

ZEDCOR INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Dated May 21, 2025



ZEDCOR INC.

Management's Discussion and Analysis

For the three months ended March 31, 2025

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 ended March 31, 2025 when compared to the three months ended March 31, 2024. 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 and the condensed consolidated interim financial statements for the three months ended March 31, 2025 and 2024. These consolidated financial statements are available on the Company's website at www.zedcor.com as well as on SEDAR+ at www.seadarplus.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 May 21, 2025.

OVERVIEW AND CORPORATE PROFILE

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 in the United States with equipment and service centers in Houston and Austin, Texas, and Denver, Colorado. Additionally, The Company has a MobileyeZ™ assembly facility in Houston, Texas with plans to open an additional monitoring center 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 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.

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EXECUTIVE SUMMARY:

Selected Financial Highlights

(in \$000s, except per share amounts)	2025	Three months ended March 31	Three months ended December 31
		2024	2024
Revenue	11,476	6,134	10,334
EBITDA ¹	3,477	1,667	2,934
Adjusted EBITDA ^{1,2}	4,109	1,898	4,002
Adjusted EBIT ²	1,060	76	884
Net (loss) income	622	(470)	380
Net (loss) income per share			
Basic	0.01	(0.01)	0.01
Diluted	0.01	(0.01)	0.01

¹ Adjusted for stock based compensation and foreign exchange loss

² See Financial Measures Reconciliations below

Zedcor recorded \$11,476 of revenue for the three months ended March 31, 2025. This compares to \$6,134 of revenue for the three months ended March 31, 2024. The revenue increase of 87% year over year was due to:

- the execution of the strategic initiative for US expansion;
- diversification of our customer base and attracting new customers across the US and Canada; and
- meeting the strong customer demand through the production and deployment of MobileyeZ™ towers.

This growth in revenue was offset by lower security personnel revenue, camera sales, and other service revenue. EBITDA increased from \$1,898 for the months ended March 31, 2024 to \$4,109 for the three months ended March 31, 2025.

Quarter over quarter, the Company's total revenue was up \$1,142 or 11% and EBITDA was up \$569 or 19%. Revenue increased quarter over quarter as a result of a larger fleet of security towers, higher daily rates in Canada, and revenue growth in the US and Canada through customer acquisition and growing revenues from existing customers in both regions.

Adjusted EBITDA was \$4,109 for the three months ended March 31, 2025, compared to \$1,898 for the three months ended March 31, 2024. This was an increase of \$2,211 or 116%. Adjusted EBITDA increased year over year due to higher revenues and operating cost controls, offset by the increase in administrative and sales staff costs.

The Company's security and surveillance services continued to see strong demand and growth in revenues for the three months ended March 31, 2025 due largely to increased customer demand of its larger fleet of MobileyeZ security towers and expanded US presence. Utilization reached 95% for the Company's Canada fleet and remained above 90% for the Company's US fleet throughout Q1 2025.

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Zedcor exited the period with 1,566 MobileyeZ™ security towers which was an increase of 229 when compared to December 31, 2024 and an increase of 696 when compared to March 31, 2024. Of the 1,566 units, 564, or 36%, are located in the US. The Company remains on track to meet its annual fleet increase target of 1,200 to 1,400 units.

Financial and operational highlights for the three months ended March 31, 2025 include:

