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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 locations directly. In the first nine months of 2019, the Proshred system achieved USD$34 million in System Sales (USD$23.5 million through franchised/licensed locations and USD$10.5 million through the corporately owned locations).

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 statements 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, 2019 and 2018, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting standards Board ("IASB"). With the adoption of IFRS 15 for the year ended December 31, 2018, the Company has restated the comparative information in accordance with this standard. The Company also adopted IFRS 16 – Leases effective January 1, 2019 using the modified retrospective approach with practical expedients, which do not require the restatement of prior period financial information. 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 it operates. Additional information on Redishred, including these documents and the Company's 2018 Annual Report are available on SEDAR at www.sedar.com. The discussions in this MD&A are based on information available as at November 28, 2019.

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. In particular, certain statements, analysis and commentary in this document reflect Redishred'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 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 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) 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 achieve 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 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 it has with its banking institution.

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.

- **Total 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.

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

- **Same Location** for system sales, royalty fees and corporate operational results are indicators of performance of franchisees, licensees and corporately operated locations that have been in the system for equivalent periods in 2019 and 2018.

- **Consolidated EBITDA** is defined as earnings before interest, taxes, depreciation and amortization and corporate overhead. A reconciliation between net income and consolidated EBITDA is included on page 31.

- **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. A reconciliation between net income and consolidated operating income is included on page 31.

- **Consolidated Operating Income less Net Interest Expense** is defined as consolidated operating income including interest income and expense. A reconciliation between net income and consolidated operating income less net interest expense is included on page 31.

- **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 assets, including trucks, right of use assets and secure collection containers. It does not include amortization related to intangibles assets, allocations for corporate overhead or interest expense.

- **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.

Adoption of IFRS 16

During Q1-2019, the Company adopted the new accounting standard IFRS 16 – Leases, effective January 1, 2019. IFRS 16 eliminates the classification of an operating lease and requires lessees to recognize a right-of-use asset and a lease liability in the statement of financial position for all leases with exemptions permitted for short-term leases and leases of low value assets. As a result, the Company recognized an increase to both assets and liabilities on its Consolidated Statements of Finance Position. From the Statements of Comprehensive Income perspective, the lease rental expense under the old standard has now been replaced with a charge to depreciation and amortization and interest expense.

For leases that were classified as operating leases under IAS 17, lease liabilities and right-of-use assets have been recognized. The right-of-use assets have been measured at an amount equal to the corresponding lease liabilities, adjusted for any prepaid rent related to that lease. The lease liabilities have been measured at the present value of the remaining lease payments, discounted at the related incremental borrowing rate as at the prevailing rate.

The Company adopted IFRS 16 using the modified retrospective approach using practical expedients, as permitted, which do not require the restatement of prior period financial information.

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 and includes depreciation on tangible assets, including trucks and right-of-use 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. Corporate location operating income less recycling revenue growth – this measures the corporate locations ability to improve operationally removing the fluctuations of commodity paper prices.

6. Normalized Fixed Charge Coverage Ratio – a common measure of credit risk used by our lenders, this measure considers Redishred's ability to pay both interest and principal on outstanding debt. The Company normalizes the ratio for non-cash stock-based compensation expense. Management is focused on increasing this ratio, as generally, the higher the fixed charge coverage ratio, the lower the credit risk.

7. Normalized Total Funded Debt to EBITDA Ratio – this measures Redishred's leverage and its ability to pay all outstanding debt and assesses the Company's financial health and liquidity position. The Company normalizes the ratio for non-cash stock-based compensation expense. Management's goal is to continue to reduce this ratio which is an indicator that the Company has sufficient funds to meet its financial obligations.

8. Operating income per weighted average share fully diluted – management expects to increase operating income on a per share basis fully diluted.

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

Financial and Operational Highlights

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

	Three months ended September 30,			**Nine months ended September 30,**		
	2019	2018	*% change*	**2019**	2018	*% change*
System Sales Performance – in USD						
Total locations in the United States	**30**	29	*3%*	**30**	29	*3%*
Total system sales	**$10,954**	$10,067	*9%*	**$33,844**	$29,265	*16%*
Percentage scheduled sales	***52%***	*46%*		***49%***	*46%*	
Total system sales – same location	**$10,232**	$10,067	*2%*	**$31,680**	$29,265	*8%*
Percentage scheduled sales	***53%***	*46%*		***50%***	*46%*	

	Three months ended September 30,			**Nine months ended September 30,**		
	2019	2018 (restated)	*% change*	**2019**	2018 (restated)	*% change*
Consolidated Operating Performance – in CAD						
Revenue	**$5,353**	$3,633	*47%*	**$16,125**	$10,371	*55%*
EBITDA	**$1,129**	$854	*32%*	**$4,440**	$2,609	*70%*
EBITDA margin	***21%***	*23%*	*(2)%*	***28%***	*25%*	*3%*
Operating income	**$441**	$557	*(21)%*	**$2,523**	$1,792	*41%*
Operating income margin	***8%***	*15%*	*(7)%*	***16%***	*17%*	*(1)%*
Operating income per weighted average share fully diluted	**$0.006**	$0.009	*(33)%*	**$0.036**	$0.034	*6%*

