

REDISHRED[™]
CAPITAL CORP.

March 31,
2024

MANAGEMENT'S DISCUSSION & ANALYSIS

TSXV: **KUT**

Table of Contents

Business Overview	2
About Redishred	2
Basis for Presentation	3
Forward Looking Statements	3
Non-IFRS Financial Measures	4
Key Performance Indicators (“KPIs”)	6
Business locations	7
Financial and Operational Highlights	9
Summary of Results and Operations	10
Strategic Targets	11
Outlook	12
Total System Sales	13
Corporate Location Results	15
General and administrative expenses	17
Other Income and Expenses	17
Reconciliation of EBITDA to Net Income	19
Selected Quarterly Results	20
Financial Condition, Capital Resources and Liquidity	21
Off-Balance Sheet Financing Arrangements	24
Transactions with Related Parties	24
Risks and Uncertainties	24
Use of Estimates and Judgements	24
Share Data	25
Additional Info	25

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 14 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 at March 31, 2024, the Company operates 17 corporate locations directly, four of which also operate the Proscan branded imaging and scanning operations and one of which also operates an electronic waste services business under the Secure e-Cycle brand.

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 first quarter of 2024, we saved ~ 235,000 trees through our paper recycling services.⁽¹⁾

We continue 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.

(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](https://www.conservatree.org).

REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2024

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

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 \$243 to support cancer research, including 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 consolidated audited 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 the unaudited condensed consolidated interim financial statements of the Company for the three months ended March 31, 2024 and the material contained in the Company's consolidated audited financial statements for the years ended December 31, 2023 and 2022, which have been prepared in accordance with IFRS Accounting Standards 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 May 28, 2024.

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 growth of the system sales achieved by existing and new locations;
 - b. the growth of sales achieved in corporate locations;
 - c. the economic conditions in certain regions of the United States;
 - d. the level of corporate overhead;
 - e. the availability of resources, including vehicles and people;
 - f. the level of inflation and corresponding interest rates in the United States and Canada;
 - g. the number and size of acquisitions;

REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2024

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

- h. the ability to realize efficiencies from acquired operations; and
 - i. 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 include both paper and product shredding sales, but do not include recycling sales, Secure e-Cycle electronic waste sales, and scanning sales. Shredding system sales include shredding sales generated by franchisees, licensees and corporately operated locations.

REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2024

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

- **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, foreign exchange gains and losses, and gains and losses on disposal of tangible assets. A reconciliation between net income and consolidated EBITDA is included on page 20.
- **Consolidated EBITDA less Net Recycling** is defined as the consolidated EBITDA excluding the impact of corporate location recycling sales, net of paper baling costs. A reconciliation between net income and consolidated operating income less net recycling is included on page 20.
- **Consolidated Free Cash Flow** is defined as cash provided by operations net of capital expenditures. The calculation of Consolidated Free Cash Flow that begins with cash provided by operating activities is included on page 22.
- **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 20.
- **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 EBITDA less Net Recycling** is the corporate location EBITDA excluding the impact of corporate location recycling sales, net of paper baling costs.
- **Corporate Location Operating Income** is the operating 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 net 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.
- **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.
- **Capital Expenditures** is defined as the purchase of tangible and intangible assets, net of proceeds received from their disposal.
- **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 – this performance measure assesses both the Company's and the corporate locations performance. Management is focused on growing both the consolidated Company EBITDA and the corporate locations EBITDA.
3. EBITDA less net recycling revenue growth and margin – this measures the Company's performance, removing the fluctuations of commodity paper prices and baling paper costs.
4. Consolidated operating income growth – this measure considers the Company's ability to increase its operating income and includes depreciation on tangible assets, including trucks, right-of-use assets, and secure collection containers.
5. Corporate location operating income growth and margin – measures the corporate locations ability to grow cash flow, after factoring in depreciation on tangible assets.
6. Corporate location operating income less net recycling revenue growth and margin – this measures the corporate location's ability to improve operationally, removing the fluctuations of commodity paper prices and baling paper costs.
7. Consolidated free cash flow growth- this measures the Company's ability to grow cash flow and liquidity after factoring in capital expenditures.
8. Operating income per weighted average share, fully diluted – measures the Company'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.
9. EBITDA per weighted average share, fully diluted- measures the ability of both the Company and the corporate locations to drive EBITDA on a per share basis.
10. EBITDA less net recycling per weighted average share, fully diluted – measures the ability of the Company to drive EBITDA, removing the fluctuations of commodity paper prices and baling paper costs, on a per share basis.
11. Consolidated free cash flow per weighted average share, fully diluted- measures the ability of the Company to drive Consolidated Free Cash Flow on a per share basis.
12. 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.
13. 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. 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.

REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2024

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

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.	Raleigh, NC	Raleigh, Winston Salem, Greensborough and Eastern North Carolina	June 2007
4.	Orange County, CA	Orange County	September 2009
5.	San Diego, CA	San Diego	October 2010
6.	Indianapolis, IN	Greater Indianapolis area	June 2011
7.	Phoenix, AZ	Phoenix, Scottsdale and Tempe	January 2012
8.	Dallas, TX	Dallas and Fort Worth	March 2012
9.	Houston, TX	Greater Houston area	November 2012
10.	San Francisco, CA	San Francisco, Silicon Valley, San Jose, East Bay, Oakland	October 2013
11.	Seattle, WA	Seattle and Tacoma	October 2013
12.	Southern New Jersey, NJ	Southern New Jersey and Delaware	May 2014
13.	Minneapolis, MN	Minneapolis and St. Paul	February 2016
14.	St. Louis, MO	Greater St. Louis area	August 2016

**REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2024**

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

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

Number	Corporate Location	Markets Served	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 2020
13.	Richmond, VA	Richmond, Norfolk and Virginia Beach	March 2013. Corporately since May 2021
14.	Atlanta, GA	Greater Atlanta area	January 2012 Corporately since July 2021
15.	Philadelphia, PA	Philadelphia and northern suburbs	September 2006 Corporately since November 2022
16.	Baltimore, MD	Baltimore and Washington, DC	November 2007 Corporately since September 2023
17.	Detroit, MI	Detroit, Lansing, Central Michigan, and Toledo, Ohio	January 2024

**REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2024**

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:

		Three months ended March 31,		
	KPI	2024	2023	Change^(a)
System Sales Performance – in USD				
Total locations in the United States		31	30	3%
Total system sales	(1)	\$19,107	\$19,307	(1)%
<i>% scheduled sales</i>		<i>52%</i>	<i>48%</i>	
Consolidated Operating Performance				
Revenue		\$17,174	\$16,996	1%
EBITDA	(2)	\$4,007	\$4,737	(15)%
<i>EBITDA margin</i>		<i>23%</i>	<i>28%</i>	<i>(500) bps</i>
EBITDA less net recycling	(3)	\$2,303	\$1,761	31%
<i>EBITDA less net recycling margin</i>		<i>10%</i>	<i>8%</i>	<i>200 bps</i>
Operating income	(4)	\$2,103	\$2,861	(26)%
<i>Operating income margin</i>		<i>12%</i>	<i>17%</i>	<i>(500) bps</i>
Operating income per weighted average share fully diluted	(8)	\$0.11	\$0.16	(31)%
EBITDA per weighted average share fully diluted	(9)	\$0.22	\$0.26	(15)%
EBITDA net recycling per weighted average share fully diluted	(10)	\$0.13	\$0.10	31%
Free cash flow	(7)	\$861	\$2,395	(64)%
Free cash flow per weighted average share fully diluted	(11)	\$0.05	\$0.13	(62)%
Corporate Location Performance				
Revenue		\$16,642	\$16,418	1%
EBITDA		\$5,749	\$6,070	(5)%
<i>EBITDA margin</i>		<i>35%</i>	<i>37%</i>	<i>(200) bps</i>
Operating income	(5)	\$3,894	\$4,265	(9)%
<i>Operating income margin</i>		<i>23%</i>	<i>26%</i>	<i>(300) bps</i>
Operating income less net recycling	(6)	\$2,190	\$1,289	70%
<i>Operating income less net recycling margin</i>		<i>10%</i>	<i>6%</i>	<i>400 bps</i>

^(a) Change expressed as a percentage or basis point ("bp"), as applicable.

REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2024

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

Capital Management

As at March 31, and December 31,	KPI	2024	2023	Change ^(a)
Working capital ^(b)		\$(17,289)	\$(18,353)	6%
Debt to total assets ratio		0.48	0.50	(4)%
Normalized Fixed Charge Coverage ratio – rolling 12 months	(12)	1.02	1.06	(4)%
Normalized Total Funded Debt to EBITDA ratio – rolling 12 months	(13)	2.40	2.39	-%

a) Change expressed as a percentage or basis point ("bp"), as applicable.

b) Working capital represents the excess of the Company's current assets over its current liabilities. Included in current liabilities is debt owing under the Company's bank facilities (See 'Bank facilities' section of the MD&A), which is all classified as a current liability based on the demand nature of this facility. The timing of repayment of amounts owing under the Company's bank facilities based on their contractual repayment schedules is included in the 'Financial Condition, Capital Resources and Liquidity' section of the MD&A.

Summary of Results and Operations

Revenue Growth in Q1-2024

The Company achieved 12% shredding revenue growth and 1% total revenue growth during Q1-2024 versus Q1-2023, primarily due to acquisitions conducted during the last 12 months, organic sales growth from new customers and price increases, offset by a decrease in recycling revenue from lower commodity paper prices.

Continued Corporate Footprint Growth from Acquisitions

The Company completed the acquisition of MDK Recycling LLC ("MDK") on January 2, 2024. MDK is a Michigan-based business which offers paper and hard drive shredding, product destruction, paper recycling and scanning services. The acquisition of MDK allows the Company to expand its geographical footprint in the Midwest to now encompass Michigan.

