ZEDCOR INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

**FOR THE THREE AND TWELVE MONTHS ENDED
DECEMBER 31, 2024 AND 2023**

Dated April 9, 2024

ZEDCOR INC.
Management's Discussion and Analysis
For the three and twelve months ended December 31, 2024
IN THOUSANDS OF CANADIAN DOLLARS

The following management's discussion and analysis ("MD&A") provides an overview of the events and transactions that have affected the performance of Zedcor Inc. (the "Company" or "our" or "we") for the three and twelve months ended December 31, 2024 when compared to the three and twelve months ended December 31, 2023. The MD&A should be read in conjunction with the audited consolidated financial statements and accompanying notes thereto of Zedcor Inc. for the years ended December 31, 2024 and 2023. These consolidated financial statements are available on the Company's website at www.zedcor.com as well as on SEDAR+ at www.sedarplus.ca.

This MD&A is management's assessment of the Company's operations and financial results, as well as management's view of future prospects. These assessments and views are based on certain assumptions related to future events which are uncertain. Statements related to assessments and views which are not statements of historical fact are considered to be forward-looking statements. For a discussion on the risks and uncertainties related to such information please refer to "Forward-Looking Statements" at the end of this MD&A.

This MD&A has been prepared by management and reviewed and approved by the Board of Directors of Zedcor Inc. as of April 9, 2025.

OVERVIEW AND CORPORATE PROFILE

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

The Company operates a fleet of proprietary MobileyeZ™ security towers, equipped with high resolution, technology-based cameras, and monitors numerous fixed site locations for customers across various industries. Video from security towers and fixed site locations is streamed to the Company's central monitoring station where video alarms are live verified and responded to based on customer requirements. Zedcor also offers high level security guard services to enterprise level customers who are interested in supplementing video-based security for valuable, high risk, or mission critical operational assets.

EXECUTIVE SUMMARY:

Selected Financial Highlights

	Three months ended December 31		Twelve months ended December 31	
(in $000s, except per share amounts)	2024	2023	2024	2023
Revenue	10,334	5,799	32,992	24,889
EBITDA[1]	2,934	1,046	10,687	9,136
Adjusted EBITDA[1,2]	4,002	1,401	12,004	7,645
Adjusted EBIT[1,2]	884	(391)	2,378	2,114
Net income (loss) before income taxes	380	(860)	1,629	2,652
Net income (loss) per share				
Basic	0.01	(0.00)	0.02	0.04
Diluted	0.01	(0.01)	0.02	0.03

[1] *See Financial Measures Reconciliations below*

Zedcor recorded $10,334 and $32,992 of revenue for the three and twelve months ended December 31, 2024. This compares to $5,799 and $24,889 of revenue from the three and twelve months ended December 31, 2023. The revenue growth of 33% for the year is the result of a larger fleet of security towers located throughout the Company's six service centers in Canada. In addition, the Company has expanded its operations in the United States with locations in Texas and Colorado.

Adjusted EBITDA was $4,002 and $12,004 for the three and twelve months ended December 31, 2024, compared to $1,401 and $7,645 for the three and twelve months ended December 31, 2023. This represented a growth of 57% for the twelve months ended December 31, 2024. The growth was driven by higher revenue, strong operating expense cost controls and realized efficiencies as a result of the Company's upgraded cameras with AI at the edge.

The Company's security and surveillance services saw increased revenues and EBITDA for the twelve months ended December 31, 2024 compared to 2023 due largely to increased customer demand of its larger fleet of MobileyeZ security towers and a diversified customer base. In addition, the Company had a full year of operations within the United States which resulted in increased revenues of $2,133 and $4,459 for the three and twelve months ended December 31, 2024.

Zedcor exited the period with 1,337 MobileyeZ™ security towers which was an increase of 512 when compared to December 31, 2023. Of the 1,337 units, more than 360, or more than 25%, security towers are located in the Company's US based service centers. In addition, the company manufactured and deployed more than 50 ZBox wall mounted security units in Canada during the year ended December 31, 2024.

Financial and operational highlights for the three and twelve months ended December 31, 2024 include:

- For the twelve months ended December 31, 2024 net income before tax was $1.6 million compared to net income before tax of $2.6 million for the twelve months ended December 31, 2023. The decrease in net income year over year is directly attributable to: 1) an increase in corporate-related costs and higher finance charges; 2) an increase in general & administrative costs to support the continued expansion throughout Canada and the United States; and 3) lower bonus amount related to the Company's sale of its oilfield equipment rental business from 2021. Zedcor still remained profitable during 2024 due to: 1) a larger fleet of towers and strong customer demand which drove utilization and, in turn, revenues; and 2) cost controls and efficiencies generated from our AI camera implementations which related in lower operating expenses year over year despite a large fleet of towers and US operations.
- Diversification away from the Company's core pipeline construction customers. As the Company increases its fleet of MobileyeZ™ and expands geographically, our risk related to customer concentration has decreased. Zedcor's services are customer and industry agonistic and we continued to see that in the first twelve months of 2024 as we were able to diversify our customers across the construction industry, into retail security and across other business segments. In addition, of our $10.3 million of revenue for the three months ended December 31, 2024, more than 85% of it is reoccurring and 21% of it was generated from the US.
- The Company attract numerous new customers across Canada. For the 3 months ended December 31, 2024, the Company provided services to more than 50 new customers. For the 12 months ended December 31, 2024, the Company added over 190 new customers.
- On track US expansion. Zedcor exited the year with over 350 MobileyeZ™ located in the US, expanded the base of operations with the ability to service customers across Texas, and opened an equipment and servicing center in Denver, Colorado. For the year ended December 31, 2024, the Company generated $4,.5 million of revenues in the US. This number is expected to expand as the Company intends to build out its footprint in the US and increase customers its customer base.
- Continued development and expansion of manufacturing capabilities. Zedcor has manufactured over 420 of its Solar MobileyeZ™ Security Towers and has ramped up production capacity out of its Houston, Texas facility with the ability to meet customer demand in North America. The Company is actively managing its component suppliers and supply chains, while finding efficiencies in order to streamline manufacturing. Subsequent to the end of the year, the Company increased its capacity to manufacture 25 units weekly.
- Growth in the retail security segment with an expanded rental and service agreement to provide MobileyeZ™ security towers at over 20 sites for a leading North American home improvement retailer. This represented an additional ten store locations and thirteen locations across Canada for the customer's capital initiatives program, including new store builds or major renovations, bringing the total MobileyeZ™ coverage for the customer in Canada to over 20 stores and two distribution centers.
- Investment in expansion of enterprise-level sales and obtaining enterprise-level customers.
- Payment of $3.5 million to retire the balance of a promissory note issued in February 2016 and exercise of all outstanding warrants on the Company's balance sheet. This resulted in a streamlined capital structure for the Company.
- Completion of a $15.0 million equity financing in 2024 and $30.0 million debt financing in December 2024 to help expedite our long-term strategy.
- Completion of a $15.0 million equity refinancing and $30.0 million debt financing to help expedite our long-term strategy.

