



**ZEDCOR INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS**



**FOR THE THREE & NINE MONTHS ENDED
SEPTEMBER 30, 2024 AND 2023**

ZEDCOR INC.

Management's Discussion and Analysis

For the three and nine months ended September 30, 2024

IN THOUSANDS OF CANADIAN DOLLARS

The following management's discussion and analysis ("MD&A") provides an overview of the events and transactions that have affected the performance of Zedcor Inc. (the "Company" or "our" or "we") for the three and nine ended September 30, 2024 when compared to the three and nine months ended September 30, 2023. The MD&A should be read in conjunction with the audited consolidated financial statements and accompanying notes thereto of Zedcor Inc. for the years ended December 31, 2023 and 2022 and the condensed consolidated interim financial statements for the three and nine months ended September 30, 2024 and 2023. These consolidated financial statements are available on the Company's website at www.zedcor.com as well as on SEDAR+ at www.sedarplus.ca.

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

This MD&A has been prepared by management and reviewed and approved by the Board of Directors of Zedcor Inc. as of November 13, 2024.

OVERVIEW AND CORPORATE PROFILE

Zedcor Inc. (TSX-V:ZDC) is disrupting the traditional physical security industry through its proprietary MobileyeZ™ security towers by providing turnkey and customized mobile surveillance and live monitoring solutions to blue-chip customers across North America. The Company continues to expand its established platform of over 1,200 MobileyeZ™ towers in Canada and the United States, with emphasis on industry leading service levels, data-supported efficiency outcomes, and continued innovation. Zedcor services the Canadian market through equipment and service centers currently located in British Columbia, Alberta, Manitoba, and Ontario. The Company continues to advance its U.S. expansion which now has the capacity to service markets throughout the Midwest with locations throughout Texas and in Denver, Colorado, with a location in Phoenix, Arizona to follow by Q1 2025.

The Company operates a fleet of over 1,200 proprietary MobileyeZ™ security towers, equipped with high resolution, technology-based cameras, and monitors numerous fixed site locations for customers across various industries. Video from security towers and fixed site locations is streamed to the Company's central monitoring station where video alarms are live verified and responded to based on customer requirements. Zedcor also offers high level security guard services to enterprise level customers who are interested in supplementing video-based security for valuable, high risk, or mission critical operational assets.

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EXECUTIVE SUMMARY:

Selected Financial Highlights

(in \$000s)	Three months ended September 30		Nine months ended September 30		Three months ended June 33
	2024	2023	2024	2023	2024
Revenue	9,152	6,431	22,658	19,090	7,372
Adjusted EBITDA^{1,2}	3,409	2,285	8,002	6,244	2,695
Adjusted EBIT^{1,2}	708	728	1,494	2,505	720
Net income (loss)	310	288	1,249	3,512	1,409
Net income (loss) per share					
Basic	0.00	0.00	0.01	0.05	0.02
Diluted	0.00	0.00	0.01	0.04	0.02

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

² See Financial Measures Reconciliations below

Zedcor recorded \$9,152 of revenue for the three months ended September 30, 2024. This compares to \$6,431 of revenue from for the three months ended September 30, 2023. The revenue increase of 42% year over year was due to strong demand for our security towers in Canada and the addition of US revenues. US revenues continued to increase throughout the quarter and the Company generated 14% of total revenues from its US operations.

Quarter over quarter, the Company's total revenue was up \$1,780 or 24% and adjusted EBITDA was up \$714 or 26%. Revenue increased both year over year and quarter over quarter as a result of a larger fleet of security towers, revenue growth in the US and strong utilization rates during Q3 2024 as the Company was able to redeploy security towers returned from its large pipeline security project which ended in Q4 2023 and grow its fleet of MobileyeZ™.

The Company's security and surveillance services saw increased revenues and EBITDA for nine months ended September 30, 2024 compared to 2023 due largely to the same reasons discussed above. Zedcor exited the period with 1,151 MobileyeZ™ security towers which was an increase of 326 when compared to December 31, 2023 and 396 units when compared to September 30, 2023.

