Management's Discussion and Analysis

June 30, 2022

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Business Overview

Redishred Capital Corp. ("Redishred" or the "Company") was founded in 2006 with the purpose to acquire and grow a business platform in the information destruction and security industry. In 2008, Redishred acquired Professional Shredding Corporation and its primary assets, which included the Proshred system and brand, including 16 franchised locations.

The Company is headquartered in Mississauga, Ontario, Canada and operates the Proshred franchise and licence business (defined as the business of granting and managing franchises in the United States and by way of a master license arrangement in the Middle East). As of June 30, 2022 and the date of this MD&A, the Company operates 14 corporate locations directly, three of which also operate our Proscan branded imaging and scanning operations and one of which also operates an electronic waste services business under the Secure e-Cycle brand. In the first six months of 2022, the Proshred system achieved USD$35.2 million in System Sales (USD $14.8 million from franchised/licensed locations and USD $20.4 million from the corporately owned locations).

The Company's strategy to drive shareholder value focuses on three key areas:

1. Expand the location footprint in the U.S. by way of franchising and accretive acquisitions.

2. Maximize same location revenue (in particular, recurring scheduled services) and earnings for franchisees and corporate locations.

3. Drive depth of service and earnings in existing locations by acquiring smaller "tuck-in" acquisitions that are accretive.

About Redishred

Redishred's **purpose**, **vision** and **values** are the foundation on which the Company operates.

Purpose

The Company provides secure information destruction services and is both ISO 9001 and NAID AAA certified.

Vision

The Company's vision is to provide easy, durable and environmentally sustainable solutions for our customers, recognizing the responsibility and impact we have on the communities we serve and the environment.

In the second quarter of 2022, we saved ~ 250,000 trees through our paper recycling services.

We also strive to optimize the routes we use in providing shredding services to our clients and maintain our shredding vehicles in optimal condition to reduce our carbon footprint. As we look into the future, we will look to operate newer and more fuel-efficient vehicles and we are also exploring the use of shredding vehicles that run on alternative energy sources.

Values

Operating with integrity, being open and transparent in our communications, creating awareness, holding ourselves accountable, respecting others, and growing, financially and as a business organization, represent our core values.

These core values extend beyond just providing and delivering our core services to customers. We are also involved in our communities and create awareness of issues that impact many. For example, we partner with the American Institute for Cancer Research, annually hosting Nationwide Shred Cancer Events. To date, we have raised over $190,000 to support cancer research through our shred events.

Goals

Through our purpose, vision and values, our goals are to make it easy for our clients to use our services, stay relevant, and empower people. We invest in technology to stay at the forefront of the latest developments in our industry and empower our people to provide the best services to customers. Without our people, this delivery of services to our customers is not possible. The Company has a diverse workforce, both at the customer-facing through to the most senior management positions as we believe the best service is delivered by a diverse and enabled team.

Basis for Presentation

The following management's discussion and analysis has been prepared by management and focuses on key statistics from the Company's consolidated interim financial statements and pertains to known risks and uncertainties. To ensure that the reader is obtaining all pertinent information, this MD&A should be read in conjunction with material contained in the Company's unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2022 and 2021, and the Company's audited consolidated financial statements for the year ended December 31, 2021, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Company's presentation currency is the Canadian dollar. The functional currency of the Company's U.S. subsidiaries is the U.S. dollar, as it is the currency of the primary economic environment in which they operate. Additional information on the Company, including these documents, are available on SEDAR at www.sedar.com. The discussions in this MD&A are based on information available as at August 25, 2022.

Forward Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Certain statements, analysis and commentary in this document reflect the Company's anticipated outlook of future events. These statements include, but are not limited to:

(i) the Company's ability to achieve certain levels of cash flow and earnings before interest, taxes, depreciation and amortization ("EBITDA"), as well as meet its financial obligations as they come due, which may be impacted by:

   a. the severity and duration of COVID-19 and other pandemics and their effects on the Canadian, United States and global economies, including its effects on Redishred, the markets we serve and our customers and the third parties with whom we do business;

   b. the growth of the system sales achieved by existing and new locations;

   c. the growth of sales achieved in corporate locations;

   d. the economic conditions in certain regions of the United States;

   e. the level of corporate overhead;

f. the availability of resources, including vehicles and people;

g. the level of inflation and corresponding interest rates in the United States and Canada;

h. the number and size of acquisitions;

i. the ability to realize efficiencies from acquired operations; and

j. the exchange rate fluctuations between the U.S. and Canadian dollars

(ii) anticipated system sales, royalty revenue and corporate location revenue, which may be impacted by industry growth levels which to date have been driven by favourable legislation and favourable media coverage on the impacts of identity theft and corporate security issues;

(iii) anticipated recycling revenues which may be impacted by commodity paper prices, which may be influenced by market conditions both in the United States and internationally;

(iv) the anticipated corporate results which may be impacted by the ability of the Company to achieve anticipated sales and efficiencies and by the performance of the local economies;

(v) the awarding of franchises and licences, which are subject to the identification and recruitment of candidates with the financial capacity and managerial capability to own and operate a Proshred franchise or licence;

(vi) the commencement of new franchise and/or licenced locations which may be delayed by the inability of the franchisee to comply with the franchise agreement terms and conditions post-execution;

(vii) acquisition activity may be impacted by the level of financing that can be obtained, the identification of appropriate assets and agreement of suitable terms; and

(viii) the ability to continue to meet the Company's financial covenants with its banking institution.

These forward-looking statements should not be relied upon as representing the Company's views as of any date subsequent to the date of this MD&A. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended.

There can be no assurance that forward-looking reports will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect the Company. Other than as specifically required by applicable Canadian law, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

Non-IFRS Financial Measures

There are measures included in this MD&A that do not have a standardized meaning under IFRS and therefore may not be comparable to similarly titled measures presented by other publicly traded companies. The Company includes these measures as a means of measuring financial performance.

- **Total System Sales** are sales generated by franchisees, licensees and corporately operated locations. The system sales generated by franchisees and licensees drive the Company's royalties. The system sales generated by corporate locations are included in the Company's revenue.

- **Shredding System Sales** are sales generated from customers with regular recurring service referred to as scheduled sales and sales generated from customers who have one-time requirements for information destruction referred to as unscheduled sales. Shredding system sales do not include recycling sales, electronic waste sales and scanning sales. Shredding system sales include sales generated by franchisees, licensees and corporately operated locations.

- **Same Location** for system sales, royalty fees and corporate operational results are indicators of performance of franchisees, licensees and corporately operated locations that have been in the system for equivalent periods in both the current period and the comparative period.

- **Consolidated EBITDA** is defined as earnings before interest, taxes, depreciation and amortization. Consolidated EBITDA also excludes government assistance, re-measurements of contingent consideration, and foreign exchange gains and losses. A reconciliation between net income and consolidated EBITDA is included on page 25.

- **Consolidated Operating Income** is defined as revenues less all operating expenses, including depreciation on tangible assets. Amortization for intangible assets has not been included in this calculation. A reconciliation between net income and consolidated operating income is included on page 25.

- **Consolidated Operating Income less Net Interest Expense** is defined as consolidated operating income including interest income and expense. A reconciliation between net income and consolidated operating income less net interest expense is included on page 25.

- **Corporate Location EBITDA** is defined as earnings for corporately operated locations before interest, taxes, depreciation and amortization and also excludes items identified under the definition of Consolidated EBITDA above.

- **Corporate Location Operating Income** is the income generated by corporately operated locations. The operating income generated is inclusive of depreciation on tangible assets, including trucks, right-of-use-assets and secure collection containers. It does not include amortization related to intangibles assets and interest expense.

- **Corporate Location Operating Income less net Recycling** is the corporate location operating income excluding the impact of corporate location recycling sales, net of paper baling costs. The Company has updated the definition of this non-IFRS financial measure to factor in paper baling costs, which fluctuate depending on paper baling activity.

- **Margin** is the percentage of revenue that has turned into EBITDA or Operating Income. Margin is defined as EBITDA or operating income divided by revenue.

- **Constant currency** is a measure of growth before foreign currency translation impacts. It is defined as the current period results in CAD currency using the foreign exchange rate in the equivalent prior year period. This allows for period over period comparisons of business performance excluding the impact of currency fluctuations.

Key Performance Indicators ("KPIs")

Management measures the Company's performance based on the following KPIs:

1. System sales performance – measures sales growth of franchisees, licensees and corporate locations, which drive the Company's royalties and corporate location revenues.

2. EBITDA growth and margin – management uses this performance measure to assess both the Company's and the corporate locations performance. Management is focused on growing the consolidated Company EBITDA and the corporate locations EBITDA.

3. Consolidated operating income growth– this measure considers the Company's ability to increase its operating income and includes depreciation on tangible assets, including trucks and right-of-use assets.

4. Corporate location operating income growth and margin – measures the corporate locations ability to grow cash flow, after factoring in depreciation on tangible assets.

Dollar amounts in thousands of Canadian dollars (except as noted)

5. Corporate location operating income less net recycling revenue growth – this measures the corporate location's ability to improve operationally, removing the fluctuations of commodity paper prices and baling paper costs.

6. Normalized Fixed Charge Coverage Ratio – a common measure of credit risk used by lenders, this measure considers the Company's ability to pay both interest and principal on outstanding debt and is calculated as defined in the Company's credit facility agreement with one of its lenders. Consistent with the definition thereunder, the Company normalizes the ratio for non-cash stock-based compensation expense. Management is focused on increasing this ratio, as generally, the higher the fixed charge coverage ratio, the lower the credit risk.

7. Normalized Total Funded Debt to EBITDA Ratio – this measures the Company's leverage and its ability to pay all outstanding debt and assesses the Company's financial health and liquidity position. This ratio is calculated as defined in the Company's credit facility agreement with one of its lenders and consistent with the definition thereunder, the Company normalizes the ratio for non-cash stock-based compensation expense. Management's goal is to continue to reduce this ratio, which is an indicator that the Company has sufficient funds to meet its financial obligations.

