ZEDCOR INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

SECURITY
SOLUTIONS

FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

Dated May 18, 2021

zedcor.ca

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 months ended March 31, 2021 when compared to the three months ended March 31, 2020. 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, 2020 and 2019 and the condensed consolidated interim financial statements for the three months ended March 31, 2021 and 2020. These consolidated financial statements are available on the Company's website at www.zedcor.ca as well as on SEDAR at www.sedar.com.

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 18, 2021.

OVERVIEW AND CORPORATE PROFILE

Zedcor Inc. is a Canadian public corporation and is currently the parent company to Zedcor Security Solutions Corp. ("Zedcor"). On September 17, 2020, the Company received shareholder approval to change the names of the Companies in order to better reflect its changing business. Zedcor Energy Inc.'s name was changed to Zedcor Inc. and Zedcor Energy Services Corp.'s name was changed to Zedcor Security Solutions Corp. Zedcor is engaged in providing security & surveillance services, and rental of surface equipment & accommodations in Western Canada. The Company trades on the TSX Venture Exchange under the symbol "ZDC". Zedcor operates with two business segments: Security & Surveillance ("S&S") and Rentals.

With a fleet of light towers equipped with high resolution, technology-based security cameras and equipment monitored by a central command center, the S&S segment provides remote surveillance, live monitoring and security personnel to customers involved in pipeline construction, civil & municipal construction, oil & gas exploration and emergency response. The Rentals segment provides surface equipment rentals, temporary accommodation rentals, and power generation rentals to customers involved in oil & gas exploration, construction, and emergency response. The Company operates as Zedcor Security Solutions Corp. from its main facility in Leduc, Alberta, with a sales office in Calgary, Alberta and operating yards in Grande Prairie, Alberta, and Fort St. John, British Columbia.

EXECUTIVE SUMMARY:

Selected Financial Highlights

	Three months ended March 31	
(in $000s)	**2021**	**2020**
Revenue	4,760	4,715
Adjusted EBITDA[1,2]	2,163	2,066
Adjusted EBIT[1,2]	1,172	555
Net income (loss) from operations	224	(287)
Net income (loss) per share from operations		
Basic	0.004	(0.005)
Diluted	0.004	(0.005)

[1] *Adjusted for severance costs*
[2] *See Financial Measures Reconciliations below*

Zedcor recorded $2,163 of adjusted EBITDA and $224 of net income for the three months ended March 31, 2021. This compares to adjusted EBITDA of $2,066 and a net loss of $287 for the three months ended March 31, 2020. The S&S segment saw sharply higher revenues and margins as the company saw high utilization and had an expanded fleet of security towers ("MobileyeZ") in operation compared to Q1 2020. This was offset by decreased revenues and margins from the Rentals segment as demand for the Company's rental equipment remains depressed due to lower drilling rig activity in Western Canada as a result of the COVID-19 pandemic. While oil prices and drilling rig activity started to increase in Q1 2021 compared to the second half of 2020, rental rates are still at all-time lows and customers have not fully resumed activity levels seen historically. The Company qualified for the Canada Emergency Wage Subsidy ("CEWS") and the Canada Emergency Rent Subsidy ("CERS") programs as enacted in 2020 by the federal Government of Canada which supported the Company's results for the three months ended March 31, 2021. The Company recognized $205 of CEWS and CERS in the EBITDA amounts for 2021.

- Revenue for the quarter ended March 31, 2021 increased by $45 from $4,715 to $4,760 compared to the same quarter in 2020. This increase was because of higher revenues in the S&S segment as a result of a larger fleet of security towers and higher utilization driven by the two long terms contracts awarded to the Company in Q1 2021. The increase was offset by reduced revenues in the Rentals segment driven by low utilization and decreased rental rates of equipment.
- During the quarter, the Company announced the award of two long term contracts for its Solar Hybrid MobileyeZ. One contract was for the rental and service of 100 Solar Hybrid MobileyeZ to a pipeline contractor. The second contract was a 21-month rental contract for 15 Solar Hybrid MobileyeZ to a large engineering and construction joint venture.

