



ZEDCOR INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS



**FOR THE THREE AND TWELVE MONTHS ENDED
DECEMBER 31, 2023 AND 2022**

Dated April 10, 2024

ZEDCOR INC.

Management's Discussion and Analysis

For the three and twelve months ended December 31, 2023

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, 2023 when compared to the three and twelve months ended December 31, 2022. 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, 2023 and 2022. 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 10, 2024.

OVERVIEW AND CORPORATE PROFILE

Zedcor Inc. is a Canadian public corporation and is the parent company to Zedcor Security Solutions Corp, Zedcor Security Solutions (USA), LLC and Zedcor Manufacturing Solutions (USA), LLC. Zedcor is a technology enabled company that is changing how physical security services are provided to businesses. Zedcor operates throughout Canada and Texas with equipment and servicing centers in British Columbia, Alberta, Manitoba Ontario and Houston, Texas. 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 over 850 proprietary MobileyeZ security towers, equipped with high resolution cameras which have AI at the edge. A central monitoring center provides 24/7 Live, Verified Monitoring™ to support the fleet of towers and monitoring for fixed camera installations. In addition, the segment offers on-site security personnel to customers across all market segments.

ZEDCOR INC.

Management's Discussion and Analysis

For the three and twelve months ended December 31, 2023

IN THOUSANDS OF CANADIAN DOLLARS

EXECUTIVE SUMMARY:

Selected Financial Highlights

(in \$000s, except per share amounts)	Three months ended December 31		Twelve months ended December 31	
	2023	2022	2023	2022
Revenue	5,799	6,415	24,889	22,099
EBITDA ^{1,2}	1,215	2,312	9,244	8,253
Adjusted EBITDA ^{1,2}	1,401	2,380	7,645	7,569
Adjusted EBIT ^{1,2}	(391)	1,391	2,114	4,173
Net income (loss) before income taxes	(860)	1,071	2,652	3,993
Net income (loss) per share				
Basic	(0.00)	0.05	0.04	0.09
Diluted	(0.01)	0.04	0.03	0.08

¹ Adjusted for stock based compensation, foreign exchange (gain) loss, and other income

² See Financial Measures Reconciliations below

Zedcor recorded \$5,799 and \$24,889 of revenue for the three and twelve months ended December 31, 2023. This compares to \$6,415 and \$22,099 of revenue from for the three and twelve months ended December 31, 2022. The revenue growth of 13% for the year is the result of a larger fleet of security towers located throughout the Company's six service centers in Canada. Revenue for the year grew despite pipeline construction projects for the Company's two largest customers winding down throughout 2023. A number of the security towers which were returned had been continually providing reliable security services to two different customers since 2017 without being returned to the Company for service. Once returned, Zedcor was able to repair and upgrade the returned towers, which drove costs higher in the second half of the year, while also diversifying and growing its customer base both geographically and across different industries.

Adjusted EBITDA was to \$1,401 and \$7,645 for the three and twelve months ended December 31, 2023, compared to \$2,380 and \$7,569 for the three and twelve months ended December 31, 2022. This represented a growth of 1% for the twelve months ended December 31, 2023.

The Company's security and surveillance services saw increased revenues and EBITDA for the twelve months ended December 31, 2023 compared to 2022 due largely to increased customer demand of its larger fleet of MobileyeZ security towers. The increased revenue was offset by: 1) reduced security guard revenue; and 2) reduced revenue from a two large pipeline construction projects that were completed in the second half of 2023. In addition, in Q4 2023, the Company's revenue at its two Alberta, Canada equipment centers saw reduced revenues due to inclement weather which delayed the start of construction projects for some of the Company's customers. A majority of the security towers returned from the pipeline construction project have been rented to new or existing customers across Canada and, therefore, reduced the Company's customer and industry concentration risks. Utilization for the Company's fleet of security towers averaged 82% in Q4 2023, which is a low point for the Company. Subsequent to the end of the year, utilization rebounded and was over 90% for the Company's fleet of Electric MobileyeZ™. The Company's US based operations also ramped up subsequent to the end of the year which reduced the negative impact on adjusted EBITDA.

ZEDCOR INC.

Management's Discussion and Analysis

For the three and twelve months ended December 31, 2023

IN THOUSANDS OF CANADIAN DOLLARS

Zedcor exited the period with 825 MobileyeZ™ security towers which was an increase of 319 when compared to December 31, 2022. Of the 825 units, 50 are located in Zedcor's Houston, Texas service center.