- For the three months ended March 31, 2025 net income before tax was \$622 compared to a net loss before tax of (\$470) for the three months ended March 31, 2024. The increase in net income year over year is directly attributable to: 1) Growth in Canadian and US sales attributable to new customers and growing revenue from existing customers; 2) strong margins in Canada as a result of general and administrative expenses being established and the operational efficiencies related to our AI at the edge cameras being implemented across the fleet; and 3) operations in the US continued to see growth and strong demand in our areas of focus.
- On February 5, 2025, the Company closed a equity financing for \$25,311 on a bought deal share financing at a price of \$3.35 per share. The Company issued 7.6 million common shares. This funding, along with the increased banking facilities secured in Q4 2024 allows the Company to expedite its growth in the US.
- Expansion into strategic US markets including all major metros in Texas (Houston, Dallas, San Antonio, Austin and Midland), Denver, Colorado, Phoenix, Arizona and Las Vegas, Nevada. The Company has seen demand for its security services outside of Texas and its locations that are established for less than a year are seeing rapid growth.
- Significant customer wins in the residential home building segment of the Company's customer base across Texas, in Denver, in Las Vegas and across Canada as well. We anticipate demand in this vertical to continue to increase as we establish our footprint in the US.
- 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 2025 as we were able to diversify our customer base across the construction industry and into retail security.
- Continued traction across Canada with the Company's established base of customers as well as expansion with new customers. The Company's intention to diversify its geographical footprint and grow its customer base is yielding results and we are continuing to see strong demand for the Company's service offering across this region.
- On track US expansion. Zedcor exited Q1 2025 with 564 MobileyeZ™ located in the US, expanded the base of operations with the ability to serve customers across Texas and Colorado, and continued positive business development with both existing and new US customers. During Q1 the Company has also established operations in Phoenix, Arizona, Las Vegas, Nevada and is able to service customers on the US west coast.
- The Company continued to develop and expand its manufacturing capabilities. Zedcor has manufactured over 225 of its Solar MobileyeZ™ Security Towers in Q1 2025 and continues to ramp up the production capacity out of Houston, Texas facility to meet the customer demand in the US. The Company is actively managing its component suppliers and supply chains, while finding efficiencies in order to streamline manufacturing. As at the end of Q1 2025, the Company has the ability to manufacture 20 - 25 security towers weekly.

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- The Company assessing the impact of tariffs. Cameras for its 2025 fleet expansion were ordered late in 2024 and the supplier does not intend to adjust prices, while approximately 35% of steel components were also procured prior to tariffs being imposed. Raw steel components comprise less than 10% of total capital costs of each MobileyeZ™ Security Tower.

SELECTED QUARTERLY FINANCIAL INFORMATION

	Mar 31 2025	Dec 31 2024	Sept 30 2024	June 30 2024	Mar 31 2024	Dec 31 2023	Sept 30 2023	June 30 2023
(Unaudited – in \$000s)								
Revenue	11,476	10,334	9,152	7,372	6,134	5,799	6,431	6,216
Net income (loss)	622	380	310	1,409	(470)	(860)	288	2,472
Adjusted EBITDA ¹	4,109	4,002	3,409	2,695	1,898	1,401	2,285	1,824
Adjusted EBITDA per share - basic ¹	0.04	0.04	0.04	0.03	0.03	0.02	0.03	0.02
Net income (loss) per share								
Basic	0.01	0.01	0.00	0.02	(0.01)	(0.00)	0.00	0.03
Diluted	0.01	0.01	0.00	0.02	(0.01)	(0.01)	0.00	0.03
Adjusted free cash flow ¹	1,546	3,305	3,342	1,016	458	482	4,664	968

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.

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SECURITY & SURVEILLANCE SEGMENT RESULTS

(in \$000s)	Three months ended March 31,		
	2025	2024	% change
Security & surveillance service revenue	11,366	5,793	96%
Security personnel, camera sales and other service revenue	110	341	(68%)
Total revenue	11,476	6,134	87%
Security & surveillance service operating costs	2,517	1,878	34%
Security personnel, camera sales and other service costs	8	223	(96%)
Total operating costs	2,525	2,101	20%
Depreciation of operating assets*	1,655	1,122	48%
Gross Margin	7,296	2,911	151%
Security & surveillance service margin %	63%	48%	
Security personnel, camera sales and other service margin	93%	35%	

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

Security & Surveillance Service Revenue

Q1 2025 vs Q1 2024

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 March 31, 2025, revenue increased by 96% compared to the three months ended March 31, 2024. The strategic decision to expand across Canada and into the United States, grow the sales team and pursue customer diversification yielded results and the Company achieved record daily security & surveillance revenues in Q1 2025.

Overall, customer demand remains strong in all of the Company's operating regions and is driven by:

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

These factors allowed Zedcor to continue 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

Q1 2025 vs Q1 2024

Revenue for the three-month period ended March 31, 2025 was \$110 compared to \$341 for the three month period ended March 31, 2024. This was a decrease of \$231 due to fewer camera sales and no security personnel revenue in Q1 2025. These are ancillary services to the Company's main service offerings of MobileyeZ™ and fixed site monitoring. Revenue will fluctuate from quarter to quarter based on the types of projects and amount of fixed installations that can be completed.