- Zedcor added six additional Electric MobileyeZ and nine additional Solar Hybrid MobileyeZ bringing its total fleet to 32 and 139 units, respectively. Of the 139 Solar Hybrid MobileyeZ, 117 are equipped with ground disturbance sensors which further enhances the capabilities of these units. The Company intended to add 10 Electric MobileyeZ and 20 Solar Hybrid MobileyeZ to its fleet which would have further bolstered the Company's Q1 results but there was a shortage of parts due to the COVID-19 pandemic.
- The Company continued to divest certain Rental segment assets to streamline operations and reduce debt. During the quarter, the Company sold its rig mat rental fleet and certain under-utilized fluid storage tanks and light towers for proceeds of $710 resulting in a gain on sale of $49. These proceeds along with scheduled principal repayments of $634 reduced the Company's debt by $1,344.
- Net income from operations was $224 for the three months ended March 31, 2021 compared to a net loss of ($287) for the three months ended March 31, 2020. The increase in net income was a result of lower depreciation, lower direct operating costs as a result of government subsidies and a gain on the disposal of right-of-use assets.

SELECTED QUARTERLY FINANCIAL INFORMATION

(in $000s)	Mar 31 2021	Dec 31 2020	Sept 30 2020	Jun 30 2020	Mar 31 2020	Dec 31 2019	Sept 30 2019	Jun 30 2019
Revenue	4,760	3,966	2,668	2,412	4,716	3,384	3,865	3,750
Net income (loss) from continuing operations	224	(2,250)	(1,006)	(1,135)	(287)	(3,930)	(1,617)	(1,805)
Adjusted EBITDA[1]	2,163	1,789	1,151	901	2,066	1,305	1,509	1,264
Adjusted EBITDA per share - basic[1]	0.03	0.03	0.02	0.02	0.04	0.02	0.03	0.02
Net income (loss) per share from continuing operations								
Basic	0.004	(0.04)	(0.02)	(0.02)	(0.005)	(0.07)	(0.03)	(0.03)
Diluted	0.004	(0.04)	(0.02)	(0.02)	(0.005)	(0.07)	(0.03)	(0.03)
Adjusted free cash flow[1]	801	190	(320)	2,098	903	1,240	(264)	2,431

[1] *See Financial Measures Reconciliations below*

OPERATING SEGMENT REVIEW

The Company structures its operations in two operating and reportable segments, the S&S segment and the Rentals segment 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 remote surveillance 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 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 involved in pipeline construction, civil & municipal construction, oil & gas exploration and emergency response.

SECURITY & SURVEILLANCE SEGMENT RESULTS

	Three months ended March 31		
(in $000s)	2021	2020	% change
Revenue	2,683	1,429	88%
Direct costs	1,035	603	72%
Depreciation of operating assets*	347	247	40%
Gross margin	1,301	579	125%
Gross Margin %	48%	41%	20%

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

Operational Review

Q1 2021 vs Q1 2020

S&S segment revenue is driven by utilization of its security tower fleet, service revenue related to on site security personnel and fixed camera installation and monitoring. The following table summarizes utilization of the security tower fleet for the three months ended March 31, 2021 and 2020.

	Three months ended March 31, 2021		Three months ended March 31, 2020	
	Average available fleet size	Utilization %	Average available fleet size	Utilization %
Solar Hybrid MobileyeZ security towers	134	92%	64	69%
Electric MobileyeZ security towers	30	91%	—	—

The Company generated $327 in on-site security and service personnel, and remote monitoring revenue for the three months ended March 31, 2021 compared to $413 for the three months ended March 31, 2020. In the first quarter of 2018, the Company signed a security services contract with a Canadian based pipeline company to provide exclusive security and surveillance services for a pipeline replacement project. The project wrapped up in the first part of Q1 2020 which resulted in higher on-site personnel revenues for Q1 2020. This was partially offset by the Company's other customers and increased number of fixed site security monitoring contracts. Zedcor is gaining traction for fixed site security monitoring with Live, Verified Security Responses. As a result, the Company has expanded its sales team and has hired its first outside sales representative in Q1 2021 for the British Columbia Lower Mainland in order to increase the number of fixed site contracts.

The decrease in personnel revenue was offset by a larger fleet of security towers. Utilization of the Solar Hybrid MobileyeZ security tower fleet was 92% for the three months ended March 31, 2021 compared to 69% in the same period last year. In addition, the size of the fleet is significantly larger in 2021 further resulting in higher revenues.

The S&S segment continues to expand as it moves into alternative industry segments including industrial facilities, commercial construction and diversified business security solutions. As a result of this growth, the Company intends to continue investing in its fleet of MobileyeZ.

Overall, revenue for the three months ended March 31, 2021 increased $1,254, or 88%, and gross margin increased $722, or 125%, as a result of revenues being derived from security tower utilization instead of on-site security personnel. 88% of the S&S segment revenue was derived from security tower utilization for the three months ended March 31, 2021 compared to 71% in the same period last year.

Rentals Segment

The Rentals segment provides surface equipment rentals, temporary accommodation rentals, and power generation rentals to customers involved in oil & gas exploration, construction, and emergency response in Western Canada.