Financial and operational highlights for the three and twelve months ended December 31, 2023 include:

- For the twelve months ended December 31, 2023 net income before tax was \$2,652 compared to net income before tax of \$3,993 for the twelve months ended December 31, 2022. The decrease in net income year over year is directly attributable to: 1) two of the Company's largest customers wrapping up pipeline construction projects during the second half of the year and 2) USA expansion costs, which totaled \$721, negatively impacted net income before tax. Of the \$721 in USA expansion costs, approximately 70% are one time costs related to expansion, setup of manufacturing operations and legal fees. Zedcor still remained profitable during 2023 due to: 1) a larger fleet of towers and strong customer demand which drove utilization and, in turn, revenues; and 2) \$2,159 in other income. As part of the sale of the Company's Rental segment assets in 2021, the Company is to receive a 35% bonus for every dollar of EBITDA over certain thresholds. As a result of this agreement, the Company received \$2,159 for the second anniversary payment.
- Continued traction across Ontario. The Company expanded to Ottawa in Q2 2022 and Toronto in Q3 2022. As at December 31, 2023, approximately 40% of the Company's MobileyeZ security tower fleet is located in Ontario. This represents a growth of 28% from the start of the year. The Company's intentions to diversify its geographical footprint and grow its customer base is yielding results. We are continuity to see strong demand for the Company's services in Eastern Canada and additional security towers will continue to be delivered to Ontario and Manitoba in 2024.
- 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. For the three-month period ended December 31, 2023, 12% of the Company's revenues were generated from its top 3 customers, down from 69% over the three-month period ended December 31, 2022. While the revenue from the top three customers decreased by 57%, security tower revenue decreased by only 3% for Q4 2023 compared to Q4 2022. Zedcor's services are customer and industry agonistic and we continued to see that in 2023 as we were able to diversify our customers across the construction industry and into retail security.
- Expansion into retail security with a leading North American home improvement retailer. After a three-month pilot program which began in June 2023, with locations tested in British Columbia, Southern Alberta, and Southern Ontario, Zedcor entered into a master rental services agreement with to provide MobileyeZ™ security towers with 24/7 Live, Verified Video Monitoring™ at numerous locations across Canada until September 2026. The number of locations that we are servicing has expanded subsequent to December 31, 2023.
- Award of Ontario O-Train construction mobile security project. Sites being secured include equipment storage yards, light maintenance and storage facilities and five LRT stations under construction on the O-Train West Extension. As at December 31, 2023 the Company has 24 MobileyeZ™ security towers deployed with anticipated peak demand for this project which is expected to be completed in late 2026.
- The Company continued to attract new customers across Canada. For the 3 months ended December 31, 2023, the Company provided services to more than 50 new customers. For the 12 months ended December 31, 2023, the Company has added over 190 new customers.

ZEDCOR INC.

Management's Discussion and Analysis

For the three and twelve months ended December 31, 2023

IN THOUSANDS OF CANADIAN DOLLARS

- On track US expansion. In Q3 2023 the Company leased a facility and hired its first employee in the US. In addition, the Company has shipped a small number of security towers for research & development purposes to help ensure supply targets are met for its 2024 expansion program. Zedcor exited the year with 50 MobileyeZ™, obtained its Texas security license, continued positive business development with both existing Canadian customers with operations in the US and potential US based customers, hired sales people for the Houston market and generated its first US revenue in Q4 2023.
- The Company continued to manage its supply chain and logistics. Orders were proactively placed for light tower materials, cameras and communication equipment for the Company's 2024 capital program. Zedcor also started manufacturing operations out of its Houston facility in order to resolve bottle necks related to light tower assembly. By addressing this bottleneck, the Company can ramp up production to meet anticipated customer demand for the expansive US market. This will also allow the Company to control its capital costs, while designing innovative solutions in order to proactively meet customer needs. Additional security products will be constructed based on customer demand, expansion plans into other strategic markets in Canada and the USA, and availability of capital.

SELECTED QUARTERLY FINANCIAL INFORMATION

	Dec 31 2023	Sept 30 2023	June 30 2023	Mar 31 2023	Dec 31 2022	Sept 30 2022	Jun 30 2022	Mar 31 2022
(Unaudited - in \$000s)								
Revenue	5,799	6,431	6,216	6,443	6,415	5,797	5,256	4,631
Net income (loss)	(860)	288	2,472	752	3,076	966	1,528	428
Adjusted EBITDA ¹	1,401	2,285	1,824	2,135	2,380	2,121	1,694	1,373
Adjusted EBITDA per share - basic ¹	0.02	0.03	0.02	0.03	0.04	0.03	0.02	0.02
Net income (loss) per share								
Basic	(0.00)	0.00	0.03	0.01	0.05	0.01	0.02	0.01
Diluted	(0.01)	0.00	0.03	0.01	0.04	0.01	0.02	0.01
Adjusted free cash flow ¹	482	4,664	968	978	1,931	2,076	(292)	1,216

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.

