

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

**FOR THE THREE & SIX MONTHS ENDED  
JUNE 30, 2025 AND 2024**

Dated August 12, 2025



# **ZEDCOR INC.**

## **Management's Discussion and Analysis For the three and six months ended June 30, 2025**

IN THOUSANDS OF CANADIAN DOLLARS

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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, 2025 when compared to the three and six months ended June 30, 2024. The MD&A should be read in conjunction with the audited consolidated financial statements and accompanying notes thereto of Zedcor Inc. for the years ended December 31, 2024 and 2023 and the condensed consolidated interim financial statements for the three and six months ended June 30, 2025 and 2024. These consolidated financial statements are available on the Company's website at [www.zedcor.com](http://www.zedcor.com) as well as on SEDAR+ at [www.sedarplus.ca](http://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 August 12, 2025.

### **OVERVIEW AND CORPORATE PROFILE**

Zedcor Inc., a Canadian public corporation, is a technology enabled company that is changing how physical security services are provided to businesses. Zedcor operates throughout Canada with equipment and service centers in British Columbia, Alberta, Manitoba, and Ontario. The Company also operates in the United States with equipment and service centers in Houston and Austin, Texas, as well as Denver, Colorado, Las Vegas, Nevada, and Phoenix, Arizona. Additionally, The Company has a MobileyeZ™ assembly facility in Houston, Texas with plans to open an additional monitoring center in Houston. The Company has three main service offerings to customers across all market segments: 1) surveillance and live monitoring through its proprietary MobileyeZ security towers; 2) surveillance and live monitoring of fixed site locations; and 3) security personnel.

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

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**EXECUTIVE SUMMARY:**

**SELECTED FINANCIAL HIGHLIGHTS**

(in \$000s)	Three months ended June 30		Six months ended June 30		Three months ended March 31
	2025	2024	2025	2024	2025
<b>Revenue</b>	13,536	7,372	25,012	13,506	11,476
<b>EBITDA</b>	4,038	3,598	7,515	5,265	3,477
<b>Adjusted EBITDA<sup>1,2</sup></b>	4,933	2,695	9,042	4,593	4,109
<b>Adjusted EBIT<sup>1,2</sup></b>	991	720	2,051	786	1,060
<b>Net income</b>	460	1,409	1,082	939	622
<b>Net income per share</b>					
<b>Basic</b>	0.00	0.02	0.01	0.01	0.01
<b>Diluted</b>	0.00	0.02	0.01	0.01	0.01

<sup>1</sup> Adjusted for finance costs, stock based compensation, foreign exchange (gain) loss, depreciation, (gain) loss on disposals of equipment and right of use assets, loss on repayment of note receivable, and other income.

<sup>2</sup> See Financial Measures Reconciliations below

Zedcor recorded \$13,536 of revenue for the three months ended June 30, 2025. This compares to \$7,372 of revenue for the three months ended June 30, 2024. The revenue increase of 84% year over year was due to:

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

This growth in revenue was offset by lower security personnel revenue, camera sales, and other service revenue.

Quarter over quarter, the Company's total revenue was up \$2,060 or 18% and Adjusted EBITDA was up \$824 or 20%. Revenue increased quarter over quarter as a result of a larger fleet of security towers, revenue growth in the US and Canada through customer acquisition, and growing revenues from existing customers in both regions.

Adjusted EBITDA was \$4,933 for the three months ended June 30, 2025, compared to \$2,695 for the three months ended June 30, 2024. This was an increase of \$2,238 or 83%. Adjusted EBITDA increased year over year due to higher revenues and operating cost controls, offset by the increase in administrative and sales staff costs. Adjusted EBITDA margin for the three months ended June 30, 2025 and three months ended June 30, 2024 has held steady at 36% as the Company has carefully managed costs while growing revenue.

The Company's security and surveillance services continued to see strong demand and growth in revenues for the three months ended June 30, 2025 due largely to increased customer demand of its larger fleet of MobileyeZ security towers and expanded US presence. Utilization rates remain strong above 90% throughout Q2 2025 for the companies US and Canada fleet.