8. Operating income per weighted average share, fully diluted – measures management's ability to drive operating income from existing locations and also helps measure the quality of the acquisitions conducted to ensure they are accretive to driving shareholder value.

Business locations

The Company's U.S. franchise locations are as follows:

Number	Franchised Location	Markets Serviced	Operating Since
1.	Tampa Bay, FL	Tampa Bay, Clearwater, St. Petersburg, Sarasota, Lakeland and Orlando	March 2004
2.	Denver, CO	Greater Denver area	August 2004
3.	Philadelphia, PA	Philadelphia and northern suburbs	September 2006
4.	Raleigh, NC	Raleigh, Winston Salem, Greensborough and Eastern North Carolina	June 2007
5.	Baltimore, MD	Baltimore and Washington, DC	November 2007
6.	Orange County, CA	Orange County	September 2009
7.	San Diego, CA	San Diego	October 2010
8.	Indianapolis, IN	Greater Indianapolis area	June 2011
9.	Phoenix, AZ	Phoenix, Scottsdale and Tempe	January 2012
10.	Dallas, TX	Dallas and Fort Worth	March 2012
11.	Houston, TX	Greater Houston area	November 2012
12.	San Francisco, CA	San Francisco, Silicon Valley, San Jose, East Bay, Oakland	October 2013
13.	Seattle, WA	Seattle and Tacoma	October 2013
14.	Southern New Jersey, NJ	Southern New Jersey and Delaware	May 2014
15.	Minneapolis, MN	Minneapolis and St. Paul	February, 2016
16.	St. Louis, MO	Greater St. Louis area	August 2016

Dollar amounts in thousands of Canadian dollars (except as noted)

The Company's U.S. corporate locations are as follows:

Number	**Corporate Location**	**Markets Serviced**	**Corporately Operating Since**
1.	Syracuse, NY	Syracuse	March 2004 Corporately since May 2010
		Buffalo and Rochester	October 2017
		Watertown	April 2018
2.	Albany, NY	Albany and the Hudson River Valley	April 2003 Corporately since July 2010
3.	New York City, NY	New York City, Westchester, Rockland, Dutchess and Putnam Counties, Staten Island and Long Island	January 2008 Corporately since January 2012
4.	Milwaukee, WI	Milwaukee, Madison and Racine	August 2003 Corporately since January 2011
5.	Miami, FL	Miami, Fort Lauderdale and Palm County	June 2008 Corporately since January 2014
6.	Charlotte, NC	Charlotte, Statesville, Ashville, and Rock Hill, SC	April 2006 Corporately since July 2013
7.	North Virginia, VA	Washington, DC suburbs including Arlington, Alexandria, Tysons, Reston and Dulles	July 2008 Corporately since April 2017
8.	North New Jersey, NJ	Bergen, Essex, Morris, Passaic, Union, Middlesex, Sussex, Warren and Somerset County and Newark	June 2005 (as Safe Shredding) Corporately since October 2018
9.	Kansas City, KS	Greater Kansas City area	December 2006 Corporately since February 2019
10.	Chicago, IL	Greater Chicagoland area	April 2007 Corporately since October 2019
11.	New Haven, CT	State of Connecticut and Rhode Island	April 2007, Corporately since March 2020
12.	Springfield, MA	Western Massachusetts including western Boston suburbs	June 2003 Corporately since December 31, 2020
13.	Richmond, VA	Richmond, Norfolk and Virginia Beach	March 2013. Corporately since May 1, 2021
14.	Atlanta, GA	Greater Atlanta area	January 2012 Corporately since July 30, 2021

Dollar amounts in thousands of Canadian dollars (except as noted)

Financial and Operational Highlights

The following table outlines the Company's key IFRS and non-IFRS measures:

	KPI	Three months ended June 30, 2022	Three months ended June 30, 2021	*Change[(a)]*	Six months ended June 30, 2022	Six months ended June 30, 2021	*Change[(a)]*
System Sales Performance – in USD							
Total locations in the United States		**30**	30	*0%*	**30**	30	*0%*
Total system sales	(1)	**$18,748**	$12,817	*46%*	**$35,157**	$23,500	*50%*
% scheduled sales		***43%***	*48%*		***44%***	*49%*	
Consolidated Operating Performance							
Revenue		**$14,597**	$8,677	*68%*	**$27,114**	$15,991	*70%*
EBITDA	(2)	**$4,540**	$2,621	*73%*	**$8,606**	$4,676	*84%*
EBITDA margin		***31%***	*30%*	*100 bps*	***32%***	*29%*	*300 bps*
Operating income	(3)	**$3,150**	$1,544	*104%*	**$5,882**	$2,565	*129%*
Operating income margin		***22%***	*18%*	*400 bps*	***22%***	*16%*	*600 bps*
Operating income less net interest expense		**$2,747**	$1,318	*108%*	**$5,096**	$2,089	*144%*
Operating income per weighted average share fully diluted[(d)]	(8)	**$0.173**	$0.098	*77%*	**$0.324**	$0.163	*99%*
Government assistance not included in above[(b)]		**–**	–	–	**–**	$1,318	*(100)%*
Corporate Location Performance							
Revenue		**$14,038**	$8,177	*72%*	**$26,033**	$14,982	*74%*
EBITDA		**$5,717**	$3,249	*76%*	**$10,646**	$5,651	*88%*
EBITDA margin		***41%***	*40%*	*100 bps*	***41%***	*38%*	*300 bps*
Operating income	(4)	**$4,351**	$2,195	*99%*	**$7,968**	$3,587	*122%*
Operating income margin		***31%***	*27%*	*400 bps*	***31%***	*24%*	*700 bps*
Operating income less net recycling	(5)	**$1,518**	$1,324	*15%*	**$3,032**	$2,150	*41%*

Dollar amounts in thousands of Canadian dollars (except as noted)

Capital Management

As of June 30, and December 31, 2021	KPI	2022	2021	*Change[(a)]*
Working capital[(c)]		**$5,797**	$3,977	*46%*
Debt to total assets ratio		**0.46**	0.49	*(6)%*
Normalized Fixed Charge Coverage ratio – rolling 12 months	(6)	**1.71**	1.57	*9%*
Normalized Total Funded Debt to EBITDA ratio – rolling 12 months	(7)	**1.96**	2.39	*(18)%*

a) Change expressed as a percentage or basis point ("bp"), as applicable.
b) During Q1-2021, the Company qualified for the second round of the United States Paycheck Protection Program ("PPP") forgivable loans which was made available to eligible US businesses that have been affected by the COVD-19 pandemic. In Q4 2021, the full amount received was forgiven. The Company also qualified for the Canadian Emergency Wage Subsidy ("CEWS") in Canada.
c) Working Capital represents the excess of the Company's current assets over its current liabilities.
d) All per share amounts included in this MD&A, including operating income per weighted share fully-diluted, reflects the consolidation of the Company's shares that occurred on August 23, 2022. Please refer to the 'Subsequent events' section of the MD&A for further details on the Company's share consolidation.

Summary of Q2 Results and Operations

Revenue Growth in Q2-2022

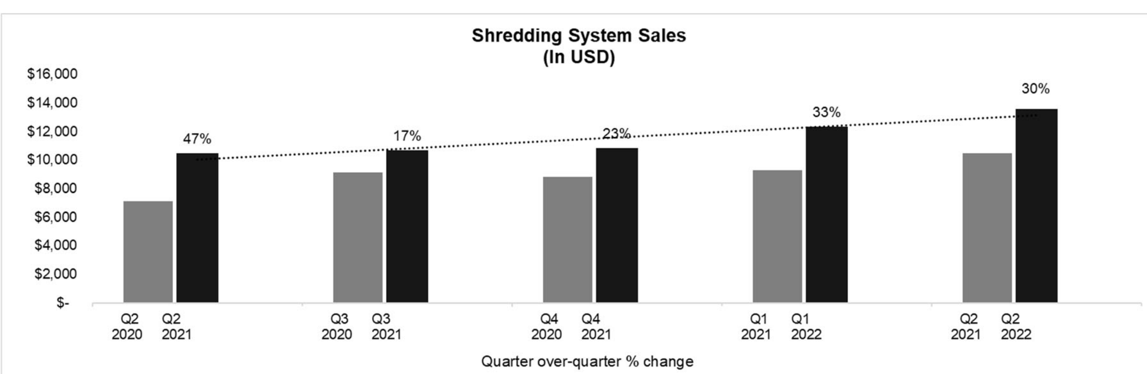
The Company achieved 68% total revenue growth and 65% total revenue growth in constant currency during Q2-2022 versus Q2-2021 primarily due to the following:

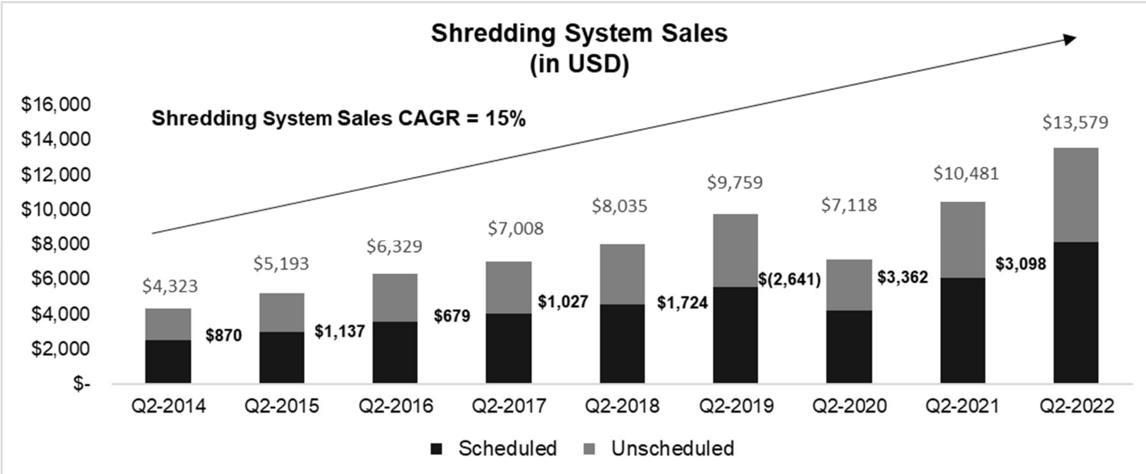
(1) the acquisitions conducted during the last 12 months
(2) the organic sales growth due to:
  a. the recovery of the economy and the easing of COVID-19 restrictions; and
  b. the addition of new client accounts.
(3) Higher recycling revenue from increased tonnage and higher recycled paper prices.