ZEDCOR INC.

Management's Discussion and Analysis

For the three and twelve months ended December 31, 2023

IN THOUSANDS OF CANADIAN DOLLARS

SECURITY & SURVEILLANCE SEGMENT RESULTS

(in \$000s)	Three months ended December 31			Twelve months ended December 31		
	2023	2022	% change	2023	2022	% change
Security & surveillance service revenue	5,598	5,754	(3%)	23,014	19,385	19%
Security personnel, camera sales and other service revenue	201	661	(70%)	1,875	2,714	(31%)
Total revenue	5,799	6,415	(10%)	24,889	22,099	13%
Security & surveillance service operating costs	1,915	1,920	0%	7,948	6,800	17%
Security personnel, camera sales and other service operating costs	142	561	(75%)	1,315	2,364	(44%)
Total operating costs	2,057	2,481	(17%)	9,263	9,164	1%
Depreciation of operating assets*	940	625	50%	3,240	2,162	50%
Gross Margin	2,802	3,309	(15%)	12,386	10,773	15%
Security & surveillance service margin %	49%	56%		51%	54%	
Security personnel, camera sales and other service margin	29%	15%		30%	13%	

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

Security & Surveillance Service Revenue

Q4 2023 vs Q4 2022

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, 2023, revenue decreased by 3% compared to the three months ended December 31, 2022. Revenue decreased only 3%, or \$0.2 million while revenues from its top 3 customers decreased by more than \$3.7 million. The strategic decision to expand across Canada, grow the sales team and pursue customer diversification yielded results and the Company continues to see growth in revenue subsequent to Q4 2023. In addition, due to the completion of major pipeline construction projects, the Company had to service the security coming back from the projects and distribute throughout its service center network for other customers. This caused a timing delay as the equipment is serviced and delivered for other customers.

Overall, customer demand remains strong and was 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 expand its fleet of MobileyeZ™, expand its geographical footprint and diversify its customer base across Canada and into the US. As at December 31, 2023, over 45% of the Company's fleet of MobileyeZ™ is located in Ontario and Manitoba. The three equipment and service centers in these two provinces have been open for approximately a year and shown significant growth in that time period.

ZEDCOR INC.

Management's Discussion and Analysis

For the three and twelve months ended December 31, 2023

IN THOUSANDS OF CANADIAN DOLLARS

Security Personnel, Camera Sales and Other Service Revenue

Q4 2023 vs Q4 2022

Revenue for the three-month period ended December 31, 2023 was \$201 compared to \$661 for the three month period ended December 31, 2022. This was a decrease of \$460. The decrease in revenue was a result of fewer camera sales and fewer security personnel deployed in Q4 2023. These are ancillary services in 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 2023 vs Q4 2022

Security & surveillance service margin decreased by 7% percent for the three months ended December 31, 2023 when compared to the three months ended December 31, 2022. This decrease in margin was due to a inflationary pressure on costs for wages and spare parts, higher repair & maintenance expenses as towers are returned from the pipeline contract and added operating costs as a result of expanded geographical footprint which was offset by 1) cost controls; 2) realized efficiencies from a maintenance recall program launched on the MobileyeZ™; and 3) proactively managing its supply chain when possible. While margin did decline in Q4 2023 vs Q4 2022, it is relatively consistent for the year ended December 31, 2023 as a result of the measures discussed above. In addition, the Company has continued to invest in artificial intelligence technology for its cameras in 2023. This will reduce monitoring costs, decrease false alarms and reduce streaming costs as the cameras are upgraded throughout the fleet. As revenue rebounds from the decrease in Q4 2023, the Company anticipates that margins will increase slightly.

Security personnel, camera sales and other services margin percentage will fluctuate depending on sales mix. For the three months ended December 31, 2023, the Company completed more fixed camera installations with higher margins.

OTHER EXPENSES

(in \$000s)	Three months ended December 31			Twelve months ended December 31		
	2023	2022	% change	2023	2022	% change
General and administrative	2,521	1,601	57%	8,543	5,495	55%
Depreciation of administrative assets	107	77	39%	374	250	50%
Depreciation of right-of-use assets	389	244	59%	1,249	938	33%
Finance costs	469	320	47%	1,621	1,063	52%

For the three months ended December 31, 2023:

- Total general and administrative expenses increased 57% compared to the same quarter in 2022. This increase to general and administrative costs of \$920 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. \$591 of the G&A costs for the three months ended December 31, 2023 are related to US expansion.
- Depreciation of right-of-use assets increased by \$145, or 59%, due to a larger vehicle fleet as a result of headcount increases, and increased number of equipment branches across Canada and the addition of a US service and manufacturing center.
- Finance costs increased by 47% as a result of higher total debt driven by the expansion of the MobileyeZ™ fleet and increased interest rates.