	Three months ended September 30,			**Nine months ended September 30,**		
	2019	2018	*% change*	**2019**	2018	*% change*
Corporate Location Performance – in CAD						
Revenue	**$4,662**	$2,977	*57%*	**$14,002**	$8,408	*67%*
EBITDA	**$1,432**	$1,039	*38%*	**$4,859**	$3,240	*50%*
EBITDA margin	***31%***	*35%*	*(4)%*	***35%***	*39%*	*(4)%*
Operating income	**$801**	$753	*6%*	**$3,067**	$2,446	*25%*
Operating income margin	***17%***	*25%*	*(8)%*	***22%***	*29%*	*(7)%*

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

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

Proforma Results excluding IFRS 16

For the three months ended September 30,	**2019 As reported**	**IFRS 16 adjustments**	**Proforma excluding IFRS 16 adjustments**	2018 As reported	*% change*
Consolidated Operating Performance – in CAD					
Revenue	**$5,353**	**-**	**$5,353**	$3,632	*47%*
EBITDA	**$1,129**	**$(179)**	**$950**	$854	*11%*
EBITDA margin	***21%***		***18%***	*23%*	*(5)%*
Operating Income	**$441**	**$(13)**	**$428**	$557	*(23)%*
Operating income margin	***8%***		***8%***	*15%*	*(7)%*

For the nine months ended September 30,	**2019 As reported**	**IFRS 16 adjustments**	**Proforma excluding IFRS 16 adjustments**	2018 As reported	*% change*
Consolidated Operating Performance – in CAD					
Revenue	**$16,125**	**-**	**$16,125**	$10,371	*55%*
EBITDA	**$4,440**	**$(512)**	**$3,928**	$2,608	*51%*
EBITDA margin	***28%***		***24%***	*25%*	*(1)%*
Operating Income	**$2,523**	**$(28)**	**$2,495**	$1,792	*39%*
Operating income margin	***16%***		***15%***	*17%*	*(2)%*

	September 30, 2019	December 31, 2018	*% change*
Capital Management – in CAD			
Working capital	**$13,244**	$7,288	*82%*
Debt to total assets ratio	**0.34**	0.29	*(17)%*
Normalized Fixed Charge Coverage ratio – rolling 12 months	**2.28**	1.94	*18%*
Normalized Total Funded Debt to EBITDA ratio – rolling 12 months	**2.24**	1.69	*(33)%*

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

Summary of Q3-2019 Results and Operations

System Sales Growth despite declining Paper Prices

Shredding system sales grew by 24% during Q3-2019 over Q3-2018 with scheduled sales growth of 23% during the same period. Same location shredding system sales growth was 16% and scheduled sales growth was 18% in Q3-2019 over Q3-2018 as the Company continued to focus on providing recurring scheduled service to small and medium sized enterprise clients. In addition, the Company continued to invest in marketing initiatives designed to capture one-time unscheduled sales. Total system sales growth was lower than total shredding system sales growth (at 9% in Q3-2019 over Q3-2018) as commodity paper prices continued to decline into Q3-2019. The average paper price in the Proshred system declined by 54% in Q3-2019 over Q3-2018 as the price dropped from $186 per ton to $85 per ton.

During Q3-2019 Redishred's system sales growth over Q3-2018 was as follows:

Total System Sales increased by 9% (Same Location 2%)	
By Service Type:	*By Location Type:*
Scheduled sales increased by 23% (Same Location 18%)	Franchise location total system sales increased by 5% (Same Location 5%)
Unscheduled sales increased by 27% (Same Location 12%)	Corporate location sales increased by 57% (Same Location declined 5%)
Recycling sales decreased by 46% (Same Location 48%)	

Corporate Location EBITDA

During Q3-2019, EBITDA growth over Q3-2018, after adjusting for the IFRS 16 accounting standard change was as follows:

Total locations:	*Same locations:*
EBITDA in USD increased by 23%	EBITDA in USD decreased by 23%

The impact of declining commodity paper prices on EBITDA for same locations was a decrease in same location recycling revenue of US$275,000 (CAD$356,000) in Q3-2019 versus Q3-2018. Same location operating income less recycling revenue grew 96% during Q3-2019 over Q3-2018. The declining commodity paper prices on non-same location EBITDA was a decrease of US$147,000 (CAD$195,000). The total impact on corporate locations was CAD$551,000 in Q3-2019 over Q3-2018.

Consolidated EBITDA and Operating Income

During Q3-2019, the Company's consolidated EBITDA grew 11% and operating income declined by 23% over Q3-2018, after adjusting for the IFRS 16 accounting standard change. Total corporate location recycling revenue declined by 25% or $155,000 which accounted for the decline in operating income of $129,000.

In the first nine months of 2019, the Canadian dollar depreciated over the US dollar relative to the first nine months of 2018 which resulted in a 3% increase in the average exchange rate used year over year. This depreciation in the Canadian dollar also contributed to the growth in the consolidated EBITDA.

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 sales) and earnings for franchisees and 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 twofold approach to footprint growth:

(a) Utilizing a franchise model. This model provides Redishred with royalty and service fee income in exchange for an exclusive service and marketing area. The Company has and continues to provide various support programs to its franchisees to drive both their revenue and earnings.

(b) Utilizing an acquisition model. The Company has a program in place to acquire independent shredding operations in adjacent and available markets. During the nine months ended September 30, 2019, the Company acquired the assets of the Proshred Kansas City franchise and Secure E-Cycle. Subsequent to the third quarter of 2019, the Company acquired the assets of the Proshred Chicago franchise. The Proshred Kansas City and Chicago locations have a total of 26 trucks as of October 1, 2019.