Q2-2022 System Sales Continued to Grow

Shredding system sales in Q2-2022 grew versus Q2-2021, from both franchise and corporate location organic and acquisition related growth. The growth in sales is as follows:

For the three months ended June 30,	**2022 vs. 2021**
Scheduled system sales	33%
Unscheduled system sales	24%
Shredding system sales	30%

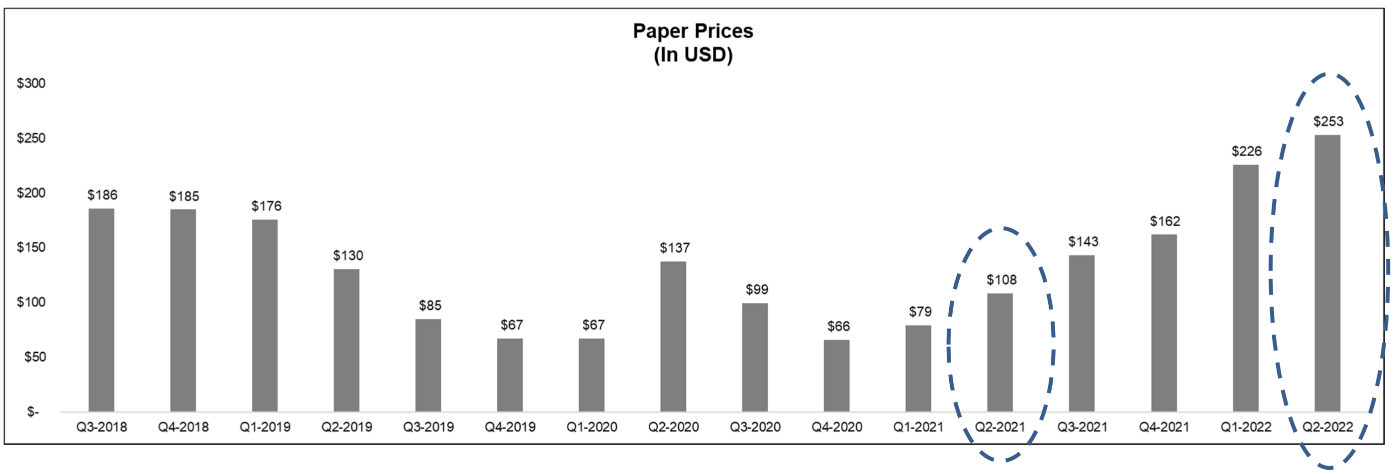




Note: The figures bolded in black font in the chart above refer to the quarter-over-quarter growth in total shredding system sales. Compound Annual Growth Rate ("CAGR") refers to the growth rate of an amount over a period of time, if it had grown at the same rate every year.

Recycling system sales grew by 145% in Q2-2022 versus Q2-2021 as paper tonnage increased by 5% and the average paper price in the Proshred system increased by 134% over this period.

The average paper prices in the Proshred system in US dollars for the last sixteen quarters is as follows:



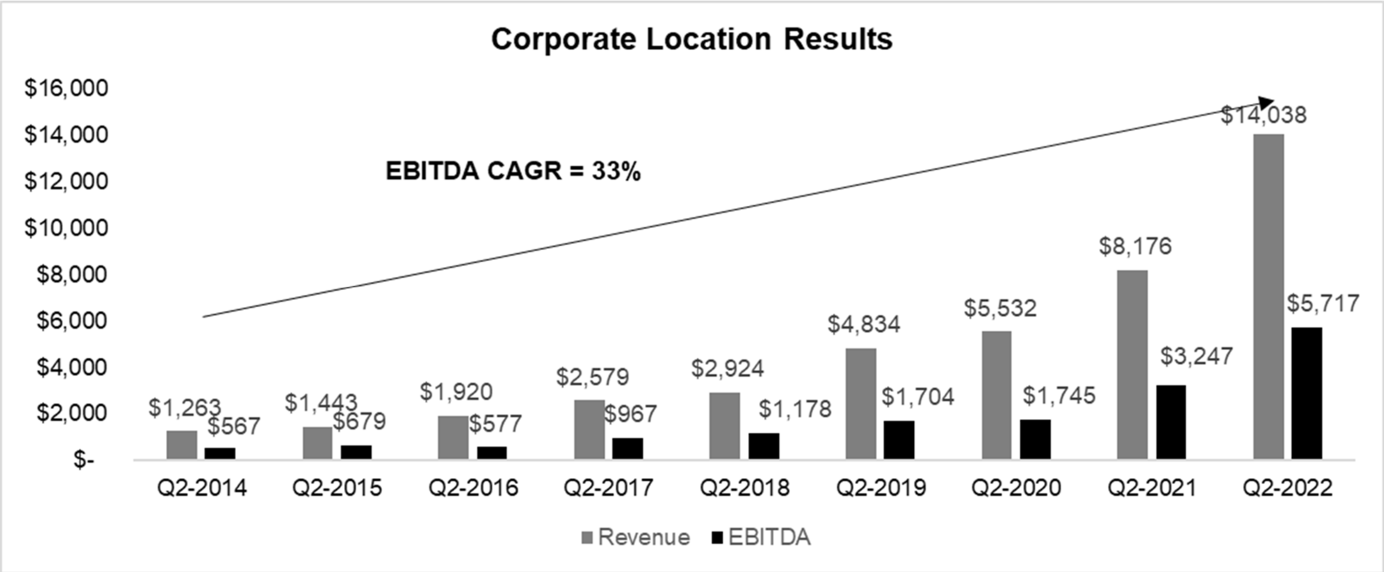
The Company has invested in generating more paper recycling revenue, now having four (4) locations that bale paper, from only two (2) locations throughout much of 2021. There is a premium the Company receives for recycling baled paper compared to traditional loose paper.

Strong Same Corporate Location EBITDA Growth

The Company achieved 47% growth in same corporate location EBITDA and a 200bps improvement in EBITDA margin compared to Q2-2021. Constant currency EBITDA growth was 42% compared to Q2-2021. The EBITDA growth was driven by the following factors:

(1) increased paper tonnage and prices;
(2) new scheduled shredding service clients were added throughout the quarter; and
(2) continued demand for unscheduled shredding services.

Furthermore, the Company continued to manage operations efficiently, enhancing route density, and migrating administration and some management to a regional model.



Continued Corporate Footprint Growth from Acquisitions

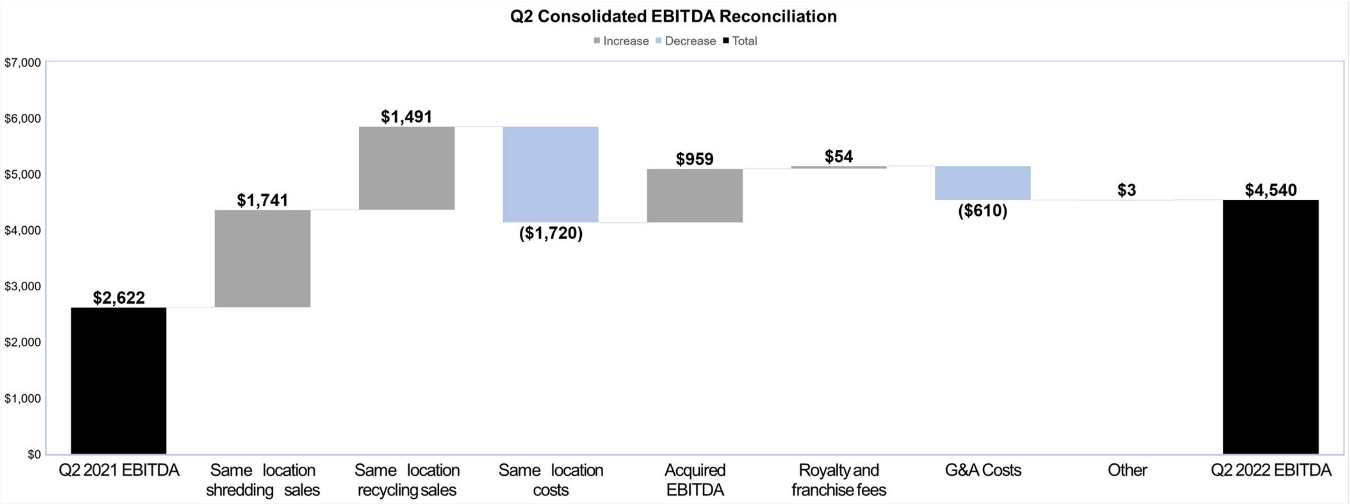
The Company completed the acquisition of Safeguard Document Destruction Inc ("SDD"), a shredding business with operations in New Jersey and Florida, on June 1, 2022, and completed the acquisition of Mobile Document Destruction ("MDD"), an Illinois-based shredding business, on March 1, 2022. The acquisitions that the Company has conducted during the last 12 months, including the acquisitions of the Richmond and Atlanta franchises, and the American Security Shredding Corp. ("American Shredding"), MDD and SDD businesses, have been accretive to the Company's EBITDA and cash flows in Q2 2022.