Gross Margins

Q1 2025 vs Q1 2024

Security & surveillance service margin increased by 15 percentage points for the three months ended March 31, 2025 when compared to the three months ended March 31, 2024. This increase in margin was due to 1) cost controls; 2) realized efficiencies from investments in technologies associated with the MobileyeZ™; 3) higher utilization rates which drove revenues and allowed the fleet of security towers to operate at higher efficiency levels.

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Security personnel, camera sales, and other service revenue margin increased by 58 percentage points for the three months ended March 31, 2025 when compared to the three months ended March 31, 2024. These are ancillary services on which the Company is placing less emphasis on to better service the growth of the main service offerings of MobileEyeZ™ tower monitoring.

GEOGRAPHIC OVERVIEW

The Canada region operates a fleet of security towers equipped with high resolution security cameras and sensors. A central command center 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.

CANADA RESULTS

(in \$000s)	2025	2024	Three months ended March 31 % change
Revenue	8,119	5,801	40%
Direct operating expenses	1,735	2,011	(14%)
Depreciation of property & equipment	1,003	947	6%
Gross margin	2,738	2,958	(7%)
	5,381	2,843	89%
Operating expenses			
General & administrative	1,152	1,046	10%
Depreciation of other property and equipment	136	96	42%
Depreciation of right-of-use assets	264	275	(4%)
Loss on sale of equipment	—	—	—
Loss on disposal of right-of-use asset	24	14	71%
	1,576	1,431	10%
Other (income) expenses			
Finance costs	53	136	(61%)
Foreign exchange loss (gain)	27	2	1,250%
	80	138	(42%)
Income before income taxes	3,725	1,274	192%

Revenue - Canada

Q1 2025 vs Q1 2024

Revenue for the three months ended March 31, 2025 was \$8,119 as compared to \$5,801 for the three months ended March 31, 2024. Revenue for the quarter increased 40% as a result of the strategic decisions to continue expanding across Canada, grow the sales team, and pursue customer diversification. Utilization rates in Q1 2025 were also higher than the utilization rates in Q1 2024 as the Company wrapped up two major pipeline construction projects in Q4 2023 and it took some time for utilization to return to historical norms in Q1 2024.

Operating Margin - Canada

Q1 2025 vs Q1 2024

Gross margin percent increased to 66% in the three month period ended March 31, 2025 as compared to 49% from the period ended March 31, 2024. The increase in gross margin is due to 1) cost controls; 2) higher utilization rates; 3) realized efficiencies from camera upgrades. Net income before taxes and corporate costs for the three months ended March 31, 2025 was \$3,725 as compared to \$1,274 for the three months ended March 31, 2024.

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UNITED STATES RESULTS

(in \$000s)	Three months ended March 31		
	2025	2024	% change
Revenue	3,357	333	908%
Direct operating expenses	790	90	778%
Depreciation of property & equipment	652	175	273%
	1,442	265	444%
Gross margin	1,915	68	2,716%
Operating expenses			
General & administrative	1,626	127	1,180%
Depreciation of right-of-use assets	243	41	495%
	1,869	168	1,013%
Other (income) expenses			
Finance costs	14	—	N/A
	14	—	N/A
Income before income taxes	32	(100)	133%

Revenue – United States

Q1 2025 vs Q1 2024

Revenue for the three month period ended March 31, 2025 was \$3,357 as compared to \$333 for the three months ended March 31, 2024. Revenues are higher due to continued expansion throughout the US from newly established customers.

Operating Margin – United States

Q1 2025 vs Q1 2024

Gross margin was 57% in the three months ended March 31, 2025 compared to 20% in the three months ended March 31, 2024. In 2024, the company was establishing its initial operations in the US, making strategic investments in manufacturing as well as general & administrative costs to support the anticipated growth. The Company anticipates continued growth in the 2025 by expanding its sales force across the country with new locations across the southern US which will allow margins to normalize.

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OTHER EXPENSES

(in \$000s)	Three months ended March 31		
	2025	2024	% change
General and administrative	5,422	2,350	131%
Depreciation of administrative assets	143	104	38%
Depreciation of right-of-use assets	619	375	65%
Finance costs	438	536	(18%)

For the three months ended March 31, 2025:

- Total general and administrative expenses increased 131% compared to the same quarter in 2024. This increase of \$3,072 was due to headcount increases in sales, operations management staff, and US expansion costs.
- Depreciation of right of use assets increase 65% as a result of additional vehicle and facility leases in the US as the Company grew out its footprint.
- Finance costs decreased by \$98 as a result of favorable refinancing and the payoff of the note payable in 2024.