Consolidated EBITDA and Consolidated EBITDA less net recycling revenue

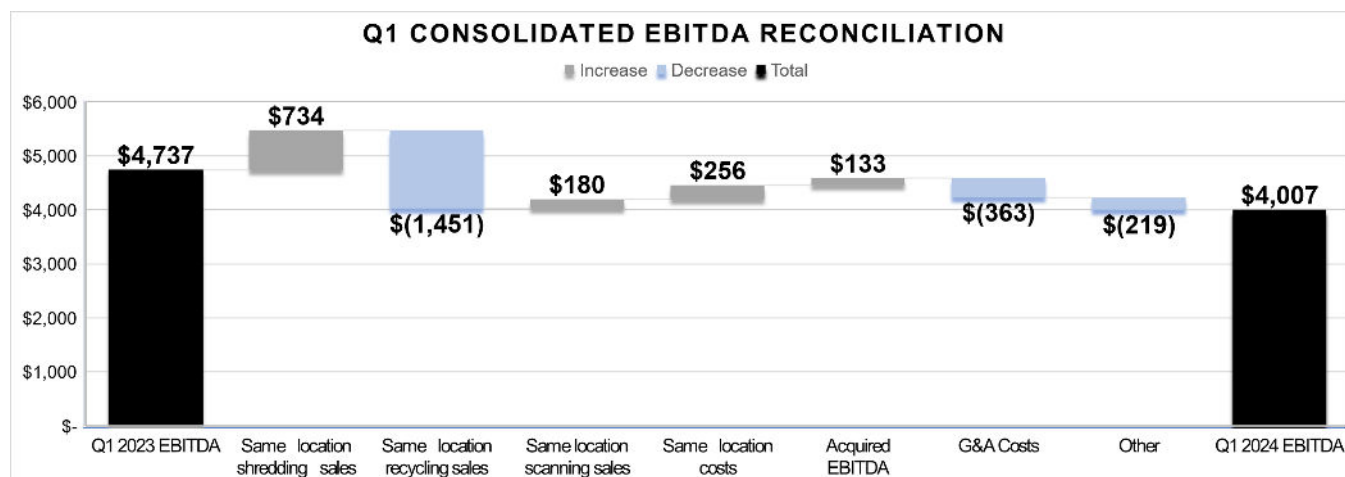
The Company's consolidated EBITDA decreased by \$730, or 15%, in Q1-2024 when compared to Q1-2023, primarily driven by lower paper commodity prices.

The Company continued to see strong organic same location service revenue growth, a decrease in same corporate location costs, and acquired EBITDA contributions from acquisitions that the Company completed in the past twelve months.

Consolidated EBITDA excluding the impact of net recycling revenue was \$2,303 in Q1-2024, growing by 31% when compared to Q1-2023.

**REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2024**

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



Free Cash Flow

Free Cash Flow in Q1-2024 decreased by \$1,534, compared to Q1-2023, driven by timing of capital expenditures and lower cash provided by operations.

For the three months ended
March 31,

	2024	2023	% Change
	\$	\$	
Cash provided by operations	3,065	3,620	(15)%
Less: Capital expenditures	(2,204)	(1,225)	80%
Free Cash Flow	861	2,395	(64)%

Strategic Targets

1. Growth in Same Corporate Location EBITDA and EBITDA less net recycling revenue:

2024 Target	Growth in same corporate location EBITDA and EBITDA less net recycling revenue to \$24.2M and \$17.1M. In 2023, total corporate location EBITDA and EBITDA less net recycling revenue was \$22.5M and \$14.2M.
Q1-2024 Performance	<i>The Company anticipates achieving the target for 2024.</i> Same corporate location EBITDA for Q1-2024 was \$5.6M, with same corporate location EBITDA less net recycling revenue at \$4.1M.

2. Growth in Consolidated EBITDA and EBITDA less net recycling revenue:

2024 Target	Growth in consolidated EBITDA and EBITDA less net recycling revenue to \$17.7M and \$10.7M. In 2023, consolidated EBITDA and EBITDA less net recycling revenue was \$15.4M and \$7.1M.
Q1-2024 Performance	<i>The Company anticipates achieving the target for 2024.</i> Consolidated EBITDA and EBITDA less net recycling revenue for Q1-2024 were \$4.0M and \$2.3M.

**REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2024**

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

3. Growth in Consolidated Free Cash Flow:

2024 Target

Growth in Consolidated Free Cash Flow to \$9.0M. In 2023, Consolidated Free Cash Flow was \$7.0M.

Q1-2024 Performance

The Company anticipates achieving the target for 2024. Consolidated Free Cash Flow for Q1-2024 was \$0.9M, impacted by timing of shredding truck purchases.

4. Expand by way of Accretive Acquisitions:

2024 Target

Add USD\$5M to USD\$6M in revenue by way of accretive acquisitions.

Q1-2024 Performance

The Company completed the acquisition of MDK during Q1-2024. Since acquisition through to March 31, 2024, MDK has contributed revenue of USD\$0.2M.

