ZEDCOR INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Zedcor

SECURITY SOLUTIONS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021 AND 2020

Dated August 18, 2021

zedcor.ca

The following management's discussion and analysis ("MD&A") provides an overview of the events and transactions that have affected the performance of Zedcor Inc. (the "Company" or "our" or "we") for the three and six months ended June 30, 2021 when compared to the three and six months ended June 30, 2020. The MD&A should be read in conjunction with the audited consolidated financial statements and accompanying notes thereto of Zedcor Inc. for the years ended December 31, 2020 and 2019 and the condensed consolidated interim financial statements for the three and six months ended June 30, 2021 and 2020. These consolidated financial statements are available on the Company's website at www.zedcor.ca as well as on SEDAR at www.sedar.com.

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

This MD&A has been prepared by management and reviewed and approved by the Board of Directors of Zedcor Inc. as of August 18, 2021.

OVERVIEW AND CORPORATE PROFILE

Zedcor Inc. is a Canadian public corporation and is currently the parent company to Zedcor Security Solutions Corp. ("Zedcor"). On September 17, 2020, the Company received shareholder approval to change the names of the Companies in order to better reflect its changing business. Zedcor Energy Inc.'s name was changed to Zedcor Inc. and Zedcor Energy Services Corp.'s name was changed to Zedcor Security Solutions Corp. Zedcor is engaged in providing security & surveillance services in Western and Central Canada. The Company trades on the TSX Venture Exchange under the symbol "ZDC". As a result of the sale of its Rental Segment assets on June 30, 2021, Zedcor operates with one business segment: Security & Surveillance ("S&S").

With a fleet of light towers equipped with high resolution, technology-based security cameras and equipment monitored by a central command center, the S&S segment operates in Western and Central Canada and provides technology-based security and surveillance services. Specifically, the Company has three main service offerings to customers across all market segments: 1) rental, service and remote monitoring of its proprietary MobileyeZ security towers; 2) live monitoring of fixed site locations; and 3) security personnel. The Company operates as Zedcor Security Solutions Corp. with its head office in Calgary, Alberta.

EXECUTIVE SUMMARY:

Selected Financial Highlights

(in $000s)	Three months ended June 30 2021	Three months ended June 30 2020	Six months ended June 30 2021	Six months ended June 30 2020
Revenue	3,103	1,441	5,790	2,870
Adjusted EBITDA[1,2]	1,492	877	3,658	2,924
Adjusted EBIT[1,2]	(65)	111	475	(13)
Net loss from continuing operations	(935)	(695)	(1,341)	(1,680)
Net loss from operations	(3,619)	(1,135)	(3,393)	(1,422)
Net loss per share from continuing operations				
Basic	(0.02)	(0.01)	(0.02)	(0.03)
Diluted	(0.02)	(0.01)	(0.02)	(0.03)

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

On June 30, 2021, the Company announced the sale of its Rental Segment assets. Accordingly, these operations were classified as discontinued operations on the Company's financial statements. The discussion throughout our MD&A reflect continuing operations of the Company's security and surveillance services, unless otherwise noted. Zedcor recorded $1,019 and $1,987 of adjusted EBITDA from continuing operations for the three months and six months ended June 30, 2021. This compares to $618 and $843 of adjusted EBITDA from continuing operations for the three and six months ended June 30, 2020. The Company's security and surveillance services segment saw increased revenues and EBITDA compared to 2020 due to increased fleet of MobileyeZ security towers as a result of increasing customer demand.

Zedcor is actively managing the increased customer demand for security solutions by adding to its fleet of towers. The Company has also increased the size of its sales team and geographic footprint in order to market its services in other parts of Canada.

Financial and operational highlights for the three and six months ended June 30, 2021 include:

- Revenue for the quarter ended June 30, 2021 increased by $1,662 from $1,441 to $3,103 compared to the same quarter in 2020. This increase was driven by a larger fleet of MobileyeZ security towers. During Q2 2020, the Company was in the process of retrofitting its existing fleet of solar hybrid light towers to MobileyeZ security towers. This process was completed in Q3 2020 and Zedcor continued to add to its fleet allowing it to generate additional revenues.
- The Company announcing the award of two long term contracts for its Solar Hybrid MobileyeZ. One contract was for the rental and service of 100 Solar Hybrid MobileyeZ to a pipeline contractor. The second contract was a 21-month rental contract for 15 Solar Hybrid MobileyeZ to a large engineering and construction joint venture.