SELECTED QUARTERLY FINANCIAL INFORMATION

(Unaudited – in $000s)	Dec 31 2024	Sept 30 2024	June 30 2024	Mar 31 2024	Dec 31 2023	Sept 30 2023	Jun 30 2023	Mar 31 2023
Revenue	10,334	9,152	7,372	6,134	5,799	6,431	6,216	6,443
Net income (loss)	380	310	1,409	(470)	(860)	288	2,472	752
Adjusted EBITDA[1]	4,002	3,409	2,695	1,898	1,401	2,285	1,824	2,135
Adjusted EBITDA per share - basic[1]	0.04	0.04	0.03	0.03	0.02	0.03	0.02	0.03
Net income (loss) per share								
Basic	0.01	0.00	0.02	(0.01)	(0.00)	0.00	0.03	0.01
Diluted	0.01	0.00	0.02	(0.01)	(0.01)	0.00	0.03	0.01
Adjusted free cash flow[1]	3,305	3,342	1,016	458	482	4,664	968	978

[1] *See Financial Measures Reconciliations below*

OPERATING SEGMENT REVIEW

The Company structured its operations in one operating and reportable segment, Security & Surveillance, based on the way that management organizes the Company's business for making operating decisions and assessing performance.

Security & Surveillance Segment

The S&S segment provides technology-based security solutions and operates a fleet of security towers equipped with high resolution security cameras and disturbance sensors. A central command center provides 24/7 Live, Verified Video Monitoring™ to support the fleet of towers and remote monitoring for fixed camera installations. In addition, the segment offers on-site security personnel to customers across all market segments.

SECURITY & SURVEILLANCE RESULTS

	Three months ended December 31			Twelve months ended December 31		
(in $000s)	2024	2023	% change	2024	2023	% change
Security & surveillance service revenue	10,049	5,598	80%	31,724	23,014	38%
Security personnel, camera sales and other service revenue	285	201	42%	1,268	1,875	(32%)
Total revenue	10,334	5,799	78%	32,992	24,889	33%
Security & surveillance service operating costs	2,053	1,915	7%	7,975	7,948	0%
Security personnel, camera sales and other service operating costs	198	142	39%	849	1,315	(35%)
Total operating costs	2,251	2,057	9%	8,824	9,263	(5%)
Depreciation of operating assets*	1,280	940	36%	4,824	3,240	49%
Gross Margin	6,803	2,802	143%	19,344	12,386	56%
Security & surveillance service margin %	67%	49%		60%	51%	
Security personnel, camera sales and other service margin	26%	29%		26%	30%	

** Depreciation excludes gain/loss on disposal of assets in segment results.*

Security & Surveillance Service Revenue

Q4 2024 vs Q4 2023

S&S segment revenue is driven by utilization and service of its security tower fleet, service revenue related to security personnel and camera installations and remote monitoring of fixed site locations. For the three months ended December 31, 2024, revenue increased by 80% compared to the three months ended December 31, 2023. Revenue for the quarter increased as a result of the strategic decision to continue expanding across North America, grow the sales team, and pursue customer diversification. These factors yielded results and the Company continued to see growth in revenue subsequent to Q4 2023, during which the Company's two largest customers completed their pipeline construction projects.

Overall, customer demand remains strong and was driven by:

a. a need for better physical security services;
b. operational cost savings for customers;
c. Macro-economic factors such as labour shortages; and
d. increased spending on infrastructure.

These factors allowed Zedcor to expand its fleet of MobileyeZ™, expand its geographical footprint and diversify its customer base across Canada and into the US.

Security Personnel, Camera Sales and Other Service Revenue

Q4 2024 vs Q4 2023

Revenue for the three-month period ended December 31, 2024 was $285 compared to $201 for the three month period ended December 31, 2023. These are ancillary services on which the Company is placing less emphasis on to better service the growth of the main service offerings of MobileyeZ™ tower monitoring. Revenue will fluctuate from quarter to quarter based on the types of projects and amount of fixed installations that can be completed.

Operating Margins

Q4 2024 vs Q4 2023

Security & surveillance service margin increased by 18% for the three months ended December 31, 2024 when compared to the three months ended December 31, 2023. This increase in margin was due to 1) cost controls; 2) realized efficiencies from a maintenance recall program launched on the MobileyeZ™; and 3) proactively managing its supply chain when possible. These were offset by strategic investments pertaining to the expansion within the United States, as well as an increase in compensation related costs. The investments in artificial intelligence technology for its cameras has reduced monitoring costs, decreased false alarms, and reduced streaming costs as the cameras are upgraded throughout the fleet.

Security personnel, camera sales and other services margin percentage will fluctuate depending on sales mix. For the three months ended December 31, 2024, the Company completed fewer camera installations but had more security guard work which is lower margin.

GEOGRAPHIC REVIEW

The Company primarily manages its operations geographically with two countries, Canada and the United States. The Company had originally operated in Canada and currently has locations in British Columbia, Alberta, Manitoba, and Ontario. In Q3 of 2023, the Company leased a manufacturing and office space facility and hired its first employee in Houston, Texas. In 2024, the Company expanded its original manufacturing capacity and leased a new head office while growing its customer base throughout Texas and into Colorado. Corporate costs are presented separately as they relate to the management of both regions.