Outlook

Demand for Shredding Services Remains Robust

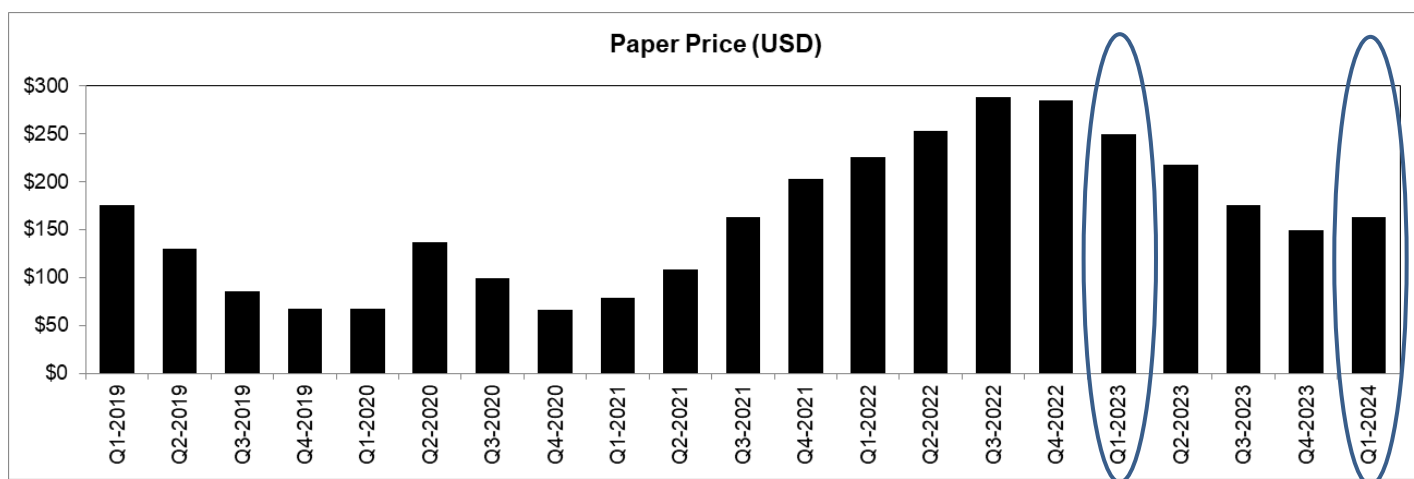
The Company continues to see an increase in marketing leads for both scheduled and unscheduled services. The Company's experienced sales force looks to close these leads at increasing conversion rates, contributing to top-line growth.

The Company is also continuing to see interest in its scanning services, as businesses look to digitize their physical paper documents securely and conveniently. Scanning services for larger customers, including for government customers, is in part dictated by timing and approval of customer budgets, which impacts when the Company performs the services. The Company will continue to leverage marketing efforts to tap into this market.

Recycling Revenue

The average paper price per ton in April 2024 was USD\$159

The following chart illustrates the average paper price per ton, in USD, since the first quarter of 2019:



REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2024

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

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 actively seeks acquisition opportunities in the United States.

Liquidity

The Company's objective is to have sufficient liquidity to meet liabilities when due. Cash flow forecasting is performed by management, which monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs and financial covenants under the bank credit facilities. Continued compliance with the financial covenants under the bank credit facilities is dependent on the Company achieving its forecasts. Although management considers its assumptions used in its cash flow forecasts to be reasonable, there is no guarantee that the cash flow forecasts will be achieved. The Company could defer capital expenditures and reduce discretionary spending to ensure compliance with the financial covenants and if necessary, seek waivers, subject to lender approval.

Based on overall cash generation capacity and overall financial position, the Company believes that it has sufficient available liquidity to meet its minimum obligations as they come due and to comply with financial covenants as required under its bank credit facilities for a period of at least twelve months from March 31, 2024. This assessment is based on the assumption the bank facilities are not called. In the event that the bank exercises this right to demand repayment prior to the maturity date, the Company would not have the necessary liquidity to repay amounts owing as these are in excess of the Company's available financial assets. In such an event, the Company would then have to look to alternative sources of capital, including alternative credit arrangements or equity funding, neither of which are guaranteed. As such, there is a material uncertainty related to these events and conditions that may cast significant doubt on the Company's ability to continue as a going concern.

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, Secure e-Cycle electronic waste sales and scanning sales. Same location system sales excludes sales from locations that were not in the system in the comparative period.

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

	Three months ended March 31,		
	2024	2023	<i>%Change</i>
Total system sales (USD)	\$19,107	\$19,307	(1)%
Total same location system sales (USD)	\$18,415	\$19,307	(5)%

REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2024

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

System Sales Breakdown:

The system sales mix in USD for the three months ended March 31, 2024 and 2023 is as follows:

	Three months ended March 31,		
	2024	2023	%Change
	\$	\$	
Scheduled	9,910	9,321	6%
Unscheduled	6,083	5,423	12%
<i>Total Shredding System Sales</i>	15,993	14,744	8%
Recycling	2,555	4,003	(36)%
Scanning	417	290	44%
Secure e-Cycle electronic waste	142	270	(47)%
<i>Total System Sales</i>	19,107	19,307	(1)%

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 Q1-2024, scheduled sales grew 6% over Q1-2023 and reached a record high of USD\$9.9 million.

