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Basis for Presentation

The following management's discussion and analysis ("MD&A") for Redishred Capital Corp. (the "Company" or "Redishred") has been prepared by management and focuses on key statistics from the consolidated interim financial report and pertains to known risks and uncertainties. To ensure that the reader is obtaining the all pertinent information, this MD&A should be read in conjunction with material contained in the Company's unaudited consolidated interim financial statements for the three and nine months ended September 30, 2018 and 2017, 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 foreign subsidiaries is the U.S. dollar, as it is the currency of the primary economic environment in which it operates. Additional information on Redishred, including these documents and the Company's 2017 Annual Report are available on SEDAR at www.sedar.com. The discussions in this MD&A are based on information available as at November 29, 2018.

Forward Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Often, but not always, forward-looking reports 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 reports 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. In particular, certain reports, analysis and commentary in this document reflect Redishred's anticipated outlook of future events. These reports 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 over the next twelve months, 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 circumstances in certain regions of the United States,
 - d. the level of corporate overhead,
 - e. number and size of acquisitions,
 - f. the ability to realize efficiencies from acquired operations,
 - g. the exchange rate fluctuations between the US and Canadian dollar,
 - h. the outcome of potential litigation,
- (ii) anticipated system sales, royalty revenue and corporate store 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) recycling revenues may be impacted by commodity paper prices which will vary with 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 attain the anticipated sales and efficiencies; and by the performance of the local economies;
- (v) the awarding of franchises and licences, which is 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 operations which may be delayed by the inability of the franchisee to comply with the franchise agreement terms and conditions post execution; and
- (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.

These forward-looking reports should not be relied upon as representing the Company's views as of any date subsequent to the date of this document. 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.

Non-IFRS Financial Measures

There are measures included in this MD&A that do not have a standardized meaning under International Financial Reporting Standards ("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.

- **System sales** are revenues 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 revenues.
- **Same location results** 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 2018 and 2017.
- **Consolidated EBITDA** is defined as earnings before interest, taxes, depreciation and amortization and corporate overhead.
- **Consolidated operating income** is defined as revenues less all operating expenses, depreciation related to the tangible assets. Amortization for intangible assets has not been included in this calculation.
- **Consolidated Operating Income less Net Interest Expense** is defined as consolidated operating income including interest income and expense.
- **Corporate location EBITDA** is defined as earnings before interest, taxes, depreciation and amortization and corporate overhead generated by corporately operated locations.
- **Corporate location operating income** is the income generated by corporately operated locations. The operating income generated is inclusive of depreciation on tangible equipment, primarily trucks and containers. It does not include amortization related to intangibles assets, allocations for corporate overhead or interest expense.

Business Overview

Redishred Capital Corp. 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 well as operates corporate shredding businesses directly. In the first nine months of 2018, the Proshred system achieved \$29 million USD in System Sales (\$22.5 million USD through franchised/licensed locations and \$6.5 million USD through the corporately owned operations).

Key Performance Indicators ("KPIs")

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

1. System sales growth – management expects to achieve increases in system sales, 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 performance and the corporate locations performance. Management is focused on growing the consolidated Company EBITDA and the corporate locations EBITDA.
3. Consolidated Operating Income increases – this measure considers Redishred's ability to increase its operating income from operations and includes depreciation on tangible assets, the largest being truck assets.
4. Corporate location operating income growth – management's expectation is to grow operating income generated by the corporate locations as it drives the Company's cash flow.
5. Fixed Charge Coverage Ratio – a common measure of credit risk used by lenders, this measure considers Redishred's ability to pay both interest and principal on outstanding debt. Management is focused on increasing this ratio, as generally, the higher the fixed charge coverage ratio, the lower the credit risk.
6. Total Funded Debt to EBITDA Ratio – this measures Redishred's leverage and its ability to pay all outstanding debt and assesses the Company's financial health and liquidity position. 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.

Financial and Operational Highlights

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

(in 000's except as noted)

For the nine months ended September 30,	2018	2017 ⁽¹⁾	% change
System Sales Performance – in USD			
Total locations in the United States	29	29	0%
System sales – total and same location	\$29,265	\$25,925	13%
<i>Percentage scheduled</i>	46%	46%	0%
Consolidated Operating Performance – in CDN			
Revenue	\$10,022	\$8,571	17%
EBITDA	\$2,523	\$2,371	6%
Operating Income ⁽²⁾	\$1,706	\$1,663	3%
<i>As a percentage of revenue</i>	17%	19%	(2)%
Operating Income per share fully diluted	\$0.024	\$0.033	(25)%
Corporate Locations Performance – in CDN			
Revenue	\$8,408	\$7,035	20%
EBITDA	\$3,240	\$2,825	15%
Operating income ⁽²⁾	\$2,446	\$2,127	15%
<i>As a percentage of revenue</i>	29%	33%	(4)%
As at September 30 and December 31,	2018	2017	% change
Capital Management – in CDN			
Working capital	\$11,711	\$1,411	730%
Debt to total assets ratio	0.20	0.42	52%
Fixed Charge Coverage ratio – rolling 12 months	1.94	2.30	(16)%
Total Funded Debt to EBITDA ratio – rolling 12 months	1.16	1.28	9%

(1) Certain amounts have been reclassified to conform to the current period's presentation.

(2) Operating income is net of transitional and professional costs of \$148,709 associated with the acquisitions conducted.

Summary of Results and Operations – for the first nine months of 2018

Growth in System Sales driving both Royalty and Corporate Location Revenue

System sales increased due to the Company's continued focus on providing recurring scheduled service to small and medium sized enterprise clients. In addition, the Company continued to invest in sales and marketing initiatives designed to capture scheduled revenue as well as one-time unscheduled revenue.

During the first nine months of 2018 Redishred's system sales growth over the first nine months of 2017 was as follows:

Total System Sales increased by 13%	
<u>By Service Type:</u>	<u>By Location Type:</u>
Scheduled (recurring) increased by 12%	Franchise location system sales increased by 14%
Unscheduled increased by 10%	Royalty revenue increased by 5%
Recycling increased by 19%	Corporate location system sales increased by 20% (Same Store 9%)

Corporate Location EBITDA

Growth in the first nine months of 2018 over the first nine months of 2017 was as follows:

Total locations:

EBITDA in USD increased by 16%
EBITDA in CAD increased by 15%

Same locations:

EBITDA in USD increased by 7%
EBITDA in CAD increased by 5%

During the 1st nine months of 2018, the Canadian dollar appreciated versus the 1st nine months of 2017 causing the EBITDA growth to be \$60,000 lower in Canadian dollar versus US dollar.

Consolidated EBITDA and Operating Income

During the 1st nine months of 2018, the Company's consolidated EBITDA and operating income increased by 6% and 3% respectively, over the 1st nine months of 2017. The Company completed two acquisitions during the nine months ended September 30, 2018 and one acquisition subsequent to the third quarter on October 1, 2018. The acquisitions resulted in costs of \$148,709 including:

- (i) Legal fees
- (ii) Professional fees (accounting and valuation); and
- (iii) Transitional and integration costs.

During the 1st nine months of 2018 the Canadian dollar appreciation versus the US dollar reduced consolidated EBITDA and operating income growth over the 1st nine months of 2017. Given that majority of the Company's operations are denominated in US dollar, the appreciation of the Canadian dollar results in a decline in Company income. The Company has presented its results in both US dollar and Canadian dollar throughout this MD&A, where the Company's operations are originally denominated in US dollar.

Private Placement

During the third quarter of 2018, the Company completed a private placement of 18,333,334 common shares of the Company at a price of \$0.60 per common share for gross proceeds of \$11 million. The net proceeds of the private placement will be used to fund future growth initiatives including both acquisitions and organic growth, and for general corporate purposes. The \$11 million gross proceeds have been recorded net of transaction costs of \$797,023, which include broker commissions, legal and regulatory fees.

Company Strategy

The Company's strategy is to:

1. Expand the location footprint in North America by way of both franchising and accretive acquisitions.
2. Maximize same location revenue (in particular scheduled/recurring revenue) and earnings for our franchisees and our corporate locations.
3. Drive depth of service and earnings in existing locations by way of conducting smaller accretive acquisitions.