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Financial and operational highlights for the three and six months ended June 30, 2025 include:

- For the three months ended June 30, 2025 net income before tax was \$460 compared to a net income before tax of \$1,409 for the three months ended June 30, 2024. The decrease in net income year over year is primarily attributable to other income of \$1,373 in 2024 related to the sale of the Company's Rental segment assets. Excluding the impact of other income, net income for the three months ended June 30, 2024 would have been \$36, resulting in an increase of \$424 from higher revenues and cost controls.
- On February 5, 2025, the Company closed a bought deal equity financing for \$25,311 on a bought deal share financing at a price of \$3.35 per share. The Company issued 7.6 million common shares. This funding, along with the increased banking facilities secured in Q4 2024 will continue and allow the Company to expedite its growth in the US.
- Expansion into strategic US markets including all major metros in Texas (Houston, Dallas, San Antonio, Austin, and Midland), Denver, Colorado, Phoenix, Arizona and Las Vegas, Nevada. The Company has seen demand for its security services outside of Texas and its locations that have been established for less than a year are seeing rapid growth.
- Significant customer wins in the residential home building segment across Texas, in Denver, Las Vegas, and across Canada as well. We anticipate demand in this vertical to continue to increase as we expand our footprint in the US.
- As the Company increases its fleet of MobileyeZ™ and expands geographically, the risk related to customer concentration has decreased. Zedcor's services continue to be customer and industry agonistic and the Company was able to diversify its customer base across the construction industry, and into retail security and logistics.
- The Company continued to build on its success in Canada, strengthening relationships with existing customers while adding new ones. For the six months ended June 30, 2025, Canadian revenue grew 39% to \$17,319, up from \$12,424 in the same period of 2024. This growth highlights the Company's effective expansion of its geographic presence across Canada and its growing customer base.
- On track US expansion. Zedcor exited Q2 2025 with 746 MobileyeZ™ located in the US, expanded the base of operations with the ability to serve customers across Texas and Colorado, and continued positive business development with both existing and new US customers. During Q2 the Company has also established operations in Phoenix, Arizona, and Las Vegas, Nevada.
- As at June 30, 2025 the company has over 100 ZBoxes located in Canada as compared to 54 Zboxes as at December 31, 2024.
- The Company continued to develop and expand its manufacturing capabilities. Zedcor has manufactured over 316 of its Solar MobileyeZ™ Security Towers in Q2 2025 and 547 for the six months ended June 30, 2025. This compares to 123 MobileyeZ™ added to the fleet in Q2 2024 and 178 for the six months ended June 30, 2024. The Company continues to ramp up the production capacity out of its Houston, Texas facility to meet the customer demand in the US. This equates to 20 towers per week throughout most of Q2 2025. As at the end of Q2 2025, the Company has the ability to manufacture 30-35 security towers per week. To support this increase the Company is actively managing its component suppliers and supply chains, while finding efficiencies to streamline manufacturing.

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- The Company is assessing the impact of tariffs. Cameras for its 2025 fleet expansion were ordered late in 2024 and the supplier does not intend to adjust prices, while approximately 35% of steel components were also procured prior to tariffs being imposed. Raw steel components comprise less than 10% of total capital costs of each MobileyeZ™ Security Tower.
- The Company is focusing on improving its economies of scale to support customer demand as it continues to expand across the US. While focusing on efficiencies and manufacturing volume, the Company is concentrating on reducing its exposure to cost increases as a result of tariffs.