Maximize Same Location Revenue and Earnings

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

(1) maximizing shredding system sales and earnings for franchisees and corporate locations on existing routes with a goal to achieving a shredding system sales mix of 70% scheduled sales;
(2) enhancing inbound and outbound marketing and sales processes and;
(3) deployment of technology to reduce administrative tasks and drive strong route profitability.

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 key areas of performance. Over the last 7 years, Redishred has seen a compounded annual growth rate of 18% in shredding system sales and 43% in total corporate location EBITDA. This has led to continued growth in consolidated cash flow from operations.

Driving Depth in existing Corporate Markets

Redishred's plan is to acquire shredding businesses in existing and adjacent markets that lead to the following outcomes:

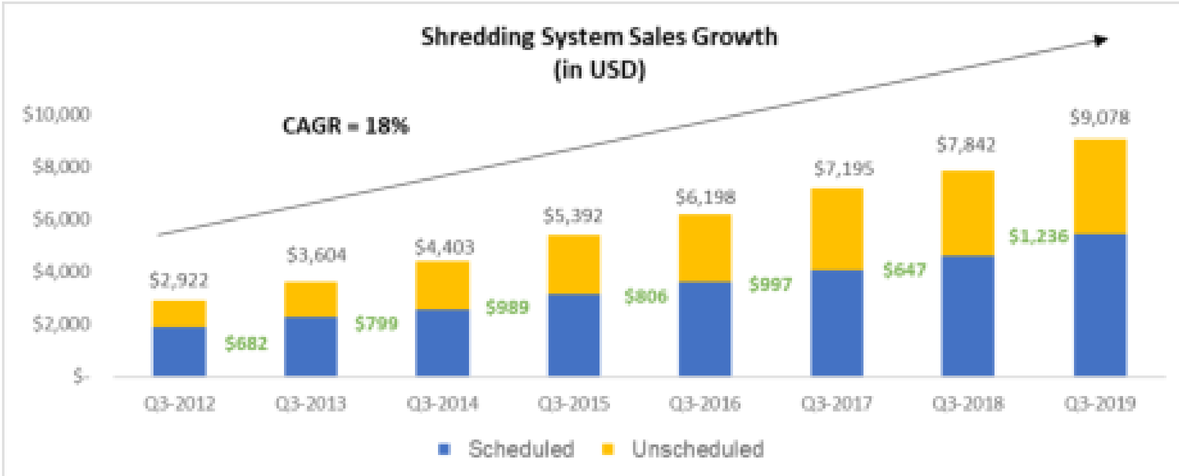
1. Increase our market share in existing corporate locations.
2. Generate strong route densities driving stronger route operating income.
3. Minimize risk of client service issues by having increased access to trucks in nearby markets.
4. Maximize the utilization of centralized services in our head office.

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

The Company's North American locations are as follows:

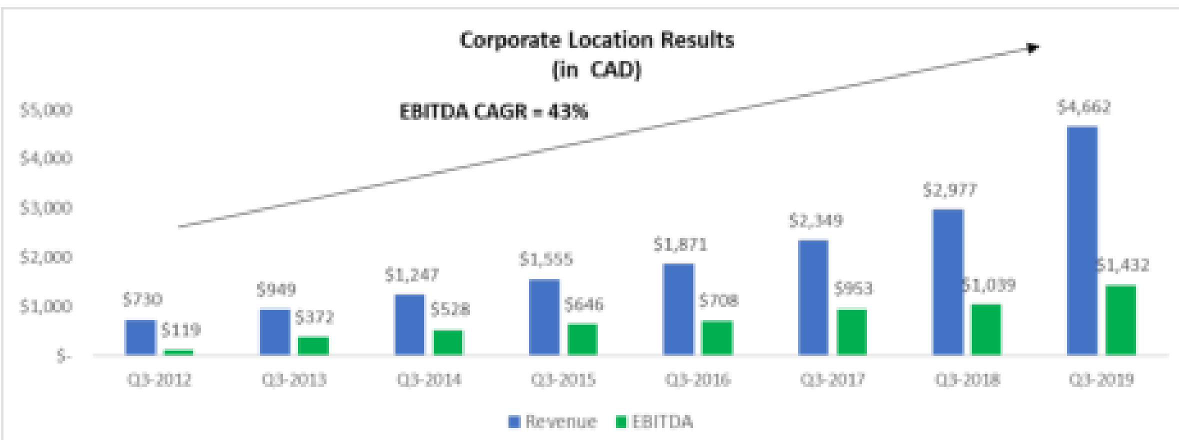
Number	Franchised Location	Markets Serviced	Operating Since
1.	Springfield, MA	Western Massachusetts including western Boston suburbs	June 2003
2.	Tampa Bay, FL	Tampa Bay, Clearwater, St. Petersburg, Sarasota, Lakeland and Orlando	March 2004
3.	Denver, CO	Greater Denver area	August 2004
4.	Philadelphia,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