Expanding the Location Footprint

The Company has a dual pronged approach to footprint growth:

- (a) Utilizing a franchise model. This model provides Redishred with royalty and other fee income in exchange for an exclusive service and marketing area. The Company has and will continue to provide various support programs to its franchisees to drive both their revenue and earnings.
- (b) Utilizing an acquisition model. In 2017 the Company commenced on a program to acquire independent shredding operations in adjacent and available markets. During the nine months ended September 30 2018, the Company acquired the assets of the Shred Con business in upstate New York and the assets of the On Guard business in New York City. On October 1, 2018, the Company acquired the assets of the Safe Shredding business in North New Jersey.

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The Company's North American locations are as follows:

Franchised Location	Markets Serviced	Operating Since
Springfield, MA	Western Massachusetts including western Boston suburbs	June 2003
Tampa Bay, FL	Tampa Bay, Clearwater, St. Petersburg, Sarasota, Lakeland and Orlando	March 2004
Denver, CO	Greater Denver area	August 2004
Philadelphia, PA	Philadelphia and northern suburbs	September 2006
Kansas City, MO	Greater Kansas City area	December 2006
New Haven, CT	State of Connecticut	April 2007
Chicago, IL	Greater Chicagoland area	April 2007
Raleigh, NC	Raleigh, Winston Salem, Greensborough and Eastern North Carolina	June 2007
Baltimore, MD	Baltimore and Washington, DC	November 2007
Orange County, CA	Orange County	September 2009
San Diego, CA	San Diego	October 2010
Indianapolis, IN	Greater Indianapolis area	June 2011
Atlanta, GA	Greater Atlanta area	January 2012
Phoenix, AZ	Phoenix, Scottsdale and Tempe	January 2012
Dallas, TX	Dallas and Fort Worth	March 2012
Houston, TX	Greater Houston area	November 2012
Richmond, VA	Richmond, Norfolk and Virginia Beach	March 2013
San Francisco, CA	San Francisco, Silicon Valley, San Jose, East Bay, Oakland	October 2013
Seattle, WA	Seattle and Tacoma	October 2013
Southern New Jersey, NJ	Southern New Jersey and Delaware	May 2014
Minneapolis, MN	Minneapolis and St. Paul	February, 2016
St. Louis, MO	Greater St. Louis area	August 2016

**REDISHRED CAPITAL CORP.
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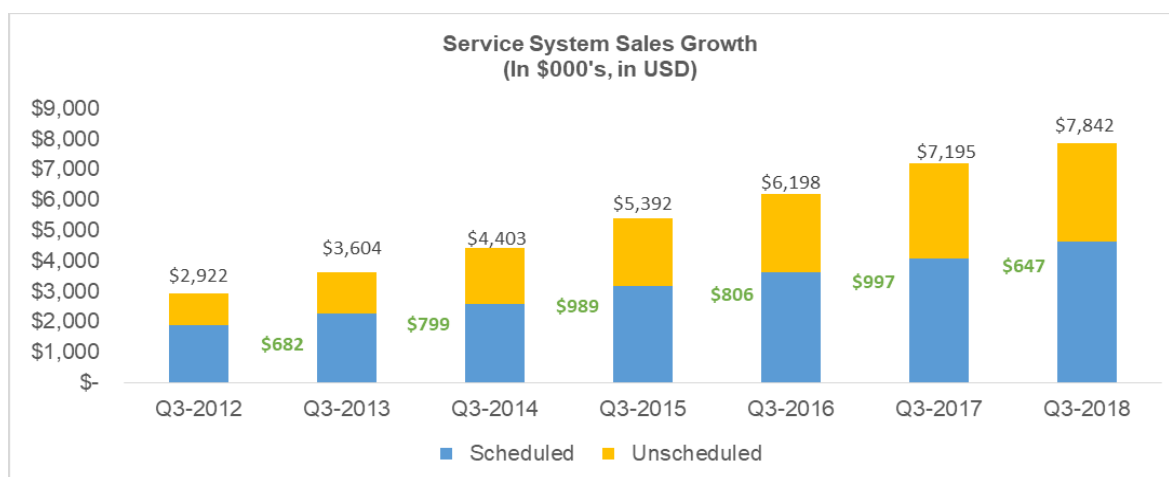
Corporate Location	Markets Served	Operating Since	Corporately Operating Since
Syracuse, NY	Syracuse, Buffalo, Rochester, Watertown	March 2004	May 2010 (Syracuse) October 2017 (Buffalo) April 2018 (Watertown)
Albany, NY	Albany and the Hudson River Valley	April 2003	July 2010
New York City, NY	New York City, Westchester, Rockland, Dutchess and Putnam Counties, Bergen County, NJ, Staten Island and Long Island	January 2008	January 2012
Milwaukee, WI	Milwaukee, Madison and Racine	August 2003	January 2011
Miami, FL	Miami, Fort Lauderdale and Palm County	June 2008	January 2014
Charlotte, NC	Charlotte, Statesville, Ashville, and Rock Hill, SC	April 2006	July 2013
North Virginia, VA	Washington, DC suburbs including Arlington, Alexandria, Tysons, Reston and Dulles	July 2008	April 2017
North New Jersey, NJ	All counties north of Middlesex county	June 2005 (operated as Safe Shredding)	October 1, 2018

Maximize Same Location Revenue and Earnings

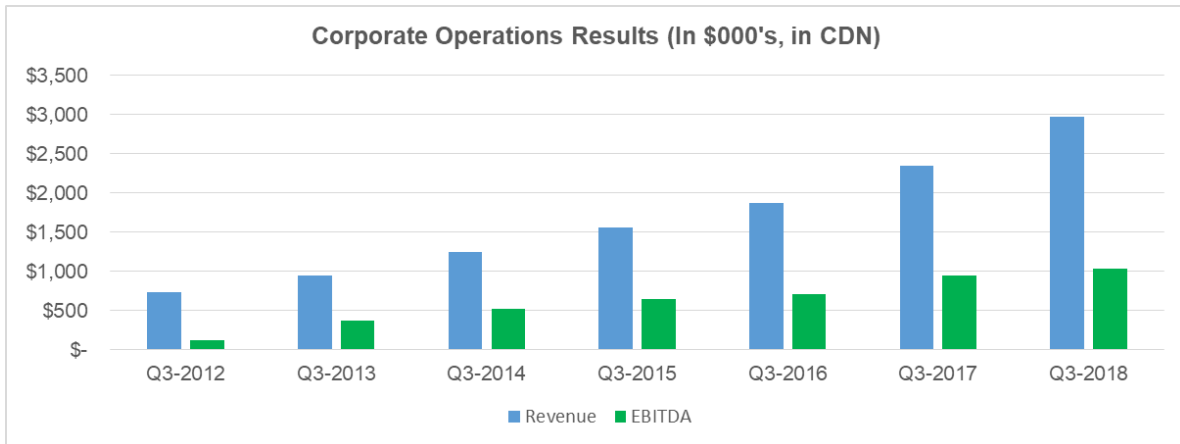
Management will focus on three key areas to drive same location revenue and earnings:

- (1) maximizing recurring revenue and earnings for franchisees and corporate locations on existing routes;
- (2) enhancing inbound and outbound marketing and sales processes and;
- (3) minimize operating and administrative costs.

Redishred and its franchisees continue to invest in trucks, marketing and sales initiatives as well as human resources to maximize the outcome in our three core areas of performance. Over the last 6 years, Redishred has seen an average increase of 18% in system revenue (excluding recycling revenue), and an average increase of 22% in same location corporate store EBITDA. This has led to continued growth in consolidated cash flows from operations.



Note (1): The above green figures refer to the year over year growth in service system sales.



Driving Depth in existing Corporate Markets

Redishred's plan is to conduct acquisitions in existing and adjacent markets that lead to the following outcomes:

1. Increase our market share in existing corporate markets.
2. Generate strong route densities driving stronger route operating income.
3. Minimize risk of client service issues by having increased access to trucks in close by markets.
4. Maximize the utilization of centralized services in our Mississauga head office.