### SELECTED QUARTERLY FINANCIAL INFORMATION

(Unaudited – in \$000s, except per share amounts)	June 30 2025	Mar 31 2025	Dec 31 2024	Sept 30 2024	June 30 2024	Mar 31 2024	Dec 31 2023	Sept 30 2023
Revenue	13,536	11,476	10,334	9,152	7,372	6,134	5,799	6,431
Net income (loss)	460	622	380	310	1,409	(470)	(860)	288
Adjusted EBITDA <sup>1</sup>	4,933	4,109	4,002	3,409	2,695	1,898	1,401	2,285
Adjusted EBITDA per share - basic <sup>1</sup>	0.05	0.04	0.04	0.04	0.03	0.03	0.02	0.03
Net income (loss) per share								
Basic	0.00	0.01	0.01	0.00	0.02	(0.01)	(0.00)	0.00
Diluted	0.00	0.01	0.01	0.00	0.02	(0.01)	(0.01)	0.00
Adjusted free cash flow <sup>1</sup>	931	1,546	3,305	3,342	1,018	458	482	4,664

<sup>1</sup> 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 monitoring to support the fleet of towers and remote monitoring for fixed camera installations. In addition, the segment offers on-site security personnel to customers across all market segments.

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**SECURITY AND SURVEILLANCE SEGMENT RESULTS**

(in \$000s)	Three months ended June 30			Six months ended June 30		
	2025	2024	% change	2025	2024	% change
Security & surveillance service revenue	13,324	7,163	86%	24,538	12,956	89%
Security personnel, camera sales and other service revenue	212	209	1%	474	550	(14%)
<b>Total revenue</b>	<b>13,536</b>	<b>7,372</b>	<b>84%</b>	<b>25,012</b>	<b>13,506</b>	<b>85%</b>
Security & surveillance service operating costs	2,905	1,885	54%	5,325	3,763	42%
Security personnel, camera sales and other service operating cost	89	130	(32%)	194	353	(45%)
<b>Total operating costs</b>	<b>2,994</b>	<b>2,015</b>	<b>49%</b>	<b>5,519</b>	<b>4,116</b>	<b>34%</b>
<b>Depreciation of operating assets*</b>	<b>2,047</b>	<b>1,142</b>	<b>79%</b>	<b>3,702</b>	<b>2,264</b>	<b>64%</b>
<b>Gross Margin</b>	<b>8,495</b>	<b>4,215</b>	<b>102%</b>	<b>15,791</b>	<b>7,126</b>	<b>122%</b>
Security & surveillance service margin %	63%	58%		63%	53%	
Security personnel, camera sales and other service margin	58%	38%		59%	36%	

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

**Operational Review**

Q2 2025 vs Q2 2024

S&S segment revenue is driven by utilization and service of its security tower fleet, service revenue related to security personnel and camera installations, and remote monitoring of fixed site locations. For the three months ended June 30, 2025, revenue increased by 86% compared to the three months ended June 30, 2024. The increase in Q2 2025 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 88% 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 continued to be strong throughout Q2 2025. Customer demand remains strong and is driven by:

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

These factors allowed Zedcor to expand its fleet of MobileyeZ, expand its geographical footprint and diversify its customer base across Canada and in the USA.

**Security Personnel, Camera Sales and Other Service Revenue**

Q2 2025 vs Q2 2024

Revenue for the three-month period ended June 30, 2025 was \$212 compared to \$209 for the three month period ended June 30, 2024. This was an increase of \$3. 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.

# ZEDCOR INC.

## Management's Discussion and Analysis

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#### Gross Margins

Q2 2025 vs Q2 2024

Security & surveillance service margin increased by five percentage points for the three months ended June 30, 2025 when compared to the three months ended June 30, 2024. The increase in margins was the result of 1) fleet mix and newer towers resulting in lower maintenance costs; and 2) realized efficiencies from our AI at the edge camera upgrades which reduced 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. These are ancillary services on which the Company is placing less emphasis on to better service the growth of the main service offerings of MobileyeZ™ tower monitoring.

#### GEOGRAPHIC OVERVIEW

The Canada region operates a fleet of security towers equipped with high resolution security cameras and sensors. A central command center provides 24/7 Live, Verified Video Monitoring™ to support the fleet of towers throughout Canada and the US, and remote monitoring for fixed camera installations.