Strong Consolidated EBITDA Growth

The Company's consolidated EBITDA was $4,540, or 73% higher, in Q2-2022 when compared to Q2-2021 driven by:

(1) Acquired EBITDA from the acquisitions completed over the last 12 months; and

(2) Same corporate location EBITDA growth.



Dollar amounts in thousands of Canadian dollars (except as noted)

2022 Strategic Targets

1. Growth of Same Location Shredding System Sales:	
2022 Target	Same location shredding system sales growth of 10% to USD$45M.
Q2-2022 Performance to-date	**Exceeding target and on track to exceed target for 2022.** Same location shredding system sales were USD $24M during the six months ended June 30, 2022, growing 22% versus the same period in 2021.
2. Growth in Same Location EBITDA and Operating Income (Corporate Locations):	
2022 Target	Growth of 8% in same location EBITDA to $13.4M and growth of 11% in same location operating income to $8.8M.
Q2-2022 Performance to-date	**Exceeding target and on track to exceed target for 2022.** Same location EBITDA and operating income for the six months ended June 30, 2022, were $8.7M and $6.7M, respectively, driven by strong organic top-line revenue growth, including strong tonnage growth and favourable paper pricing movements. EBITDA and Operating Income growth was 55% and 87%, respectively, Q2-2022 year to-date versus Q2-2021 year to-date.
3. EBITDA and Operating Income from acquired operations (Corporate Locations):	
2022 Target	EBITDA margin of at least 30% and operating income margin of at least 20% before transition and acquisition costs.
Q2-2022 Performance to-date	**Exceeding target and on track to exceed target for 2022**. The EBITDA and operating income margins from acquired operations were 38% and 25%, respectively, driven by customer growth, higher paper pricing and tonnage, and route enhancements and optimizations.
4. Expand by way of Accretive Acquisitions:	
2022 Target	Add USD$4M to USD$5M in revenue by way of accretive acquisitions.
Q2-2022 Performance to-date	**On target and on track to meet target for 2022.** The Company completed the acquisition of MDD and SDD during the six months ended June 30, 2022. In prior year 2021, MDD and SDD generated revenue of USD$0.3 million, and USD$2.2 million, respectively. The Company continues to actively seek acquisition opportunities in the United States.
5. Improve Operating Leverage(1):	
2022 Target	G&A costs at 12% of total revenue.
Q2-2022 Performance to-date	**Exceeding Target and on track to exceed target for 2022**. G&A costs as a percentage of total revenue were 10% for the six months ended June 30, 2022.

(1) G&A costs as a percentage of revenue target does not include Growth Fund revenue and costs.

Outlook

Demand for Shredding Services Remains Strong

The Company continues to see marketing leads for both scheduled and unscheduled services increase. The Company's experienced sales force looks to close these leads at increasing conversion rates, contributing to top-line growth.

The Company is also continuing to see an increase in interest in its scanning services and the Company will continue to leverage marketing efforts to tap into this market, as an increased number of businesses look to digitize their physical paper documents securely and conveniently.

Dollar amounts in thousands of Canadian dollars (except as noted)

Recycling Revenue

The following outlines the Q3-2022 average paper price estimated based on July 2022 paper pricing:

	Q2-2022	Q3-2022 Estimate	% Change
Average price (in USD)	$253	$255	*1%*

Future Growth Opportunities through Accretive Acquisitions

Development by way of acquisitions remains a key component of Redishred's long-term growth strategy. The Company is in discussions with acquisition targets and seeks actively acquisition opportunities in the United States.

Liquidity

The Company will continue to be proactive with its lending partners and will continue to manage its financial covenants. The Company plans to finance its acquisitions through a combination of cash on hand, contingent consideration payable in cash and equity financings, if required.

Total System Sales

Franchisees and corporate locations generate revenue by (1) providing shredding services and disposal of electronic waste services to their customers, (2) selling recycled paper and other recyclable by-products (i.e., metals and plastics), (3) the secure resale of certain electronics collected from customers and (4) providing digital imaging, scanning and related workflow management services to their customers. The shredding and recycling sales are the key driver of royalty and service fee revenue. Total system sales are broken into five categories, scheduled sales, unscheduled sales, recycling sales, electronic waste sales and scanning sales. As American Shredding was acquired on December 1, 2021, American Shredding sales are not included in the calculation of same location system sales for the three and six months ended June 30, 2022.

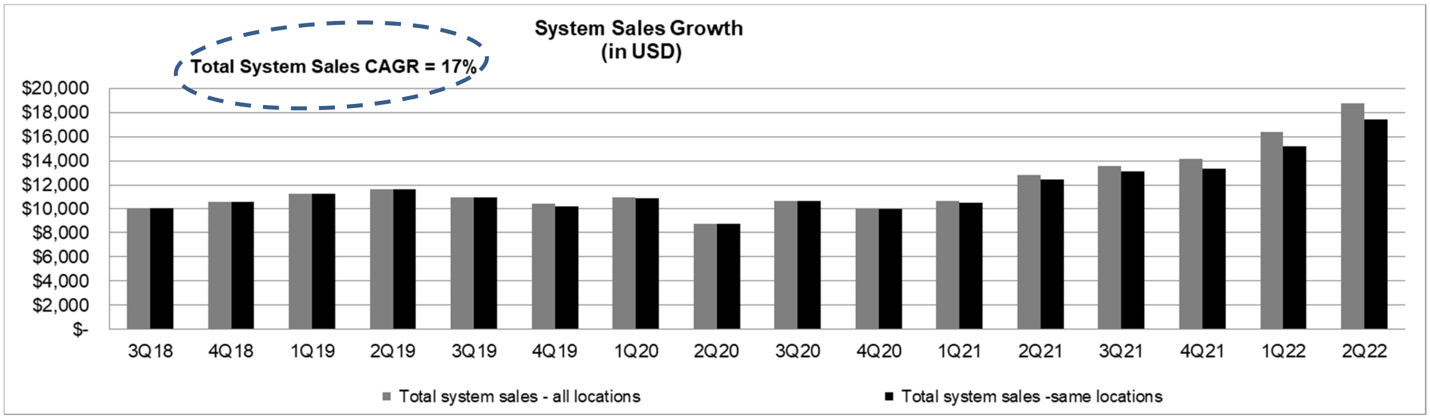
System sales are denominated and reported in USD during the reported periods as follows:

	For the three months ended June 30,			For the six months ended June 30,		
	2022	2021	*%Change*	**2022**	2021	*%Change*
Total U.S. operation locations at period end	**30**	30	*0%*	**30**	30	*0%*
Total system sales (USD)	**$18,748**	$12,817	*46%*	**$35,157**	$23,500	*50%*
Total same location system sales (USD)	**$17,415**	$12,817	*36%*	**$32,636**	$23,500	*39%*

American Shredding contributed USD $1.3 million and USD $2.5 million in total system sales for the three months and six months ended June 30, 2022, respectively.

Dollar amounts in thousands of Canadian dollars (except as noted)

The following chart illustrates system sales growth in USD by quarter since the third quarter of 2018.



System sales mix

The system sales mix in USD for the three and six months ended June 30, 2022 and 2021 is as follows:

System sales in USD For the three months ended June 30,	**2022**	2021	*%Change*
	$	$	
Scheduled	**8,136**	6,095	*33%*
Unscheduled	**5,443**	4,386	*24%*
Recycling	**4,236**	1,726	*145%*
Scanning	**637**	407	*56%*
Electronic waste	**296**	204	*45%*
Total System Sales	**18,748**	12,818	*46%*

System sales in USD For the six months ended June 30,	**2022**	2021	*%Change*
	$	$	
Scheduled	**15,641**	11,618	*35%*
Unscheduled	**10,290**	8,133	*27%*
Recycling	**7,547**	2,754	*174%*
Scanning	**1,149**	609	*89%*
Electronic waste	**530**	386	*37%*
Total System Sales	**35,157**	23,500	*50%*

Scheduled system sales

Scheduled system sales are defined as the revenue generated from customers with regular service that may occur on a weekly, bi-weekly, or monthly basis. In Q2-2022, scheduled sales grew 33% over Q2-2021 and reached a record high of USD$8.1 million.

Dollar amounts in thousands of Canadian dollars (except as noted)

Unscheduled system sales:

Unscheduled system sales are defined as the revenue generated from customers who have one-time requirements. An example of unscheduled sales is when an accounting firm is required to destroy an abundance of confidential working papers and documents after their tax season. In Q2-2022, unscheduled system sales grew 24% over Q2-2021, driven by a growing customer base and large one-time customer requirements.