Performance Compared to 2018 Targets

Growth of Same Location Service System Sales⁽¹⁾:	
2018 Target	Growth of 10% to \$30.25M USD.
Q3-2018 YTD Performance <i>On Target</i>	Redishred's service system sales (scheduled and unscheduled sales) grew by 11% over the 1 st nine months of 2017, achieving \$23.3M USD. All service system sales were earned from same locations.
Consolidated EBITDA from existing operations⁽²⁾:	
2018 Target	Attain EBITDA of \$3.3M from existing locations, growing by 14% over 2017 EBITDA.
Q3-2018 YTD Performance <i>Not On Target</i>	During the 1 st nine months of 2018, Redishred earned \$2.4M in EBITDA from existing operations, an increase of 1% over the 1 st nine months of 2017. The Company is behind target due to the appreciation of the Canadian dollar over the prior year and no new franchises awarded as per below franchise development target.
Consolidated Operating Income from existing operations⁽²⁾:	
2018 Target	Attain operating income of \$2.3M from existing operations, growing by 10% over 2017 normalized operating income.
Q3-2018 YTD Performance <i>Not On Target</i>	During the 1 st nine months of 2018, Redishred earned \$1.6M in consolidated operating income from existing operations, a decrease of 2% over the 1 st nine months of 2017. The decrease is due to the appreciation of the Canadian dollar over the prior year and no new franchises awarded as per below franchise development target.
Franchise Development:	
2018 Target	Open two to four new markets in the United States by way of franchising.
Q3-2018 YTD Performance <i>Not On Target</i>	The Company did not award any new franchise locations during the 1 st nine months of 2018. Redishred is actively pursuing franchise opportunities. The Company does not expect to award a new franchise location by December 31, 2018.
Expand by way of Accretive Acquisitions:	
2018 Target	Conduct between \$3M and \$4M of acquisitions.
Q3-2018 YTD Performance <i>Will Exceed Target for 2018</i>	During the nine months ended September 30, 2018, the Company conducted \$1.42M of acquisitions. Subsequent to quarter-end, on October 1, 2018, the Company closed on a \$6.4M acquisition in North New Jersey. Redishred is actively pursuing other acquisitions.

(1) Service related sales excludes recycling sales.

(2) Existing operations includes the existing corporate operations, the franchise system and the existing infrastructure to support the existing locations.

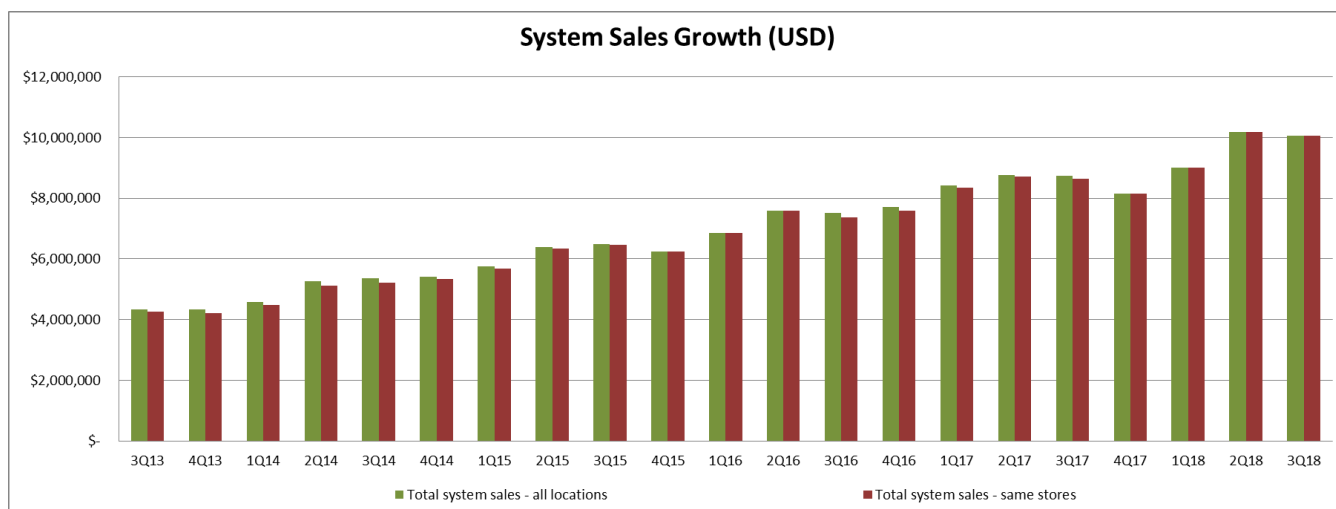
System Sales

Franchisees, corporate and international locations derive revenue by providing shredding services to their customers, and by selling recycled paper and other recyclable by-products. These sales are commonly referred to as “system sales,” and are the key driver of royalty and service fee revenue. System sales are denominated and reported in US dollars during the reported periods as follows:

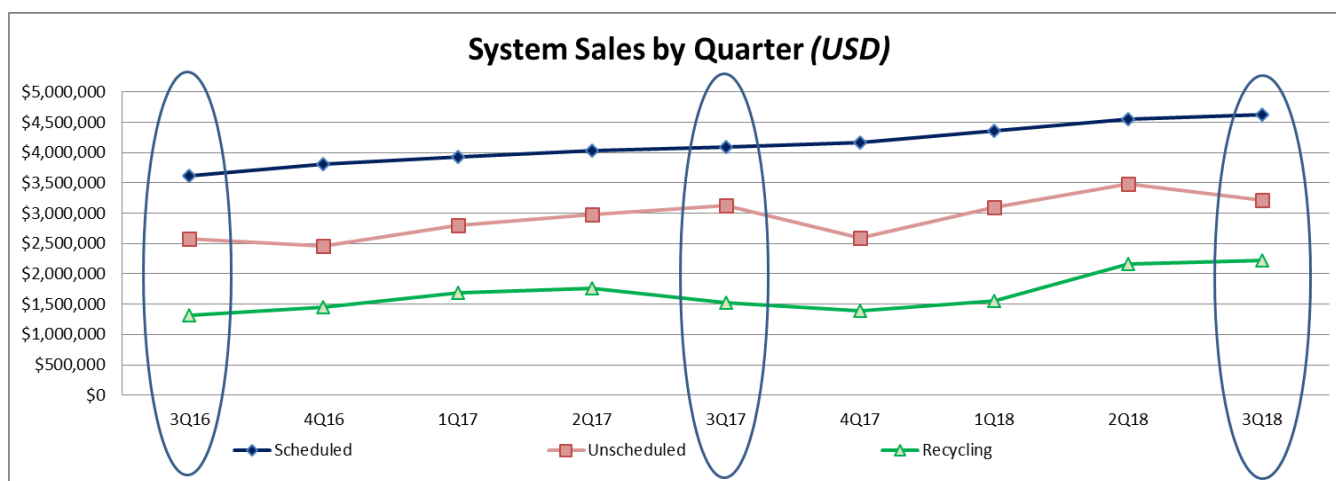
For the nine months ended September 30,	2018	2017	% Change
Total North American operating locations at period end	29	29	0%
Total system sales (USD)	\$29,264,930	\$ 25,924,796	13%
Total system sales (CDN)	\$37,697,099	\$ 34,334,133	10%

System Sales Trend:

The following chart illustrates system sales growth in USD by quarter since the third quarter of 2013.



System sales are broken into three categories, scheduled service sales, unscheduled service sales and recycling.



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Scheduled sales:

Scheduled sales are defined as the revenue generated from customers with regular service that may occur on a weekly, bi-weekly, or monthly basis. Proshred sales and marketing strategies have been and continue to be focused on this particular sales category, as this provides our franchisees and corporate locations with stable and recurring cash flows. This focus resulted in continued growth in this category of 12% over the same period in 2017.

For the nine months ended September 30,	2018	2017	% Change
	\$	\$	
Scheduled service sales (USD)	13,533,041	12,051,495	12%

Unscheduled sales:

Unscheduled sales are defined as the revenue generated from customers who have one-time or seasonal requirements for document destruction. 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.