ZEDCOR INC.

Management's Discussion and Analysis

For the three and twelve months ended December 31, 2023

IN THOUSANDS OF CANADIAN DOLLARS

2023 STRATEGIC INITIATIVES RECAP

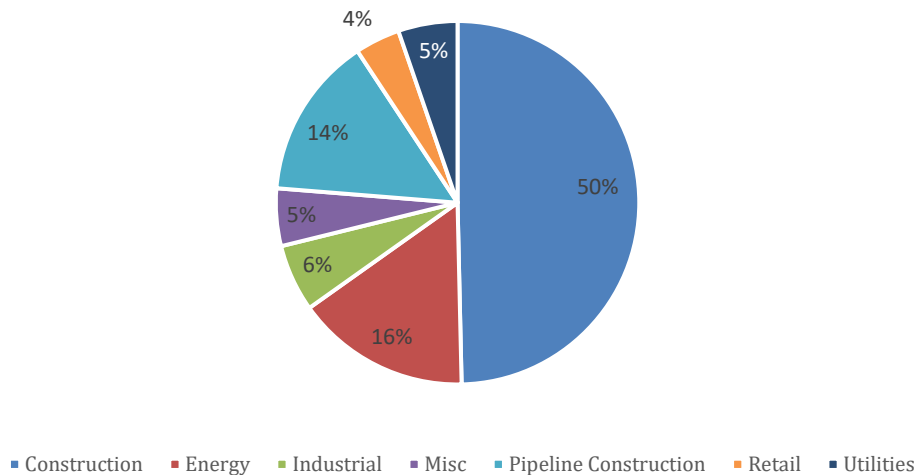
The Company's strategic objectives for 2023 included 1) obtaining more customers, with a focus on enterprise level customers, and diversifying customer base including geographically and across different industry verticals; 2) maintaining margin levels by increasing operational efficiency and continuing to invest in technology; 3) Building new, innovative products based on customer demand; and 4) generate customer and shareholder value and positive earnings per share. Zedcor has worked toward achieving these objectives, setting up the Company to further grow in 2024.

- 1) Obtaining more customers, with a focus on enterprise level customers, and diversifying customer base including geographically and across different industry verticals. For the year ended December 31, 2023, the Company has added over 190 new customers. A number of these customers were brought on in the second half of the year and, as our fleet of MobileyeZ™ continues to grow at each service center, the Company intends to grow revenues for each of these customers in 2024. In addition, the Company has diversified its revenues streams both by customer and by industry verticals. The followings tables compare the Company's Q1 2023 revenue by customer and by industry verticals with Q4 2023 which highlight how Zedcor has moved towards completing its objectives of diversification.

Revenue by Customer

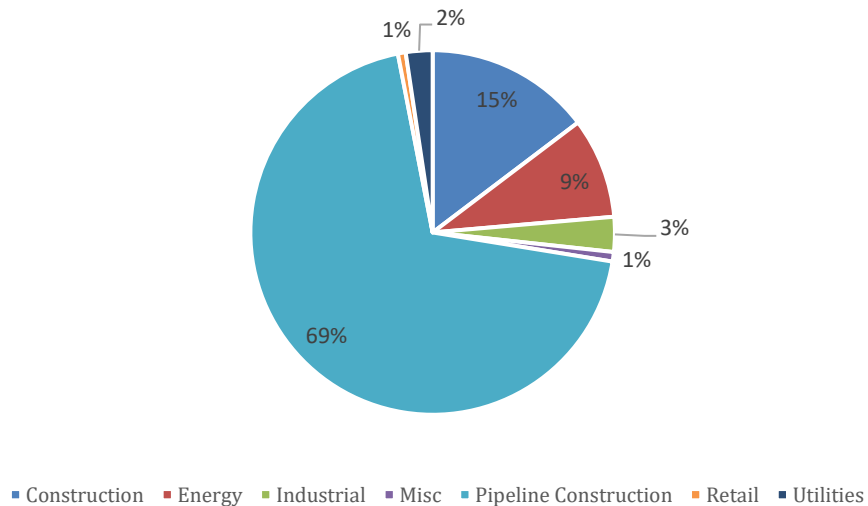
(in \$000s)	Q4 2023	Q1 2023	\$ Change	% Change
Top 3 customers	700	4,162	(3,462)	(83%)
Other customers	5,099	2,281	2,818	124%
Total	5,799	6,443	(644)	(10%)

Revenue by Industry - Q4 2023



ZEDCOR INC.
Management's Discussion and Analysis
For the three and twelve months ended December 31, 2023
 IN THOUSANDS OF CANADIAN DOLLARS