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Financial and operational highlights for the three and nine months ended September 30, 2024 include:

- Net income was \$310 for the three months ended September 30, 2024. This compares to net income of \$288 for the three months ended September 30, 2023. For the nine months ended September 30, 2024 net income was \$1,249 compared to net income of \$3,512 for the nine months ended September 30, 2023. The decrease in net income is due to lower other income, higher finance costs as a result of higher total debt on our equipment financing facilities, higher stock-based compensation expense and a \$173 loss on repayment of the Note Payable. Quarter over quarter, after adjusting for the other income, the Company was able to increase net income and continue to generate positive earnings as a result of: 1) a larger fleet of towers and strong customer demand which drove utilization and, in turn, revenues and 2) strong cost controls and efficiencies generated from our AI camera implementations completed in Q4 2023 which has reduced operating costs and increased margins.
- Diversification away from the Company's core pipeline construction customers. As the Company increases its fleet of MobileyeZ™ and expands geographically, our risk related to customer concentration has decreased. Zedcor's services are customer and industry agonistic and we continued to see that in the first nine months of 2024 as we were able to diversify our customers across the construction industry, into retail security and across other business segments. In addition, of our \$9.2 million of revenue for the three months ended September 30, 2024, 86% of it is reoccurring and 14% of it was generated from the US.
- Continued traction across Ontario, customer diversification in Western Canada and strong utilization across the Canadian MobileyeZ™ fleet. The Company expanded to Ottawa in Q2 2022 and Toronto in Q3 2022. In less than two years, our Toronto equipment and servicing center has grown to be the largest in Canada with approximately 25% of the Canadian fleet being operated out of Toronto. In addition, we started to generate record daily revenues across our Canadian operations in June and our fleet of MobileyeZ™ was nearly 100% utilized in Canada. The record daily revenues has continued in Q3 2024. The Company also continued to attract new customers in Canada and for the nine months ended September 30, 2024, the Company added over 130 new customers across its operations.
- On track US expansion. Zedcor exited the Q3 2024 with 215 MobileyeZ™ located in the US, continued to expand the base of operations with the ability to service customers across Texas, and opened an equipment and servicing center in Denver, Colorado. For the nine months ended September 30, 2024, the Company generated \$2,326 of revenues in the US and, for the 3 months ended September 30, 2024, the Company generated \$1,244, or 14%, of revenues in the US. This number is expected to expand as the Company continues to build out its footprint in the US and continue to add additional customers.
- Continued development and expansion of manufacturing capabilities. Zedcor has manufactured over 250 of its Solar MobileyeZ™ Security Tower and has ramped up production capacity out of its Houston, Texas facility with the ability to meet customer demand in North America. The Company is actively managing its component suppliers and supply chains, while finding efficiencies in order to streamline manufacturing.
- Continued growth in the retail security segment with an expanded rental and service agreement to provide MobileyeZ™ security towers at 23 sites for a leading North American home improvement retailer. This represented an additional ten store locations and thirteen locations across Canada for the customer's capital initiatives program, including new store builds or major renovations, bringing the total MobileyeZ™ coverage for the Customer in Canada to over 20 stores and two distribution centers.

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- Continued investment in expansion of enterprise-level sales and obtaining enterprise-level customers. Subsequent to the end of the quarter, the Company has expanded its enterprise level sales team with the addition of Randy Beck and Keith Aubele. Randy Beck was the former Chief of Security for the Trans Mountain Pipeline and the former Assistant Commissioner of Federal Policing for the Royal Canadian Mounted Police. Keith Aubele previously worked for Walmart and Home Depot as their senior VP of loss prevention and risk. Mr. Beck will focus on helping the Company expand its energy focused enterprise customers and Mr. Aubele will focus on helping the Company expand its retail customers in the US.
- Payment of \$3.5 million to retire the balance of a Note issued in February 2016 and exercise of all outstanding warrants on the Company's balance sheet. This results in streamlined capital structure for the Company.
- Completion of a \$15.0 million equity financing which to help expedite our long-term strategy.