Recycling sales:

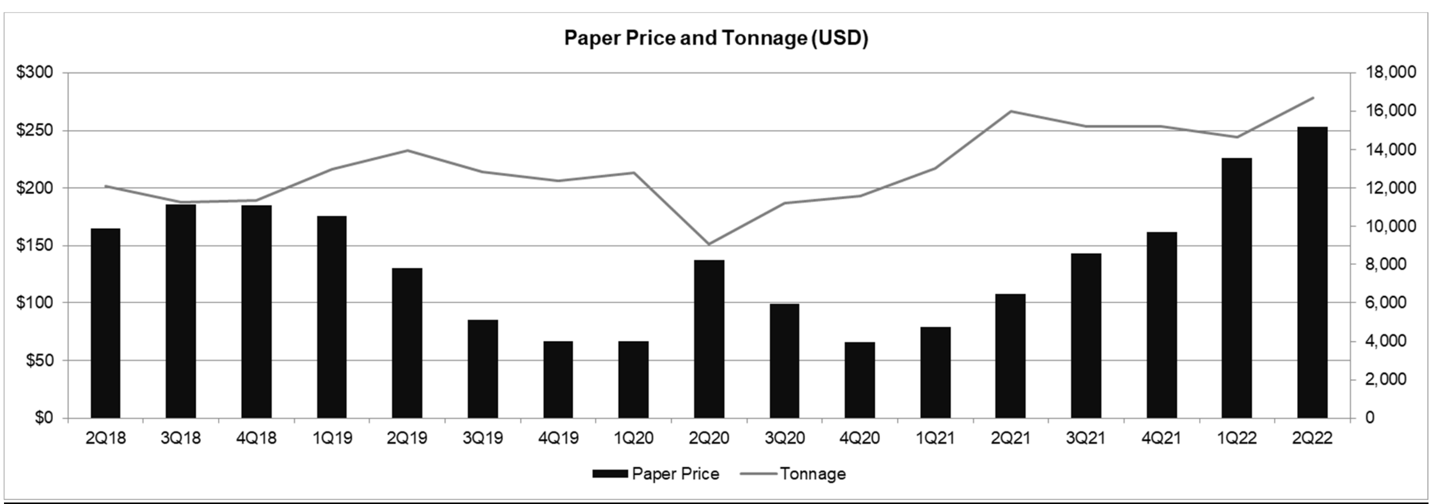
Recycling sales are defined as the revenue generated from the shredded paper and other material that is sold to various recycling companies. This sales category is driven by the price of paper, which is impacted by global supply and demand for shredded paper, and the volume of paper recycled, which is measured in tons.

	For the three months ended June 30,			**For the six months ended June 30,**		
	2022	2021	*% Change*	**2022**	2021	*% Change*
Recycling system sales (USD)	**$4,236**	$1,726	*145%*	**$7,547**	$2,754	*174%*
Tonnage processed (units)	**16,705**	15,978	*5%*	**31,363**	29,301	*7%*
Average paper price per ton	**253**	108	*134%*	**240**	94	*156%*

The Proshred system shred and recycled 16,705 tons of paper during Q2-2022 (15,978 – during Q2-2021), which equates to approximately 251,000 trees being saved (205,125– during Q2-2021). (1)

(1) The estimated amount of paper that can be produced from a tree has been conservatively estimated by management based on information taken from Conservatree.org.

The following chart illustrates tonnage processed and average paper price per ton, in USD, by quarter since the second quarter of 2018



Dollar amounts in thousands of Canadian dollars (except as noted)

Electronic waste sales:

Electronic waste sales are defined as the revenue generated from disposal of client's electronic waste and/or products and by way of secure resale of certain electronics collected from clients. The Company currently provides electronic waste services primarily in its Kansas City market, servicing the Midwestern United States. In Q2-2022, electronic waste sales grew 45% over Q2-2021, as customers resumed recycling their electronic waste, which in some instances, was halted during the COVID-19 pandemic.

	For the three months ended June 30,			For the six months ended June 30,		
	2022	2021	*% Change*	**2022**	2021	*% Change*
Electronic waste sales (USD)	**$296**	$204	*45%*	**$530**	$386	*37%*

Scanning sales:

Scanning sales are defined as the revenue generated from customers who have documents requiring scanning and indexing to digitize and store electronically. The Company currently provides scanning services in its Massachusetts, Charlotte, and Richmond markets. In Q2-2022, scanning sales grew 56% over Q2-2021, driven by customer demand to digitize their physical paper documents.

	For the three months ended June 30,			For the six months ended June 30,		
	2022	2021	*% Change*	**2022**	2021	*% Change*
Scanning sales (USD)	**$637**	$407	*56%*	**$1,149**	$609	*89%*

Franchising & Licensing

Royalties and service fees are charged for the use of the trademarks and Proshred System. Franchise and license fee revenue is recognized as revenue over the term of the related franchise or license agreement on a straight-line basis. The Company earns all franchising and licensing related revenues in US dollars, which are translated into Canadian dollars at the average exchange rate for the period.

During Q2-2022, royalty and services fees increased by 7% over Q2-2021. With the acquisition of the Richmond franchise in Q2-2021 and Atlanta location in Q3-2021, the Company now earns corporate location revenue and EBITDA and no longer earns royalty fees from these locations. Royalty, license, and service fees for same franchisee locations increased by 9% for the three months ended June 30, 2022, compared to the same period in 2021.

Dollar amounts in thousands of Canadian dollars (except as noted)

Royalties, license, and service fees

	Total Franchise Locations			**Same Franchise Locations**		
For the three months ended June 30,	**2022**	2021	*% Change*	**2022**	2021	*% Change*
Total number of franchisees operating at period end	**16**	17	*(6)%*	**16**	16	*0%*
In USD:						
Royalty, license and service fees	**$396**	$369	*7%*	**$396**	$362	*9%*

	Total Franchise Locations			**Same Franchise Locations**		
For the six months ended June 30,	**2022**	2021	*% Change*	**2022**	2021	*% Change*
Total number of franchisees operating at period end	**16**	17	*(6)%*	**16**	16	*0%*
In USD:						
Royalty, license and service fees	**$764**	$719	*6%*	**$764**	$709	*8%*

Growth Fund

The Company manages a Growth Fund established to collect and administer funds contributed for use in regional and national sales and marketing programs, initiatives designed to increase sales and enhance public recognition and the use of the Proshred System. The fund contributions are segregated, designated for a specific purpose and the Company acts, in substance, as an agent with regards to these contributions. Growth Fund contributions are required to be made by both franchised and Company owned and operated locations and are based on the annual level of revenue from each location.

The Company has a Growth Fund cash balance of $177 as at June 30, 2022. The Growth Fund may incur losses going forward as the Growth Fund will continue to invest in marketing and sales channels, tools and web redesigns, thereby potentially incurring expenses in excess of the contributions collected. During the three months and six months ended June 30, 2022, the Growth Fund had a net loss of $79 (three months ended June 30, 2021 - $17 net loss) and $175 (six months ended June 30, 2021 - $30 net loss), respectively.

Corporate Location Results – For the three months ended June 30

As of June 30, 2022, the Company operated fourteen corporate locations. Refer to the "Business Locations" section of this MD&A for a list of the Company's locations. Same corporate location results include all locations except for the Richmond location that was acquired on May 1, 2021 and the Atlanta location that was acquired on July 30, 2021, and also excludes the results of American Shredding, which was acquired on December 1, 2021, MDD, which was acquired on March 1, 2022, and SDD, which was acquired on June 1, 2022.

Total corporate location revenues and EBITDA grew by 72% and 76%, respectively, in Q2-2022 versus Q2-2021 due to the acquisitions completed over the past twelve months, organic growth from same locations, and higher paper prices. Total EBITDA margin improved by 100 basis points over this period to 41% in Q2-2022.

During Q2-2022, same corporate location shredding revenue grew 19% over Q2-2021. The Company also continued to manage its same location direct and administrative costs resulting in same corporate location EBITDA growth of 47% compared to Q2-2021.

Dollar amounts in thousands of Canadian dollars (except as noted)

For the three months ended June 30, 2022	Quarter-over-quarter growth	Constant currency quarter-over-quarter growth
Same Corporate Locations:		
Total Sales	40%	35%
EBITDA	47%	42%
Operating Income	69%	63%
Total Corporate Locations:		
Total Sales	72%	66%
EBITDA	76%	70%
Operating Income	98%	92%

Dollar amounts in thousands of Canadian dollars (except as noted)

For the three months ended June 30,	**Total Corporate Locations** 2022	2021	% Change	**Same Corporate Locations** 2022	2021	% Change	**Non-same Corporate Locations** 2022	2021
	$	$		**$**	$		**$**	$
Revenue:								
Shredding sales	**9,773**	6,518	*50%*	**7,788**	6,518	*19%*	**1,985**	-
Electronic waste sales	**378**	251	*51%*	**378**	251	*51%*	**-**	-
Scanning sales	**816**	472	*73%*	**816**	472	*73%*	**-**	-
Recycling sales	**3,071**	935	*228%*	**2,426**	935	*159%*	**645**	-
Total sales	**14,038**	8,176	*72%*	**11,408**	8,176	*40%*	**2,630**	-
Operating costs [1]	**8,321**	4,929	*69%*	**6,649**	4,929	*35%*	**1,672**	-
EBITDA	**5,717**	3,247	*76%*	**4,759**	3,247	*47%*	**958**	-
% of revenue	***41%***	*40%*	*100 bps*	***42%***	*40%*	*200 bps*	***36%***	-
Depreciation – tangible assets	**1,366**	1,055	*29%*	**1,061**	1,055	*1%*	**305**	-
Operating income	**4,351**	2,192	*98%*	**3,698**	2,192	*69%*	**653**	-
% of revenue	***31%***	*27%*	*400 bps*	***32%***	*27%*	*500 bps*	***25%***	-
Operating income less net recycling	**1,518**	1,324	*15%*	**1,377**	1,324	*4%*	**141**	-
% of revenue	***14%***	*18%*	*(400) bps*	***15%***	*18%*	*(300) bps*	***7%***	
EBITDA – in USD	**4,480**	2,633	*70%*	**3,730**	2,633	*42%*	**750**	-
% of revenue	***41%***	*40%*	*100 bps*	***42%***	*40%*	*200 bps*	***36%***	

Note 1: During Q2-2022, acquisition/vendor-related consulting fees of $81 (Q2-2021 - $38) are included in the total and non-same corporate location operating costs.

Total corporate location operating income, excluding the impact of net recycling revenue, grew by 15%, while as a percentage of revenue declined by 400bps. This is a result of higher input costs, including higher fuel prices and driver wages due to driver shortages. The Company's servicing times for shredding vehicle maintenance and repair also increased as a result of vehicle parts shortages, preventing the Company from maximizing all revenue opportunities. Despite the aforementioned input cost increases, and shredding vehicle repair and maintenance time increases, the Company continued to grow organically. The Company has also, in response, implemented price increases across its corporate locations in July and August of 2022, with no significant impact on customer churn to-date.