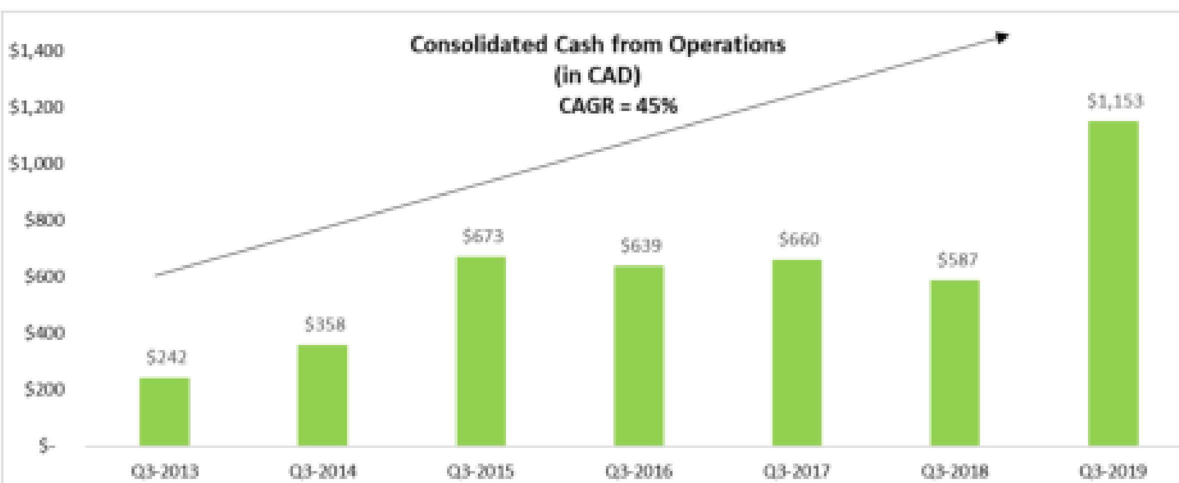
Number	Corporate Location	Markets Serviced	Corporately Operating Since
1.	Syracuse, NY	Syracuse	March 2004 Corporately since May 2010
		Buffalo and Rochester	October 2017
		Watertown	April 2018
2.	Albany, NY	Albany and the Hudson River Valley	April 2003 Corporately since July 2010
3.	New York City, NY	New York City, Westchester, Rockland, Dutchess and Putnam Counties, Bergin County, NJ, 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	All counties north of Middlesex county	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



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

Note (2): Compound Annual Growth Rate ("CAGR") refers to the growth rate of revenue, EBITDA or cash if it had grown the same rate every year. CAGR is the average annual growth rate over a period of time.





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

Performance Compared to 2019 Targets(1)

Growth of Same Location Shredding System Sales:	
2019 Target(2)	Growth of 10% to $34M USD.
Q3-2019 YTD Performance **On Target**	Redishred's same location shredding system sales grew by 14% during the first nine months of 2019, achieving $26.6M USD. During Q3-2019, same location shredding system sales grew 16% over Q3-2018.

Consolidated EBITDA and Operating Income from same locations(3):	
2019 Target	Attain EBITDA of $3.5M from same locations, growing by 14% over 2018 EBITDA. Attain operating income of $2.1M from same locations, growing by 11% over 2018 operating income. This does not include the North New Jersey results as the acquisition was completed on October 1, 2018 or the Kansas results as the acquisition was completed on January 31, 2019.
Q3-2019 YTD Performance **Not on Target**	During the first nine months of 2019, Redishred earned $2.4M in EBITDA from same locations, declining 10% or $255,000 over the first nine months of 2018. Operating income from same locations for the first nine months of 2019 was $1.5M, declining 19% or $346,000 over the same comparative period. The decline in commodity paper prices of 54% in Q3-19 over Q3-18 resulted in a $356,000 decline in same location recycling revenue during the same period. Same location recycling revenue has declined $375,000 during the nine months ended September 30, 2019 as compared to the same period of 2018.

EBITDA and Operating Income from acquired operations:	
2019 Target	Attain EBITDA margin of at least 35% and operating income margin of 27% prior to transition and acquisition costs.
Q3-2019 YTD Performance **Expected to be On Target**	During the 1st nine months of 2019, the EBITDA margin for acquired operations was 39% and operating income margin was 25%.

Franchise Development:	
2019 Target	Award one new franchise in the United States.
Q3-2019 YTD Performance **Not on Target**	The Company did not award any new franchise locations during the first nine months of 2019. Redishred is actively pursuing franchise opportunities in open markets.

Expand by way of Accretive Acquisitions:	
2019 Target	Conduct between $7M and $10M of acquisitions. The Company has revised the target to $15M of acquisitions.
Q3-2019 YTD Performance **Exceeded Target**	During Q1-2019, the Company conducted $11M in acquisitions with the purchase of the Proshred Kansas City and Secure E-Cycle businesses. Subsequent to the third quarter of 2019, the Company acquired the assets of the Proshred Chicago business. Redishred continues to identify and market to acquisition targets in the United States.

(1) The performance targets do not include the IFRS 15 and IFRS 16 adjustments and therefore include an imputed operating lease charge.
(2) The same location shredding system sales have been restated from $43.7M reported in Q4-2018 which represent the Company's target for total system sales.
(3) EBITDA is defined as earnings before interest, taxes, depreciation and amortization and corporate overhead generated by corporately operated locations. Operating income is inclusive of depreciation on tangible assets, including trucks, right of use assets and secure collection containers. It does not include amortization related to intangible assets, allocations for corporate overhead or interest expense.