SELECTED QUARTERLY FINANCIAL INFORMATION

	Sept 30 2024	Jun 31 2024	Mar 31 2024	Dec 31 2023	Sept 30 2023	Jun 30 2023	Mar 31 2023	Dec 31 2021
(Unaudited - in \$000s)								
Revenue	9,152	7,372	6,134	5,799	6,431	6,216	6,443	6,415
Net income (loss)	310	1,409	(470)	(860)	288	2,472	752	3,076
Adjusted EBITDA ¹	3,409	2,695	1,898	1,401	2,285	1,824	2,135	2,380
Adjusted EBITDA per share - basic ¹	0.04	0.03	0.03	0.02	0.03	0.02	0.03	0.04
Net income (loss) per share from continuing operations								
Basic	0.00	0.02	(0.01)	(0.00)	0.00	0.03	0.01	0.05
Diluted	0.00	0.02	(0.01)	(0.01)	0.00	0.03	0.01	0.04
Adjusted free cash flow ¹	3,342	1,016	458	482	4,664	968	978	1,931

¹ See Financial Measures Reconciliations below

RESULTS OF OPERATIONS

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 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.

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SECURITY AND SURVEILLANCE SEGMENT RESULTS

(in \$000s)	Three months ended September 30			Nine months ended September 30		
	2024	2023	% change	2024	2023	% change
Security & surveillance service revenue	8,719	6,040	44%	21,675	17,416	24%
Security personnel, camera sales and other service revenue	433	391	11%	983	1,674	(41%)
Total revenue	9,152	6,431	42%	22,658	19,090	19%
Security & surveillance service operating costs	2,159	1,846	17%	5,922	6,033	(2%)
Security personnel, camera sales and other service operating costs	298	238	25%	651	1,173	(45%)
Total operating costs	2,457	2,084	18%	6,573	7,206	(9%)
Depreciation of operating assets*	1,280	892	43%	3,544	2,299	54%
Gross Margin	5,415	3,455	57%	12,541	9,585	31%
Security & surveillance service margin %	61%	55%		56%	52%	
Security personnel, camera sales and other service margin	31%	39%		34%	30%	

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

Operational Review

Q3 2024 vs Q3 2023

S&S segment revenue is driven by utilization and service of its security tower fleet, service revenue related to security personnel and camera installations and remote monitoring of fixed site locations. For the three months ended September 30, 2024, revenue increased by 44% compared to the three months ended September 30, 2023. The increase in Q3 2024 revenue reflects the Company's expanded fleet of MobileyeZ security towers, diversified customer base and growth in the Company's geographical footprint. While the fleet grew more than 44% the revenue will not always coincide with the fleet expansion as units are sent out to the Company's various locations throughout North America. Utilization rates for the Company's fleet were strong throughout Q3 2024 and customer demand remains strong, 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 USA.

Security Personnel, Camera Sales and Other Service Revenue

Q3 2024 vs Q3 2023

Revenue for the three-month period ended September 30, 2024 was \$433 compared to \$391 for the three month period ended September 30, 2023. This was a increase of \$42 or 11%. The increase in revenue was a result of increased security personnel deployed in 2024. These are ancillary services to the Company's main service offerings of MobileyeZ™ and fixed site monitoring. Revenue will fluctuate from quarter to quarter based on the types of projects and amount of fixed installations that can be completed.

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Operating Margins

Q3 2024 vs Q3 2023

Security & surveillance service margin increased by 6% percent for the three months ended September 30, 2024 when compared to the three months ended September 30, 2023. The increase in margins was the result of 1) reduced repairs and maintenance costs as we experienced higher levels of maintenance costs in 2023 due to the completion of two large pipeline security projects; 2) realized efficiencies from our AI at the edge camera upgrades which reduce alarms; and 3) reduced data streaming costs also driven by the AI camera upgrades.

Security personnel, camera sales and other services margin percentage will fluctuate depending on sales mix. For the three months ended September 30, 2024, the majority of the revenues were generated by security guards which are lower margin services as opposed to camera sales which are higher margin.

OTHER EXPENSES

(in \$000s)	Three months ended September 30			Nine months ended September 30		
	2024	2023	% change	2024	2023	% change
General and administrative	3,824	2,300	66%	9,118	6,022	51%
Depreciation of administrative assets	125	108	16%	343	267	28%
Depreciation of right-of-use assets	375	308	22%	1,172	860	36%
Finance costs	398	440	(10%)	1,445	1,152	25%

For the three and nine months ended September 30, 2024:

- Total general and administrative expenses from continuing operations increased 66% compared to the same quarter in 2023. This increase to general and administrative costs of \$1,524 was due to headcount increases in sales, operations management staff, administrative staff, increased stock based compensation and costs associated with the expansion into the US market.
- Depreciation of right-of-use assets increased by \$17, or 16%, due to a larger vehicle fleet as a result of headcount increases, and increased number of equipment branches.
- Finance costs decreased by 10% as a result of lower interest rates and interest income on the Company's cash balance which reduced finance costs.