For the nine months ended September 30,	2018	2017	% Change
	\$	\$	
Unscheduled service sales (USD)	9,799,376	8,898,572	10%

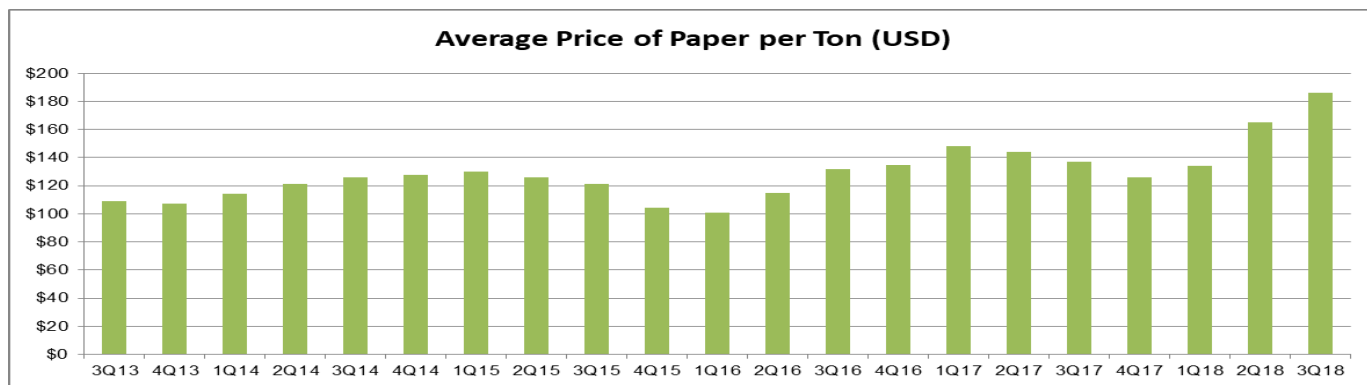
Recycling sales:

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 nine months ended September 30,	2018	2017	% Change
	\$	\$	
Recycling sales (USD)	5,932,513	4,974,729	19%

Historical Pricing Trends:

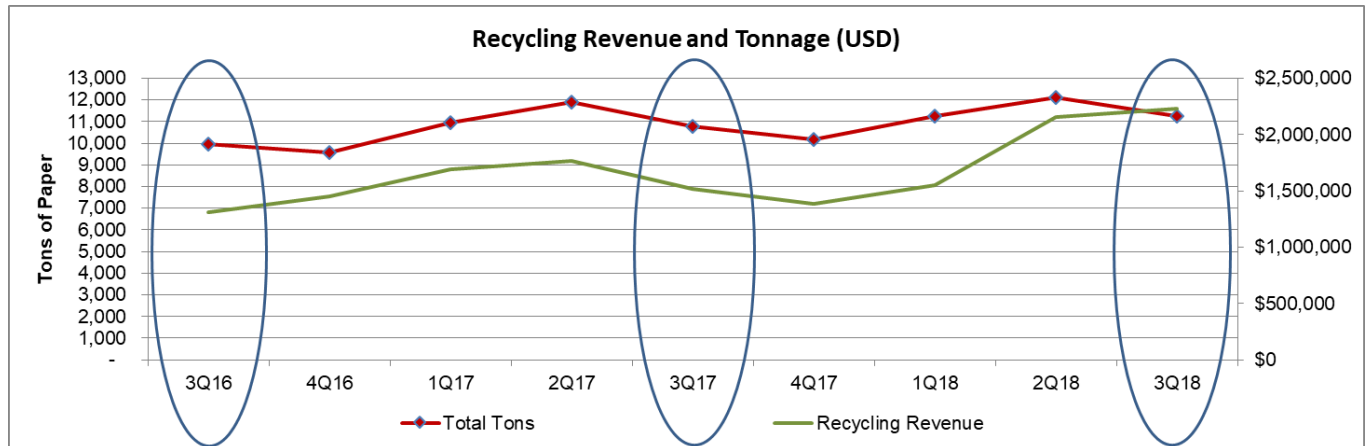
During fiscal 2017, paper pricing in the Proshred system declined however in the first 9 months of 2018, the average paper prices in the Proshred system recovered, with a significant increase in Q2 and into Q3 2018. The average paper price in the Proshred system reached a record high in the 3rd quarter of 2018 to \$186 per ton. The average price of paper in the Proshred system for the first 9 months of 2018 was \$162 per ton which is 13% higher than the first 9 months of 2017.



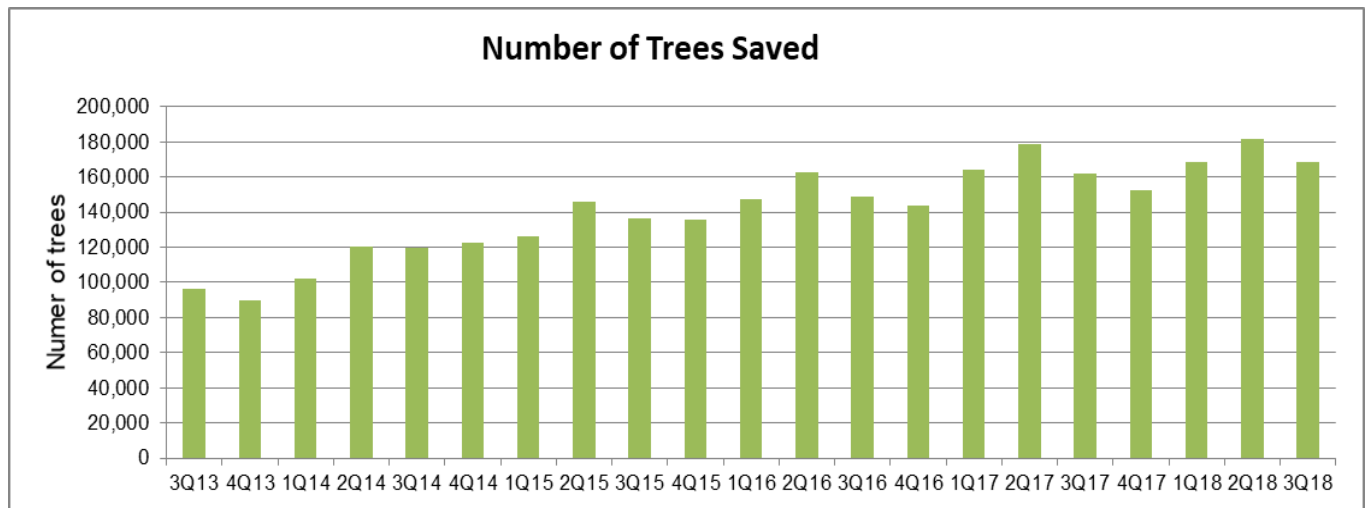
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Historical Volume of Paper:

During the first 9 months of 2018, the system shred and recycled 3% more paper than in the first 9 months of 2017. The Proshred system shred and recycled 34,600 tons of paper during the nine months ended September 30, 2018 (33,600 – during the nine months ended September 30, 2017), which equates to 519,000 trees being saved (505,000 – during the first nine months of 2017).⁽¹⁾

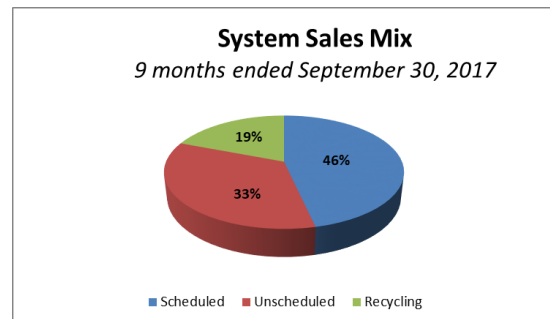
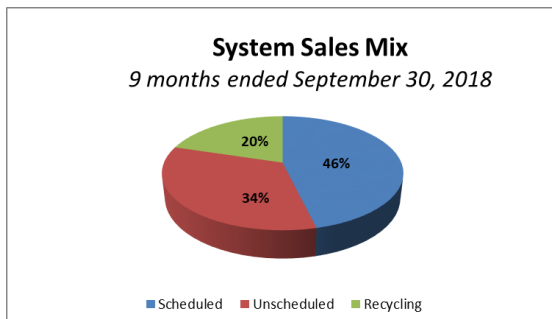


(1) The estimated amount of paper that can be produced from a tree has been conservatively estimated by management based on information taken from Conservatree.org.