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

Total System Sales

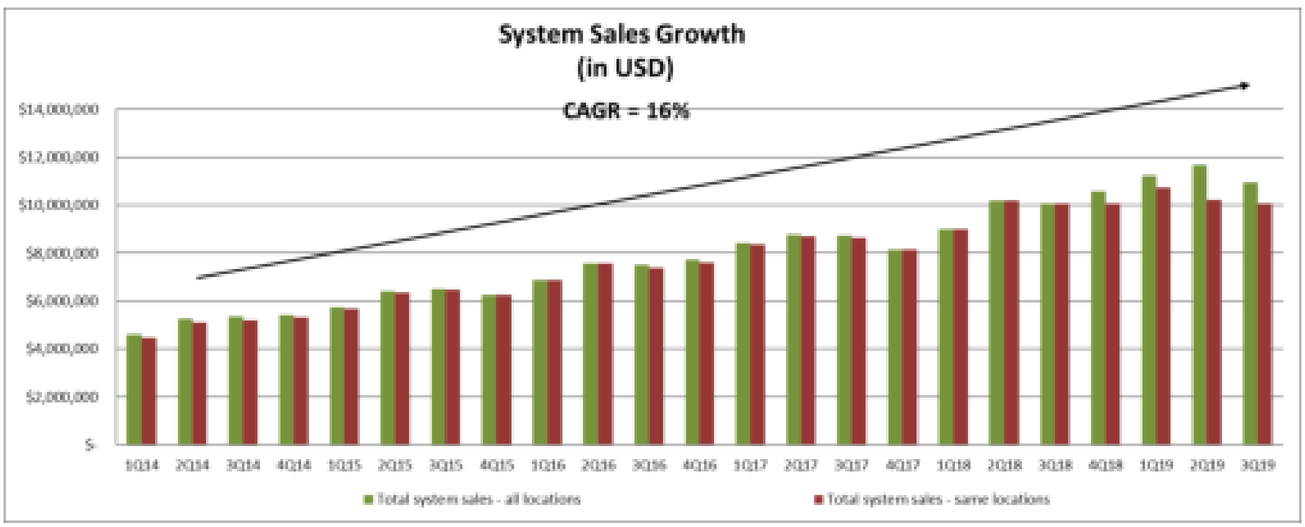
Franchisees and corporate locations derive revenue by providing shredding services to their customers, and by selling recycled paper and other recyclable by-products (ie. metals and plastics). These sales are the key driver of royalty and service fee revenue. System sales are broken into three categories, scheduled sales, unscheduled sales and recycling sales. Shredding system sales grew by USD $1.9 million in Q3-2019 over Q3-2018.

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

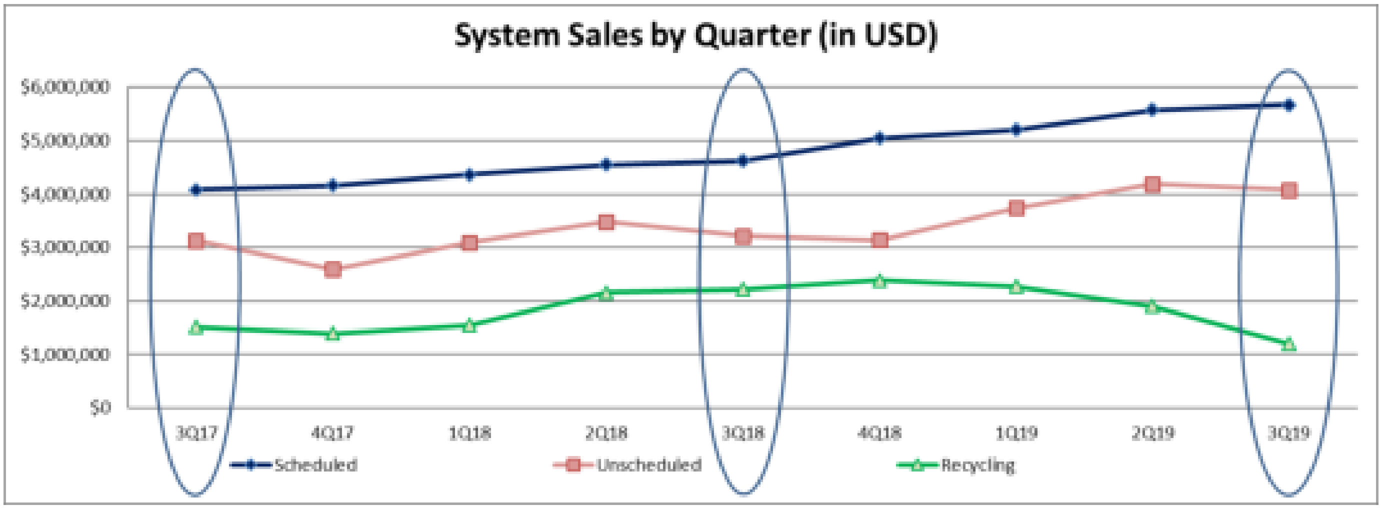
	For the three months ended September 30			For the nine months ended September 30		
	2019	2018	% Change	**2019**	2018	% Change
Total North American operating locations at period end	**30**	29	3%	**30**	29	3%
Total system sales (USD)	**$ 10,954**	$ 10,067	9%	**$ 33,844**	$ 29,265	16%
Total same location system sales (USD)	**$ 10,232**	$ 10,067	2%	**$ 31,680**	$ 29,265	8%

System Sales Trend:

The following chart illustrates system sales growth in USD by quarter since the first quarter of 2014.