RENTALS SEGMENT RESULTS

	Three months ended March 31		
(in $000s)	**2021**	**2020**	**% change**
Revenue	2,077	3,286	(37%)
Direct costs	740	1,179	(37%)
Depreciation of operating assets*	493	958	(49%)
Gross Margin	844	1,149	(27%)
Gross Margin %	41%	35%	17%

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

Operational Review

Q1 2021 vs Q1 2020

Utilization remained low for all rental assets for the the three months ended March 31, 2021:

	Three months ended December 31, 2020		Three months ended December 31, 2019	
	Average available fleet size	**Utilization %**	**Average available fleet size**	**Utilization %**
Accommodation rentals	199	68%	211	79%
Fluid storage tank rentals	177	40%	223	73%
Generator rentals	40	46%	40	81%
Light tower rentals	60	61%	160	81%

Revenues for the Rentals segment dropped from $3,286 to $2,077 for the three months ended March 31, 2021. The Company experienced lower utilization and lower rental rates for the majority of its rental fleet as a result of decreased drilling activity in Western Canada. While Canadian drilling activity has recovered from the all-time lows of Q2 2020, it remains depressed due to decreased commodity prices and reduced economic activity as a result of the COVID-19 pandemic. According to the Baker Hughes North American Rig Count report, there was an average of 117 drilling rigs operating during Q1 2021 in the WCSB. This compares to 148 rigs operating during Q1 2020, a drop of 31 drilling rigs or 21%.

While a significant portion of this segment's costs such as rent, insurance, and satellite costs are fixed, the Company continued to focus on costs within its control during Q1 in order to generate positive cash flow from this segment. Overall, management believes that lower prices and lower utilization as a result of lower rig count will continue to persist for longer than expected.

OTHER EXPENSES

(in $000s)	Three months ended March 31 2021	2020	% change
General and administrative	857	897	(4%)
Depreciation of administrative assets	25	32	(22%)
Finance costs	944	819	15%

For the three months ended March 31, 2021, total general and administrative expenses decreased slightly due to headcount reductions in sales and operations staff and as a result of CEWS and CERS subsidies.

Finance costs increased by 15% for the quarter ended March 31, 2021 when compared to the quarter ended March 31, 2020. During Q1 2020, the Company received lower interest rates from the lender in January and February 2020 on the Loan and Security Facility. In addition, the overall borrowing rates on the Company's debt, as well at the Note Payable increased in Q1 2021 as a result of the restructuring completed in Q4 2020.

OUTLOOK

The public health containment measures in place to limit the spread of COVID-19 have significantly reduced economic activity and reduced global oil demand, pressuring oil prices to historical lows. Certain countries reimposed containment measures during Q1 2021 as a result of second and third waves of infection. This is causing uncertainty on the pace and timing of the economic recovery. The pandemic is an unprecedented situation whose ultimate duration and magnitude are currently unknown.

Despite the challenging operating environment and reduced economic activity, the Company continues to execute on its long-term strategy of growing its S&S segment. We continued to effectively use cash flow to expand our fleet of MobileyeZ in order to provide surveillance services. In addition, the Company has used technological solutions in order to reduce the capital costs of expanding this service line and providing lower cost security solutions to customers. The Company's surveillance towers fitted with high resolution cameras and supported by Live, Verified Security Responses continue to see high utilization and we continued to see this trend subsequent to the end of the quarter. In addition, the Company continues to expand its security service offerings and geographic footprint with on-site security personnel services and remote monitoring solutions.

While oil prices have stabilized and activity has slightly increased in Western Canada, the Company anticipates that demand for rental equipment which supports drilling and completions activity in the WCSB will stay at historical lows during 2021 and the Company does not have a lot of visibility to activity beyond Q2 2021. While pricing has stabilized, it is still at all-time lows and the Company is not forecasting significant growth for this segment. The outlook remains uncertain and customers are very reactionary as commodity prices change. Most customers are not providing external guidance on activity which makes it difficult to predict utilization of the rental equipment fleet. As a result, the Company continues to focus on maintaining strong relationships with existing customers and cost reductions for this segment.

By focusing on cost efficiencies and providing value added services to customers, Zedcor is committed to generating strong free cash flow from operations to further reduce debt and strengthen the financial position of the Company. The Company plans to pursue low capital-intensive growth projects by utilizing existing infrastructure, where possible. This includes expanding the number of remote surveillance sites that can be serviced by our monitoring center. Where the opportunity arises, the Company will strengthen the balance sheet by selling underutilized assets.