(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.

Mix of business:



Franchising

Royalties, license and service fees are charged for the use of the trademarks and system. Franchise fee revenue is generated when a franchise is awarded and training is completed. In the first nine months of 2018, royalty and service fees denominated in US dollars grew 5% over the first nine months of 2017. With the acquisition of the Northern Virginia franchise on March 31, 2017, the Company now earns corporate location revenue and no longer earns royalty fees from that location. This was offset by the increase in scheduled and unscheduled system sales. As the Company earns all franchising related revenues in US dollars, which are translated at the average exchange rate for the period, the appreciation of the Canadian dollar over the prior year resulted in a decline in royalty and service fees denominated in Canadian dollars.

For the nine months ended September 30,	Total Franchise Locations			Same Franchise Locations		
	2018	2017	% Change	2018	2017	% Change
Total number of franchisees operating at period end	22	23	(4)%	22	22	0%
In CDN: Royalty, license and service fees	\$ 1,614,313	\$ 1,535,805	5%	\$ 1,614,313	\$ 1,518,895	6%
In USD: Royalty, license and service fees	\$ 1,251,405	\$ 1,172,370	7%	\$ 1,251,405	\$ 1,159,462	8%

Corporate Locations

As of September 30, 2018, the Company operates 7 shredding locations in Syracuse, Albany, Milwaukee, New York City, Charlotte, Miami and Northern Virginia. Subsequent to quarter-end, on October 1, 2018, the Company acquired its 8th corporate location, the Safe Shredding business in North New Jersey. These locations represent the Company's corporately owned locations.

On April 2, 2018, the Company acquired the Shred Con business located in Up-State New York and on June 8, 2018, the Company acquired the On Guard Shredding business located in New York City. The results of these two acquisitions are included under non-same corporate locations (see chart on page 16). The North Virginia results for the 3 months ended March 31, 2018 are also included under non-same corporate locations as the Company acquired the business on March 31, 2017 (see chart on page 16).

During the nine months ended September 30, 2018, the total corporate location revenues grew by 20% over the prior comparative period. The Company also increased EBITDA and operating income by 15% over the 1st nine months of 2017. Included in the total and non-same operating costs are one-time transitional costs of \$67,080 related to the On Guard and Shred Con acquisition.

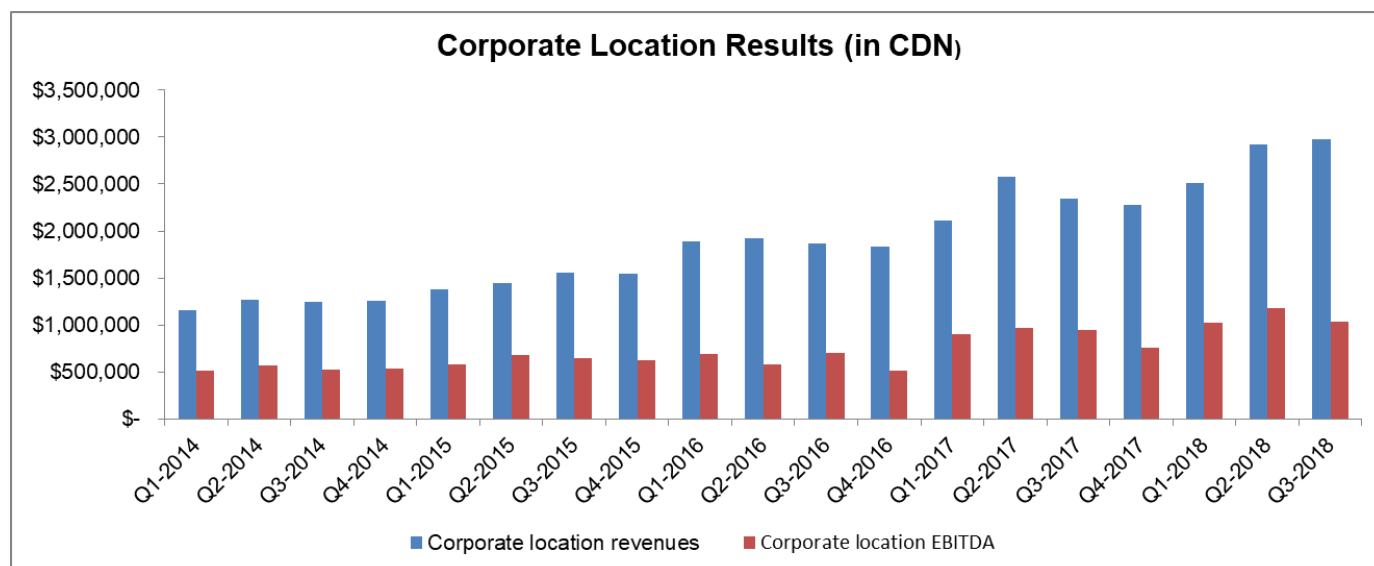
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Corporate location revenues and operating costs are generated in US dollars, which are translated at the average exchange rate for the period.

In CDN, In 000's	Total Corporate Locations			Same Corporate Locations			Non-same Corporate Locations ⁽¹⁾	
	2018	2017	% Change	2018	2017	% Change	2018	2017
For the 9 months ended September 30,	\$	\$		\$	\$		\$	\$
Revenue:								
Shredding service	6,835	5,870	16%	6,274	5,870	7%	561	-
Recycling	1,573	1,165	35%	1,420	1,165	22%	153	-
Total revenue	8,408	7,035	20%	7,694	7,035	9%	714	-
Operating costs	5,168	4,210	23%	4,727	4,210	12%	441	-
EBITDA	3,240	2,825	15%	2,967	2,825	5%	273	-
% of revenue	39%	40%	(1)%	39%	40%	(1)%	38%	-
Depreciation – tangible assets	794	698	14%	721	698	3%	73	-
Operating income	2,446	2,127	15%	2,246	2,127	6%	200	-
% of revenue	29%	30%	(1)%	29%	30%	(1)%	28%	-
In USD, In 000's	Total Corporate Locations			Same Corporate Locations			Non-same Corporate Locations ⁽¹⁾	
For the 9 months ended September 30,	2018	2017	% Change	2018	2017	% Change	2018	2017
	\$	\$		\$	\$		\$	\$
Revenue:								
Shredding service	5,298	4,481	18%	4,859	4,481	8%	439	-
Recycling	1,219	889	37%	1,100	889	24%	119	-
Total revenue	6,517	5,370	21%	5,959	5,370	11%	558	-
Operating costs	4,006	3,214	25%	3,660	3,214	14%	346	-
EBITDA	2,511	2,156	16%	2,299	2,156	7%	212	-
% of revenue	39%	40%	(1)%	38%	40%	(2)%	38%	-
Depreciation – tangible assets	615	533	16%	558	533	5%	57	-
Operating income	1,896	1,623	17%	1,741	1,623	7%	156	-
% of revenue	29%	30%	(1)%	29%	30%	(1)%	28%	-

(1) Non-same corporate locations include the Shred Con and On Guard acquisitions as well as the North Virginia results for the 3 months ended March 31, 2018 as the Company acquired the business on March 31, 2017.

**REDISHRED CAPITAL CORP.
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Note (1): The Company began operating the Miami franchise corporately since January 1, 2014. The Company acquired the assets of Recordshred Inc. on December 31, 2015. The Company acquired the North Virginia franchise on March 31, 2017. The Company acquired the assets of Shred Con on April 2, 2018 and the assets of On Guard shredding on June 8, 2018.

Note (2): Corporate operating income does not include an allocation of corporate overhead.

Corporate Overhead

Corporate overhead expenses for the nine months ended September 30, 2018 include expenses to support all Proshred locations in 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, occupancy costs and management salaries and benefits.

