of lease liabilities		3,285	3,037
Current debt (note 6)		4,136	4,068
		<u>16,285</u>	<u>14,239</u>
Non-current liabilities:			
Lease liabilities		4,994	5,167
Long term debt (note 6)		15,204	16,054
		<u>20,198</u>	<u>21,221</u>
Total liabilities		36,483	35,460
Shareholders' equity:			
Share capital (note 7)		154,948	131,317
Contributed surplus		3,962	3,403
Accumulated other comprehensive gain		859	861
Deficit		(102,968)	(103,590)
		<u>56,801</u>	<u>31,991</u>
Total liabilities and shareholders' equity	\$	93,284	\$ 67,451

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

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

(Stated in thousands of Canadian dollars, except per share amounts)		Three months ended March 31,	
		2025	2024
Revenues (note 9)	\$	11,476	\$ 6,134
Direct expenses			
Direct operating costs		2,525	2,101
Depreciation of property & equipment (note 3)		1,655	1,122
		4,180	3,223
Gross margin		7,296	2,911
Operating expenses			
General and administrative		5,422	2,350
Depreciation of other property and equipment (note 3)		143	104
Depreciation of right-of-use assets		619	375
Loss on disposal of right-of-use assets		25	14
		6,209	2,843
Other expenses			
Finance costs (note 10)		438	536
Foreign exchange loss		27	2
		465	538
Income (loss) before income taxes		622	(470)
Income tax			
Current tax expense		—	—
Net income (loss)		622	(470)
Other comprehensive income (loss)			
Unrealized foreign currency translation (gain)		(2)	(47)
Comprehensive income (loss)	\$	624	\$ (423)
Net income (loss) per share			
Basic	\$	0.01	\$ (0.01)
Diluted	\$	0.01	\$ (0.01)
Weighted average number of shares outstanding (note 8)			
Basic		100,625,673	74,436,712
Diluted		106,717,373	74,436,712

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

					Accumulated other			
(Stated in thousands of Canadian dollars)	Share capital		Warrants	Contributed surplus	comprehensive income (loss)		Deficit	Total
Balance – December 31, 2023	\$ 114,024	\$	1,122	\$ 2,216	\$ (28)	\$ (105,219)	\$	12,115
Stock based compensation	—		—	215	—	—		215
Exercise of stock options (note 6)	137		—	(60)	—	—		77
Exercise of warrants (note 7)	204		(62)	—	—	—		142
Net loss	—		—	—	—	(470)		(470)
Foreign currency translation gain	—		—	—	47	—		47
Balance – March 31, 2024	114,365		1,060	2,371	19	(105,689)		12,126
Stock based compensation	—		—	1,351	—	—		1,351
Exercise of stock options (note 6)	467		—	(319)	—	—		148
Exercise of warrants	3,072		(1,060)	—	—	—		2,012
Shares issues, net of issue costs	13,413		—	—	—	—		13,413
Net income	—		—	—	—	2,099		2,099
Foreign currency translation loss	—		—	—	842	—		842
Balance – December 31, 2024	131,317		—	3,403	861	(103,590)		31,991
Stock based compensation	—		—	580	—	—		580
Exercise of stock options (note 6)	55		—	(21)	—	—		34
Shares issued, net of issue costs	23,576		—	—	—	—		23,576
Net income	—		—	—	—	622		622
Foreign currency translation gain	—		—	—	(2)	—		(2)
Balance – March 31, 2025	\$ 154,948	\$	—	\$ 3,962	\$ 859	\$ (102,968)	\$	56,801

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

	Three months ended March 31,	
(Stated in thousands of Canadian dollars)	2025	2024
Cash flow from (used in):		
Operating activities		
Net (loss) income	\$ 622	\$ (470)
Depreciation of property and equipment (note 3)	1,798	1,226
Depreciation of right-of-use assets	619	375
Loss on disposal of right of use asset	25	14
Foreign currency translation	(76)	47
Stock based compensation	580	215
Non-cash interest expense and other financing costs	(13)	45
Receipt of finance lease receivable	169	139
Cash flow from operating activities before changes in non-cash working capital	3,724	1,591
Changes in non-cash working capital	(2,060)	(933)
Cash flow from operating activities	1,664	658
Investing activities		
Change in non-cash working capital related to investing activities	2,229	427
Purchase of property and equipment (note 3)	(11,294)	(2,429)
Cash flow used in investing activities	(9,065)	(2,002)
Financing activities		
Proceeds from debt	274	2,507
Repayment of debt	(1,042)	(846)
Payment of finance lease liability	(817)	(571)
Proceeds from share issuance, net of costs	23,576	—
Proceeds from exercise of stock options	34	77
Proceeds from exercise of warrants	—	147
Cash flow from financing activities	22,025	1,314
Net change in cash in the period	14,624	(30)
Cash, beginning of period	5,763	1,474
Cash, end of period	\$ 20,387	\$ 1,444

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ZEDCOR INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(Unaudited)
IN THOUSANDS OF CANADIAN DOLLARS

1. CORPORATE INFORMATION

Zedcor Inc., a Canadian public corporation, is a technology enabled company that is changing how physical security services are provided to businesses. Zedcor operates throughout Canada with equipment and service centers in British Columbia, Alberta, Manitoba, and Ontario. The Company also operates equipment and services centers throughout Texas, as well as Denver, Colorado with a MobileyeZ™ assembly facility in Houston. The Company has three main service offerings to customers across all market segments: 1) surveillance and live monitoring through its proprietary MobileyeZ security towers; 2) surveillance and live monitoring of fixed site locations; and 3) security personnel.