Revenue by Industry - Q1 2023



- 2) Maintaining margin levels by increasing operational efficiency and continuing to invest in technology. Gross margin for the year ended December 31, 2023 was 50% compared to 49% for the year ended December 31, 2022. The Company managed to maintain margins despite increased labor costs due to inflation and increased repairs and maintenance costs for security towers returned from pipeline construction projects. The Company's investment in technology resulted in fewer alarms from its increased security tower fleet which allowed the Company to reduce data streaming costs and monitoring costs. We anticipate margins to remain steady or increase going forward as a result of these technological investments.
- 3) Building new, innovative products based on customer demand. This continues to be an objective for Zedcor into 2024. In the second half of 2023, the Company started to develop its proprietary Solar Electric MobileyeZ™. This is a brand new, fully standalone security tower that is lower capital cost for the Company and cost effective for customers. The prototype was completed in November 2023 and subsequent to the end of the year, Zedcor has gone into production of these units which can be used throughout North America. The Company anticipates building 400 – 500 of these security towers for 2024. In addition, the Company is in the development phase for other innovative security solutions which will leverage Zedcor's 24/7 Live, Verified™ video monitoring center located in North America.
- 4) The Company intends to generate customer and shareholder value and positive earnings per share. This is another ongoing objective for the Company and management remains focused on generating value.

ZEDCOR INC.

Management's Discussion and Analysis

For the three and twelve months ended December 31, 2023

IN THOUSANDS OF CANADIAN DOLLARS

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. While there was a decrease in utilization in Q4 2023, this was temporary and revenue and utilization levels have increased in Q1 2024. As the Trans Mountain Expansion Pipeline project came to an end in Q4 2023, the Company was able to effectively redeploy equipment to other customers throughout the Company's operating regions. 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 to Houston, Texas in Q4 2023 and is excited about the early results we are seeing for expansion in Texas and other regions in the United States. The US fleet of security towers is fully utilized and the Company is starting to build a backlog of demand.

Priorities that the Company intends to focus on for the remainder for 2024 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 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 intends 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.

SUBSEQUENT EVENTS

2,266,965 warrants which were set to expire on March 30, 2024 and 350,000 warrants which were set to expire on April 6, 2024, were exercised for common shares subsequent to December 31, 2021. Total proceeds from the warrant exercises subsequent to December 31, 2023 was \$1,831.

On January 29, 2024, the Company received notice from a director of the Company that its management services agreement, as part of its Rental Segment asset sale, was being terminated as at February 29, 2024.

ZEDCOR INC.
Management's Discussion and Analysis
For the three and twelve months ended December 31, 2023

IN THOUSANDS OF CANADIAN DOLLARS

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, 2023 and 2022:

(in \$000s)	Twelve months ended December 31			
	2023	2022	\$ Change	% Change
Cash flow from operating activities	9,886	6,190	3,696	60%
Cash flow used in investing activities	(13,451)	(8,607)	(4,844)	56%
Cash flow from financing activities	4,468	2,880	1,588	55%

The following table presents a summary of working capital information:

(in \$000s)	Twelve months ended December 31			
	2023	2022	\$ Change	% Change
Current assets	7,286	7,542	(256)	(3%)
Current liabilities *	9,451	7,379	1,072	15%
Working capital	(2,165)	163	(2,328)	(1,428%)

*Includes \$3.8 million of debt and \$2.4 million of lease liabilities in 2023 and \$2.2 million of debt and \$1.8 million of lease liabilities in 2022

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

	Interest rate	Final maturity	Facility maximum	Outstanding as at December 31, 2023	Outstanding as at December 31, 2022
Term Loan	5.15%	Oct 2026	6,100	3,538	4,748
Revolving Equipment Financing	Prime + 2.00%	Revolving	15,000	13,096	5,799
Authorized Overdraft	Prime + 1.50%	Revolving	3,000	—	—
				16,634	10,547
Current portion				(3,788)	(2,198)
Long term debt				12,846	8,349

On June 6, 2023, the Company entered into a second amending agreement ("Second Amended Financing Agreement") which increased the Company's equipment financing from \$6.0 million to \$15.0 million. As at December 31, 2023, the Second Amended Financing Agreement provides the Company with the following:

ZEDCOR INC.