During the first nine months of 2018, total corporate overhead expenses increased as a result of (1) increased salaries to senior management to align with similar positions in similarly sized service oriented public companies, (2) Directors compensation which commenced in the 3rd quarter of 2017 and (3) the addition of support staff required to sustain future growth. Stock based compensation expense in the 1st nine months of 2018 relates to the issuance of stock options to the Board of Directors (as part of a formal compensation program initiated during the third quarter of 2017) and to senior management.

General, administrative and marketing costs increased by 15% in the first nine months of 2018 over the first nine months of 2017. The increase is due to the following acquisition costs incurred:

- (i) Legal fees related to the Shred Con, On Guard and North New Jersey acquisitions; and
- (ii) Valuation fees related to the On Guard and Shred Con acquisitions;

The Company also incurred investor relations costs related to the private placement closed in July 2018 and consulting fees related to the completion of the Company's transfer pricing project.

The Company closely monitors and controls all operating expenses.

For the nine months ended September 30,

	2018	2017	% Change
	\$	\$	
In CDN:			
Salaries and benefits	1,122,677	850,614	(32)%
Stock based compensation	228,804	287,322	20%
Acquisition costs	81,629	9,434	1175%
General, administrative and marketing	898,133	842,846	(7)%
Total corporate overhead expenses	2,331,243	1,990,216	(17)%

Other Income and Expenses

Depreciation and Amortization – Franchising

Depreciation relates to the purchase of computer equipment, website development and furniture. Amortization relates to the purchase of Professional Shredding Corporation ("PSC") and the Proshred franchise business in 2008. As of January 31, 2018, these intangible assets were fully depreciated.

Depreciation and amortization is as follows:

For the nine months ended September 30,	<u>2018</u>	<u>2017</u>	<u>% Change</u>
	\$	\$	
In CDN:			
Depreciation – tangible assets	23,058	9,503	(143)%
Amortization – intangible assets	79,319	448,740	82%

Amortization – Corporate locations

Amortization of intangible assets relates to the assets purchased in relation to the corporate locations. As of September 30, 2018, the re-acquired franchise rights were fully depreciated.

For the nine months ended September 30,	<u>2018</u>	<u>2017</u>	<u>% Change</u>
	\$	\$	
In CDN:			
Amortization – intangible assets	278,696	285,213	2%
In USD:			
Amortization – intangible assets	216,043	217,720	1%

Foreign exchange

The Company has revenues and costs that are denominated in US dollars; this dependency on the US dollar typically causes foreign exchange gains when the Canadian dollar depreciates versus the US dollar. The Company has significant dollar value assets denominated in US dollars which are revalued at the exchange rate at the date of the statement of financial position, which typically results in unrealized foreign exchange gains or losses.

Exchange rates utilized

	<u>2018</u>	<u>2017</u>	<u>% Change</u>
September 30 and December 31 close rate	1.29	1.26	2%
Average rate	1.29	1.31	(2)%

Foreign exchange (gain) loss was as follows:

For the nine months ended September 30,	<u>2018</u>	<u>2017</u>	<u>% Change</u>
	\$	\$	
Realized foreign exchange (gain)	(862,680)	(336,497)	156%
Unrealized foreign exchange loss	748,549	704,050	(6)%
Foreign exchange (gain) loss	(114,131)	367,553	131%

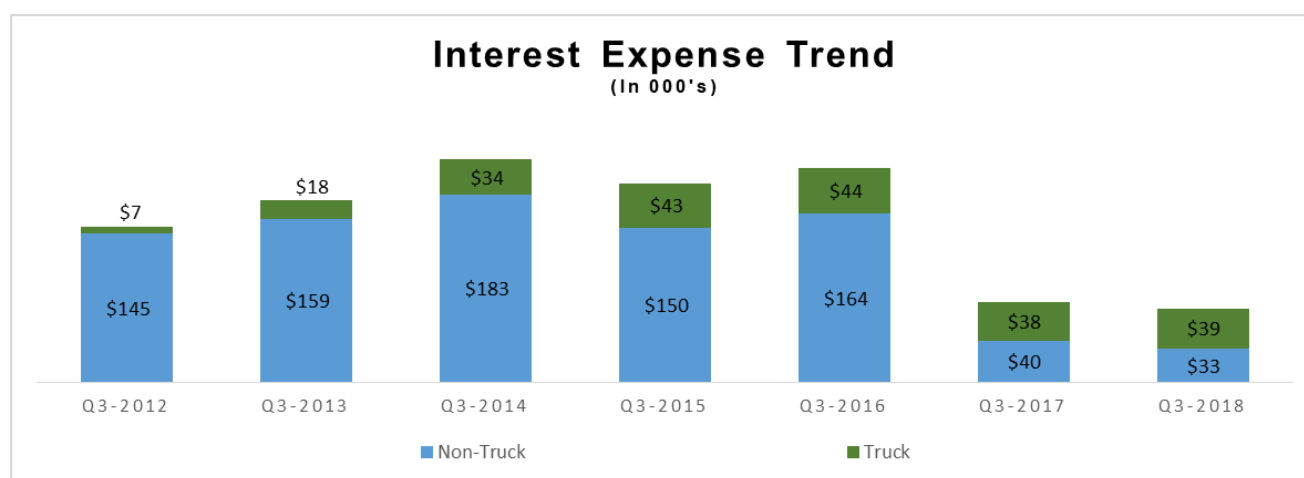
Interest income and expense

Interest income is derived from cash savings accounts held by the Company and by way of finance income related to the financing of franchise fees.

Interest expense for the first 9 months of 2018 relates to the following:

- the Company's Bank of Montreal ("BMO") term loan, which currently bears interest at 5.95% per annum, and
- truck loan and lease agreements, which bear interest at 5.39% to 7.5% per annum.

Interest expense decreased during the nine months ended September 30, 2018 in comparison to the nine months ended September 30, 2017 as a result of the following transactions made in 2017: principal repayments made on the related party line of credit, the conversion of \$1 million of related party debt into equity and establishing secured senior credit facilities with BMO at lower interest rates.



For the nine months ended September 30,	<u>2018</u>	<u>2017</u>	<u>% Change</u>
	\$	\$	
Interest income	14,958	6,125	144%
Interest expense	(203,127)	(284,489)	28%

Income Tax

During the nine months ended September 30, 2018, the Company recorded net income tax recovery of \$160,740, which consists of a deferred income tax recovery of \$395,186 and a current income tax expense of \$234,446. The Company recognized a deferred tax asset, part of which is related to unused non-capital loss carry-forwards as the Company expects to have future taxable income against which the unused tax losses can be utilized. The Company has incurred Canadian non-capital losses of \$4,362,557 as of December 31, 2017 that can be carried forward to reduce taxes payable in Canada. The losses expire at various times through December 31, 2035. The Company has incurred US non-capital losses of \$1,537,983 as of December 31, 2017 that can be carried forward to reduce taxes payable in the US. The losses expire at various times through December 31, 2036.

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Reconciliation of EBITDA to Net Income

For the nine months ended September 30,

	2018	2017	% Change
	\$	\$	
EBITDA	2,522,757	2,370,667	6%
Less: depreciation – tangible assets	(816,838)	(707,369)	15%
Operating income	1,705,919	1,663,298	3%
Less: interest expense	(203,127)	(284,489)	29%
Add: interest income	14,958	6,125	144%
Operating income less net interest expense	1,517,750	1,384,934	10%
Less: amortization - intangible assets	(358,015)	(733,953)	51%
Add: transaction recovery	38,888	-	100%
Income before foreign exchange and income tax	1,198,623	650,981	84%
Add: foreign exchange gain (loss)	114,131	(367,553)	131%
Add: income tax recovery (expense)	160,740	(72,785)	321%
Net income	1,473,493	210,643	600%

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 also experiences seasonality for unscheduled shredding with the 2nd and 3rd quarters of every year typically being busier than the 1st and 4th quarters of every year.