SEASONALITY OF OPERATIONS

Zedcor Inc. operates in industries that are seasonal by nature. A large portion of the Company's revenues are derived from the construction industry and the oilfield services industry in the Western Canadian Sedimentary Basin ("WCSB"), where the activity is subject to weather conditions and road restrictions. In addition, many exploration and production areas in Northern Canada are accessible only in the winter months when the ground is frozen and hard enough to support heavy equipment. The timing and conditions of weather directly affects the activities of the companies serviced by Zedcor.

PROPERTY AND EQUIPMENT

During the three months ended March 31, 2021, the Company sold assets with a net book value of $661 for proceeds of $710, resulting in a gain of $49 (three months ended March 31, 2020 – $51).

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, 2021 and 2020:

	Three months ended March 31			
(in $000s)	**2021**	**2020**	**$ Change**	**% Change**
Cash flow from operating activities	913	955	(42)	(4%)
Cash flow used in investing activities	(89)	(212)	123	58%
Cash flow used in financing activities	(1,405)	(704)	(701)	100%

The following table presents a summary of working capital information:

	Three months ended March 31			
(in $000s)	**2021**	**2020**	**change**	**% change**
Current assets	5,023	4,328	695	16%
Current liabilities *	6,798	21,106	(14,308)	(68%)
Working capital	(1,775)	(16,778)	15,003	89%
Bank working capital ratio **	2.15	1.61	0.54	34%

**Includes $3.5 million of debt in 2021 and $15.1 million of debt in 2020*
*** Bank working capital ratio is defined as current assets divided by current liabilities, excluding the current portion of debt and finance lease receivable/liabilities, plus the amount drawn on the Operating Loan Facility.*

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.

IN THOUSANDS OF CANADIAN DOLLARS

Principal Credit Facility

	Interest rate	Final maturity	Facility maximum	Outstanding as at March 31, 2021	Outstanding as at December 31, 2020
Loan and Security Facility	12.75%	January 1, 2023	19,309	16,150	17,317
Operating Loan Facility	Prime + 5.0%	Revolving	3,000	323	—
				16,473	$17,317
Current portion				(3,453)	(2,940)
Long term debt				13,020	14,377

The Company's credit facilities consist of a Loan and Security Facility and an Operating Loan Facility.

Loan and Security Facility:

The Loan and Security Facility was renewed in December 2020. It consists of a one time $17.3 million draw and a $2.0 million accordion feature which the Company can draw on subject to approval from the lender. In December 2020, the Company drew $0.8 million of the accordion feature.

The key terms of the Loan and Security facility are as follows:

- Bears interest at a rate of 12.75% and is secured with a first charge over the Company's assets;
- Extension fee of 2% per annum, a portion of which was capitalized to the loan and a portion of which was paid with the issuance of 2,000,000 common shares of the Company in December 2020;
- Does not require quantitative financial covenants, but imposed restrictions on the Loan's collateral, being the property and equipment of the Company, and has a $2.5 million personal guarantee from a Board Member of the Company; and
- Term of the Loan and Security Facility was extended to January 1, 2023 with an option to renew for an additional 12 months at the satisfaction of the lender.

As at March 31, 2021, the Company has:

- $15.4 million outstanding on the one time draw of $17.3 million. This loan has monthly blended principal and interest payments of $391;
- $0.7 million outstanding on the $0.8 million draw on the accordion feature. This loan has monthly blended principal and interest payments of $23 until June 2021, $39 until December 2021 and then $29 thereafter; and
- $ 1.2 million available to draw on the accordion feature, subject to approval from the lender.

Operating Loan Facility:

The Operating Loan Facility is comprised of a $3.0 million line of credit which is payable on demand by the lender and bears interest at a rate of Prime plus 5.0%. The Operating loan facility is margined by the Company's accounts receivable, and the available amount is determined monthly based on 75% of the Company's accounts receivable aged less than 90 days and 85% of the Company's accounts receivable aged less than 120 days from investment grade customers.

The Operating Loan Facility requires that the Company's current ratio does not fall below 1.50:1.00, the debt service coverage ratio does not fall below 1.00:1.00 until December 31, 2021 and 1.25:1.00 thereafter, and imposes a maximum debt level for the Company. As at March 31, 2021, the Company's current ratio, as defined to exclude the current portion of long term debt, was 2.15:1.00; the debt service coverage ratio, calculated in accordance with IAS 17 per agreement with lender, was 1.35:1.00 and the Company's total debt of $27,829 was below the maximum of $32,500.