#### CANADA RESULTS

(in \$000s)	Three months ended June 30			Six months ended June 30		
	2025	2024	% change	2025	2024	% change
<b>Total revenue</b>	9,200	6,623	39%	17,319	12,424	39%
Direct operating expenses	1,807	1,722	5%	3,542	3,733	(5%)
Depreciation of property & equipment	1,120	981	14%	2,123	1,928	10%
<b>Total operating costs</b>	2,927	2,703	8%	5,665	5,661	0%
<b>Gross Margin</b>	6,273	3,920	60%	11,654	6,763	72%
<b>Operating Expenses</b>						
General & administrative	1,349	962	40%	2,501	2,008	25%
Depreciation of other property & equipment	104	105	(1%)	240	201	19%
Depreciation of right-of-use-assets	268	281	(5%)	532	556	(4%)
Loss on sale of equipment	4	—	—	4	—	—
Loss on disposal of right-of-use-assets	—	19	—	25	33	(24%)
	1,725	1,367	26%	3,302	2,798	18%
<b>Other (income) expenses</b>						
Finance costs	44	76	(42%)	97	212	(54%)
Foreign exchange loss (gain)	12	13	(8%)	39	15	160%
	56	89	(37%)	136	227	(40%)
<b>Income before income taxes</b>	4,492	2,464	82%	8,216	3,738	120%

#### Revenue - Canada

Q2 2025 vs Q2 2024

Revenue for the three months ended June 30, 2025 was \$9,200 as compared to \$6,623 for the three months ended June 30, 2024. Revenue for the quarter increased 39% as a result of the growth of the fleet, new and existing customer growth, and strong demand.

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**Operating Margin - Canada**  
*Q2 2025 vs Q2 2024*

Gross margin increased to 68% of revenues in the three month period ended June 30, 2025 as compared to 59% from the three month period ended June 30, 2024. The increase in gross margin is due to 1) cost controls; 2) higher utilization rates; 3) realized efficiencies from camera upgrades.

**UNITED STATES RESULTS**

(in \$000s)	Three months ended June 30			Six months ended June 30		
	2025	2024	% change	2025	2024	% change
<b>Total revenue</b>	4,336	749	479%	7,693	1,082	611%
Direct operating expenses	1,187	293	305%	1,977	383	416%
Depreciation of property & equipment	927	161	476%	1,579	336	370%
<b>Total operating costs</b>	2,114	454	366%	3,556	719	395%
<b>Gross Margin</b>	2,222	295	653%	4,137	363	1,040%
<b>Operating Expenses</b>						
General & administrative	2,026	394	414%	3,652	521	601%
Depreciation of other property & equipment	94	—	—	94	—	—
Depreciation of right-of-use-assets	394	98	302%	637	139	358%
	2,514	492	411%	4,383	660	564%
<b>Other (income) expenses</b>						
Finance costs	280	32	775%	294	32	819%
	280	32	775%	294	32	819%
<b>Income before income taxes</b>	(572)	(229)	(150%)	(540)	(329)	(64%)

**Revenue - United States**  
*Q2 2025 vs Q2 2024*

Revenue for the three month period ended June 30, 2025 was \$4,336 as compared to \$749 for the three months ended June 30, 2024. Revenues are higher due to continued expansion throughout the US from newly established customers, strong demand, growing fleet of towers, and new customers.

**Operating Margin - United States**  
*Q2 2025 vs Q2 2024*

Gross margin was 51% in the three months ended June 30, 2025 compared to 39% in the three months ended June 30, 2024. This increase was due to scale efficiencies and direct operating cost controls during the expansion across the US. In 2024, the company was establishing its initial operations in the US, making strategic investments in manufacturing to support the anticipated growth.

