

**FORM 51-102F3
MATERIAL CHANGE REPORT
UNDER NATIONAL INSTRUMENT 51-102**

1. Name and Address of Company

Zedcor Inc. (“**Zedcor**” or the “**Company**”)
Suite 300 – 151 Canada Olympic Road S.W.
Calgary, Alberta T3B 6B7

2. Date of Material Change

October 18, 2021

3. News Release

A news release relating to the material change described herein was released on October 18, 2021 through the facilities of Newsfile Corp.

4. Summary of Material Change

On October 18, 2021, the Company entered into a financing agreement (the “**Agreement**”) with an Alberta based credit union providing for credit facilities (“**Credit Facilities**”) consisting of a \$6.1 million term loan, a \$3.0 million revolving equipment financing facility and an authorized overdraft facility of up to \$3.0 million.

5. Full Description of Material Change

5.1 Full Description of Material Change

The Company entered into the Agreement with an Alberta based credit union on October 18, 2021, consisting of:

- A \$6.1 million term loan that is fully committed for five years. The term loan bears interest at 5.15% per year and will have monthly blended principal and interest payments of \$115,534. \$4.4 million of the proceeds of the term loan was used to repay the Company’s outstanding term loan which matures on January 1, 2023. The remaining amount was used to repay indebtedness that was obtained to finance growth of the Company’s security business and MobileyeZ security tower fleet.
- A \$3.0 million revolving equipment financing facility which will be used to fund the Company’s 2022 capital program. Zedcor is able to draw on this facility at any time for up to 75% of new equipment purchases. The equipment financing draws bear interest at Prime + 2.0% per year and each draw will be amortized over five years with blended principal and interest payments.
- An authorized overdraft facility up to \$3.0 million, secured by the Company’s accounts receivable, up to 75%, less priority payables. The overdraft facility is due on demand and any outstanding overdraft bears interest at Prime + 1.5% per year.

The Credit Facilities are secured with a first charge over the Company's current and after acquired equipment, a general security agreement, a subordination and postponement agreement with a director of the Company with respect to a note payable and other standard non-financial security.

The Agreement has the following annual financial covenant requirements:

- For the fiscal year end December 31, 2021, a modified debt servicing covenant of 1.25 to 1.00. The modification relates to the amount of debt payments for 2021 being assumed as \$2.2 million.
- For fiscal year ends December 31, 2022 and onwards, a debt servicing covenant of 1.25 to 1.00 and a funded debt to EBITDA covenant of 3.00 to 1.00.

5.2 Disclosure for Restructuring Transactions

Not applicable.

6. Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

7. Omitted Information

None.

8. Executive Officer

The following executive officer of the Company is knowledgeable about the material change disclosed in this report and may be contacted as follows:

Amin Ladha
Chief Financial Officer
P: 403-930-5430
E: aladha@zedcor.ca

9. Date of Report

October 23, 2021