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

2. BASIS OF PREPARATION

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 – Interim Financial Reporting. These condensed consolidated interim financial statements do not include all of the information required for full financial disclosure. The disclosures provided below are incremental to those included in the annual financial statements and certain disclosures, which are normally required to be included in the notes to annual financial statements, have been condensed or omitted. The same accounting policies and methods of computation were followed in the preparation of these interim financial statements as were followed in the preparation of the Company's annual financial statements for the year ended December 31, 2024. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the Company's consolidated financial statements and notes thereto for the year ended December 31, 2024.

These condensed consolidated interim financial statements were approved by the Board of Directors on May 21, 2025.

b) Functional and presentation currency and basis of presentation

These condensed consolidated interim financial statements are presented in Canadian dollars which is the Company's 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 Canadian Dollars and has been rounded to the nearest thousand except for share and per share amounts.

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

c) Significant accounting policies

The significant accounting policies adopted in the preparation of these condensed consolidated interim financial statements are the same as those set out in the annual audited consolidated financial statements for the year ended December 31, 2024.

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3. PROPERTY AND EQUIPMENT

Cost	Rental equipment	Automotive & other equipment	Office furniture & software	Leasehold improvements	Total
At December 31, 2023	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
At December 31, 2024	53,617	225	3,006	405	57,253
Additions	10,419	43	588	244	11,294
Disposals	—	—	—	—	—
Effect of foreign exchange	(19)	—	—	—	(19)
At March 31, 2025	64,017	268	3,594	649	68,528

Accumulated depreciation	Rental equipment	Automotive & other equipment	Office furniture & software	Leasehold improvements	Total
At December 31, 2023	9,582	50	1,179	127	10,938
Depreciation	4,755	20	479	49	5,303
Elimination on disposal	(1,702)	—	—	—	(1,702)
At December 31, 2024	12,635	70	1,658	176	14,539
Depreciation	1,640	4	144	11	1,799
Elimination on disposal	—	—	—	—	—
Effect of foreign exchange	1	—	—	—	1
At March 31, 2025	14,276	74	1,802	187	16,339

Net Book Value	Rental equipment	Automotive & other equipment	Office furniture & software	Leasehold improvements	Total
At December 31, 2024	40,982	155	1,348	229	42,714
At March 31, 2025	49,741	194	1,792	462	52,189

During the three months ended March 31, 2025 and March 31, 2024, the Company did not dispose of any property and equipment.

The Company reviews the carrying value of its long-lived assets and cash generating units at each reporting date to determine whether there is any indication of impairment. Triggers of impairment were not identified.

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4. RIGHT OF USE ASSET

Cost	Properties	Automotive	Equipment	Total
At December 31, 2023	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
At December 31, 2024	4,611	3,454	422	8,487
Additions	519	444	—	963
Disposals				
Effect of foreign exchange	(2)	(2)	—	(4)
At March 31, 2025	5,128	3,896	422	9,446

Accumulated Depreciation	Properties	Automotive	Equipment	Total
At December 31, 2023	854	749	166	1,769
Additions	1,076	698	32	1,806
Disposals	(276)	(707)	—	(983)
Effect of foreign exchange	13	20	—	33
At December 31, 2024	1,667	760	198	2,625
Additions	286	325	8	619
Disposals				
Effect of foreign exchange	—	1	—	1
At March 31, 2025	1,953	1,086	206	3,243

Net Book Value	Properties	Automotive	Equipment	Total
At December 31, 2024	2,944	2,694	224	5,862
At March 31, 2025	3,175	2,810	216	6,203

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5. LEASE LIABILITIES

	Properties	Automotive	Equipment	Total
At December 31, 2023	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
At December 31, 2024	5,633	2,522	49	8,204
Repayments	(456)	(304)	(49)	(809)
Additions	520	444	—	964
Disposals	(72)	—	—	(72)
Effect of foreign exchange	(5)	(3)	—	(8)
At March 31, 2025	5,620	2,659	—	8,279

6. CREDIT FACILITIES

	Interest rate	Final maturity	Facility maximum	Outstanding as at March 31, 2025	Outstanding as at December 31, 2024
Non-Revolving Reducing Term Loan	Prime + 1.50%	Dec 2027	20,000	18,720	19,732
Revolving Operating Loan	Prime + 1.50%	Dec 2027	10,000	—	—
Equipment Financing	Various	Various	N/A	620	390
				19,340	20,122
Current portion				(4,136)	(4,068)
Long term debt				15,204	16,054

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 March 31, 2025 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, and other standard non-financial security. As at March 31, 2025, 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 March 31, 2025 the Company had \$620 outstanding with respect to these specific financing agreements as compared to \$390 as at March 31, 2024.