Canada

The Canada region operates a fleet of security towers equipped with high resolution security cameras and sensors. A central command center located in Calgary, AB provides 24/7 Live, Verified Video Monitoring™ to support the fleet of towers throughout Canada and the US, and remote monitoring for fixed camera installations. In addition, Canada offers on-site security personnel to customers across all market segments.

CANADA RESULTS

	Three months ended December 31			Twelve months ended December 31		
(in $000s)	2024	2023	% change	2024	2023	% change
Revenue	8,175	5,733	43%	28,507	24,863	15%
Direct operating expenses	1,283	2,010	(36%)	7,614	9,215	(17%)
Depreciation of equipment	1,058	941	12%	3,960	3,240	22%
	2,341	2,951	(21%)	11,574	12,455	(7%)
Gross margin	5,834	2,782	110%	16,933	12,408	36%
Operating expenses						
General & administrative	1,264	523	142%	4,340	3,859	12%
Depreciation of other property and equipment	130	96	35%	448	330	36%
Depreciation of right-of-use assets	288	237	22%	1,111	1,022	9%
Loss on sale of equipment	754	102	639%	755	27	2,696%
Loss on disposal of right-of-use asset	111	70	59%	166	81	105%
	2,547	1,028	148%	6,820	5,319	28%
Other (income) expenses						
Finance costs	3	32	(91%)	108	234	(54%)
Foreign exchange (gain) loss	(35)	8	(538%)	—	—	—
Loss on repayment of note payable	—	—	—	—	—	—
Other income	—	—	—	—	—	—
	(32)	40	(180%)	108	234	(54%)
Income before income taxes	3,319	1,714	94%	10,005	6,855	46%

Revenue - Canada

Q4 2024 vs Q4 2023

Revenue for the three month period ended December 31, 2024 was $8,175 as compared to $5,733 for the three month period ended December 31, 2023. Revenue for the quarter increased 43% as a result of the strategic decisions to continue expanding across Canada, grow the sales team, and pursue customer diversification. These factors yielded results. In addition, Q4 2023 revenues were unusually low as the Company's two largest customers completed their pipeline construction projects and this reduced utilization levels to historical lows.

Operating Margin - Canada

Q4 2024 vs Q4 2023

Gross margin increased to 71% in the three month period ended December 31, 2024 as compared to 49% from the period ended December 31, 2023. This increase in gross margin is due to 1) cost controls; 2) higher utilization rates; and 3) realized efficiencies from its camera upgrades. Net income before taxes for the three month period ended December 31, 2024 was $3,319 as compared to $1,714 for the three month period ended December 31, 2023. Investments in artificial intelligence technology resulted in a reduction of monitoring costs, decreased false alarms, and a reduction in streaming costs as the cameras were upgraded throughout the fleet.

United States

In Q3 2023, the Company established operations in the United States with a combined head office and manufacturing facility located in Houston, Texas. In 2024, the Company signed an additional lease to expand the manufacturing capacity as well as a new lease for a new head office for the planned increase in operations and headcount. Similar to Canada, the United States region operates a fleet of security towers equipped with high resolution security cameras and sensors. The Company plans to execute on its strategy of opening branch locations throughout the United States. As at December 31, 2024 the Company had branch locations throughout Texas and Denver, Colorado.

UNITED STATES RESULTS

	Three months ended December 31			Twelve months ended December 31		
(in $000s)	2024	2023	% change	2024	2023	% change
Revenue	2,159	26	8,204%	4,485	26	17,150%
Direct operating expenses	968	48	1,917%	1,210	48	2,421%
Depreciation of equipment	222	—	N/A	864	—	N/A
	1,190	48	2,379%	2,074	48	4,221%
Gross margin	969	(22)	4,505%	2,411	(22)	11,059%
Operating expenses						
General & administrative	1,172	591	98%	2,346	591	297%
Depreciation of other property and equipment	—	—	—	—	—	—
Depreciation of right-of-use assets	300	68	341%	580	68	753%
Loss on sale of equipment	—	—	—	—	—	—
Loss on disposal of right-of-use asset	—	—	—	—	—	—
	1,472	659	123%	2,926	659	344%
Other (income) expenses						
Finance costs	153	14	993%	161	14	1,050%
Foreign exchange (gain) loss	—	—	—	—	—	—
Loss on repayment of note payable	—	—	—	—	—	—
Other income	—	—	—	—	—	—
	153	14	993%	161	14	1050%
Income before income taxes	(656)	(695)	6%	(676)	(695)	3%

Revenue - United States

Q4 2024 vs Q4 2023

Revenue for the three month period ended December 31, 2024 was $2,159 as compared to $26 for the three month period ended December 31, 2023. Revenues for 2024 reflect a full year of sales in the United States from newly establish customers.

Operating Margin - United States

Q4 2024 vs Q4 2023

Gross margin percent was 45% in the three month period ended December 31, 2024. This compared to (85%) in the three month period ended December 31, 2023 as the Company was establishing its initial operations in the US. In 2024, the Company made strategic investments in manufacturing as well as general & administrative costs to support the expanding operations within the US. The Company anticipates continued growth in 2025 by expanding its sales force across the country with new locations across the southern United States.

OTHER EXPENSES

(in $000s)	Three months ended December 31 2024	2023	% change	Twelve months ended December 31 2024	2023	% change
General and administrative	4,612	2,521	83%	13,730	8,543	61%
Depreciation of administrative assets	136	107	27%	479	374	28%
Depreciation of right-of-use assets	634	389	63%	1,806	1,249	45%
Finance costs	504	469	7%	1,949	1,621	20%

For the three months ended December 31, 2024:

- Total general and administrative expenses increased 83% as compared to the same quarter in 2023. This increase to general and administrative costs of $2,091 was due to headcount increases in sales, operations management staff, administrative staff, year-end staff and management bonuses, and costs associated with the expansion into the US market. $1,172 of the G&A costs for the three months ended December 31, 2024 are related to US expansion.
- Depreciation of right-of-use assets increased by 63%, due to a larger vehicle fleet as a result of headcount increases, increased number of equipment branches across Canada, and the addition of a new head office and expanded manufacturing square footage in Houston, Texas.
- Finance costs increased by 7% as a result of higher total debt driven by the expansion of the MobileyeZ™ fleet and increased interest rates.