- Adding twelve additional Electric MobileyeZ and twenty additional Solar Hybrid MobileyeZ bringing its total fleet to 38 and 150 units, respectively. Of the 150 Solar Hybrid MobileyeZ, 120 are equipped with ground disturbance sensors which further enhances the capabilities of these units. The Company will continue to manage its supply chain and logistics by constructing additional security towers based on customer demand and expansion plans into other strategic markets in Canada.
- Net loss from continuing operations was ($935) and ($1,341) for the three and six months ended June 30, 2021 compared to a net loss of ($695) and ($1,680) for the three and six months ended June 30, 2020. The reduction in net loss for the six months ended June 30, 2021 was a result of higher revenues driven by an increased fleet size and higher utilization for the Company's security tower fleet.
- Reducing debt and finance lease liabilities in the first half of the year. The Company exited Q2 2021 with $4,988 outstanding on its credit facilities compared to $17,317 as at December 31, 2020 and $17,399 as at June 30, 2020.
- On June 30, 2021, the Company announced the closing of the sale of its Rental Segment assets for total proceeds of $11.3 million. The proceeds were used entirely to reduce high interest debt. In addition to the proceeds of $11.3 million the Company will continue to help manage those assets and will be paid an monthly management fee of $25 per month for up to 36 months. This transaction also allows the Company to capitalize on potential oilfield activity upside by providing for a 35% annual bonus if certain targets are exceeded. This transaction resulted in a $2.7 million loss on sale but significantly reduces the Company's balance sheet leverage and allows the Company to focus on expanding its security business throughout North America.

SELECTED QUARTERLY FINANCIAL INFORMATION

(Unaudited – in $000s)	June 30 2021	March 31 2021	Dec 31 2020	Sept 30 2020	Jun 30 2020	Mar 31 2020	Dec 31 2019	Sept 30 2019
Revenue from continuing operations	3,103	2,687	2,458	1,673	1,441	1,429	1,081	1,288
Net loss	(3,619)	(1,135)	(287)	(3,930)	(1,135)	(1,805)	(683)	(15,176)
Adjusted EBITDA[1]	1,492	901	2,066	1,303	1,509	1,264	2,758	1,402
Adjusted EBITDA per share - basic[1]	0.03	0.02	0.04	0.02	0.03	0.02	0.05	0.03
Net loss per share from continuing operations								
Basic	(0.02)	(0.00)	(0.02)	(0.02)	(0.01)	(0.02)	(0.02)	(0.02)
Diluted	(0.02)	(0.02)	(0.02)	(0.02)	(0.01)	(0.02)	(0.02)	(0.02)
Net income (loss) per share from discontinued operations								
Basic	(0.05)	0.01	(0.02)	0.00	(0.01)	0.00	(0.05)	(0.01)
Diluted	(0.05)	0.01	(0.02)	0.00	(0.01)	0.00	(0.05)	(0.01)
Adjusted free cash flow[1]	198	(276)	190	(320)	1,591	751	1,240	(264)

[1] *See Financial Measures Reconciliations below*

OPERATING SEGMENT REVIEW

The Company structured its operations in two operating and reportable segments, the S&S segment and the Rentals segment (formerly Energy Services), based on the way that management organizes the Company's business for making operating decisions and assessing performance. On June 30, 2021, the Company announced the sale of its Rentals segment assets and these were reported as discontinued operations on the Company's Financial statements.

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 monitoring to support the fleet of towers and remote monitoring for fixed camera installations. In addition, the segment offers on-site security personnel to customers across all market segments.