OUTLOOK

Zedcor continues to execute its long-term strategy of growing its technology enabled security services across North America. The Company continues to effectively use a mix of cash flow, debt and the proceeds from its equity financing to build additional MobileyeZ™ security towers to provide surveillance services to our expanding customer base. The Company was able to effectively redeploy equipment to new customers throughout the Company's operating regions and grow US revenues to \$3,357 in Q1 2025. The Company has also grown its salesforce across Canada in order to obtain contracts for its MobileyeZ™ and continue to expand its service offering to different industries.

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 revenues in Canada. Due to significant spending on infrastructure in North America, along with increased theft and vandalism, the Company is continuing to see 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 further take control of its supply chain and remove bottlenecks for its security towers by manufacturing and assembling more of the components of its towers in house. This 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 generate customer and shareholder value and positive earnings per share. By effectively managing its growth, executing on the above noted strategies and increasing its capital markets presence, Zedcor will be able to continue to generate positive earnings per share, grow its shareholder base and increase share price.

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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 three months ended March 31, 2025 and 2023:

(in \$000s)	Three months ended March 31			
	2025	2024	\$ Change	% Change
Cash flow from operating activities	1,664	658	1,006	153%
Cash flow used in investing activities	(9,065)	(2,002)	(7,063)	353%
Cash flow from financing activities	22,025	1,314	20,711	1,576%

The following table presents a summary of working capital information:

(in \$000s)	As at March 31			
	2025	2024	\$ Change	% Change
Current assets	31,270	7,684	23,586	307%
Current liabilities *	16,285	9,475	6,810	72%
Working capital	14,985	(1,791)	16,776	937%

*Includes \$4.1 million of debt and \$3.3. million of lease liabilities in 2025 and \$4.1 million of debt and \$2.2 million of lease liabilities in 2024

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

Principal Credit Facility

	Interest rate	Final maturity	Facility maximum	Outstanding as at March 31, 2025	Outstanding as at December 31, 2024
Non-Revolver 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

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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 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, 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 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 \$390 outstanding with respect to these specific financing agreements.

As at March 31, 2025 the Company also have a letter of credit facility of \$240 (as at December 31, 2023 - \$240). The facility is unused as at March 31, 2025.

CREDIT RISK

The Company extends credit to customers, primarily comprised of construction companies, energy companies and pipeline construction companies, in the normal course of its operations. Historically, bad debt expenses have been limited to specific customer circumstances. However, the volatility in economic activity may result in higher collection risk on trade receivables. The Company has reviewed its outstanding accounts receivable as at March 31, 2025 and believes the expected loss provision is sufficient.

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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 March 31, 2025:

(in \$000s)	1 Year	2-3 years	4-5 years	Thereafter	Total	Carrying value
Accounts payable and accrued liabilities	8,864	—	—	—	8,864	8,864
Current debt	5,151	—	—	—	5,151	4,136
Long-term debt	—	16,929	—	—	16,929	15,204
Finance lease liabilities	3,902	4,830	663	—	9,395	8,279
Total	17,917	21,759	663	—	40,339	36,483

OUTSTANDING SECURITIES

At May 21, 2025, the Company had the following securities outstanding:

- 103,876,290 common shares issued and outstanding.
- 3,800,003 restricted share units and deferred share units; and
- 3,183,335 options are outstanding with exercise prices ranging from \$0.15 per share to \$1.25 per share; of the 3,183,335 options outstanding 766,664 options are exercisable at prices ranging from \$0.15 per share to \$0.50 per share.

TOP 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 customers 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.

RELATED PARTY TRANSACTIONS

The Company had the following related party transactions for the three months ended March 31, 2025:

- \$nil in interest paid on the Note Payable to a corporation for the three months ended March 31, 2025 (three months ended March 31, 2024 - \$44).
- \$79 in wages paid to close family members of an executive officer (three months ended March 31, 2024 - \$72).
- \$67 in promotional products and uniforms purchased from a company owned by a close family member of an executive officer (three months ended March 31, 2024 - \$12).
- \$nil in management fees and rent received from a company controlled by a director per the purchase and sale agreement for the sale of the Company's Rental assets (three months ended March 31, 2024 - \$69).
- \$82 in corporate secretarial services paid to a company owned by a close family member of an executive officer (March 31, 2024 - \$33).