OUTLOOK

Zedcor continues to execute its long-term strategy of growing its technology enabled security services across North America. Zedcor continues to effectively use a mix of cash flow and debt to build additional MobileyeZ™ security towers to provide surveillance services to our expanding customer base. The Company has grown its salesforce across Canada in order to obtain contracts for its MobileyeZ™ and continue to expand its service offering to different industries. The Company also expanded its service offering throughout Texas and is excited about the early results we are seeing for expansion to other regions in the United States. As at December 31, 2024 the US total fleet was 367 with a utilization rate over 90%. This compares to Canada with a fleet of 970.

Priorities that the Company intends to focus on for the remainder for 2025 include:

1) Expanding operations in the United States and continuing to grow revenue in Canada. Due to significant spending on infrastructure in North America, along with increased theft and vandalism, the Company is seeing strong demand for its products in both countries. Zedcor's innovative products, coupled with the Company's commitment to customer service, are perfectly situated to disrupt the traditional security market.
2) With the strong demand that Zedcor is seeing for its security towers, the Company continues to take further control of its supply chain and remove bottlenecks for its security towers by manufacturing and assembling more of the components of its towers in house. This will allow us to actively manage demand and, over time, reduce our capital costs.
3) Building new, innovative products based on customer demand. As the Company has obtained customers in different industry verticals, it has seen an increasing number of use cases for its security solutions coupled with Zedcor's 24/7 Live, Verified™ video monitoring. This includes a need for additional AI based technology that is actively monitored as well as a mobile security product with a smaller footprint.

4) The Company intends to focus on creating customer and shareholder value and realizing positive earnings per share. By effectively managing its growth, executing on the above-noted strategies and increasing its capital markets presence, Zedcor expects to continue to generate positive earnings per share and to, grow investor interest in the Company.

SUBSEQUENT EVENTS

On February 5, 2025, the Company announced a $25.3 million bought deal share financing at a price of $3.35 per share. The Company issued 7.56 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 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 a modest effect on the Company's operations.

LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Cash

The following table shows a summary of the Company's cash flows by source or (use) for the twelve months ended December 31, 2024 and 2023:

	Twelve months ended December 31			
(in $000s)	**2024**	**2023**	**$ Change**	**% Change**
Cash flow from operating activities	11,020	9,886	1,134	11%
Cash flow used in investing activities	(20,533)	(13,451)	(7,082)	(53%)
Cash flow from financing activities	13,802	4,468	9,334	209%

The following table presents a summary of working capital information:

	Twelve months ended December 31			
(in $000s)	**2024**	**2023**	**$ Change**	**% Change**
Current assets	15,541	7,286	8,255	113%
Current liabilities *	14,239	9,451	4,788	51%
Working capital	1,302	(2,165)	3,467	160%

**Includes $4.1 million of debt and $3.0 million of lease liabilities in 2024 and $3.8 million of debt and $2.4 million of lease liabilities in 2023*

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

Principal Credit Facility

(in $000s)	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.

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.

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.

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%).

IN THOUSANDS OF CANADIAN DOLLARS

COMMITMENTS AND OBLIGATIONS

The following table shows the undiscounted contractual maturities of the Company's financial liabilities and finance and operating lease obligations as at December 31, 2024:

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

OUTSTANDING SECURITIES

At April 9, 2025, the Company had the following securities outstanding:

- 103,809,624 common shares issued and outstanding;
- 3,800,003 restricted share units and deferred share units; and
- 3,250,001 options are outstanding with exercise prices ranging from $0.15 per share to $1.25 per share.

RELATED PARTY TRANSACTIONS

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).

OFF BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

ACCOUNTING POLICIES

The Company's accounting policies are set out in Note 3 of the Annual Consolidated Financial Statements.

Critical Accounting Estimates and Significant Management Judgments

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, plant and equipment, right of use assets, and intangible assets in the future. As it pertains to property, plant and equipment, effective October 1, 2022, the Company revised its estimates of useful life and residual value of its security tower assets.

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-units ("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 possible 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, 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.

Impairment of property and equipment

The Company is required to make a judgment regarding the need for impairment testing at each reporting date by evaluating conditions specific to the organization that may lead to the impairment of assets. The Company's assets are segregated into CGUs based on their ability to generate largely independent cashflows and used for impairment testing. The determination of the Company's CGUs are subject to Management's judgment. In addition, the going concern assessment and the related disclosures of liquidity was a matter of significant judgment.

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.

Share-based payments

The compensation costs relating to share-based payment arrangements are based on estimates of how many common shares will actually vest and be exercised.

Risk Factors

The following information is a summary only of certain risk factors relating to the Company and should be read in conjunction with the detailed information appearing elsewhere in this MD&A. Prospective investors should carefully consider the risk factors set out below and consider all other information contained in this MD&A and in the Company's other public filings before making an investment decision. The risks set out below are not an exhaustive list, nor should be taken as a complete summary or description of all the risks associated with the Company's business and the security and technology business generally.

Competition entering the marketplaces in which Zedcor Operates

Competition in the security and surveillance rental industry is intense and growing. Zedcor competes with national and international companies that may have substantially greater personnel and financial resources, as well as better name recognition and larger customer bases. Also, given the potential size of the market, it is foreseeable that new competition with greater resources may enter the marketplace on an on-going basis.

Economic and Political Conditions

Changes in economic conditions, including, without limitation, recessionary or inflationary trends, commodity prices, equity market levels or strength, consumer credit availability, interest rates, consumers' disposable income and spending levels, job security and unemployment, and overall consumer confidence could have a material adverse effect on Zedcor's business, financial condition, results of operations or cash flows. In addition, economic and business conditions in Zedcor's markets may be affected by disruptions in the financial markets caused by political or other events and such effects may adversely impact Zedcor's business, financial condition, and results of operations or cash flows.