CREDIT RISK

The Company extends credit to customers, primarily comprised of oil & gas exploration companies and construction companies, in the normal course of its operations. Historically, bad debt expenses have been limited to specific customer circumstances. However, the sudden and severe decline in oil prices may result in higher collection risk on trade receivables. The Company has reviewed its outstanding accounts receivable as at March 31, 2021 and believes the expected loss provision is sufficient.

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, 2021:

(in $000s)	1 Year	2-3 years	4-5 years	Thereafter	Total	Carrying value
Accounts payable and accrued liabilities	1,806	—	—	—	1,806	1,806
Current debt	3,453	—	—	—	3,453	3,453
Long-term debt	—	13,675	—	—	13,675	13,020
Note Payable	—	3,319	—	—	3,319	2,812
Finance lease liabilities	1,903	2,806	2,023	1,125	7,857	6,738
Total	7,162	19,800	2,023	1,125	30,110	27,829

OUTSTANDING SECURITIES

At May 18, 2021, the Company had the following securities outstanding:

- 57,785,022 common shares issued and outstanding;
- 4,400,000 preferred shares issued and outstanding;
- 4,744,905 warrants are outstanding with an exercise price of $0.12; and
- 3,430,000 options are outstanding with exercise prices ranging from $0.15 per share to $0.25 per share; 499,995 options are exercisable at prices ranging from $0.15 per share to $0.25 per share.

RELATED PARTY TRANSACTIONS

As at March 31, 2021, the Company owed $2,812 for a Note Payable to a director of the Company (December 31, 2020 - $2,696).

The Company had the following related party transactions for the period ended March 31, 2021:

- $122 in rent paid for two buildings to a company owned by a director of the Company (March 31, 2020 - $103);
- $31 paid through the issuance of shares to a director of the Company for a personal guarantee provided on the Long Term Debt (March 31, 2020 - $30);
- $40 in wages paid to close family members of an executive officer (March 31, 2020 - $42); and
- $5 in promotional products purchased from a company owned by a close family member of an executive officer (March 31, 2020 - $4).

These related party transactions are in the normal course of business and have been recorded at the exchange amount.

OFF BALANCE SHEET ARRANGEMENTS

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

BUSINESS RISKS AND UNCERTAINTIES

Business risks and uncertainties remain substantially unchanged from those disclosed in the annual Management Discussion and Analysis dated April 9, 2021. For a discussion of the business risks and uncertainties related to Zedcor Inc., please refer to the annual Management Discussion and Analysis and to Zedcor Inc.'s Annual Information Form dated April 9, 2021, both of which can be found on the Company's website or at www.SEDAR.com.

ACCOUNTING POLICIES

The Company's accounting policies are set out in Note 3 of the Annual Financial 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. Adjusted EBITDA is calculated as EBITDA before costs associated with severance, 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.

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

(in $000s)	Three months ended March 31 2021	2020
Net income (loss) and comprehensive income (loss)	224	(287)
Add:		
Finance costs	944	819
Depreciation of property & equipment	846	1,216
Depreciation of right-of-use assets	235	337
Income taxes	—	(19)
EBITDA	2,249	2,066
Add:		
Stock based compensation	31	9
(Gain) on sale of equipment	(49)	(51)
(Gain) on disposal of right-of-use assets	(72)	—
Severance costs	4	42
Adjusted EBITDA	2,163	2,066

**Net income is increased by $101 of CERS and $104 of CEWS for the three months ended March 31, 2021 (3 months ended March 31, 2020 - $nil)*

Adjusted EBIT

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

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

(in $000s)	Three months ended March 31 2021	2020
Net income (loss) from continuing operations	224	(287)
Add:		
Finance costs	944	819
Income taxes	—	(19)
Severance costs	4	42
Adjusted EBIT	1,172	555

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, 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.

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

(in $000s)	Three months ended March 31 2021	2020
Net income (loss) from continuing operations	224	(287)
Add non-cash expenses:		
Depreciation of property & equipment	846	1,216
Depreciation of right-of-use assets	235	337
(Gain) on disposal of property and equipment	(49)	(51)
(Gain) on disposal of right-of-use assets	(72)	—
Stock based compensation	31	9
Finance costs (non-cash portion)	318	130
Current taxes	—	(19)
	1,533	1,335
Add non-recurring expenses:		
Severance	4	42
	1,537	1,377
Change in non-cash working capital	(730)	(436)
Maintenance capital	(6)	(38)
Adjusted Free Cash Flow	801	903

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.sedar.com on the Company's website at www.zedcor.ca. The Company trades on the TSX Venture Exchange under the symbol ZDC.