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These related party transactions are in the normal course of business and have been recorded at the exchange amount. At March 31, 2025 the amounts receivable from related parties was \$nil and amounts payable to related parties was \$42 (as at March 31, 2025 - \$27 receivable and \$14 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 Financial Statements.

BUSINESS RISKS AND UNCERTAINTIES

Business risks and uncertainties remain substantially unchanged from those disclosed in the annual Management Discussion and analysis dated April 9, 2025. For a discussion of the business risks and uncertainties related to Zedcor Inc., please refer to the annual Management Discussion and Analysis and Zedcor Inc.'s Annual Information Form date April 9, 2025, both of which can be found on the Company's website or at www.sedarplus.ca.

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. Adjusted EBITDA is calculated as EBITDA before costs associated with foreign exchange gains or losses, gains and losses on sale of equipment and stock based compensation. These measures do not have a standardized definition prescribed by IFRS and therefore may not be comparable to similar captioned terms presented by other issuers.

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

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

(in \$000s)	Three months ended March 31	
	2025	2024
Net (loss) income	622	(470)
Add:		
Finance costs	438	536
Depreciation of property & equipment	1,798	1,226
Depreciation of right-of-use assets	619	375
EBITDA	3,477	1,667
Add:		
Stock based compensation	580	215
Loss on disposal of right-of-use assets	25	14
Foreign exchange loss	27	2
	632	231
Adjusted EBITDA	4,109	1,898

Adjusted EBIT

Adjusted EBIT refers to earnings before interest and finance charges, and taxes.

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

(in \$000s)	Three months ended March 31	
	2025	2024
Net (loss) income	622	(470)
Add:		
Finance costs	438	536
Adjusted EBIT	1,060	66

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, less maintenance capital. Maintenance capital is also a non-IFRS term. Management defines maintenance capital as the amount of capital expenditure required to keep its operating assets functioning at the same level of efficiency. Management believes that adjusted free cash flow reflects the cash generated from the ongoing operation of the business. Adjusted free cash flow is a non-IFRS measure generally used as an indicator of funds available for re-investment and debt payment. There is no standardized method of determining free cash flow, adjusted free cash flow or maintenance capital prescribed under IFRS and therefore the Company's method of calculating these amounts is unlikely to be comparable to similar terms presented by other issuers.

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 IN THOUSANDS OF CANADIAN DOLLARS

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

(in \$000s)	Three months ended March 31	
	2024	2024
Net (loss) income	622	(470)
Add non-cash expenses:		
Depreciation of property & equipment	1,798	1,226
Depreciation of right-of-use assets	619	375
Stock based compensation	580	215
Finance costs (non-cash portion)	(13)	45
	3,606	1,391
Change in non-cash working capital	(2,060)	(933)
Adjusted free cash flow	1,546	458

FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this MD&A constitute forward-looking statements or forward-looking information, including management's belief that streamlining rental assets with newer equipment will drive improvements in equipment rental rates and utilization, and that the expanded market reach and customer base will lead to more diversity in the Company's revenue stream and increase utilization. Forward-looking statements or information may contain statements with the words "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", "budget", "should", "project", "would have realized", "may have been" or similar words suggesting future outcomes or expectations. Although the Company believes that the expectations implied in such forward-looking statements or information are reasonable, undue reliance should not be placed on these forward-looking statements because the Company can give no assurance that such statements will prove to be correct. Forward-looking statements or information are based on current expectations, estimates and projections that involve a number of assumptions about the future and uncertainties. These assumptions include that the Company's new solar hybrid light tower and related security and surveillance service offerings will lead to more diversity in revenue streams and protect against future down swings in the economic environment. Although management believes these assumptions are reasonable, there can be no assurance that they will prove to be correct, and actual results will differ materially from those anticipated. For this purpose, any statements herein that are not statements of historical fact may be deemed to be forward-looking statements. The forward-looking statements or information contained in this MD&A are made as of the date hereof and the Company assumes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new contrary information, future events or any other reason, unless it is required by any applicable securities laws. The forward-looking statements or information contained in this MD&A are expressly qualified by this cautionary statement.

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

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.