Dependence on Major Customers

The loss of one or more major customers, 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 Zedcor.

Dependence on Local Law Enforcement

If there is a decline or shortfall in government funding to local law enforcement agencies in the jurisdictions in which Zedcor operates, then the response time of local law enforcement in the event of a security incident could be delayed. Any such delays could impact the efficacy of the Company's product offering, and therefore could have a negative impact on the Company's business, sales and margin performance, net income and cash flows, or on the trading price of the Common Shares. In addition, the level of government funding to local law enforcement agencies is outside of the Company's control.

Impact of Economic Cycle

A portion of the Company's customers consist of companies operating primarily in the construction, oil and gas transportation, and energy industries which are all affected by trends in the general economic conditions within their respective markets. Changes in interest rates, commodity prices, exchange rates, availability of capital, general economic prospects and adverse weather conditions may all impact their businesses or may affect the levels of consumer, corporate and government spending which may also affect their businesses. The Company's business and financial performance may be affected by the impact of such business cycle factors on its customer base.

Successfully Managing its Growth

Zedcor's growth strategy will continue to place significant demands on its financial, operational and management resources. In order to continue its growth, Zedcor may need to add administrative, management and other personnel, and make additional investments in operations and systems. Zedcor cannot provide assurance that it will be able to find and train qualified personnel, or do so on a timely basis, or expand its operations and systems.

Decreases in Government and/or Customer Spending on Construction and Infrastructure Projects

A portion of Zedcor's revenue and growth prospects is derived from the construction industry and large constructions projects. If there is a decline in government spending on infrastructure projects or a decline in construction activity in Canada or the United States, there could be a negative impact on the Company's business, sales and margin performance, net income and cash flows, or on the trading price of the common shares.

Dependence on Short Term Rental Contracts

The business operations of Zedcor depend on successful execution of performance based contracts. The key factors which determine whether a client continues to use Zedcor are product quality and reliability, customer service quality and availability, technical knowledge and experience, safety and competitive pricing. There can be no assurance that Zedcor's relationships with its customers will continue.

Reliance upon Management

Executive management and other key personnel are essential to Zedcor's business. The loss of the services of any of these persons could have an adverse effect on the business. Zedcor's ability to develop its products and deliver services could be harmed if it is not able to recruit and retain qualified personnel. In order to address this risk, the Company is proactive in its human resource management and works to provide an attractive workplace environment for all employees.

Dependence on Broad Market Acceptance

The Company's ability to generate significant revenue and profits will depend on market acceptance of Zedcor's product offering. The market acceptance of any product depends on a number of factors, including but not limited to awareness of a product's availability and benefits, the pricing and cost-effectiveness of the product relative to competing products, general competition, and the effectiveness of marketing and distribution efforts. Any factors preventing or limiting the market acceptance of the Company's technology could have a material adverse effect on our business, results of operations and financial condition.

Technology Risk

Zedcor's ability to meet customer demands in respect of performance and cost will depend upon continuous improvements in services, and there can be no assurance that Zedcor will be successful in this regard or that Zedcor will have resources available to meet this continuing demand. Failure to meet this demand could have a material adverse effect on Zedcor's business, financial condition, results of operations and cash flows. No assurances can be given that Zedcor's competitors will not achieve technological advantages.

Information Technology Systems and Cyber-Security

The Company relies heavily on information technology, such as computer hardware and software systems, in order to properly operate its business. In the event the Company is unable to regularly deploy software and hardware, effectively upgrade systems and network infrastructure, and take other steps to maintain or improve the efficiency and efficacy of systems, the operation of such systems could be interrupted or result in the loss, corruption, or release of data, compromise confidential customer or employee information, result in the disruption of business, theft or extortion of funds, regulatory infractions, loss of competitive advantage or reputational damage. In addition, information systems could be damaged or interrupted by natural disasters, force majeure events, telecommunications failures, power loss, acts of war or terrorism, computer viruses, malicious code, physical or electronic security breaches, intentional or inadvertent user misuse or error, or similar events or disruptions. Any of these or other events could cause interruptions, delays, loss of critical and/or sensitive data or similar effects, which could have a material adverse impact on the protection of intellectual property, and confidential and proprietary information, and on the Company's business, financial condition, results of operations and cash flows.

In the ordinary course of business, the Company collects, uses and stores sensitive data, including intellectual property, proprietary business information and personal information of the Company's employees and third parties. Despite the Company's security measures, its information systems, technology and infrastructure may be vulnerable to attacks by hackers and/or cyberterrorists or breaches due to employee error, malfeasance or other disruptions. Any such breach could compromise information used or stored on the Company's systems and/or networks and, as a result, the information could be accessed, publicly disclosed, lost or stolen.

To date the Company has not experienced any material losses relating to cyber-attacks or other information security breaches. However, there can be no assurance that the Company will not incur such losses in the future. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties or other negative consequences, including disruption to the Company's operations and damage to its reputation, which could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows. Although the Company maintains a risk management program, which includes an insurance component that may provide coverage for the operational impacts from an attack to, or breach of, Zedcor's information technology and infrastructure, including process control systems, the Company does not maintain stand-alone cyber insurance. Furthermore, not all cyber risks are insurable. As a result, Zedcor's existing insurance may not provide adequate coverage for losses stemming from a cyber-attack to, or breach of, its information technology and infrastructure.

Potential Replacement of or Reduced Use of Products and Services

Certain security equipment of the Company may become obsolete or experience a decrease in demand through the introduction of competing products or new technologies that are lower in cost, exhibit enhanced performance characteristics or are determined by the market to be more preferable for a variety of reasons. The changes could have a material adverse effect on the Company's business, financial condition, results or operations and cash flows. Although the Company makes reasonable efforts to keep current with the changing market for security and surveillance services and technological and regulatory changes, there can be no assurance that the Company will be able to identify all changes to competing products and technology.

Failure of suppliers to deliver equipment in a timely and efficient manner could be detrimental to Zedcor's ability to keep customers and to expand. No assurances can be given that the Company will be successful in maintaining its required supply of equipment.