OUTLOOK

Zedcor continues to execute its long-term strategy of growing its technology enabled security services across North America. The Company continues to effectively use a mix of cash flow, debt and the proceeds from its equity financing to build additional MobileyeZ™ security towers to provide surveillance services to our expanding customer base. In Q2 2024, the Company completed a \$15.0 million equity financing which will help expedite our long-term strategy. The Company was able to effectively redeploy equipment to new customers throughout the Company's operating regions and grow US revenues to over 10% of total revenues in Q3 2024. The Company has grown its salesforce across North America in order to obtain contracts for its MobileyeZ™ and continue to expand its service offering to different industries. The fleet of security towers is fully utilized, and the Company continues to build a backlog of demand.

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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 continues to further take control of its supply chain and remove bottlenecks for its security towers by manufacturing and assembling more of the components of its towers in house. This will allow us to actively manage demand and, over time, reduce our capital costs.
- 3) Building new, innovative products based on customer demand. As the Company has obtained customers in different industry verticals, it has seen an increasing number of use cases for its security solutions coupled with Zedcor's 24/7 Live, Verified™ video monitoring. This includes a need for additional AI based technology that is actively monitored as well as a mobile security product with a smaller footprint.
- 4) The Company intends to generate customer and shareholder value and positive earnings per share. By effectively managing its growth, executing on the above noted strategies and increasing its capital markets presence, Zedcor will be able to continue to generate positive earnings per share, grow its shareholder base and increase share price.

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 nine months ended September 30, 2024 and 2023:

(in \$000s)	Nine months ended September 30			
	2024	2023	\$ Change	% Change
Cash flow from operating activities	6,881	9,096	(2,215)	(24%)
Cash flow used by continuing investing activities	(13,207)	(11,185)	(2,022)	18%
Cash flow from financing activities	10,277	2,479	7,798	315%

The following table presents a summary of working capital information:

(in \$000s)	As at September 30			
	2024	2023	\$ Change	% Change
Current assets	14,417	7,388	7,029	95%
Current liabilities *	12,693	9,013	3,680	41%
Working capital	1,724	(1,625)	3,349	(206%)

*Includes \$4.4 million of debt and \$2.6 million of lease liabilities in 2024 and \$3.2 million of debt and \$2.0 million of lease liabilities in 2023

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, debt or cash flow from operations.

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Principal Credit Facility

	Interest rate	Final maturity	Facility maximum	Outstanding as at September 30, 2024	Outstanding as at December 31, 2023
Term Loan	5.15%	Oct 2026	6,100	2,730	3,538
Revolving Equipment Financing	Prime + 2.00%	Revolving	15,000	13,529	13,096
Authorized Overdraft	Prime + 1.50%	Revolving	3,000	—	—
Equipment Financing	Various	Various	N/A	254	—
				16,513	16,634
Current portion				(4,441)	(3,788)
Long term debt				12,072	12,846

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 September 30, 2024, the Second Amended Financing Agreement provides the Company with the following:

- 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.
- 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 September 30, 2024 the Prime Interest Rate was 6.45% and the interest rate on the Revolving Equipment Financing was 8.45%. As the Company pays down the Revolving Equipment Financing, it can borrow back up to the facility maximum of \$15.0 million.
- 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 September 30, 2024 the Prime Interest Rate was 6.45% and the interest rate on the Revolving Equipment Financing was 7.95%.

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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 September 30, 2024, the Company is in compliance with its financial covenant requirements. The debt servicing ratio as calculated based on the Second Amended Financing Agreement was 1.71 to 1.00 and the funded debt to EBITDA was 1.78 to 1.00.

The Company may also enter into specific financing agreements with certain vendors for specific pieces of equipment. These financing agreements are entered into at the time of purchase and granted by various third parties based on the Company's financial condition at the time. They are secured with the specific equipment being financed and terms and interest rates are decided at the time of application. As at September 30, 2024 the Company had \$254 outstanding with respect to these specific financing agreements (As at December 31, 2023 - \$nil).