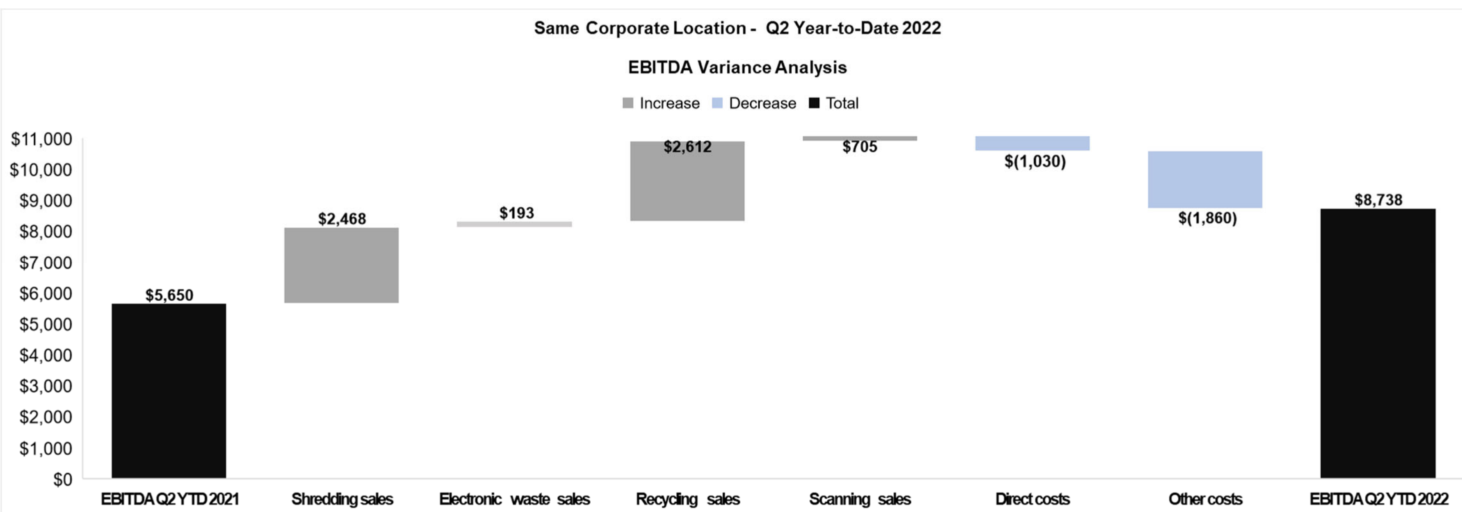
Dollar amounts in thousands of Canadian dollars (except as noted)

Corporate Location Results - For the six months ended June 30

Same corporate location results include all locations except for Richmond results for the months of January 2022 through to and including April 2022, as the Richmond location was acquired on May 1, 2021, and excludes the Atlanta location that was acquired on July 30, 2021, and excludes the results of American Shredding, which was acquired on December 1, 2021, and SDD and MDD, which were both acquired in 2022.

Total corporate location revenues and EBITDA grew by 74% and 88%, respectively, during the six months ended June 30, 2022, as compared to the same period in 2021. The growth was due to the acquisitions conducted over the last 12 months and organic growth from same corporate locations. Total EBITDA margin improved by 300 basis points over this period to 41% for the six months ended June 30, 2022.

For the six months ended June 30, 2022	Period-over-period growth	Constant currency period-over-period growth
Same Corporate Locations:		
Total Sales	40%	37%
EBITDA	55%	52%
Operating Income	87%	83%
Total Corporate Locations:		
Total Sales	74%	70%
EBITDA	88%	85%
Operating Income	122%	118%



Dollar amounts in thousands of Canadian dollars (except as noted)

For the six months ended June 30,	Total Corporate Locations			Same Corporate Locations			Non-same Corporate Locations	
	2022	2021	*% Change*	**2022**	2021	*% Change*	**2022**	2021
	$	$		**$**	$		**$**	$
Revenue:								
Shredding sales	**18,527**	12,183	*52%*	**14,652**	12,183	*20%*	**3,875**	-
Electronic waste sales	**675**	482	*40%*	**675**	482	*40%*	**-**	-
Scanning sales	**1,464**	759	*93%*	**1,464**	759	*93%*	**-**	-
Recycling sales	**5,367**	1,557	*245%*	**4,169**	1,557	*168%*	**1,198**	-
Total sales	**26,033**	14,981	*74%*	**20,960**	14,981	*40%*	**5,073**	-
Operating costs(1)	**15,388**	9,331	*65%*	**12,221**	9,331	*31%*	**3,166**	-
EBITDA	**10,646**	5,650	*88%*	**8,738**	5,650	*55%*	**1,907**	-
% of revenue	***41%***	*38%*	*300 bps*	***42%***	*38%*	*400 bps*	***38%***	-
Depreciation – tangible assets	**2,678**	2,063	*30%*	**2,044**	2,063	*(1)%*	**634**	-
Operating income	**7,968**	3,587	*122%*	**6,695**	3,587	*87%*	**1,273**	-
% of revenue	***31%***	*24%*	*700 bps*	***32%***	*24%*	*800 bps*	***25%***	-
Operating income less net recycling	**3,032**	2,150	*41%*	**2,739**	2,150	*27%*	**293**	-
% of revenue	***14%***	*16%*	*(200) bps*	***16%***	*16%*	*0 bps*	***7%***	
EBITDA – in USD	**8,372**	4,531	*85%*	**6,873**	4,531	*52%*	**1,499**	-
% of revenue	***41%***	*38%*	*300 bps*	***42%***	*38%*	*400 bps*	***38%***	

Note 1: During the six months ended June 30, 2022, acquisition/vendor-related consulting fees of $155 (six months ended June 30, 2021- $63) are included in the total and non-same operating costs.

General and administrative expenses

General and administrative ("G&A") expenses include costs to support all Proshred locations with operations, training and initial support for pending locations, and the costs to develop new markets by way of franchising and acquisition. Also included in operating expenses are ongoing stock exchange listing and regulatory costs, professional services, management salaries and benefits, and acquisition costs related to on-going acquisition activity.

G&A expenses for the three months and six months ended June 30, 2022, increased by 52% and 54%, respectively, compared to the same periods in 2021. In the comparative periods, the Company had significantly reduced expenditures in this area to mitigate against the negative impacts that COVID-19 had on the Company's revenues. The Company has since increased its human resources, increasing headcount in the areas of technology, operational finance and marketing to support the acquired and organic revenue growth. Professional fees incurred during the three months and six months ended June 30, 2022, include accounting fees for quarterly reviews as well as tax services that were not incurred in 2021. Other expenses incurred during the three and six months ended June 30, 2022 include travel costs for business development which increased over the prior comparative periods as travel restrictions eased.

Dollar amounts in thousands of Canadian dollars (except as noted)

General and administrative expenses of the Company are broken down as follows:

	For the three months ended June 30,			For the six months ended June 30,		
	2022	2021	*% Change*	**2022**	2021	*% Change*
	$	$		**$**	$	
Salaries and benefits	**704**	549	*28%*	**1,368**	992	*38%*
Stock based compensation	**67**	41	*64%*	**133**	57	*134%*
Acquisition costs(1)	**109**	48	*126%*	**131**	59	*122%*
Professional fees	**323**	122	*165%*	**448**	198	*126%*
Technology	**67**	113	*(41)%*	**222**	221	*1%*
Other expenses	**332**	181	*84%*	**533**	311	*71%*
Total selling, general and administrative expenses(2)	**1,602**	1,054	*52%*	**2,835**	1,838	*54%*
As a percentage of total revenue	***11%***	*12%*	*100 bps*	***10%***	*12%*	*200 bps*
Total selling, general and administrative expenses including CEWS	**1,602**	1,054	*52%*	**2,835**	1,802	*57%*

(1) Acquisition costs incurred during the three months ended June 30, 2022 relate to the SDD acquisition, and acquisition costs incurred during the six months ended June 30, 2022 relate to both the MDD and SDD acquisitions.
(2) Does not include Growth Fund expenses.

Other Income and Expenses

Amortization – Corporate locations

Amortization of intangible assets primarily relates to intangible assets purchased by way of acquisitions. The increase in amortization is primarily due to acquisitions completed in the past twelve months.

	For the three months ended June 30,			For the six months ended June 30,		
	2022	2021	% Change	**2022**	2021	% Change
	$	$		**$**	$	
Amortization – intangible assets	**798**	623	*28%*	**1,577**	1,265	*25%*

Contingent Consideration

The Company has earn-out payments owing for acquisitions completed that is contingent on certain earn-out targets being met. During the three months ended June 30, 2022, the Company recorded a remeasurement gain of $2 and for the six months ended June 30, 2022, a remeasurement loss of $29 on contingent consideration (three and six months ended June 30, 2021- $nil).

As at June 30, 2022, the Company has the following related to contingent consideration:

Range of origination	**Range of payouts**	**Current portion**	**Long-term portion**	**Range of maturity**
March 1, 2020 to June 1, 2022	USD$0 to USD$6,449	CAD$2,520 USD$1,956	CAD$1,788 USD$1,388	July 1, 2022 to June 1, 2025

Dollar amounts in thousands of Canadian dollars (except as noted)

Foreign exchange

The Company has revenues and costs that are denominated in US dollars; this dependency on the USD typically causes foreign exchange gains when the Canadian dollar depreciates versus the USD. The Q2 year-to-date average exchange rate is up 2% versus the comparative period in 2021.