**OTHER EXPENSES**

(in \$000s)	Three months ended June 30			Six months ended June 30		
	2025	2024	% change	2025	2024	% change
<b>General and administrative</b>	6,488	2,944	120%	11,910	5,294	125%
<b>Depreciation of administrative assets</b>	275	114	141%	418	218	92%
<b>Depreciation of right-of-use assets</b>	725	422	72%	1,344	797	69%
<b>Finance costs</b>	531	511	4%	969	1,047	(7%)



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For the three and six months ended June 30, 2025:

- Total general and administrative expenses increased 120% and 125%, respectively, compared to the same quarters in 2024. This increase in general and administrative costs was due to headcount increases in sales, operations management, and administrative staff as a result of our expanded footprint, US expansion costs, and higher stock-based compensation expense.
- Finance costs increased by \$20 in the three months ended June 30, 2025 as compared to the three months ended June 30, 2024. The finance costs decreased by \$78 in the six months ended as compared to the six months ended June 30, 2024 as a result of the early payoff of the Note Payable as agreed on May 27, 2024 and interest income from cash.

## **OUTLOOK**

Zedcor continues to execute its long-term strategy of growing its technology enabled security services across North America. The Company continues to effectively use a mix of cash flow, debt, and the proceeds from its equity financing to build additional MobileyeZ™ security towers to provide surveillance services to our expanding customer base. The Company was able to effectively deploy new MobileyeZ™ towers to new customers throughout the Company's operating regions and grow US revenues to over 31% of total revenues in 2025. The Company has grown its salesforce across North America in order to keep utilization rates at peak levels for its MobileyeZ™ and continue to expand its service offering to different industries.

Priorities that the Company intends to focus on for the remainder for 2025 include:

- 1) Expanding operations in the United States and continuing to grow revenues in Canada. Due to significant spending on infrastructure in North America, along with increased theft and vandalism, the Company is 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 growing the manufacturing team, focusing on economies of scale with bigger orders, and assembling more of the components of its towers in house. This will allow the Company 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. The Company has also increased manufacturing for the ZBox to meet customer demand.
- 4) The Company intends to generate customer and shareholder value and positive Adjusted EBITDA. By effectively managing its growth, executing on the above-mentioned 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.

# ZEDCOR INC.

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## LIQUIDITY AND CAPITAL RESOURCES

### Sources and Uses of Cash

The following table shows a summary of the Company's cash flows by source or (use) for the six months ended June 30, 2025 and 2024:

(in \$000s)	Six months ended June 30			
	2025	2024	\$ Change	% Change
Cash flow from operating activities	2,853	3,110	(257)	(8%)
Cash flow used by investing activities	(22,761)	(7,624)	(15,137)	(199%)
Cash flow from financing activities	20,540	12,156	8,384	69%

The following table presents a summary of working capital information:

(in \$000s)	As at June 30			
	2025	2024	\$ Change	% Change
Current assets	19,609	17,966	1,643	9%
Current liabilities *	16,700	11,903	4,797	40%
Working capital	2,909	6,063	(3,154)	(52%)

\*Includes \$4.3 million of debt and \$3.6 million of lease liabilities in 2025 and \$4.4 million of debt and \$2.6 million of lease liabilities in 2024

The primary uses of funds are operating expenses, 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.

### Principal Credit Facility

	Interest rate	Final maturity	Facility maximum	Outstanding as at June 30, 2025	Outstanding as at December 31, 2024
Non-Revolver Reducing Term Loan	Prime + 1.50%	Dec 2027	20,000	17,745	19,732
Revolving Operating Loan	Prime + 1.50%	Dec 2027	10,000	—	—
Equipment Financing	Various	Various	N/A	821	390
				18,566	20,122
Current portion				(4,266)	(4,068)
Long term debt				14,300	16,054

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On December 18, 2024, the Company entered into a Commitment Letter with ATB Financial which provided the Company with the following:

1. A \$10.0 million revolving operating loan. The Company is able to draw on this facility for working capital, capital expenditures, and general corporate purposes. The Company may borrow, repay, reborrow, and convert between types of borrowings. This is due and payable in full on the maturity date of December 17, 2027.
2. A \$20.0 million non-revolving reducing term loan, available in two advances, (i) initial advance to pay out in full the indebtedness of the existing Term Loan and (ii) an amount not exceeding the remainder of the maximum amount shall be used for working capital, capital expenditures, and general corporate purposes. This loan is amortized over 60 months with any unpaid balance due and payable on December 17, 2027. Commencing on January 31, 2025, and on the last Business Day of each month thereafter, the Company shall make equal principal and interest repayments.