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 Q1-2024, unscheduled system sales grew 12% over Q1-2023, driven by a growing customer base and large one-time customer requirements.

Recycling system sales:

Recycling system sales are defined as the revenue generated from 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 March 31,		
	2024	2023	% Change
Recycling system sales (USD)	\$2,555	\$4,003	(36)%
Tonnage processed (units)	15,681	16,054	(2)%
Average paper price per ton	163	249	(35)%

REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2024

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

Secure e-Cycle electronic waste sales:

Secure e-Cycle branded electronic waste sales are defined as the revenue generated from the disposal of client's electronic waste and/or products by way of this service offering in the Company's Kansas City market, servicing the Midwestern United States. In Q1-2024, Secure e-Cycle electronic waste sales decreased by USD\$128 over Q1-2023.

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, Richmond, and Detroit markets. In Q1-2024, scanning sales increased by 44% over Q1-2023, primarily due to the timing of new scanning projects.

Corporate Location Results

As at March 31, 2024, the Company operated seventeen 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 results for the Proshred Baltimore location which was acquired on September 5, 2023, Oho and Associates, Inc. ("Security Shredding") which was acquired on August 31, 2023, and MDK, which was acquired on January 2, 2024.

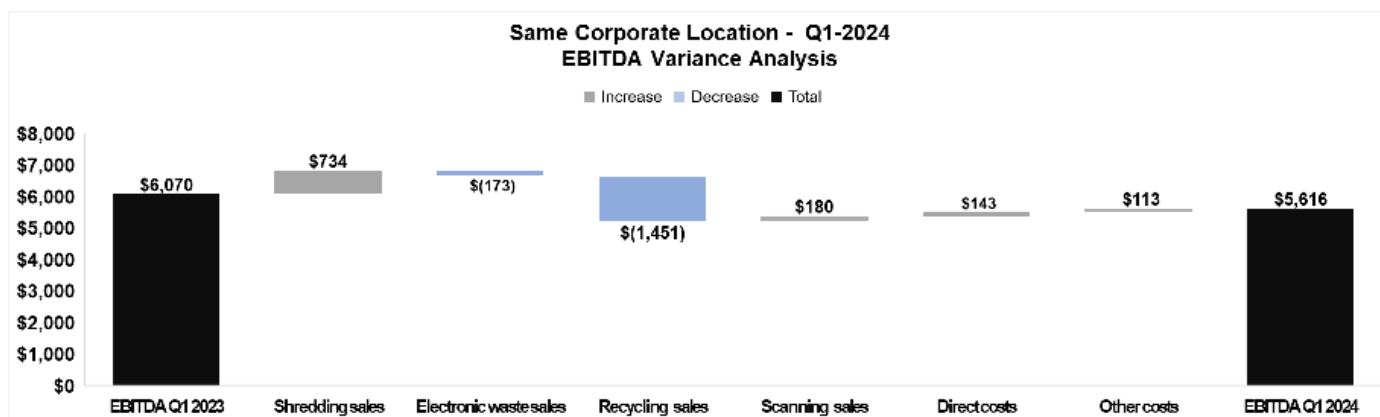
Total corporate location revenue grew by 1% in Q1-2024 versus Q1-2023, driven by 12% growth in shredding revenue, largely offset by lower recycling revenue due to lower paper commodity prices. Total corporate location EBITDA decreased by 5% in Q1-2024 versus Q1-2023, driven by lower paper commodity prices, with operating income excluding the impact of net recycling growing by 70%.

Same corporate location operating income, excluding the impact of net recycling revenue, grew 82% in Q1-2024 over Q1-2023. Same corporate location shredding revenue grew by 6% in Q1-2024 versus Q1-2023, with same corporate location EBITDA decreasing by 7%, driven by lower commodity paper pricing.

For the three months ended March 31, 2024	Quarter-over- quarter growth	Constant currency quarter-over-quarter growth
Same Corporate Locations:		
Total Sales	(4)%	(4)%
EBITDA	(7)%	(7)%
Operating Income	(9)%	(8)%
Operating Income less net recycling	82%	82%
Total Corporate Locations:		
Total Sales	1%	2%
EBITDA	(5)%	(5)%
Operating Income	(9)%	(9)%
Operating Income less net recycling	70%	70%

REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2024

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



For the three months ended March 31,	Total Corporate Locations			Same Corporate Locations			Non-same Corporate Locations	
	2024	2023	% Change	2024	2023	% Change	2024	2023
	\$	\$		\$	\$		\$	\$
Revenue:								
Shredding sales	13,881	12,379	12%	13,113	12,379	6%	768	-
Secure e-cycle electronic waste sales	192	365	(47)%	192	365	(47)%	-	-
Scanning sales	562	382	47%	562	382	47%	-	-
Recycling sales	2,007	3,292	(39)%	1,841	3,292	(44)%	166	-
Total sales	16,642	16,418	1%	15,708	16,418	(4)%	934	-
Operating costs ⁽¹⁾	10,893	10,348	5%	10,092	10,348	(2)%	801	-
EBITDA	5,749	6,070	(5)%	5,616	6,070	(7)%	133	-
% of revenue	35%	37%	(200) bps	36%	37%	(100) bps	14%	-
Depreciation – tangible assets	1,855	1,805	3%	1,717	1,805	(5)%	138	-
Operating income	3,894	4,265	(9)%	3,899	4,265	(9)%	(5)	-
% of revenue	23%	26%	(300) bps	25%	26%	(100) bps	(1)%	-
EBITDA less net recycling revenue	4,045	3,094	31%	4,062	3,094	31%	(17)	-
% of revenue excluding recycling	28%	24%	400 bps	29%	24%	500 bps	(2)%	-
Operating income less net recycling	2,190	1,289	70%	2,345	1,289	82%	(154)	-
% of revenue excluding recycling	15%	10%	500 bps	17%	10%	700 bps	(20)%	-
EBITDA – in USD	4,262	4,488	(5)%	4,164	4,488	(7)%	98	-
% of revenue	35%	37%	(200) bps	36%	37%	(200) bps	14%	-

Note 1: During Q1-2024, acquisition/vendor-related consulting fees of \$101 (Q1-2023 - \$248) are included in the total and non-same corporate location operating costs.

REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2024

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

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.

The breakdown of general and administrative expenses of the Company is as follows:

	For the three months ended		
	March 31,		
	2024	2023	% Change
	\$	\$	
Salaries and benefits	1,005	834	21%
Stock based compensation	103	82	26%
Acquisition costs	40	12	233%
Professional fees	208	222	(6)%
Technology	241	189	28%
Other expenses	531	423	26%
Total selling, general and administrative expenses ⁽¹⁾	2,128	1,762	21%
<i>As a percentage of total revenue</i>	12%	10%	200 bps

(1) Does not include Growth Fund expenses.

G&A expenses for the three months ended March 31, 2024, increased by 21% compared to the same period in 2023. As a percentage of revenue, G&A expenses were at 12% of revenue for the three months ended March 31, 2024, compared to 10% for the same period in 2023.

The Company has increased its human resources, increasing headcount in the areas of technology, operational finance and marketing to support the acquired and organic revenue growth.

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		
	March 31,		
	2024	2023	% Change
	\$	\$	
Amortization – intangible assets	1,045	1,016	3%

**REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2024**

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

Contingent Consideration

The Company has earn-out payments owing for acquisitions completed that are contingent on certain earn-out targets being met. During the three months ended March 31, 2024, the Company recorded a remeasurement gain of \$8 on contingent consideration (three months ended March 31, 2023- remeasurement loss of \$2).

As at March 31, 2024, the Company has the following related to contingent consideration:

<u>Range of origination</u>	<u>Range of payouts</u>	<u>Current portion</u>	<u>Long-term portion</u>	<u>Range of maturity</u>
May 1, 2021 to January 2, 2024	USD\$0 to USD\$4,665	CAD\$1,656 USD\$1,220	CAD\$538 USD\$400	April 1, 2024 to June 1, 2027

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 Q1-2024 average exchange rate is unchanged compared to the Q1-2023 average exchange rate.

Exchange rates utilized

1 USD:CAD	2024	2023				2022			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Average rate	1.35	1.35	1.35	1.35	1.35	1.30	1.28	1.27	1.27
Close rate	1.36	1.32	1.32	1.32	1.35	1.35	1.37	1.29	1.25

For the three months ended
March 31,

	2024	2023	% Change
	\$	\$	
Foreign exchange gain (loss)	1,588	(70)	2,369%

Interest income and expense

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

Interest expense for the three months ended March 31, 2024 relates to the following:

- (1) the Company's fixed rate term loans;
- (2) truck loan agreements;
- (3) interest on the Company's lease liabilities; and
- (4) non-cash interest accretion on the Company's contingent consideration owing.

Interest expense decreased during the three months ended March 31, 2024, as compared to the same period in 2023, due to lower non-cash interest accretion on the Company's contingent consideration owing and lower interest on the Company's lease liabilities.

REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2024

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

	For the three months ended		
	March 31,		
	2024	2023	% Change
	\$	\$	
Interest income	-	9	(100)%
Interest expense ^(a)	607	642	(5)%

(a) Includes non-cash interest accretion on contingent consideration owing for the three months March 31, 2024 of \$49 (three months ended March 31, 2023- \$110).

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 can be carried forward indefinitely.

Income before income taxes for the three months ended March 31, 2024 was \$2,070 (three months ended March 31, 2023- \$1,140). Income tax expense for the three months ended March 31, 2024 was \$284 (three months ended March 31, 2023- \$405). The effective tax rate for the three months ended March 31, 2024 and 2023 was 14% and 36%, respectively. The effective tax rate for the three months ended March 31, 2024 was lower than statutory rates due to the impact of foreign exchange movements on intercompany balances between Redishred and its subsidiaries. The higher effective tax rate for the three months ended March 31, 2023 was primarily due to non-deductible expenses.