<i>(in CDN except where noted)</i>	2018			2017⁽¹⁾				2016
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
	\$	\$	\$	\$	\$	\$	\$	\$
System sales (USD)	10,067,397	10,192,111	9,005,422	8,145,441	8,731,719	8,772,960	8,420,117	7,719,401

Consolidated Performance

Revenue	3,520,097	3,486,054	3,015,867	2,765,868	2,834,413	3,101,767	2,634,451	2,357,247
EBITDA	817,112	926,359	779,287	534,843	864,596	698,592	807,480	278,776
Operating Income	520,370	653,771	531,776	272,924	609,446	434,200	619,652	129,673

Corporate Location Performance

Revenue	2,977,170	2,923,705	2,506,453	2,280,150	2,349,342	2,579,361	2,106,123	1,876,057
EBITDA	1,038,069	1,178,439	1,022,647	768,539	952,118	1,018,740	905,789	514,917
Operating Income	752,743	911,916	780,715	522,254	701,157	757,116	723,055	353,049

Income (loss) before taxes from continuing operations	250,891	602,488	459,371	42,533	(46,404)	(60,640)	390,472	(182,167)
Income (loss) attributable to owners of the parent	302,299	690,065	481,130	606,208	(68,117)	(108,111)	386,870	(17,386)
Basic and diluted net income (loss) per share	.01	.01	.01	.01	(.00)	(.00)	.00	(.00)

(1) Certain amounts have been reclassified to conform to the current period's presentation.

Q3 Financial Highlights

(in 000's)	2018	2017 ⁽¹⁾	% change
	\$	\$	
System Sales Performance – in USD			
System sales	10,067	8,732	15%
<i>Percentage scheduled</i>	46%	46%	
Operating Performance – in CDN			
<i>Consolidated results:</i>			
Revenue	3,520	2,834	24%
EBITDA	817	865	(6)%
Operating Income	520	609	(15)%
<i>As a percentage of revenue</i>	15%	22%	(7)%
<i>Corporate location results:</i>			
Revenue	2,977	2,349	27%
EBITDA	1,039	952	9%
Operating income	753	701	7%
<i>As a percentage of revenue</i>	25%	30%	(5)%

(1) Certain amounts have been reclassified to conform to the current period's presentation.

Q3 System Sales Results

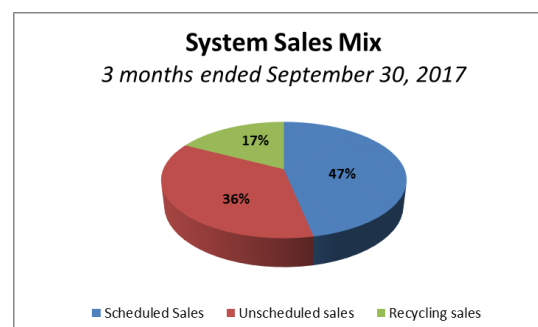
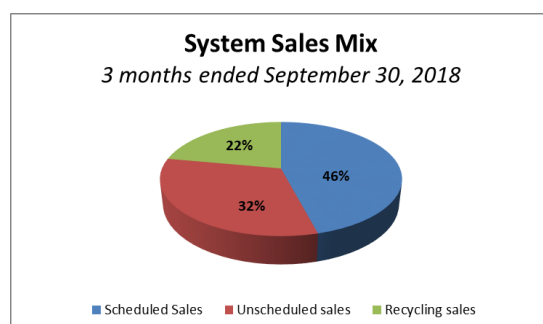
During the third quarter, scheduled sales reached a record high of US\$4,620,702 at 46% of the total revenue mix. Service related system sales, scheduled and unscheduled, were US\$7,841,906 for the third quarter of 2018, growing 9% over the third quarter of 2017.

During the three months ended September 30, 2018, recycling sales increased by 47% over the same period in 2017. This was a result of the increases in the price of paper and tons of paper recycled. The average price of paper in the Proshred system was US\$186 per ton, versus US\$137 per ton in the third quarter of 2017, an increase of 36%. The Proshred system shred and recycled 11,200 tons of paper during the third quarter of 2018 (third quarter of 2017 – 10,800), which equates to 168,000 trees being saved (third quarter of 2017 – 162,000).

For the 3 months ended September 30,	2018	2017	% Change
Total locations	29	29	0%
Total system sales (USD)	10,067,397	\$8,731,719	15%
Total system sales (CDN)	13,157,416	\$11,438,552	15%
Scheduled service sales (USD)	4,620,702	\$4,083,573	13%
Unscheduled service sales (USD)	3,221,203	\$3,129,885	3%
Recycling sales (USD)	2,225,491	\$1,518,260	47%

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System Sales Mix:



Q3 Franchising Results

During the third quarter of 2018, the Company's royalties increased 8% over the third quarter of 2017 as a result of the growth in system sales.

For the 3 months ended September 30,	2018	2017	% Change
	\$	\$	
In CDN:			
Royalty, license and service fees	542,927	485,071	12%
In USD:			
Royalty, license and service fees	420,874	370,283	14%

Q3 Corporate Overhead

During the three months ended September 30, 2018, salaries increased over Q3-2017 as a result of (1) increased salaries to senior management to align with similar positions in similarly sized service oriented public companies, (2) Directors compensation which commenced in the 3rd quarter of 2017 and (3) the addition of support staff to support future growth.

General, administrative and marketing costs increased due to the following acquisition costs incurred:

- (i) Legal fees related to the On Guard and North New Jersey acquisitions; and
- (ii) Valuation fees related to the On Guard and Shred Con acquisitions;

The Company also incurred investor relations costs related to the private placement closed in July 2018 and consulting fees related to the completion of the Company's transfer pricing project.

For the 3 months ended September 30,	2018	2017	% Change
	\$	\$	
In CDN:			
Salaries	374,173	277,579	(35)%
Stock based compensation	18,793	10,523	79%
Acquisition costs	66,657	-	(100)%
General, administrative and marketing	304,261	284,492	(30)%
Total operating expenses	763,884	572,594	(33)%

Q3 Corporate location results

During the three months ended September 30, 2018, the corporate location revenues grew by 27% and EBITDA grew by 9% over the three months ended September 30, 2017. Same store corporate locations grew sales by 16% and EBITDA declined by 2% over Q3-2017. The decline in EBITDA over Q3-2017 to Q3-2018 is due to the following:

- (i) Investment in four additional salespeople versus Q3-2017. The Company's investment in salespeople should drive strong recurring revenues in 2019;
- (ii) Investment in stronger management in our two largest locations versus Q3-2017;
- (iii) Driver shortages causing some upward pressure on driver wages;
- (iv) Significant truck repairs across several markets; and
- (v) One-time transitional costs of \$41,280 related to the On Guard acquisition (included in the total and non-same operating costs).

The results of the acquisitions of Shred Con (purchased April 2, 2018) and On Guard (purchased June 8, 2018) are included under non-same corporate locations. This include the 6 month results of Shred Con and 4 month results of On Guard Shredding.

(In CDN, In 000's) For the 3 months ended September 30,	Total Corporate Locations			Same Corporate Locations			Non-same Corporate Locations	
	2018	2017	% Change	2018	2017	% Change	2018	2017
	\$	\$		\$	\$		\$	\$
Revenue:								
Shredding service	2,361	1,973	20%	2,173	1,973	10%	188	-
Recycling	616	376	64%	554	376	47%	62	-
Total revenue	2,977	2,349	27%	2,727	2,349	16%	250	-
Operating costs	1,939	1,397	39%	1,793	1,397	28%	146	-
EBITDA	1,038	952	9%	934	952	(2)%	104	-
<i>% of revenue</i>	35%	41%	(6)%	34%	41%	(7)%	42%	-
Depreciation – tangible assets	285	251	14%	263	251	5%	22	-
Corporate operating income	753	701	7%	671	701	(4)%	82	-
<i>% of revenue</i>	25%	30%	(5)%	25%	30%	(6)%	33%	-

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(In USD, In 000's) For the 3 months ended September 30,	Total Corporate Locations			Same Corporate Locations			Non-same Corporate Locations	
	2018	2017	% Change	2018	2017	% Change	2018	2017
	\$	\$		\$	\$		\$	\$
Revenue:								
Shredding service	1,803	1,551	16%	1,659	1,551	7%	144	-
Recycling	471	297	59%	424	297	43%	47	-
Total revenue	2,274	1,848	23%	2,083	1,848	13%	191	-
Operating costs	1,483	1,100	(35)%	1,371	1,100	(26)%	112	-
EBITDA	791	748	6%	712	748	(8)%	79	-
% of revenue	35%	41%	(6)%	34%	41%	(8)%	42%	-
Depreciation – tangible assets	218	197	11%	201	197	(2)%	17	-
Corporate operating income	573	551	4%	511	551	(11)%	62	-
% of revenue	25%	30%	(5)%	25%	30%	(6)%	43%	-

Q3 Other Income and Expenses

	2018	2017	% Change
	\$	\$	
Interest Income	12,737	1,795	610%
Interest expense	(71,587)	(78,156)	8%
Amortization – intangible assets	(101,926)	(244,454)	58%

In the third quarter of 2018, interest expense declined by 8% over the prior year comparative period as the Company continues to pay down its term loan. Interest income increased from Q3-2017 to Q3-2018 as a result of investments in redeemable Guaranteed Investment Certificates (“GIC’s”). Amortization of intangible assets decreased as all the intangible assets related to the purchase of the Proshred franchise business are fully depreciated as of January 31, 2018.