The interest is payable at Prime plus the applicable margin. The applicable margin means, with respect to each facility, the percentage per annum applicable to the Net Funded Debt to EBITDA ratio. As at June 30, 2025 the Applicable Margin was 1.50%.

The agreement has the following quarterly financial covenant requirements:

- A Net Funded Debt to EBITDA ratio of no more than 3.50:1.00, as at the Closing Date or as at the end of any fiscal quarter thereafter up to and including June 30, 2025; or
- A Net Funded Debt to EBITDA ratio of no more than 3.00:1.00 as at the end of fiscal quarter ending September 30, 2025 or any Fiscal Quarter thereafter; and,
- A Fixed Charge Coverage Ratio of no less than 1.15:1.00 as at the Closing Date or as at the end of any fiscal quarter thereafter

The credit facilities are secured with a first charge over the Company's current and after acquired equipment, a general security agreement, and other standard non-financial security. As at June 30, 2025, the Company is in compliance with its financial covenant requirements.

The Company may also enter into specific financing agreements with certain vendors for specific pieces of equipment. These financing agreements are entered into at the time of purchase and granted by various third parties based on the Company's financial condition at the time. They are secured with specific equipment being financed and terms and interest rates are decided at the time of application. As at June 30, 2025 the Company had \$821 outstanding with respect to these specific financing agreements as compared to \$390 as at December 31, 2024.

As at June 30, 2025 the Company also has a letter of credit facility of \$240 (as at December 31, 2024 - \$240). The facility is unused as at June 30, 2025.

#### **CREDIT RISK**

The Company extends credit to customers, primarily comprised of construction companies, energy companies and pipeline construction companies, in the normal course of its operations. Historically, bad debt expenses have been limited to specific customer circumstances. However, the volatility in economic activity may result in higher collection risk on trade receivables. The Company has reviewed its outstanding accounts receivable as at June 30, 2025 and believes the expected loss provision is sufficient.

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**COMMITMENTS AND OBLIGATIONS**

The following table shows the undiscounted contractual maturities of the Company's financial liabilities and finance and operating lease obligations as at June 30, 2025:

(in \$000s)	1 Year	2-3 years	4-5 years	Thereafter	Total	Carrying value
<b>Accounts payable and accrued liabilities</b>	8,830	—	—	—	8,830	8,830
<b>Current debt</b>	5,378	—	—	—	5,378	4,266
<b>Long-term debt</b>	—	10,097	6,343	—	16,440	14,300
<b>Finance lease liabilities</b>	4,265	5,026	751	18	10,060	8,841
<b>Total</b>	18,473	15,123	7,094	18	40,708	36,237

**OUTSTANDING SECURITIES**

At August 12, 2025, the Company had the following securities outstanding:

- 105,259,621 common shares issued and outstanding; and
- 2,766,668 options are outstanding with exercise prices ranging from \$0.15 per share to \$1.25 per share; 1,158,329 options are exercisable at prices ranging from \$0.15 per share to \$1.25 per share.
- 5,768,339 DSUs and RSUs are outstanding; 666,665 DSUs and nil RSUs are exercisable.

**TOP CUSTOMER**

The Company generates approximately 10% of its revenues from its top customer (six months ended June 30, 2024 – no customer over 10% of revenues). No other customer accounts for more than 10% of revenues. There can be no assurance that the current customers will continue their relationships with the Company. The loss of the Company's major customer, or any significant decrease in services provided to a customer, prices paid or any other changes to the terms of service with customers, could have a material adverse effect on the financial results, cash flows, and the overall financial condition of the Company.