Exchange rates utilized

1 USD:CAD	2022		2021				2020		
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Average rate	1.27	1.27	1.25	1.26	1.25	1.27	1.34	1.35	1.37
Close rate	1.29	1.25	1.27	1.27	1.24	1.25	1.27	1.36	1.36

	For the three months ended June 30,			For the six months ended June 30,		
	2022	2021	% Change	**2022**	2021	% Change
	$	$		**$**	$	
Foreign exchange gain (loss)	**1,533**	(633)	342%	**783**	(1,139)	169%

Interest income and expense

Interest income is derived primarily from cash savings accounts held by the Company.

Interest expense for the three and six months ended June 30, 2022 relates to the following:

- the Company's fixed rate term loans which currently bear interest at 2.99% to 3.69% per annum;
- the term loan advanced to the Company in December 2021 which bears interest at a variable rate of prime plus 1.25% per annum;
- truck loan agreements, which bear interest at 3.92% to 5.99% per annum;
- interest on the Company's lease liabilities; and
- non-cash interest accretion on the Company's contingent consideration owing.

Interest expense increased during the three and six months ended June 30, 2022, as compared to the same period in 2021, due to the following:

(1) Term loan borrowings to partially fund acquisitions;
(2) Interest on office leases assumed as part of the acquisitions completed in the past twelve months;
(3) Non-cash interest accretion on contingent consideration owing; and
(4) The purchase of new trucks in the past twelve months which were all financed.

Dollar amounts in thousands of Canadian dollars (except as noted)

	For the three months ended June 30,			For the six months ended June 30,		
	2022	2021	*% Change*	**2022**	2021	*% Change*
	$	$		**$**	$	
Interest income	**-**	5	*(100)%*	**-**	8	*(100)%*
Interest expense[(a)]	**403**	231	*74%*	**786**	484	*62%*

(a) Includes non-cash interest accretion on contingent consideration owing for the three and six months ended June 30, 2022 of $86 and $177, respectively (three and six months ended June 30, 2021- $nil).

Income Tax

The Company has incurred Canadian non-capital losses that can be carried forward to reduce taxes payable in Canada. The losses expire at various times commencing December 31, 2035. The Company has incurred U.S. non-capital losses that can be carried forward to reduce taxes payable in the U.S. The losses expire at various times commencing December 31, 2022.

Income before income taxes for the three and six months ended June 30, 2022 was $3,497 and $4,285, respectively (three and six months ended June 30, 2021- $62 and $1,003, respectively). Income tax expense for the three and six months ended June 30, 2022 was $684 and $1,199 respectively (three and six months ended June 30, 2021- $472 and $457, respectively). The effective tax rate for the three and six months ended June 30, 2022 and 2021 was as follows:

	For the three months ended June 30,		***For the six months ended June 30,***	
	2022	**2021**	**2022**	**2021**
Effective Tax Rate Percentage	20%	761%	28%	46%

The lower effective tax rate, as compared to the statutory tax rates of Redishred and its subsidiaries, for the three months ended June 30, 2022 was primarily due to the impact of foreign exchange movements on intercompany balances between Redishred and its subsidiaries. The higher effective tax rate for the three and six months ended June 30, 2021 was also due to the impact of foreign exchange movements on intercompany balances between Redishred and its subsidiaries, partially offset, during the six months ended June 30, 2021, by $1,292 in non-taxable, forgivable loan funding received by the Company under the U.S. Paycheck Protection Program.

Dollar amounts in thousands of Canadian dollars (except as noted)

Reconciliation of EBITDA to Net Income

	For the three months ended June 30,			For the six months ended June 30,		
	2022	2021	*% Change*	**2022**	2021	*% Change*
	$	$		**$**	$	
EBITDA	**4,540**	2,621	*73%*	**8,606**	4,676	*84%*
Less: depreciation – tangible assets	**(1,390)**	(1,077)	*29%*	**(2,724)**	(2,111)	*29%*
Operating income	**3,150**	1,544	*104%*	**5,882**	2,565	*129%*
Less: interest expense	**(403)**	(231)	*74%*	**(786)**	(484)	*62%*
Add: interest income	**–**	5	*(100)%*	**–**	8	*(100)%*
Operating income less net interest expense	**2,747**	1,318	*108%*	**5,096**	2,089	*144%*
Less: amortization – intangible assets	**(798)**	(623)	*28%*	**(1,577)**	(1,265)	*25%*
Add: gain on disposition of tangible assets	**13**	–	*100%*	**20**	–	*100%*
Add/(deduct): remeasurement of contingent consideration	**2**	–	*100%*	**(37)**	–	*(100)%*
Add: government assistance	**–**	–	*-%*	**–**	1,318	*(100)%*
Income before foreign exchange and income tax	**1,964**	695	*183%*	**3,502**	2,142	*64%*
Add/(deduct): foreign exchange gain (loss)	**1,533**	(633)	*(342)%*	**783**	(1,139)	*(169)%*
Deduct: Income tax expense	**(684)**	(472)	*45%*	**(1,199)**	(457)	*162%*
Net income (loss)	**2,813**	(410)	*786%*	**3,086**	546	*465%*

Dollar amounts in thousands of Canadian dollars (except as noted)

Selected Quarterly Results

As shredding customers are typically serviced during business days, the quarterly system sales are impacted by the number of business days in any given quarter. This then impacts the Company's royalty fees and corporate revenues. The Company's unscheduled shredding in Q2 and Q3 typically tends to be stronger than Q1 and Q4 of every year. In Q1 the Company is impacted by weather challenges that disrupt shredding services. In Q4 the Company is impacted by fewer business days due to the Thanksgiving and Christmas holidays, with some impact from weather on shredding sales.

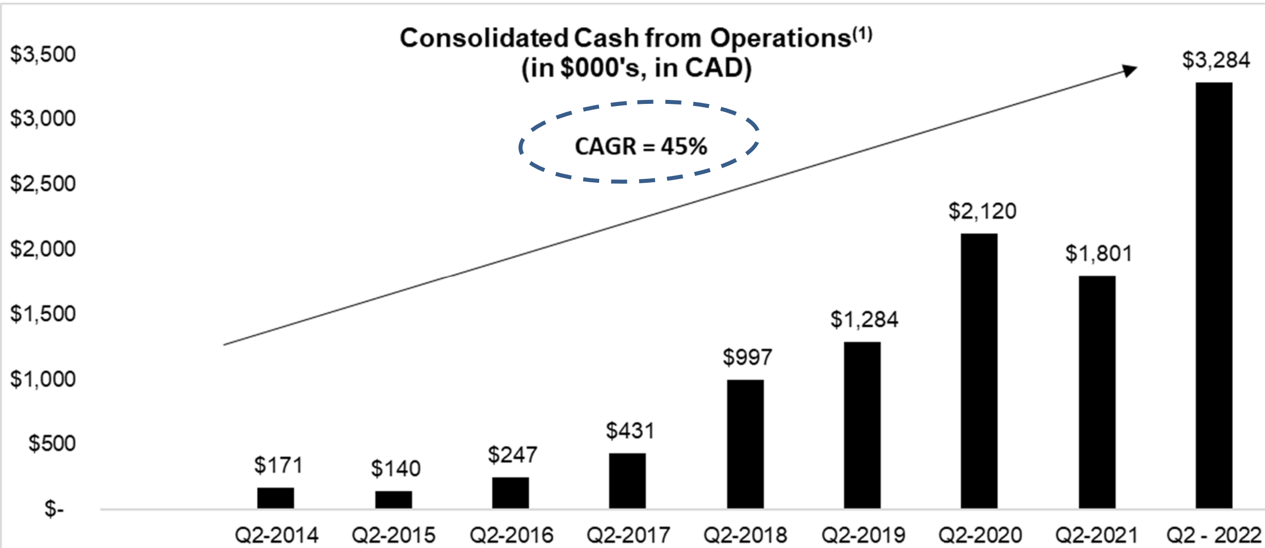
	2022		***2021***				***2020***	
	Q2	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Total system sales (USD)	18,748	16,409	14,150	13,544	12,817	10,682	10,006	10,694
Consolidated Performance								
Revenue	14,597	12,517	10,424	9,785	8,677	7,313	6,144	6,665
EBITDA	4,540	4,066	1,658	2,857	2,622	2,054	1,148	1,867
Operating Income	3,150	2,732	412	1,710	1,544	1,021	212	939
Operating income (loss) per weighted average share fully diluted[(1)]	0.17	0.15	0.03	0.11	0.10	0.07	0.14	0.06
Income (loss) before taxes from continuing operations	3,497	788	(423)	1,547	62	942	(3,845)	433
Net income (loss)	2,813	273	(793)	1,605	(410)	957	(3,235)	456
Basic and diluted net income (loss) per share[(1)]	0.15	0.02	(0.05)	0.10	(0.03)	0.06	(0.21)	0.03
Corporate Location Performance								
Revenue	14,038	11,995	9,946	9,273	8,177	6,805	5,572	6,093
EBITDA	5,717	4,929	3,003	3,707	3,249	2,403	1,528	2,103
Operating Income	4,351	3,617	1,780	2,579	2,195	1,395	634	1,199

1) The per share calculations reflect the consolidation of the Company's shares that occurred on August 23, 2022. Please refer to the 'Subsequent events' section of the MD&A for further details on the Company's share consolidation.

Dollar amounts in thousands of Canadian dollars (except as noted)

Financial Condition, Capital Resources and Liquidity

The Company closely monitors its cash balances and cash flows generated from operations to meet its requirements.



(1) Q2-2020 cash from operations includes $1.5 million in forgivable loans received under the United States Paycheck Protection Program and $0.2 million received under the CEWS program.