Management's Discussion and Analysis

For the three and twelve months ended December 31, 2023

IN THOUSANDS OF CANADIAN DOLLARS

1. A \$6.1 million term loan that is fully committed for five years ("Term Loan"). The Term Loan bears interest at 5.15% and will have monthly blended principal and interest payments of \$116.
2. A \$15.0 million revolving equipment financing facility ("Revolving Equipment Financing"). The Company is able to draw on this facility at any time for up to 100% of new equipment purchases. The draws bear interest at Prime + 2.0% and each draw will be amortized over 5 years with blended principal and interest payments. As at December 31, 2023 the Prime Interest Rate was 7.20% and the interest rate on the Revolving Equipment Financing was 9.20%. As the Company pays down the Revolving Equipment Financing, it can borrow back up to the facility maximum of \$15.0 million.
3. An authorized overdraft facility ("Authorized Overdraft") up to \$3.0 million, secured by the Company's accounts receivable, up to 75%, less priority payables which are GST payable, income taxes payable, employee remittances payable and WCB payables. The Authorized Overdraft is due on demand and any outstanding overdraft bears interest at Prime + 1.5%. As at December 31, 2023 the Prime Interest Rate was 7.20% and the interest rate on the Revolving Equipment Financing was 8.70%.

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

The agreement has the following quarterly financial covenant requirements, calculated on a trailing twelve month basis:

- a debt servicing covenant of no less than 1.25 to 1.00; and
- a funded debt to EBITDA covenant of no more than 3.00 to 1.00.

As at December 31, 2023, the Company is in compliance with its financial covenant requirements. The debt servicing ratio as calculated based on the Second Amended Financing Agreement was 2.15 to 1.00 and the funded debt to EBITDA was 1.91 to 1.00.

CREDIT RISK

The Company extends credit to customers, primarily comprised of pipeline construction companies and 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 December 31, 2023 and believes the expected loss provision is sufficient.

ZEDCOR INC.

Management's Discussion and Analysis

For the three and twelve months ended December 31, 2023

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, 2023:

(in \$000s)	1 Year	2-3 years	4-5 years	Thereafter	Total	Carrying value
Accounts payable and accrued liabilities	3,242	—	—	—	3,242	3,242
Current debt	5,016	—	—	—	5,016	3,788
Long-term debt	—	13,874	—	—	13,874	12,846
Note payable	175	3,800	—	—	3,975	3,249
Finance lease liabilities	2,960	4,405	1,364	8	8,737	7,731
Total	11,393	22,079	1,364	8	34,844	30,856

OUTSTANDING SECURITIES

At April 10, 2023, the Company had the following securities outstanding:

- 77,359,223 common shares issued and outstanding;
- 2,744,905 warrants are outstanding with an exercise price of \$0.12;
- 2,200,000 restricted share units and deferred share units; and
- 1,850,000 options are outstanding with exercise prices ranging from \$0.15 per share to \$0.58 per share. Of the outstanding options, 1,158,331 options are exercisable at prices ranging from \$0.15 per share to \$0.50 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. As at December 31, 2023, the note payable had a carrying value of \$3,249 (as at December 31, 2022 - \$3,182) (note 10).

The Company had the following related party transactions for continued operations for the twelve months ended December 31, 2023:

- \$205 in wages paid to close family members of an executive officer (December 31, 2022 - \$120).
- \$128 in corporate secretarial services paid to a company owned by a close family member of an executive officer (December 31, 2022 - \$99).
- \$50 in promotional products purchased from a company owned by a close family member of an executive officer (twelve months ended December 31, 2022 - \$41).
- \$350 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, 2022 - \$612). In addition, the Company purchased \$111 in services from the same company (twelve months ended December 31, 2022 - \$70).
- \$2,159 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, 2022 - \$883).

ZEDCOR INC.

Management's Discussion and Analysis

For the three and twelve months ended December 31, 2023

IN THOUSANDS OF CANADIAN DOLLARS

These related party transactions are in the normal course of business and have been recorded at the exchange amount. At December 31, 2023 the amounts receivable from related parties was \$32 and amounts payable to related parties was \$44 (as at December 31, 2022 - \$107 receivable and \$7 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.

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 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 Corporation'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.

ZEDCOR INC.

Management's Discussion and Analysis

For the three and twelve months ended December 31, 2023

IN THOUSANDS OF CANADIAN DOLLARS

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 cash-generating-units ("CGU") based on their ability to generate largely independent cashflows and used for impairment testing. The determination of the Company's CGUs is 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 Corporation and should be read in conjunction with the detailed information appearing elsewhere in this Annual Information Form. Prospective investors should carefully consider the risk factors set out below and consider all other information contained in this Annual Information Form and in the Corporation'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 Corporation's business and the security and technology business generally.

Competition entering the marketplaces in which Zedcor Operates

Competition in the rental and security 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.

Dependence on Major Customers

Zedcor generates approximately 40% of its revenues from continuing operations from its top three customers and there can be no assurance that the current customers will continue their relationships with Zedcor. 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.

ZEDCOR INC.