**RELATED PARTY TRANSACTIONS**

The Company had the following related party transactions for the six months ended June 30, 2025:

- \$nil in interest paid on the Note Payable to a corporation controlled by a director of the Company (six months ended June 30, 2024 - \$73).
- \$245 in wages paid to close family members of executive officers (six months ended June 30, 2024 - \$92).
- \$97 in promotional products and uniforms purchased from a company owned by a close family member of an executive officer (six months ended June 30, 2024 - \$26).
- \$136 in corporate secretarial services paid to a company owned by a close family member of an executive officer (June 30, 2024 - \$77).

These related party transactions are in the normal course of business and have been recorded at the exchange amount. At June 30, 2025 the amounts receivable from related parties was \$nil and amounts payable to related parties was \$172 (as at June 30, 2024 - \$1,373 receivable and \$56 payable).

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**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 12, 2025. 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 12, 2025, both of which can be found on the Company's website or at [www.sedarplus.ca](http://www.sedarplus.ca).

**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, (gain) loss on foreign exchange, (gain) loss on sale of equipment and right-of-use-assets, loss on repayment of note payable, other income, and stock based compensation. These measures do not have a standardized definition prescribed by IFRS and therefore may not be comparable to similar captioned terms presented by other issuers.

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

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

<b>(in \$000s)</b>	<b>Three months ended June 30</b>		<b>Six months ended June 30</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
<b>Net income</b>	460	1,409	1,082	939
Add:				
Finance costs	531	511	969	1,047
Depreciation of property & equipment	2,322	1,256	4,120	2,482
Depreciation of right-of-use assets	725	422	1,344	797
<b>EBITDA</b>	<b>4,038</b>	<b>3,598</b>	<b>7,515</b>	<b>5,265</b>
Add (deduct):				
Stock based compensation	879	282	1,459	497
Loss on sale of property & equipment	4	—	4	—
Loss on repayment of note payable	—	173	—	173
Loss on foreign exchange	12	13	39	15
Loss on disposal of right-of-us-assets	—	2	25	16
Other income	—	(1,373)	—	(1,373)
	895	(903)	1,527	(672)
<b>Adjusted EBITDA</b>	<b>4,933</b>	<b>2,695</b>	<b>9,042</b>	<b>4,593</b>

***Adjusted EBIT***

Adjusted EBIT refers to earnings before interest and finance charges, taxes, and one time income and expenses.

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

<b>(in \$000s)</b>	<b>Three months ended June 30</b>		<b>Six months ended June 30</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
<b>Net income</b>	460	1,409	1,082	939
Add (deduct):				
Finance costs	531	511	969	1,047
Loss on repayment of note payable	—	173	—	173
Other income	—	(1,373)	—	(1,373)
<b>Adjusted EBIT</b>	<b>991</b>	<b>720</b>	<b>2,051</b>	<b>786</b>

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

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

<b>(in \$000s)</b>	<b>Three months ended June 30</b>		<b>Six months ended June 30</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
<b>Net income</b>	460	1,409	1,082	939
<b>Add non-cash expenses:</b>				
Depreciation of property & equipment	2,322	1,256	4,120	2,482
Depreciation of right-of-use assets	725	422	1,344	797
Loss on repayment of note payable	—	173	—	173
Stock based compensation	879	282	1,459	497
Loss on sale of property & equipment	4	—	4	—
Loss on disposal of right-of-use-asset	—	2	25	16
Finance costs (non-cash portion)	26	7	13	52
	4,416	3,551	8,047	4,956
<b>(Deduct) non-recurring income:</b>				
Other income	—	(1,373)	—	(1,373)
	4,416	2,178	8,047	3,583
Change in non-cash working capital	(3,485)	(1,160)	(5,545)	(2,092)
<b>Adjusted Free Cash Flow</b>	<b>931</b>	<b>1,018</b>	<b>2,502</b>	<b>1,491</b>

**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.

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### **Management's Discussion and Analysis**

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#### **ADDITIONAL INFORMATION**

Information about Zedcor Inc. may be found on the SEDAR+ website at [www.sedarplus.ca](http://www.sedarplus.ca) on the Company's website at [www.zedcor.com](http://www.zedcor.com). The Company trades on the TSX Venture Exchange under the symbol ZDC.