SECURITY AND SURVEILLANCE SEGMENT RESULTS

	Three months ended June 30			Six months ended June 30		
(in $000s)	**2021**	**2020**	**% change**	**2021**	**2020**	**% change**
Revenue	3,103	1,441	115%	5,790	2,870	102%
Direct costs	1,277	307	316%	2,308	910	154%
Depreciation of operating assets*	346	335	3%	712	582	22%
Gross Margin	1,480	799	85%	2,770	1,378	101%
Margin %	48%	55%		48%	48%	

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

Operational Review

Q2 2021 vs Q2 2020

S&S segment revenue is driven by utilization of its security tower fleet, service revenue related to on site security personnel and fixed camera installation and monitoring. For the six months ended June 30, 2021, the Company operated an average fleet of 147 Solar Hybrid MobileyeZ security towers and 35 Electric MobileyeZ security towers. This compares to an average fleet of 75 Solar Hybrid MobileyeZ security towers for the 6 months ended June 30, 2020. As a result of the larger fleet size, and increased utilization, Zedcor saw sharply higher rental revenue for the three and six months ended June 30, 2021.

The Company also generated $529 and $856 in on-site security personnel and remote monitoring revenue for the three and six months ended June 30, 2021 compared to $307 and $720 for the three and six months ended June 30, 2020. During the quarter, the Company increased the size of its salesforce and was able to increase the number of fixed site monitoring contracts. This remains a focus of Zedcor and the Company sees an opportunity to grow this revenue stream and increase the revenues as a percentage of total revenues.

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

Overall, revenue for the three months ended June 30, 2021 increased by $1,662, or 115%, and margin increased $681, or 85%. Direct costs increased more than revenue as the Company continues to invest in increasing operations staff as a result of current and anticipated future demand.

Rentals Segment

The Rentals segment provides surface equipment rentals, temporary accommodation rentals, and power generation rentals to customers involved in oil & gas exploration, construction, and emergency response in Western Canada. The assets of this segment were sold on June 30, 2021 and the results have been presented as discontinued on the Company's financial statements.

RENTALS SEGMENT RESULTS

	Three months ended June 30			Six months ended June 30		
(in $000s)	**2021**	**2020**	**% change**	**2021**	**2020**	**% change**
Revenue	**979**	**971**	**1%**	**3,052**	**4,257**	**(28%)**
Direct costs	**341**	**577**	**(41%)**	**1,085**	**1,777**	**(39%)**
Depreciation of operating assets*	**282**	**821**	**(66%)**	**737**	**1,758**	**(58%)**
Margin	356	(427)		1,230	722	70%
Margin %	36%	(44%)		40%	17%	

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

Operational Review

Q2 2021 vs Q2 2020

Revenues for the Rentals Segment increased slightly to $979 from $971 for the three months ended June 30, 2021. Q2 2021 saw higher utilization of equipment when compared to the same period last year. However, rental rates were lower than 2020 leading to only a slight increase in revenues. For the six months ended June 30, 2020, revenues decreased by $1,205 or 28% as Q1 2020 was a relatively busy quarter before the impacts of the COVID-19 pandemic resulted in decreased commodity prices and activity. Operating costs and depreciation were significantly lower in 2021 compared to 2020 as the Company had a significantly smaller fleet and had reduced operating costs due to lower utilization.

The Company made the strategic decision to divest itself of these assets in order to reduce debt and interest costs. The assts were sold for gross proceeds of $11.3 million to a company controlled by a Director of Zedcor. In addition to the purchase price received for the assets, Zedcor will earn a monthly management fee of $25 per month in exchange for helping manage the new company and has the ability to earn an annual 35% bonus payment for every dollar of EBITDA exceeding a certain threshold.

OTHER EXPENSES

	Three months ended June 30			Six months ended June 30		
(in $000s)	**2021**	**2020**	**% change**	**2021**	**2020**	**% change**
General and administrative	807	486	66%	1,495	1,068	40%
Depreciation of administrative assets	33	29	14%	58	61	(5%)
Depreciation of right-of-use assets	104	191	(46%)	217	322	(33%)
Finance costs	826	782	6%	1,768	1,601	10%

For the three months ended June 30, 2021, total general and administrative expenses increased 66% compared to the same quarter in 2020. This increase to general and administrative costs of $321 was due to headcount increases in sales and operations management staff. In addition, the Company received a higher wage subsidy from the Canadian Federal Government at the start of the pandemic in 2020. Depreciation of right-of-use assets decreased by 46% due to the Company subleasing some of its buildings. Finance costs increased by 6% for the quarter ended June 30, 2021 due to the Company's debt shifting to a higher interest lender as well as the increase in interest rates on the Note Payable from 5% to 7%.