Financial Condition, Capital Resources and Liquidity

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

	September 30, 2018	December 31, 2017	% Change
Working capital	\$11,710,919	\$1,411,259	728%
Total assets	\$23,216,686	\$11,505,832	102%
Total liabilities	\$4,699,926	\$4,815,388	2%
Total current liabilities	\$2,261,380	\$2,246,816	2%
Debt to total assets ratio	0.20	0.42	52%
Fixed Charge Coverage ratio – rolling 12 months	1.94	2.30	(16)%
Total Funded Debt to EBITDA ratio – rolling 12 months	1.16	1.28	11%

**REDISHRED CAPITAL CORP.
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The total assets and working capital of the Company have increased when compared to December 31, 2017 as a result of the private placement completed in the 3rd quarter of 2018 for gross proceeds of \$11 million. In addition, the Company conducted two acquisitions during the 2nd quarter of 2018 for a total of \$1.3 million, further resulting in an increase in assets.

The total liabilities of the Company have decreased over December 31, 2017 as the Company continues to pay down its long-term debt and notes payable. As of September 30, 2018, the Company has the following debt available for use: \$2 million on its related party line of credit, \$1 million on its BMO term loan and \$1 million on its BMO operating line of credit.

The Company's rolling twelve-month fixed charge coverage and its total funded debt to EBITDA ratio comply with its financial covenants. Management will continue to balance investment in human resources, trucks and technology with continued management of its debt balances.

Bank indebtedness

The Company has senior credit facilities with the BMO. These facilities include:

- (1) An operating demand loan of \$1 million bearing interest at BMO's prime rate plus 1.7% and;
- (2) A non-revolving term loan in the amount of \$3 million with an amortization of 60 months from the date of drawdown, bearing interest at BMO's prime rate plus 2.5%.

As at September 30, 2018, BMO has advanced \$2 million on the non-revolving term loan, of which the current balance is \$1,538,503 at September 30, 2018. The Company has not received an advance on the operating demand loan as at September 30, 2018.

The Company has also established a \$1 million USD line of credit for the purchase of shredding vehicles with BMO Transportation Finance in the United States. The line of credit is open for one year, until October 2018 when an annual credit review is completed. The interest rate is based on prevailing market rates at the time the line is used. The Company has received an advance of US\$442,733 during the nine months ended September 30, 2018. The Company has US\$557,267 available for use on the line of credit as at September 30, 2018.

Related party line of credit

The Company has a related party line of credit facility for a maximum amount of \$2.0 million. The line of credit facility matures on July 16, 2022 and bears interest at a fixed rate of 10% per annum. The line of credit is secured by a second in priority general security agreement over the Company's assets. As at September 30, 2018, the facility has not been drawn upon.

The Company has the following operating lease commitments:

	\$
Less than 1 year	487,959
Between 1 and 5 years	1,043,442
Total	1,531,401

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

The Company did not declare any dividends during the year.

Capital Assets

As at,	September 30, 2018	December 31, 2017	% Change
	\$	\$	
Net book value	4,062,594	3,772,234	8%

The Company's capital assets (not including intangible assets) increased as a result of the acquisitions of Shred Con and On Guard Shredding during the 2nd quarter of 2018. The Company also purchased two new shredding vehicles during the nine months ended September 30, 2018. The acquisitions and additions were offset by continued depreciation of its capital assets.

Off-Balance Sheet Financing Arrangements

The Company has no off-balance sheet financing arrangements.

Transactions with Related Parties

A Director of the Company is the owner of the Tampa Bay, Florida Proshred franchise. There is no accounts receivable balance due from this franchise at September 30, 2018 (December 31, 2017 - \$nil). During the nine months ended September 30, 2018, the Company earned royalties, service fees and interest income of \$112,079 (during the nine months ended September 30, 2017 - \$96,080) from this franchise. Included in notes receivable from the franchisees is a three year note receivable balance of \$12,206 as at September 30, 2018, which has an interest rate of 5% per annum.

Risks and Uncertainties

Please refer to the Redishred 2017 Annual Report for a listing of all risks and uncertainties. There have been no material changes relating to the Company's risks and uncertainties since December 31, 2017, the Company's fiscal year-end.

Use of estimates and judgements

The preparation of the financial report 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 significant areas of judgements, estimates and assumptions are set out in Note 4 of the consolidated financial statements found in Redishred's 2017 Annual Report. During the most recent interim period, there have been no changes in the Company's accounting policies or procedures and other processes that have materially affected, or are reasonably likely to materially affect, the Company's accounting judgements, estimates and assumptions.

Investor Relations Activities

The Company does not have any investor relations arrangements.

Share Data

On July 26, 2018, the Company completed a private placement of 18,333,334 common shares of the Company at a price of \$0.60 per common share for gross proceeds of \$11 million. The net proceeds of the private placement will be used to fund future growth initiatives including both acquisitions and organic growth, and for general corporate purposes. The \$11 million gross proceeds have been recorded net of transaction costs of \$797,023, which include broker commissions, legal and regulatory fees.

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The Company's authorized share capital is unlimited common shares without par value. The following are the balances of issued common shares of the Company:

Balance as at	Common stock		Warrants		Total	
	Number	\$	Number	\$	Number	\$
September 30, 2018	65,885,921	23,664,507	1,852,150	610,515	67,738,071	24,275,022
December 31, 2017	47,502,587	13,451,864	1,852,150	610,515	49,354,737	14,062,379

At September 30, 2018, the Company has 1,765,500 options outstanding (December 31, 2017 – 1,194,000) and a weighted average exercise price of \$0.48 (December 31, 2017 - \$0.39). In the nine months ended September 30, 2018, 50,000 stock options were exercised (for the nine months ended September 30, 2017 – 1,405,000). There were 621,500 stock options granted during the nine months ended September 30, 2018 (for the nine months ended September 30, 2017 – 749,000). For the nine months ended September 30, 2018, the net stock compensation charge, after adjusting for stock option forfeitures, amounted to \$228,804 (for the nine months ended September 30, 2017 – \$287,322). There were no warrants exercised during the nine months ended September 30, 2018 (150,000 – during the nine months ended June 30, 2017). There are 1,852,150 warrants outstanding as of September 30, 2018.

Subsequent events

On October 1, 2018, the Company completed an asset acquisition of the Safe Shredding business located in North New Jersey for a total purchase price of approximately \$6.4 million (US\$5 million). The purchase is to be paid as follows (amounts are approximate and based on current foreign exchange rates):

- (i) \$4.226 million cash (including a 90 day holdback) from cash reserves;
- (ii) issuance of a promissory note in the amount of \$704,000 and a vehicle financing contract in the amount of \$373,000;
- (iii) the issuance of 671,434 common shares of the Company at a deemed price of \$0.68 per common share, valued at \$457,000; and
- (iv) a contingent consideration liability of \$640,000.

The acquisition includes on-site paper shredding trucks, client relationships and other equipment used in the business. The Company views this acquisition as accretive to the Company's operating income and earnings per share.

Dated: November 29, 2018