Inflation

Increased inflation could reduce the Company's purchasing power and result in negative impacts on the ability to obtain goods and services required for the operation of its business, or to pass on rising costs to its customers. To the extent that the Company is unable to offset such cost inflation through higher prices of its offerings or other cost savings, there could be a negative impact on the Company's business, sales and margin performance, net income and cash flows, or on the trading price of the common shares.

Dependence on Suppliers and Timing of Completion of Rental Units to be Deployed to the Company's Customers

Failure of suppliers to deliver equipment or services in a timely and efficient manner could be detrimental to Zedcor's ability to keep customers and to expand. In addition, vendors' ability to manage supply chains, hire and retain staff and meet their delivery deadlines are outside of the Company's control. No assurances can be given that the Company will be successful in maintaining its required supply of equipment.

Safety

The services provided by the Company involve a number of hazards and risks on job-sites. To address these risks, the Company has developed and implemented safety and training programs. In addition, a comprehensive insurance and risk management program has been established to protect the Company's assets and operations.

Capital Markets

The Company, along with local, national and international companies with which it competes, has restricted access to capital, bank debt and equity. As such, the Company is dependent upon the lending capacity of many financial institutions which fluctuates depending on broad market conditions. As future capital expenditures will be financed out of funds generated from operations, borrowings and possible future equity sales, the Company's ability to do so is dependent on, among other factors, the overall state of capital markets and investor appetite for investments in the security and surveillance industry and the Company's securities in particular.

To the extent that external sources of capital become limited, unavailable or available on onerous terms, the Company's ability to make capital investments and maintain existing assets may be impaired, such that its assets, liabilities, business, financial condition and results of operations may be materially and adversely affected as a result.

Volatility of Market Price

The market price of the common shares could be subject to significant fluctuation in response to variations in quarterly and yearly operating results, the success of Zedcor's business strategy and other factors. In addition, the stock market experiences price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of affected issuers. These fluctuations may adversely affect the market price of the common shares.

Future Capital Requirements

Zedcor may require additional financing in order to grow and expand its operations. It is possible that required future financing will not be available or, if available, will not be available on favourable terms. If Zedcor issues Common Shares or other securities, including convertible securities, to finance its operations or expansion plans, shareholders may suffer dilution of their investment. If adequate funds are not available, or are not available on acceptable terms, the Company may not be able to take advantage of opportunities, or otherwise optimally respond to competitive pressures.

Access to Credit Markets

Due to the nature of the Company's business it is necessary from time to time for the Company to access other sources of capital beyond its internally generated cash flow in order to fund the development and acquisition of its long term asset base. As part of this strategy, the Company obtains some of the necessary capital by incurring debt and therefore the Company is dependent to a certain extent on continued availability of the credit markets. The continued availability of the credit markets for Zedcor is primarily dependent on the state of the economy and the health of the banking industry in North America and abroad. There is risk that if the global economy and banking industry experience unexpected and/or prolonged deterioration, then Zedcor's access to credit markets may contract or disappear altogether. The Company tries to mitigate this risk by dealing with reputable lenders and tries to structure its lending agreements to give it the most flexibility possible should these situations arise. However, the situations that may give rise to credit markets tightening or disappearing are beyond Zedcor's control.

Zedcor is also dependent to a certain extent on continued access to equity capital markets. The Company is listed on the TSXV and maintains an active investor relations program. Continued access to capital is dependent on Zedcor's ability to continue to perform at a level that meets market expectations.

Uncertain Operating Conditions

The Company's financial results will be affected by a number of factors. The primary factors affecting Zedcor's operating results are changes in equipment costs, labour costs, overhead costs and quantity of customer orders. In addition to this, other factors having an impact on results are competition; technological developments; asset and capacity management; customer service effectiveness; and overall industry economic conditions. Variability of results can be caused by any one or any combination of these factors.

Impact of Future Financings on Market Price

In order to finance future operations or acquisitions opportunities, the Company may raise funds through the issuance of common shares or the issuance of debt instruments or securities convertible into Common Shares. The Company cannot predict the size of future issuances of common shares or the issuance of debt instruments or other securities convertible into common shares or the effect, if any, that future issuances and sales of the Company's securities will have on the market price of the common shares.

Credit Facility Risk

The Company is required to comply with the covenants and other terms and conditions of the Credit Facility. A breach by the Company of its obligations under the Credit Facility or any circumstances reducing the funds available to the Company thereunder, could result in the requirement to repay a portion or all of the Company's indebtedness thereunder. In addition, the Company relies on its banking partners to provide additional and on-going financing to fund short term cash flow needs and long term growth.

Adequacy of Insurance Coverage

Zedcor seeks to obtain and maintain, at all times, insurance coverage in respect of its potential liabilities and the accidental loss of value of its assets from risks, in those amounts, with those insurers, and on those terms it considers appropriate, taking into account all relevant factors, including the practices of owners of similar assets and operations. However, not all risks are covered by insurance, and Zedcor cannot provide assurance that insurance will be available consistently or on an economically feasible basis or that the amounts of insurance will be sufficient to cover losses or claims that may occur involving its assets or operations.

Infectious Disease, Pandemic or Similar Public Health Threat

A local, regional, national or international outbreak of a contagious disease, pandemic or similar public health threat, or a fear of any of the foregoing, including but not limited to the COVID virus, could result in restrictive measures being taken by the Company or various governments and businesses which may result in additional risk and uncertainties to the Company's business, operations and financial condition.

The extent of the effect of a disease, pandemic or public health threat on the Company's business, financial condition, results of operations, cash flows, reputation, access to capital, cost of borrowing, access to liquidity, and/or business plans may depend on numerous factors, including in particular, and without limitation, the duration, spread and intensity of an outbreak, the actions by governments and others taken to contain an outbreak or mitigate its impacts and changes in the preferences of consumers all of which are uncertain and difficult to predict as such factors evolve rapidly over the course of any such event or public health threat. Certain aspects of the Company's business and operations could be impacted by the outbreak of any disease, pandemic or public health threat, which could include increased operational costs; delays or longer-term stoppage of major capital projects; temporary or long-term labour shortages or disruption; temporary or long-term impacts on domestic and global supply chains, reduced cash flows resulting in less funds from operations being available to fund capital expenditure budgets; reduced commodity prices impacting customers and their need for the Company's services; the inability to deliver products or services to customers; road or port closures or pipeline shut-ins, including as a result of pipeline companies suffering workforce disruptions or otherwise being unable to continue to operate; and the ability to obtain additional capital including, but not limited to, debt and equity financing being adversely impacted as a result of unpredictable financial markets, commodity prices or a change in market fundamentals. As the impacts of any disease, pandemic or public health threat materialize, the prolonged effects of the disruption may have adverse impacts on the Company's business strategies and initiatives, resulting in ongoing effects to the Company's financial results, including the increase of counterparty, market and operational risks.