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 September 30, 2024 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 lease obligations as at September 30, 2024:

(in \$000s)	1 Year	2-3 years	4-5 years	Thereafter	Total	Carrying value
Accounts payable and accrued liabilities	5,619	—	—	—	5,619	5,619
Current debt	5,680	—	—	—	5,680	4,441
Long-term debt	—	9,477	3,015	—	12,492	12,072
Finance lease liabilities	3,267	4,589	487	—	8,343	7,162
Total	14,566	14,066	3,502	—	32,134	29,294

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OUTSTANDING SECURITIES

At November 13, 2024, the Company had the following securities outstanding:

- 96,045,791 common shares issued and outstanding.
- 3,458,334 options are outstanding with exercise prices ranging from \$0.15 per share to \$1.25 per share; 941,662 options are exercisable at prices ranging from \$0.15 per share to \$0.58 per share.
- 2,675,003 restricted share units are outstanding and 1,000,000 deferred share units are outstanding.

RELATED PARTY TRANSACTIONS

The Company had the following related party transactions for the nine months ended September 30, 2024:

- \$73 in interest paid on the Note Payable to a corporation controlled by a director of the Company (nine months ended September 30, 2023 - \$131).
- \$142 in wages paid to a close family members of an executive officer (nine months ended September 30, 2023 - \$142).
- \$59 in promotional products and uniforms purchased from a company owned by a close family member of an executive officer (nine months ended September 30, 2023 - \$34).
- \$175 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 (nine months ended September 30, 2023 - \$275).
- \$1,373 in other income from the annual bonus as EBITDA targets were exceeded as per the purchase and sale agreement for the sale of the Company's Rentals assets (nine months ended September 30, 2023 - \$2,159).
- \$264 in corporate secretarial services paid to a company owned by a close family member of an executive officer (nine months ended September 30, 2023 - \$125).

These related party transactions are in the normal course of business and have been recorded at the exchange amount. At September 30, 2024 the amounts receivable from related parties was \$19 and amounts payable to related parties was \$nil (as at September 30, 2023 - \$149 receivable and \$18 payable).

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 10, 2024. 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 10, 2024, 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.

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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		Nine months ended	
	2024	2023	2024	2023
Net income	310	288	1,249	3,513
Add:				
Finance costs	398	440	1,445	1,152
Depreciation of property & equipment	1,405	1,000	3,887	2,566
Depreciation of right-of-use assets	375	308	1,172	860
Loss (gain) on sale of equipment	350	(3)	350	(73)
Loss on disposal of right-of-use asset	13	11	29	12
Loss on repayment of note payable	—	—	173	—
EBITDA	2,851	2,044	8,305	8,029
Add (deduct):				
Stock based compensation	538	238	1,035	382
(Gain) loss on foreign exchange	20	3	35	(8)
Other income	—	—	(1,373)	(2,159)
	558	241	(303)	(1,785)
Adjusted EBITDA	3,409	2,285	8,002	6,244

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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		Nine months ended	
	2024	2023	2024	2023
Net income	310	288	1,249	3,512
Add (deduct):				
Finance costs	398	440	1,445	1,152
Loss on repayment of note payable	—	—	173	—
Other income	—	—	(1,373)	(2,159)
Adjusted EBIT	708	728	1,494	2,505

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		Nine months ended	
	2024	2023	2024	2023
Net income	310	288	1,249	3,512
Add non-cash expenses:				
Depreciation of property & equipment	1,405	1,000	3,887	2,566
Depreciation of right-of-use assets	375	308	1,172	860
Loss on repayment of note payable	—	—	173	—
Stock based compensation	538	238	1,035	382
Finance costs (non-cash portion)	6	16	58	35
	2,634	1,850	7,574	7,355
(Deduct) non-recurring income and expenses:				
Other income	—	—	(1,373)	(2,159)
	2,634	1,850	6,201	5,196
Change in non-cash working capital	708	2,814	(1,384)	1,414
Adjusted Free Cash Flow	3,342	4,664	4,817	6,610

ZEDCOR INC.

Management's Discussion and Analysis

For the three and nine months ended September 30, 2024

IN THOUSANDS OF CANADIAN DOLLARS

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.