Reconciliation of EBITDA to Net Income

	For the three months ended		
	March 31,		
	2024	2023	% Change
	\$	\$	
EBITDA	4,007	4,737	(15)%
Less: net recycling revenue	(1,704)	(2,976)	(43)%
EBITDA less net recycling revenue	2,303	1,761	31%
Add: net recycling revenue	1,704	2,976	(43)%
Less: depreciation – tangible assets	(1,904)	(1,876)	1%
Operating income	2,103	2,861	(26)%
Less: interest expense	(607)	(642)	(5)%
Add: interest income	-	9	(100)%
Less: amortization – intangible assets	(1,045)	(1,016)	3%
Add/(deduct): remeasurement of contingent consideration	8	(2)	500%
Add: Other Income	23	-	100%
Add/(deduct): foreign exchange gain (loss)	1,588	(70)	2,369%
Income before income taxes	2,070	1,140	82%
Deduct: Income tax expense	(284)	(405)	(30)%
Net income	1,786	735	143%

REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2024

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.

	2024		2023			2022		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	\$	\$	\$	\$	\$	\$	\$	\$
Total system sales (USD)	19,107	18,014	17,674	19,238	19,308	18,219	18,388	18,748
Consolidated Performance								
Revenue	17,174	16,816	15,371	16,751	16,996	15,409	14,703	14,597
EBITDA	4,007	3,138	3,042	4,488	4,737	3,071	3,641	4,540
Operating Income	2,103	1,106	1,228	2,501	2,861	1,203	2,014	3,150
Operating income per weighted average share fully diluted	0.11	0.06	0.07	0.14	0.16	0.07	0.11	0.17
Income (loss) before taxes from continuing operations	2,070	(1,320)	1,225	(593)	1,140	(888)	4,229	3,497
Net income (loss)	1,786	(1,362)	1,068	(970)	735	(1,099)	3,887	2,813
Basic and diluted net income (loss) per share	0.10	(0.07)	0.06	(0.05)	0.04	(0.06)	0.21	0.15
Corporate Location Performance								
Revenue	16,642	16,269	14,859	16,184	16,418	14,850	14,137	14,038
EBITDA	5,749	5,185	5,052	6,200	6,070	4,697	4,915	5,717
Operating Income	3,894	3,202	3,286	4,259	4,265	2,866	3,306	4,351

REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2024

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.

	For the three months ended March 31,	
	2024	2023
	\$	\$
Net cash provided by operations	3,065	3,620
Net cash used in financing activities	(2,223)	(2,744)
Net cash used in investing activities	(2,959)	(1,215)
Effect of foreign exchange rate changes	36	(26)
Change in cash	(2,081)	(365)
Cash, beginning of period	3,611	6,696
Cash, end of period	1,530	6,331

For the three months March 31, 2024, the Company generated positive cash flows from operations driven by positive Consolidated EBITDA. During the three months March 31, 2024, cash was used in financing activities to repay term and truck loans, lease liabilities, and contingent consideration owing, which was partially offset by the Company financing truck purchases. Cash used in investing activities during the three months March 31, 2024 was primarily to purchase tangible assets and for acquisitions completed.

As at March 31, and December 31	2024	2023	% Change
Working capital	\$(17,289)	\$(18,353)	6%
Total assets	\$94,650	\$95,031	-%
Total non-current liabilities	\$15,760	\$14,514	9%
Total liabilities	\$45,455	\$47,900	(5)%
Debt to total assets ratio	0.48	0.50	(4)%
Normalized Fixed Charge Coverage ratio – rolling 12 months	1.02	1.06	(4)%
Normalized Total Funded Debt to EBITDA ratio – rolling 12 months	2.40	2.39	-%

The increase in working capital as at March 31, 2024 was primarily due to a decrease in accounts payable and accrued liabilities, contingent consideration, and decrease in the current portion of long-term debt, partially offset by a decrease in prepaid expenses and cash movement.

Total assets as at March 31, 2024 were consistent with total assets as at December 31, 2023.

The increase in total non-current liabilities was due to financing of truck purchases.

The decrease in total liabilities was primarily due to repayment of contingent consideration and accounts payable.

As at March 31, 2024, the Company was in compliance with its financial covenants.

**REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2024**

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

The Company's Consolidated Free Cash flow is calculated as follows:

	For the three months ended		
	March 31,		
	2024	2023	% Change
	\$	\$	
Cash provided by operations	3,065	3,620	(15)%
Less: Capital expenditures	(2,204)	(1,225)	80%
Free Cash Flow	861	2,395	(64)%

Dividends

The Company has not declared and paid any dividends during the three months ended March 31, 2024 and 2023.