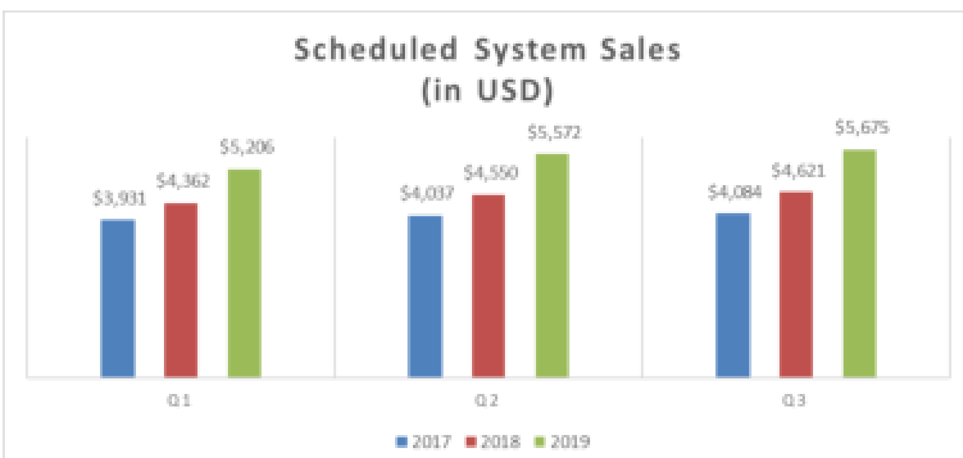
Dollar amounts in thousands of Canadian dollars (except as noted)



Scheduled system sales:

Scheduled sales are defined as the revenue generated from customers with regular service that typically 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 same location growth in this category of 18% and 16% for the three and nine months ended September 30, 2019, as compared to the same periods of 2018.

	For the three months ended September 30			For the nine months ended September 30		
	2019	**2018**	% Change	**2019**	2018	% Change
	$	**$**		**$**	$	
Scheduled system sales (USD)	**5,676**	4,621	23%	**16,454**	13,533	22%
Same location scheduled system sales (USD)	**5,454**	4,621	18%	**15,706**	13,533	16%

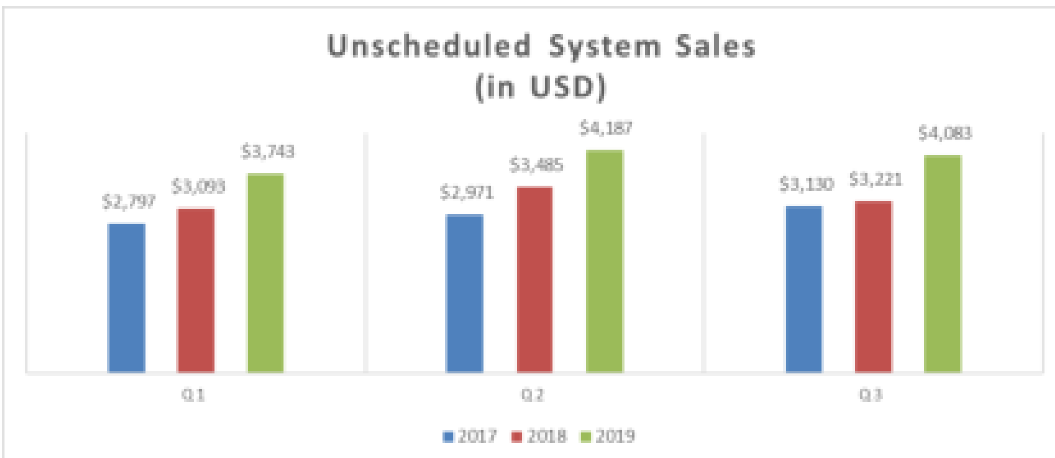


Dollar amounts in thousands of Canadian dollars (except as noted)

Unscheduled system sales:

Unscheduled system sales are defined as the revenue generated from customers who have one-time or seasonal requirements for information 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. Same location unscheduled sales grew by 12% and 11% for the three and nine months ended September 30, 2019, as compared to the same period of 2018.

	For the three months ended September 30			For the nine months ended September 30		
	2019	**2018**	% Change	**2019**	2018	% Change
	$	**$**		**$**	$	
Unscheduled system sales (USD)	**4,083**	3,221	27%	**12,013**	9,799	23%
Same location unscheduled system sales (USD)	**3,624**	3,221	13%	**10,867**	9,799	11%

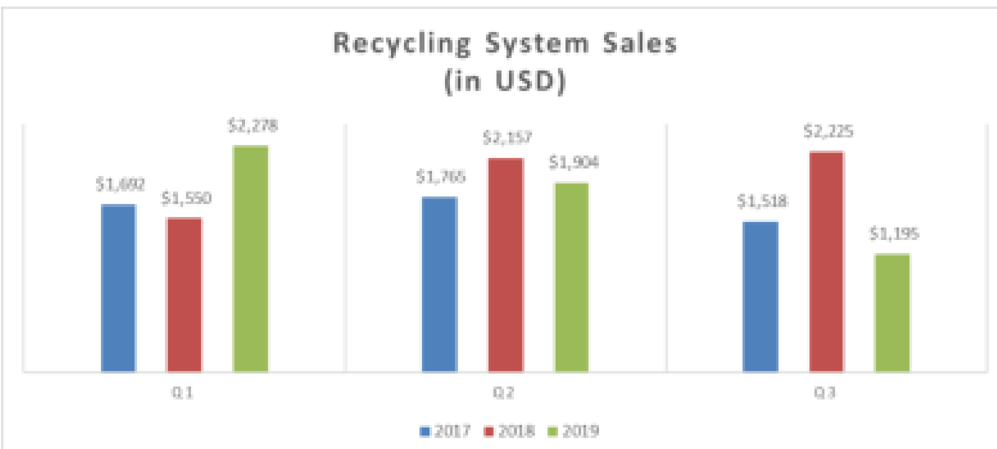


Dollar amounts in thousands of Canadian dollars (except as noted)