OUTLOOK

Despite the challenging operating environment and reduced economic activity as a result of the COVID-19 pandemic, the Company continues to execute on its long term strategy of growing its S&S segment. We continued to effectively use cash flow to purchase additional MobileyeZ security towers in order to use it in providing surveillance services. In addition, the Company has used technological solutions in order to reduce the capital costs of expanding this service line. Utilization of the Company's surveillance towers fitted with high resolution cameras and supported by live, 24/7 remote monitoring, continues to see high utilization and we expect the utilization rates to remain steady in the second half of 2021 with construction activity expected to increase as a result of government stimulus. In addition, the Company continues to expand its security service offerings with on-site security personnel services and remote monitoring solutions, in addition to expanding its geographical footprint in British Columbia.

As a result of the sale of its Rental segment assets, the Company has significantly reduced leverage on its balance sheet and can focus on its three main priorities:

1) Replace current high interest lender with a senior lender that provides lower interest rates allowing for the generation of higher free cash flows. Based on conversations with lenders and reduced financial leverage ratios, the Company is in position to have this completed.

2) Expand its fleet of security towers and geographical footprint in Western Canada and expand to Central and Eastern Canada.

3) Increased the revenue from fixed monitoring sites allowing for a base of recurring monthly revenues.

SEASONALITY OF OPERATIONS

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

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 six months ended June 30, 2021 and 2020:

	Six months ended June 30			
(in $000s)	**2021**	**2020**	**$ Change**	**% Change**
Cash flow from continuing operating activities	605	1,179	(574)	(49%)
Cash flow used by continuing investing activities	(1,297)	(1,169)	(128)	11%
Cash flow used by financing activities	(13,454)	(2,489)	(10,965)	441%

The following table presents a summary of working capital information:

	Six months ended June 30			
(in $000s)	**2021**	**2020**	**$ Change**	**% Change**
Current assets	4,176	3,126	1,050	34%
Current liabilities *	5,837	19,248	(13,411)	(70%)
Working capital	(1,661)	(16,122)	14,461	90%
Bank working capital ratio **	1.52	2.47	(0.95)	(38%)

**Includes $4.0 million of debt in 2021 and $16.6 million of debt in 2020*
*** Bank working capital ratio is defined as current assets divided by current liabilities, excluding the current portion of debt and finance lease liabilities.*

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.

IN THOUSANDS OF CANADIAN DOLLARS

Principal Credit Facility

	Interest rate	Final maturity	Facility maximum	Outstanding as at June 30, 2021	Outstanding as at December 31, 2020
Loan and Security Facility	12.75%	January 1, 2023	19,309	4,067	17,317
Operating Loan Facility	Prime + 5.0%	Revolving	3,000	921	—
				4,988	$17,317
Current portion				(2,407)	(2,940)
Long term debt				2,581	14,377

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

Loan and Security Facility:

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

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

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

As a result of the disposal of the Company's Rental Segment assets at June 30, 2021, the Company has:

- $3.5 million outstanding on the one time draw of $17.3 million. This loan has monthly principal payments of $63 plus interest of 12.75% per annum until October 2021 and monthly principal payments of $108 plus interest of 12.75% per annum thereafter;
- $0.6 million outstanding on the $0.8 million draw on the accordion feature. This loan has monthly blended principal and interest payments of $39 from July 2021 to December 2021 and then $29 thereafter;
- $ 1.2 million available to draw on the accordion feature, subject to approval from the lender; and
- The lender has released the personal guarantee from the Company's Board Member.

Operating Loan Facility:

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

The Operating Loan Facility requires that the Company's current ratio does not fall below 1.50:1.00, the debt service coverage ratio does not fall below 1.00:1.00 until December 31, 2021 and 1.25:1.00 thereafter, and imposes a maximum debt level for the Company. As at June 30, 2021, the Company's current ratio, as defined to exclude the current portion of long term debt, was 1.52:1.00; the debt service coverage ratio, calculated in accordance with IAS 17 per agreement with lender, was 1.20:1.00 and the Company's total debt of $16,428 was below the maximum of $31,500.