Bank facilities

As at March 31, 2024, the Company has the following secured senior credit facilities:

- (1) A demand operating line of credit of CAD\$1 million.
- (2) A demand non-revolving re-advanceable term loan acquisition facility in the amount of CAD\$40 million (advances can be taken in either USD or CAD equivalent, at the Company's discretion); and
- (3) A demand revolving re-advanceable interest only acquisition facility in the amount of CAD\$6 million to fund acquisitions up to USD\$1.5 million (advances can be taken in either USD or CAD equivalent, at the Company's discretion). The principal amount of any advance made under this facility is required to be repaid in full on or prior to twelve months from the date of such advance, by way of an advance under the Company's demand term loan acquisition facility noted above.

The Company has borrowed the following amounts under the demand non-revolving re-advanceable term loan facility as at March 31, 2024 and December 31, 2023:

Month of Advance	Initial Amount	Interest per annum	Amortization period ⁽³⁾	March 31, 2024 balance	December 31, 2023 balance
	\$			\$	\$
May, 2019	6,003	3.50%	72 months	2,366	2,612
November, 2019	6,664	3.50%	84 months	3,133	3,374
March, 2020	2,688	2.99%	84 months	1,419	1,514
December, 2020	2,290	3.33%	84 months	1,283	1,368
August, 2021	854	3.69%	84 months	564	593
December, 2021	6,290	6.52%	84 months	5,003	5,226
November, 2022 ⁽¹⁾	5,400	7.47%	84 months	4,574	4,735
September, 2023 ⁽²⁾	1,412	7.83%	84 months	1,347	1,386
Total	31,601			19,689	20,808

- (1) Loan bears interest at the fixed rate of interest of 7.47% for a term of twenty-four (24) months from the date of origination of November 1, 2022.
- (2) Loan bears interest at the fixed rate of interest of 7.83% for a term of thirty-six (36) months from the date of origination of September 5, 2023.
- (3) Amortization period disclosed is according to the respective maturity dates on the basis repayment is not demanded by the bank earlier.

**REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2024**

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

As at March 31, 2024, the Company has \$1.0 million available on its demand operating line of credit, \$20.3 million available on its demand non-revolving re-advanceable term loan, and \$6.0 million available on its demand revolving re-advanceable interest only acquisition facility.

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.

Truck loans

In January 2024, the Company established a new USD\$4.0 million non-revolving line of credit for the purchase of shredding vehicles. The interest rate on this facility is based on prevailing market rates at the time the line is used. As at March 31, 2024, the Company had USD\$3.8 million available on this line of credit.

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 March 31, 2024
				\$
Office and warehouse building	17	August 2024 to September 2030	4.75% to 8.25%	5,038
Shredding vehicles	4	August 2025 to January 2027	5.95% to 7.00%	169
Total				5,207

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	4,072	-	-	-
Long-term debt ^(a)	2,275	5,652	21,868	948
Contingent consideration	492	1,164	538	-
Lease liabilities	414	1,153	3,438	202

(a) *Repayments of principal on long-term debt are based on the respective loan maturity dates on the basis repayment is not demanded by the bank earlier.*

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. This assessment is based on the assumption the bank facilities are not called.

Shareholders' equity

Shareholders' equity as at March 31, 2024 and December 31, 2023, was \$49,195 and \$47,131, respectively.

Commitments

The Company leases office and warehouse space under lease agreements, and has obligations under its credit facilities. Please refer to the "Bank facilities", "Truck Loans" and "Lease liabilities" sections above for further details.

REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2024

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

In December, 2023, the Company entered into a five-year lease agreement for a new office space in New York with an expected commencement date of June 1, 2024. As the lease has not commenced, a right-of-use asset and lease liability for this lease has not been recognized on the Company's unaudited condensed consolidated interim financial statements for the three months ended March 31, 2024. Annual rent for this new office space upon lease commencement is \$161 for the first year and it increases thereafter by three and a half percent (3.5%) per year.

Normal Course Issuer Bid

On May 8, 2023, the Toronto Stock Venture Exchange accepted the notice filed by the Company to implement a Normal Course Issuer Bid ("NCIB") program. The NCIB expired on May 7, 2024.

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 Chief Financial Officer, the Senior Vice President of Finance and Acquisitions, and the Board of Directors. Remuneration paid to key management personnel during the three months ended March 31, 2024 and 2023 was as follows:

	2024	2023
	\$	\$
Wages and benefits	337	284
Share-based compensation	61	52
Total compensation of key management	398	336

A Director of the Company is the owner of the Tampa Bay, Florida Proshred franchise. There is an accounts receivable balance of \$5 due from this franchise as at March 31, 2024 (December 31, 2023 - \$5). During the three months ended March 31, 2024, the Company earned royalties, franchise and service fees of \$49 (March 31, 2023 - \$48) 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 the Company's control. For more information about the Company's risks and uncertainties, please refer to the Company's MD&A for the year ended December 31, 2023. The risks and uncertainties remain substantially unchanged from those previously disclosed.

Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRS Accounting Standards 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, 2023.

Investor Relations Activities

The Company does not have any investor relations arrangements.

**REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2024**

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

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, 18,303,072 Common Shares, and 828,473 stock options are issued and outstanding.

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 May 28, 2024, and reflects all material events up to this date.