Zedcor's Operations are Geographically Concentrated and Susceptible to Local Economies and Regulations

Zedcor's business operations are carried out primarily in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario, and in the States of Texas, Arizona, and Colorado and are susceptible to those markets' local economy, regulations and seasonal fluctuations. Weather or other seasonal trends may temporarily affect Zedcor's revenues and expenses. Seasonal factors and unexpected weather patterns may lead to declines in the activity levels of construction companies and corresponding declines in the demand for goods and services of Zedcor.

Conflicts of Interest

The directors of Zedcor may be or become engaged in different industries, both on their own behalf and on behalf of other Companys, and situations may arise where the directors and officers may be in direct competition with the Company. Conflicts of interest, if any, which arise will be subject to and governed by the procedures prescribed by the applicable law.

Dilution

The Company may make future acquisitions or enter into financings or other transactions involving the issuance of securities of the Company which may be dilutive. This may have a dilutive effect on our expected net income/loss available to our shareholders per share. Furthermore, the Company may issue further securities in the future, including common shares or securities convertible into common shares. To the extent that the Company undertakes further equity or debt financings in the future, the issuance of such securities will result in dilution to Zedcor's shareholders. The price per share at which subsequent equity financings take place could be higher or lower than the price paid by investors.

Litigation

In the normal course of the Company's operations, it may become involved in, named as party to, or be the subject of, various legal proceedings, tax proceedings, and legal actions, related to personal injuries, property damage, property tax, land rights, the environment and contract disputes. The outcome of outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to the Company and as a result, could have a material adverse effect on the Company's assets, liabilities, business, financial condition and results of operations.

International Trade Risk

Trade disputes between countries or among multiple countries can disrupt global and local supply chains, distort commodity pricing, create volatility in relative foreign exchange rates, and contribute to stock market volatility. The continuation or increase of existing tariffs, the implementation of new tariffs, and/or the existence or escalation of trade disputes from time to time could have a material adverse effect on the Company's assets, liabilities, business, financial condition and results of operations. In addition, international trade disputes could, among other things, reduce demand for the Company's products.

Foreign Exchange Risk

The operation and activities of the Company in the United States creates both foreign currency translation and transaction exposure to changes in exchange rates, primarily to the U.S. dollar. This risk is significant during periods when the relative value of the Canadian dollar fluctuates sharply against the U.S. dollar because the Company's supply arrangements or customer pricing may be based on outdated and now unfavourable exchange rates. Unfavorable currency fluctuations could have a material adverse effect on the Company's assets, liabilities, business, financial condition and results of operations.

Breach of Confidentiality

While discussing potential business relationships or other transactions with third parties, the Company may disclose confidential information relating to the business, operations or affairs of the Company. Although confidentiality agreements are signed by third parties prior to the disclosure of any confidential information, a breach could put the Company at competitive risk and may cause significant damage to its business. The harm to the Company's business from a breach of confidentiality cannot presently be quantified, but may be material and may not be compensable in damages. There is no assurance that, in the event of a breach of confidentiality, the Company will be able to obtain equitable remedies, such as injunctive relief, from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damages to its business that such a breach of confidentiality may cause.

Internal Controls

Effective internal controls are necessary for Zedcor to provide reliable financial reports and to help prevent fraud. Although Zedcor will undertake a number of procedures in order to help ensure the reliability of its financial reports, including those imposed on it under Canadian securities laws, Zedcor cannot be certain that such measures will ensure that Zedcor will maintain adequate control over financial processes and reporting.

Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm Zedcor's results of operations or cause it to fail to meet its reporting obligations. If Zedcor or its independent auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in Zedcor's financial statements and harm the trading price of the common shares.

Environmental Requirements

The Company's customers consist of companies operating in the construction and oil and gas transportation industries which are all affected by potential changes to environmental requirements. Potential changes in requirements may result in increased operating costs and capital expenditures for pipeline construction companies, thereby delaying or decreasing the demand for Zedcor's services.

Management is unable to predict the impact of changes to environmental regulations and it is possible that changes could adversely affect Zedcor's business, financial condition and results of operations. These regulations would likely result in higher operating costs for our customers in the industry, putting further pressure on project economics, and may also impair the Company's ability to provide its services economically.

Climate Change Regulations

The Company's customers consist of companies operating in the construction and oil and gas transportation industries which are all affected by changes in climate change regulations and policies.

Climate change policy is evolving at regional, national and international levels, and political and economic events may significantly affect the scope and timing of climate change measures that are ultimately put in place. The federal and certain provincial governments have implemented legislation aimed at incentivizing the use of alternative fuels and in turn reducing carbon emissions. Potential changes in requirements may result in increased operating costs and capital expenditures for pipeline construction companies, thereby delaying or decreasing the demand for Zedcor's services. The adoption of such laws and regulations and the imposition of fees, taxes or other costs, could adversely affect customers' activity levels which in turn could negatively impact Zedcor's business due to a reduction in demand for security equipment. Further, the taxes placed on carbon emissions may have the effect of increasing the Company's operating expenses, each of which may have a material adverse effect on the Company's profitability and financial condition. Further, the imposition of carbon taxes puts the Company at a disadvantage with the Company's competitors who operate in jurisdictions where there are less costly carbon regulations.

In addition to climate policy risk, climate change is expected to increase the frequency of severe weather conditions, including high winds, heavy rainfall, extreme temperatures, flooding and wildfires, which may result in disruptions in operations or transportation interruptions which may lead to increased expenditures or reduced revenues for Zedcor.