Management's Discussion and Analysis

For the three and twelve months ended December 31, 2023

IN THOUSANDS OF CANADIAN DOLLARS

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.

Impact of Economic Cycle

A number of the Corporation'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 the price of oil and gas, interest rates, commodity prices, exchange rates, availability of capital, general economic prospects and adverse weather conditions may all impact their businesses by affecting levels of consumer, corporate and government spending. The Corporation's business and financial performance is largely affected by the impact of such business cycle factors on its customer base.

Inflation

Increased inflation could reduce the Corporation'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 Corporation 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 Corporation's business, sales and margin performance, net income, cash flows and the trading price of the Common Shares.

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 Corporation or various governments and business which may result in additional risk and uncertainties to the Corporation's business, operations and financial condition.

The extent of the effect of a disease, pandemic or public health threat on the Corporation's business, financial condition, results of operations, cash flows, reputation, access to capital, cost of borrowing, access to liquidity, and/or business plans may, in particular, and without limitation, will depend on numerous factors, including 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 Corporation's business and operations that have been or could potentially continue to be impacted by the outbreak of any disease, pandemic or public health threat 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 Corporation'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

ZEDCOR INC.

Management's Discussion and Analysis

For the three and twelve months ended December 31, 2023

IN THOUSANDS OF CANADIAN DOLLARS

adversely impacted as a result of unpredictable financial markets, commodity prices and/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 Corporation's business strategies and initiatives, resulting in ongoing effects to the Corporation's financial results, including the increase of counterparty, market and operational risks.

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

A portion of Zedcor's revenue and growth prospects are 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, there could be a negative impact on the Corporation's business, sales and margin performance, net income, cash flows and 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 service quality and availability, reliability and performance of equipment used to perform its services, technical knowledge and experience, safety and competitive price. 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 Corporation is proactive in its human resource management and works to provide an attractive workplace environment for all employees.

Dependence on Suppliers and Timing of Completion of Rental Units to be Deployed to the Corporation'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 Corporation's control. No assurances can be given that the Corporation will be successful in maintaining its required supply of equipment.

Safety

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

Capital Markets

The Corporation, along with local, national and international companies with which it competes, has restricted access to capital, bank debt and equity. As such, the Corporation 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 Corporation's ability to do so is dependent on, among

ZEDCOR INC.

Management's Discussion and Analysis

For the three and twelve months ended December 31, 2023

IN THOUSANDS OF CANADIAN DOLLARS

other factors, the overall state of capital markets and investor appetite for investments in the security and surveillance industry and the Corporation's securities in particular.

To the extent that external sources of capital become limited, unavailable or available on onerous terms, the Corporation'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 Corporation 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 Corporation's business it is necessary from time to time for the Corporation 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 Corporation obtains some of the necessary capital by incurring debt and therefore the Corporation 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 Corporation 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 Corporation 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.

Impact of Future Financings on Market Price

In order to finance future operations or acquisitions opportunities, the Corporation may raise funds through the issuance of Common Shares or the issuance of debt instruments or securities convertible into Common Shares. The Corporation 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 Corporation's securities will have on the market price of the Common Shares.

ZEDCOR INC.
Management's Discussion and Analysis
For the three and twelve months ended December 31, 2023

IN THOUSANDS OF CANADIAN DOLLARS

Credit Facility Risk

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

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.

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.

Uncertain Operating Conditions

The Corporation's financial results will be affected by a number of factors. The primary factors affecting Zedcor's operating results are changes in oil and gas prices, technology, equipment costs, labour costs, overhead costs and quantity of customer orders. In addition to this, other factors having an impact on results are competition; 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.

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 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.

ZEDCOR INC.

Management's Discussion and Analysis

For the three and twelve months ended December 31, 2023

IN THOUSANDS OF CANADIAN DOLLARS

Potential Replacement of or Reduced Use of Products and Services

Certain security equipment of the Corporation 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 Corporation's business, financial condition, results or operations and cash flows. Although the Corporation 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 Corporation 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 Corporation will be successful in maintaining its required supply of equipment.

Environmental Requirements

The Corporation's equipment rental customers consist of companies operating primarily 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 region, putting further pressure on project economics, and may also impair the Corporation's ability to provide its services economically.

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 corporations, and situations may arise where the directors and officers may be in direct competition with the Corporation. Conflicts of interest, if any, which arise will be subject to and governed by the procedures prescribed by the ABCA.

Climate Change Regulations

The Corporation's equipment rental customers consist of companies operating primarily 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 Corporation's operating expenses, each of which may have a material adverse effect on the Corporation's profitability and financial condition. Further, the imposition of

ZEDCOR INC.