Recycling system sales:

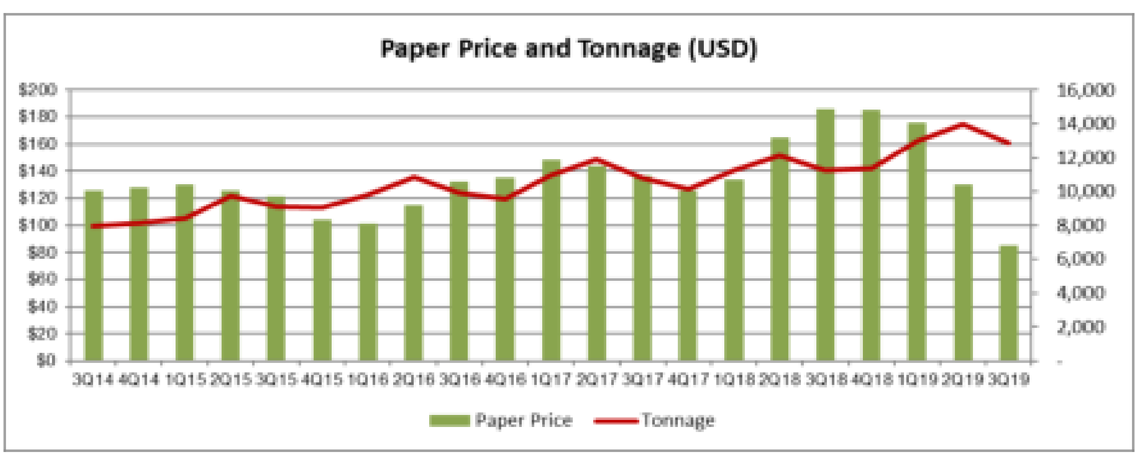
Recycling system sales are defined as the revenue generated from the shredded paper and other material that is sold to various recycling companies. This sales category is driven by the price of paper, which is impacted by global supply and demand for shredded paper and the volume of paper recycled which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

	For the three months ended September 30			For the nine months ended September 30		
	2019	**2018**	% Change	**2019**	2018	% Change
Recycling system sales (USD)	**$ 1,195**	$ 2,225	(46)%	**$ 5,377**	$ 5,933	(9)%
Same location recycling system sales (USD)	**$ 1,154**	$ 2,225	(48)%	**$ 5,107**	$ 5,933	(14)%
Tonnage processed (units)	**13,000**	11,000	18%	**40,000**	35,000	14%
Average paper price per ton	**$ 85**	$ 186	(54)%	**$ 130**	$ 162	(20)%



Paper Pricing Trends:

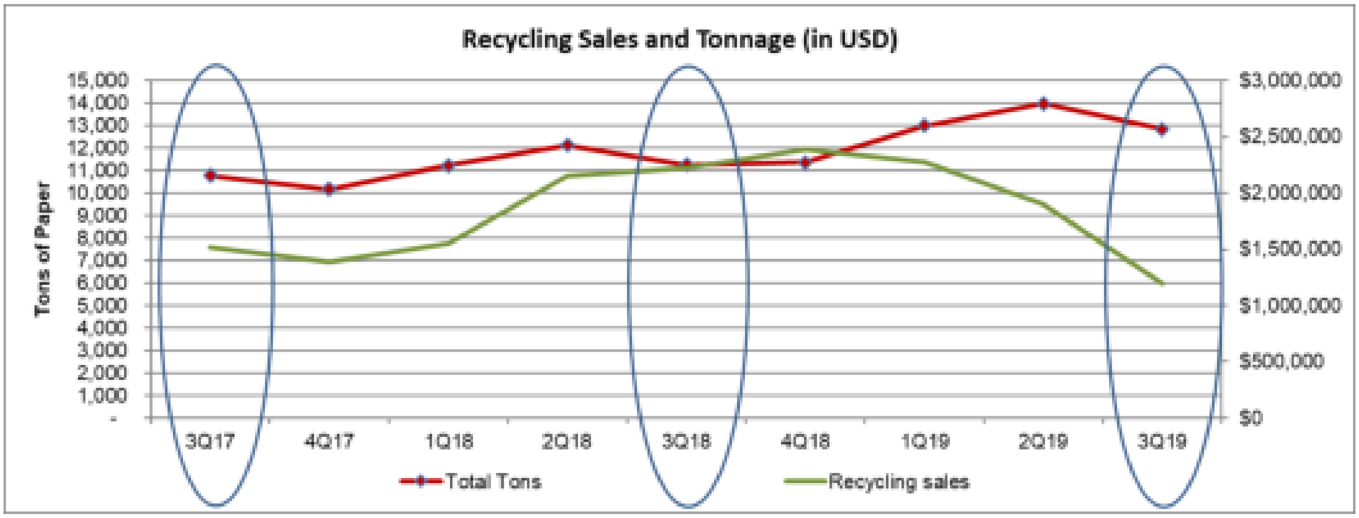
During the three months ended September 30, 2019, the average paper price in the Proshred system continued to decline from $130 per ton in Q2-2019 to $85 per ton. The average paper price in the Proshred system in Q3-2019 was 54% lower than in Q3-2018. This led to a decline of $1.1 million in same location recycling system sales in Q3-2019 over Q3-2018.