As at March 31, 2025 the Company also have a letter of credit facility of \$240 (as at December 31, 2024 - \$240). The facility is unused as at March 31, 2025.

7. SHARE CAPITAL

Common shares issued and fully paid:	Number of shares	\$
Balance, December 31, 2023	74,208,925	114,024
Issued on exercise of stock options	1,091,665	392
Issued on exercise of warrants	5,361,870	3,276
Issued on vesting RSUs	399,997	212
Share issuance, net of share issue costs	15,000,000	13,413
Balance, December 31, 2024	96,062,457	131,317
Share issuance, net of share issue costs	7,555,500	23,576
Issued on exercise of stock options	191,667	55
Balance, March 31, 2025	103,809,624	154,948

ZEDCOR INC.
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8. 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:

	Three months ended March 31,	
	2025	2024
Net income (loss) for the period attributable to shareholders	622	(470)
Weighted average number of shares outstanding – basic	100,625,673	74,436,712
Net income (loss) per share – basic	0.01	(0.01)
Weighted average number of shares outstanding – basic	100,625,673	74,436,712
Share option dilution	2,291,697	—
Restricted share unit dilution	2,800,003	—
Deferred share unit dilution	1,000,000	—
Weighted average number of shares outstanding – diluted	106,717,373	74,436,712
Net income (loss) per share - diluted	0.01	(0.01)

For the three months ended March 31, 2024, the potential dilutive effects of stock-based compensation and warrant dilution were not considered because to do so would be anti-dilutive.

9. REVENUE

Revenue is generated from the following sales and services:

	Three months ended March 31,	
	2025	2024
Security tower rental and service	11,365	5,755
Fixed site monitoring and service	111	221
Security personnel	—	158
	11,476	6,134

10. FINANCE COSTS

Finance costs are comprised of the following:

	Three months ended March 31,	
	2025	2024
Bank charges and interest	19	22
Interest on debt	260	348
Interest on note payable	—	60
Interest on finance leases	159	106
	438	536

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11. GEOGRAPHICAL 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 three months ended March 31, 2025 and 2024:

Three months ended March 31, 2025	Canada	USA	Corporate	Total
Revenues	8,119	3,357	—	11,476
Direct expenses				
Direct operating costs	1,735	790	—	2,525
Depreciation of property & equipment	1,003	652	—	1,655
	2,738	1,442	—	4,180
Gross margin	5,381	1,915	—	7,296
Operating expenses				
General and administrative	1,152	1,626	2,644	5,422
Depreciation of other property and equipment	136	—	7	143
Depreciation of right-of-use assets	263	243	113	619
Loss on disposal of right-of-use assets	25	—	—	25
	1,576	1,869	2,764	6,209
Other expenses				
Finance costs	53	14	371	438
Foreign exchange loss	27	—	—	27
	80	14	371	465
Income (loss) before taxes	3,725	32	(3,135)	622

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Three months ended March 31, 2024	Canada	USA	Corporate	Total
Revenues	5,801	333	—	6,134
Direct expenses				
Direct operating costs	2,011	90	—	2,101
Depreciation of property & equipment	947	175	—	1,122
	2,958	265	—	3,223
Gross margin	2,843	68	—	2,911
Operating expenses				
General and administrative	1,046	127	1,177	2,350
Depreciation of other property and equipment	96	—	8	104
Depreciation of right-of-use assets	275	41	59	375
Loss on disposal of right-of-use assets	14	—	—	14
	1,431	168	1,244	2,843
Other expenses				
Finance costs	136	—	400	536
Foreign exchange loss	2	—	—	2
	138	—	400	538
Income (loss) before taxes	1,274	(100)	(1,644)	(470)

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 period ended March 31, 2025 and 2024:

As at March 31, 2025	Canada	USA	Corporate	Total
Property and equipment	25,408	24,267	2,515	52,190
Right-of-use assets	2,088	2,944	1,171	6,203

As at March 31, 2024	Canada	USA	Corporate	Total
Property and equipment	25,082	1,509	1,888	28,479
Right-of-use assets	2,733	331	1,122	4,186

12. DEPENDENCE ON MAJOR CUSTOMER

The Company generates approximately 12% of its revenues from its top customer (three months ended March 31, 2025 – no customer over 10% of revenues). No other customer accounts for more than 10% of revenues. There can be no assurance that the current customer will continue their relationships with the Company. The loss of the Company's major customer, or any significant decrease in services provided to a customer, prices paid or any other changes to the terms of service with customers, could have a material adverse effect on the financial results, cash flows, and the overall financial condition of the Company.