	For the three months ended June 30,		For the six months ended June 30,	
	2022	**2021**(1)	**2022**	**2021**(1)
	$	**$**	**$**	**$**
Net cash provided by operations	3,284	1,832	5,357	3,909
Net cash provided by/ (used in) financing activities	(673)	289	(2,236)	(877)
Net cash used in investing activities	(2,514)	(3,317)	(3,305)	(3,559)
Effect of foreign exchange rate changes	69	(20)	40	(48)
Change in cash	166	(1,216)	(144)	(575)
Cash, beginning of period	9,350	3,485	9,660	2,844
Cash, end of period	**9,516**	**2,269**	**9,516**	**2,269**

(1) Certain comparative figures have been restated to conform to current year presentation.

For the three months and six months ended June 30, 2022, the Company generated positive cash flows from operations driven by positive Consolidated EBITDA. During these periods, the Company used cash in financing activities, including repaying term and truck loans, lease liabilities, and contingent consideration owing, which was partially offset by the financing of purchased shredding trucks. Cash used in investing activities during these periods was primarily to pay for acquisitions completed, and purchase tangible and intangible assets, partially offset by proceeds from the disposal of shredding vehicles.

Dollar amounts in thousands of Canadian dollars (except as noted)

As at June 30 and December 31,	**2022**	2021	*% Change*
Working capital	**$5,797**	$3,977	*46%*
Total assets	**$82,445**	$79,334	*4%*
Total non-current liabilities	**$26,615**	$27,650	*(4)%*
Total liabilities	**$38,276**	$38,974	*(2)%*
Debt to total assets ratio	**0.46**	0.49	*(5)%*
Normalized Fixed Charge Coverage ratio – rolling 12 months	**1.71**	1.57	*9%*
Normalized Total Funded Debt to EBITDA ratio – rolling 12 months	**1.96**	2.39	*(18)%*

The increase in working capital as at June 30, 2022, was driven primarily by the growth of the business.

The increase in total assets as at June 30, 2022 was driven by higher working capital to support the growth of the business, and intangibles acquired as part of business acquisitions completed.

The decrease in total non-current and total liabilities as at June 30, 2022 was due to repayment of term and truck loans, lease liabilities, and settlement of contingent consideration amounts owing.

Bank facilities

The Company has the following secured senior credit facilities:

(1) An operating line of credit of $1 million (unused);
(2) A non-revolving re-advanceable term loan in the amount of $23.5 million (advances can be taken in either USD or CAD equivalent, at the Company's discretion).

The credit facilities are secured by general security agreements over all present and future assets of the Company and shares of each subsidiary held by the Company.

The Company has borrowed the following amounts under the non-revolving re-advanceable term loan facility as at June 30, 2022 and December 31, 2021:

Month of Advance	**Initial Amount**	**Interest per annum**	**Amortization period**	**June 30, 2022 balance**	**December 31, 2021 balance**
	$			**$**	**$**
May, 2019	6,003	3.50%	60 months	3,830	4,248
November, 2019	6,664	3.50%	84 months	4,703	5,157
March, 2020	2,688	2.99%	84 months	2,044	2,226
December, 2020	2,290	3.33%	84 months	1,833	1,990
August, 2021	854	3.69%	84 months	756	809
December, 2021[(a)]	6,290	Prime + 1.25%	84 months	6,290	6,290
Total				**19,456**	**20,720**

(a) During the first nine-months of this term loan, monthly payments of interest only are due and payable. This loan is at the Prime Rate plus 1.25%, with the Prime Rate as at June 30, 2022 being 3.70%. In August 2022, subsequent to the date of this MD&A, this term loan was converted to a term loan with a fixed interest rate of 6.52% per annum.

As at June 30, 2022, the Company has $1.0 million available on its operating line of credit and $4.0 million available on its non-revolving term loan.

As at June 30, 2022, the Company was also in compliance with its financial covenants.

Dollar amounts in thousands of Canadian dollars (except as noted)

Truck loans

In June 2021, the Company established a USD$1.8 million line of credit for the purchase of shredding vehicles with a lender in the United States. The interest rate is based on prevailing market rates at the time the line is used. As of June 30, 2022, the Company has USD$0.3 million available on the line of credit.

In July 2022, subsequent to the date of the Company's financial statements, the Company established a new USD $4.0 million line of credit for the purchase of shredding vehicles, which replaces the existing line of credit that the Company had with the aforementioned lender. The interest rate on this facility is based on prevailing market rates at the time the line is used.

Related party line of credit

The Company had a related party line of credit facility with a significant shareholder for a maximum amount of $2.0 million. The line of credit facility matured subsequent to the date of these financial statements on July 16, 2022 and was not renewed. The line of credit bore interest at a fixed rate of 10% per annum and was secured by a second in priority general security agreement over the Company's assets. As of June 30, 2022, the facility had not been drawn upon (December 31, 2021 - $nil).

Lease liabilities

The Company enters into leases in order to secure office and warehouse space. The Company has also entered into leases for the financing of shredding vehicles. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use ("ROU") asset and a lease liability.

Lease Liability	**Number of ROU assets leased**	**Range of remaining term**	**Range of interest rates**	**Lease balance as of June 30, 2022**
				$
Office and warehouse building	16	November 2022 to March 2028	4.75% to 6.00%	2,880
Shredding vehicles	7	October 2022 to June 2026	5.95% to 6.00%	438
Total				**3,318**

The table below summarizes the remaining principal payments on the Company's financial liabilities:

	Less than 3 months	**3 months to 1 year**	**1 – 5 years**	**Over 5 years**
	$	**$**	**$**	**$**
Accounts payable and accrued liabilities	2,678	132	154	-
Long-term debt	1,104	3,651	18,404	2,412
Contingent consideration	455	2,065	1,788	-
Lease liabilities	356	919	1,873	170

Based on overall cash generation capacity and financial position, while there can be no assurance, management believes the Company will be able to meet its financial obligations as they come due over the next twelve months.

Dollar amounts in thousands of Canadian dollars (except as noted)

Shareholders' equity

Shareholders' equity as at June 30, 2022 and December 31, 2021, was $44,169 and $40,360, respectively.

Commitments

In April, 2022, the Company entered into a eight-year lease agreement for a new office space with an expected commencement date of October 1, 2022. As the lease has not commenced, a right-of-use asset and lease liability for this lease has not been recognized on the consolidated statements of financial position. Annual rent for this new office space upon lease commencement is $133 for the first two years, $140 for years three to six, and $148 for years seven to eight.

Public Offering and Use of Proceeds

The Company's use of proceeds from the December 2021 Public Offering of Common Shares completed under the Shelf Prospectus, has not changed from the disclosure set forth in the "Use of Proceeds" section of the document through to the date of this MD&A.

Off-Balance Sheet Financing Arrangements

The Company has no off-balance sheet financing arrangements.

Transactions with Related Parties

The Company defines its key management personnel as being the Chief Executive Officer, the Senior Vice President and Chief Financial Officer, the Senior Vice President of Operations and the Board of Directors. Remuneration paid to key management personnel during the three and six months ended June 30, 2022 and 2021 was as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2022	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
Wages and Benefits	295	287	578	584
Share-based compensation	50	22	103	35
Total compensation of key management	**345**	**309**	**681**	**619**

A Director of the Company is the owner of the Tampa Bay, Florida Proshred franchise. There is an accounts receivable balance of $6 due from this franchise as at June 30, 2022 (December 31, 2021 - $4). During the three and six months ended June 30, 2022, the Company earned royalties, franchise and service fees of $46 and $91, respectively (three and six months ended June 30, 2021 $36 and $80, respectively) from this franchise.

Risks and Uncertainties

The Company is subject to a number of risks and uncertainties and are affected by a number of factors outside of our control. For more information about our risks and uncertainties, please refer to our MD&A for the year ended December 31, 2021. The risks and uncertainties remain substantially unchanged from those previously disclosed.

COVID-19 Impact on Operations

On March 11, 2020, the COVID-19 virus was declared a global pandemic by the World Health Organization. The pandemic has had a significant impact on the Canadian and United States economies due to the temporary closure of businesses. These closures have had a direct impact on many of our service customers. The impact and duration of the pandemic continues to be uncertain and it is not possible to forecast with certainty the duration and full scope of the economic impact and other consequential changes the pandemic may have on the business.

Since the onset of the global pandemic, the Company has implemented measures to protect the health and well-being of its workforce and customers. The Company has continued to maintain operations in all markets since the beginning of the pandemic to date.

Impact of the Omicron Variant of the COVID-19 virus

In December 2021 and into January 2022, the highly contagious Omicron variant of the COVID-19 virus spread rapidly through out the Proshred system, causing route disruptions as a significant proportion of our Client Service Professionals ("CSP" or "Drivers") contracted Omicron. This impacted the Company's ability to service a significant number of customer calls during this time period and also resulted in the Company incurring additional CSP costs, primarily overtime, in its efforts to service as many clients as possible.

Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Actual results could differ materially from those estimates and assumptions. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The interim financial statements have been prepared using critical accounting estimates and assumptions consistent with those applied in the Company's audited financial statements for the year ended December 31, 2021.

Investor Relations Activities

The Company does not have any investor relations arrangements.

Share Data

The Company is authorized to issue an unlimited number of Common Shares, without nominal or par value, and an unlimited number of preferred shares, without nominal or par value. As of the date of this MD&A, 18,242,557 Common Shares, and 571,651 stock options are issued and outstanding.

Subsequent Events

On August 23, 2022, the Company consolidated its issued and outstanding common shares on the basis of one (1) post-consolidation common share for every five (5) pre-consolidation common shares issued and outstanding. All per share amount calculations presented in this MD&A have been adjusted to reflect this share consolidation as if it had occurred at the beginning of the earliest period presented in this MD&A.

Additional Info

The Company trades on the TSX Venture Exchange under the symbol "KUT". Additional information relating to the Company, including all of the Company's public filings and Annual Information Form, is available on the SEDAR website (**sedar.com**) and on the Company's own website at **proshred.com/redishred/**. This MD&A is dated as of August 25, 2022, and reflects all material events up to this date.