Geopolitical Conditions May Adversely Affect the Company's Business and Access to Capital

Political and other conditions in foreign countries and regions, including geopolitical risks such as the current conflicts between Russia and Ukraine and in the Middle East, may adversely affect our business and access to capital as it creates volatility in equity and debt markets. The extent of the conflict's effects on our business and results of operations as well as the global economy, cannot be predicted. To the extent the current conflict between Russia and Ukraine or other geopolitical conflicts adversely affect our business, they may also have the effect of heightening many of our other risks identified any of which could materially and adversely affect our business and results of operations.

Forward-Looking Statements May Prove Inaccurate

Undue reliance should not be placed on forward-looking statements. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. Additional information on the risks, assumptions and uncertainties are found in this MD&A under the heading "Forward-Looking Statements".

FINANCIAL MEASURES RECONCILIATIONS

Zedcor Inc. uses certain measures in this MD&A which do not have any standardized meaning as prescribed by International Financial Reporting Standards ("IFRS"). These measures which are derived from information reported in the consolidated statements of operations and comprehensive income may not be comparable to similar measures presented by other reporting issuers. These measures have been described and presented in this MD&A in order to provide shareholders and potential investors with additional information regarding the Company.

Investors are cautioned that EBITDA, adjusted EBITDA, adjusted EBITDA per share, adjusted EBIT and adjusted free cash flow are not acceptable alternatives to net income or net income per share, a measurement of liquidity, or comparable measures as determined in accordance with IFRS.

EBITDA and Adjusted EBITDA

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

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

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

(in $000s)	Three months ended December 31 2024	2023	Twelve months ended December 31 2024	2023
Net income (loss)	380	(860)	1,629	2,652
Add:				
Finance costs	504	469	1,949	1,621
Depreciation of property & equipment	1,416	1,048	5,303	3,614
Depreciation of right-of-use assets	634	389	1,806	1,249
EBITDA	2,934	1,046	10,687	9,136
Add (deduct):				
Stock based compensation	531	180	1,566	562
Foreign exchange loss (gain)	20	6	55	(2)
Loss on sale of equipment	405	100	755	27
Loss on disposal of right-of-use asset	112	69	141	81
Loss on repayment of note payable	—	—	173	—
Other income	—	—	(1,373)	(2,159)
	1,068	355	1,317	(1,491)
Adjusted EBITDA	4,002	1,401	12,004	7,645

Adjusted EBIT

Adjusted EBIT refers to earnings before interest and finance charges, taxes, loss on repayment of note payable and other income .

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

(in $000s)	Three months ended December 31 2024	2023	Twelve months ended December 31 2024	2023
Net income (loss)	380	(860)	1,629	2,652
Add (deduct):				
Finance costs	504	469	1,949	1,621
Loss on repayment of note payable	—	—	173	—
Other income	—	—	(1,373)	(2,159)
Adjusted EBIT	884	(391)	2,378	2,114

Adjusted free cash flow

Adjusted free cash flow is defined by management as net income plus non-cash expenses, plus or minus the net change in non-cash working capital, plus severance costs (if applicable). Management believes that adjusted free cash flow reflects the cash generated from the ongoing operation of the business. Adjusted free cash flow is a non-IFRS measure generally used as an indicator of funds available for re-investment and debt payment. There is no standardized method of determining free cash flow, adjusted free cash flow or maintenance capital prescribed under IFRS and therefore the Company's method of calculating these amounts is unlikely to be comparable to similar terms presented by other issuers.

Adjusted free cash flow from continuing operations is calculated as follows:

(in $000s)	Three months ended December 31 2024	2023	Twelve months ended December 31 2024	2023
Net income (loss)	380	(860)	1,629	2,652
Add non-cash expenses:				
Depreciation of property & equipment	1,416	1,048	5,303	3,614
Depreciation of right-of-use assets	634	389	1,806	1,249
Stock based compensation	531	180	1,566	562
Finance costs (non-cash portion)	(186)	116	(128)	151
Loss on repayment of note payable	—	—	173	—
	2,775	873	10,349	8,228
(Deduct) non-recurring income				
Other income	—	—	(1,373)	(2,159)
	2,775	873	8,976	6,069
Change in non-cash working capital	529	(391)	(855)	1,023
Adjusted free cash flow	3,304	482	8,121	7,092

FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this news release constitute forward-looking statements or forward-looking information, including expectations for customer and revenue growth in 2025, the ability of the Company to build out its footprint in the U.S. and add additional customers as a result thereof, the Company's intention to take control of its supply chain, thereby allowing it to manage demand and reduce capital costs, and the Company's intention to increase its capital markets presence and grow investor interest in the Company. Forward-looking statements or information may contain statements with the words "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", "budget", "should", "project", "would", "may" or similar words suggesting future outcomes or expectations, including negative or grammatical variations thereof . Although the Company believes that the expectations implied in such forward-looking statements or information are reasonable, undue reliance should not be placed on these forward-looking statements because the Company can give no assurance that such statements will prove to be correct. Forward-looking statements or information are based on current expectations, estimates and projections that involve a number of assumptions about the future and uncertainties. These assumptions include anticipated manufacturing capacity and expected fleet numbers, expected utilization rates, customer growth, the impact of tariffs on the Company's business and customer buying trends, and changes in the regulatory environment and political landscape in each of Canada and the United States. Although management believes these assumptions are reasonable, there can be no assurance that they will prove to be correct, and actual results will differ materially from those anticipated. For this purpose, any statements herein that are not statements of historical fact may be deemed to be forward-looking statements. The forward-looking statements or information contained in this news release are made as of the date hereof and the Company assumes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new contrary information, future events or any other reason, unless it is required by any applicable securities laws. The forward-looking statements or information contained in this news release are expressly qualified by this cautionary statement.

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

ADDITIONAL INFORMATION

Information about Zedcor Inc. may be found on the SEDAR+ website at www.sedarplus.ca on the Company's website at www.zedcor.com. The Company trades on the TSX Venture Exchange under the symbol ZDC.