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 oil prices may result in higher collection risk on trade receivables. The Company has reviewed its outstanding accounts receivable as at June 30, 2021 and believes the expected loss provision is sufficient.

Commitments and obligations

The following table shows the undiscounted contractual maturities of the Company's financial liabilities and finance and operating lease obligations as at June 30, 2021:

(in $000s)	1 Year	2-3 years	4-5 years	Thereafter	Total	Carrying value
Accounts payable and accrued liabilities	1,829	—	—	—	1,829	1,829
Current debt	2,407	—	—	—	2,407	2,407
Long-term debt	—	2,581	—	—	2,581	3,142
Note payable	—	2,298	—	—	2,928	3,363
Finance lease liabilities	1,601	2,371	1,755	956	6,683	7,381
Total						18,122

OUTSTANDING SECURITIES

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

- 58,104,943 common shares issued and outstanding.
- 4,400,000 preferred shares issued and outstanding.
- 4,744,905 warrants are outstanding with an exercise price of $0.12; and
- 3,260,000 options are outstanding with exercise prices ranging from $0.15 per share to $0.25 per share; 1,119,994 options are exercisable at prices ranging from $0.15 per share to $0.25 per share.

RELATED PARTY TRANSACTIONS

As at June 30, 2021, the Company owed $2,928 for a Note Payable to a corporation controlled by a director of the Company (December 31, 2020 - $2,979).

Aside from the sale of the Rental Segment assets, the Company had the following related party transactions for the six months ended June 30, 2021:

- $228 in rent paid for two buildings to corporations owned by a director of the Company (June 30, 2020 - $152).
- $61 paid through the issuance of shares to a director of the Company for a personal guarantee provided on the Long Term Debt (June 30, 2020 - $61).
- $72 in wages paid to close family members of an executive officer (June 30, 2020 - $80).
- $43 in promotional products purchased from a company owned by a close family member of an executive officer (June 30, 2020 - $4).

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

OFF BALANCE SHEET ARRANGEMENTS

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

BUSINESS RISKS AND UNCERTAINTIES

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

ACCOUNTING POLICIES

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

FINANCIAL MEASURES RECONCILIATIONS

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

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

EBITDA and Adjusted EBITDA

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

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

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

(in $000s)	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Net loss from continuing operations	(935)	(695)	(1,341)	(1,680)
Add:				
Finance costs	826	782	1,768	1,601
Depreciation of property & equipment	379	364	770	643
Depreciation of right-of-use assets	104	191	217	322
Loss on disposal of right-of-use asset	645	—	573	—
Income tax recovery	—	(24)	—	(43)
EBITDA from continuing operations	1,019	618	1,987	843
Add:				
Stock based compensation	28	8	62	17
Severance costs	44	24	48	66
Discontinued operations	401	227	1,561	1,998
Adjusted EBITDA	1,492	877	3,658	2,924

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 June 30		Six months ended June 30	
	2021	2020	2021	2020
Net loss	(3,619)	(1,135)	(3,393)	(1,422)
Add:				
Finance costs	826	782	1,768	1,601
Income tax recovery	—	(24)	—	(43)
Severance costs	44	24	48	66
Discontinued operations	2,684	464	2,052	(215)
Adjusted EBIT from continuing operations	(65)	111	475	(13)

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 June 30 2021	2020	Six months ended June 30 2021	2020
Net loss from continuing operations	(935)	(671)	(1,341)	(1,637)
Add non-cash expenses:				
Depreciation of property & equipment	379	364	770	643
Depreciation of right-of-use assets	104	191	217	322
Stock based compensation	28	8	62	17
Finance costs (non-cash portion)	196	151	514	281
Current taxes	—	(24)	—	(43)
	(228)	(5)	222	(417)
Add non-recurring expenses:				
Severance	44	24	48	66
Change in non-cash working capital	382	1,841	(348)	1,405
Adjusted Free Cash Flow from continuing operations	198	1,860	(78)	1,054

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.