Management's Discussion and Analysis

For the three and twelve months ended December 31, 2023

IN THOUSANDS OF CANADIAN DOLLARS

carbon taxes puts the Corporation at a disadvantage with the Corporation'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.

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.

Dilution

The Corporation may make future acquisitions or enter into financings or other transactions involving the issuance of securities of the Corporation which may be dilutive. This may have a dilutive effect on our expected net income/loss available to our shareholders per share. Furthermore, the Corporation may issue further securities in the future, including Common Shares or securities convertible into Common Shares. To the extent that the Corporation 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 Corporation'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 Corporation and as a result, could have a material adverse effect on the Corporation'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 Corporation may disclose confidential information relating to the business, operations or affairs of the Corporation. Although confidentiality agreements are signed by third parties prior to the disclosure of any confidential information, a breach could put the Corporation at competitive risk and may cause significant damage to its business. The harm to the Corporation'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 Corporation 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.

ZEDCOR INC.

Management's Discussion and Analysis

For the three and twelve months ended December 31, 2023

IN THOUSANDS OF CANADIAN DOLLARS

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 financial statements and harm the trading price of the Common Shares.

Information Technology Systems and Cyber-Security

The Corporation relies heavily on information technology, such as computer hardware and software systems, in order to properly operate its business. In the event the Corporation 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 and 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 Corporation's business, financial condition, results of operations and cash flows.

In the ordinary course of business, the Corporation collects, uses and stores sensitive data, including intellectual property, proprietary business information and personal information of the Corporation's employees and third parties. Despite the Corporation'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 Corporation's systems and/or networks and, as a result, the information could be accessed, publicly disclosed, lost or stolen.

To date the Corporation has not experienced any material losses relating to cyber-attacks or other information security breaches. However, there can be no assurance that the Corporation 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 Corporation's operations and damage to its reputation, which could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows. Although the Corporation 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 Corporation 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.

ZEDCOR INC.

Management's Discussion and Analysis

For the three and twelve months ended December 31, 2023

IN THOUSANDS OF CANADIAN DOLLARS

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

Political and other conditions in foreign countries and regions, including geopolitical risks such as the current conflict between Russia and Ukraine, 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 Annual Information Form 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. 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.

ZEDCOR INC.
Management's Discussion and Analysis
For the three and twelve months ended December 31, 2023
 IN THOUSANDS OF CANADIAN DOLLARS

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

(in \$000s)	Three months ended December 31		Twelve months ended December 31	
	2023	2022	2023	2022
Net income (loss)	(860)	3,076	2,652	5,998
Add (less):				
Finance costs	469	320	1,621	1,063
Depreciation of property & equipment	1,048	702	3,614	2,412
Depreciation of right-of-use assets	389	244	1,249	938
Loss (gain) on sale of equipment	100	(15)	27	(139)
Loss (gain) loss on disposal of right-of-use asset	69	(10)	81	(14)
Income tax recovery	—	(2,005)	—	(2,005)
EBITDA	1,215	2,312	9,244	8,253
Add (deduct):				
Stock based compensation	180	45	562	129
Foreign exchange loss (gain)	6	23	(2)	70
Other income	—	—	(2,159)	(883)
	186	68	(1,599)	(684)
Adjusted EBITDA	1,401	2,380	7,645	7,569

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 December 31		Twelve months ended December 31	
	2023	2022	2023	2022
Net income (loss)	(860)	3,076	2,652	5,998
Add (deduct):				
Finance costs	469	320	1,621	1,063
Income tax recovery	—	(2,005)	—	(2,005)
Other income	—	—	(2,159)	(883)
Adjusted EBIT	(391)	1,391	2,114	4,173

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.

ZEDCOR INC.

Management's Discussion and Analysis

For the three and twelve months ended December 31, 2023

IN THOUSANDS OF CANADIAN DOLLARS

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

(in \$000s)	Three months ended December 31		Twelve months ended December 31	
	2023	2022	2023	2022
Net income (loss)	(860)	3,076	2,652	5,998
Add non-cash expenses:				
Depreciation of property & equipment	1,048	702	3,614	2,412
Depreciation of right-of-use assets	389	244	1,249	938
Stock based compensation	180	46	562	129
Finance costs (non-cash portion)	116	14	151	145
Income tax recovery		(2,005)		(2,005)
	873	2,077	8,228	7,617
(Deduct) non-recurring income				
Other income	—	—	(2,159)	(883)
	873	2,077	6,069	6,734
Change in non-cash working capital	(391)	(146)	1,023	(1,803)
Adjusted free cash flow	482	1,931	7,092	4,931

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.

ZEDCOR INC.

Management's Discussion and Analysis

For the three and twelve months ended December 31, 2023

IN THOUSANDS OF CANADIAN DOLLARS

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.