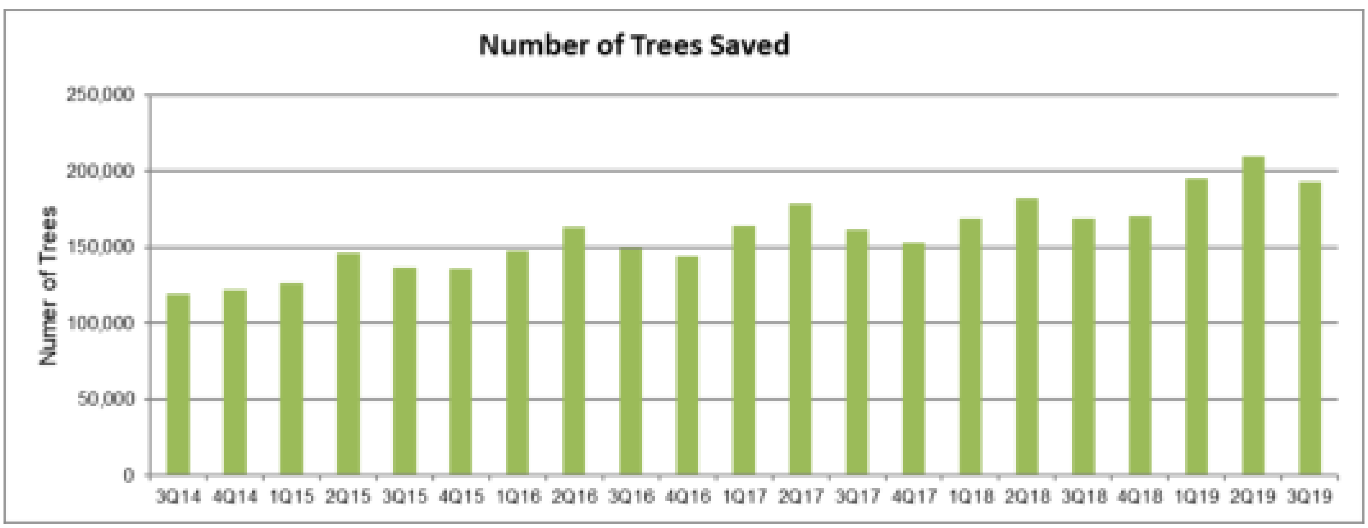
Historical Volume of Paper:

During Q3-2019, the system shred and recycled 18% more paper than in Q3-2018. Same locations in the system shred and recycled 9% more paper in Q3-2019 compared to Q3-2018. The Proshred system shred and recycled 13,000 tons of paper during Q3-2019 (11,200 – Q3-2018), which equates to 193,000 trees being saved (Q3-2018 – 168,000). (1)

During the nine months ended September 30, 2019, the system shred and recycled 14% more paper than during the nine months ended September 30, 2018.

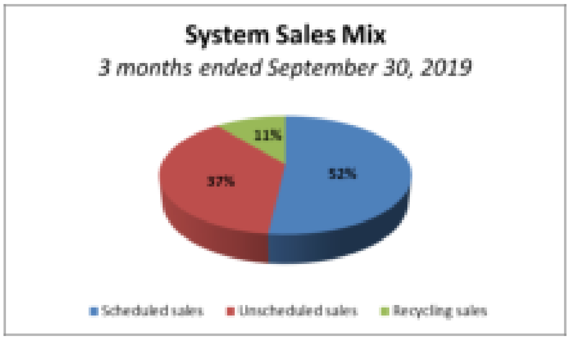


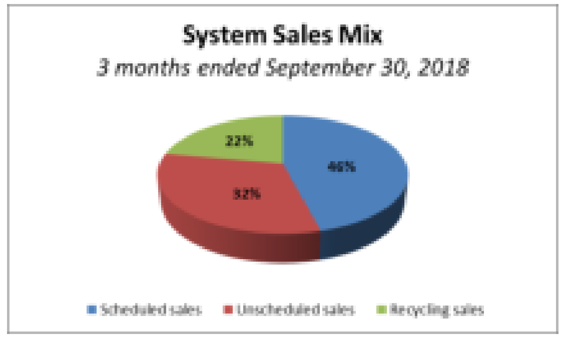
(1) The estimated amount of paper that can be produced from a tree has been conservatively estimated by management based on information taken from Conservatree.org.

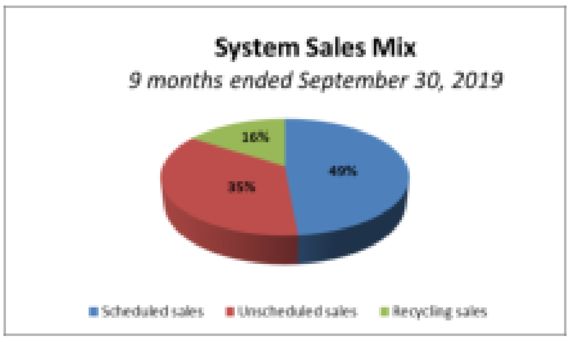


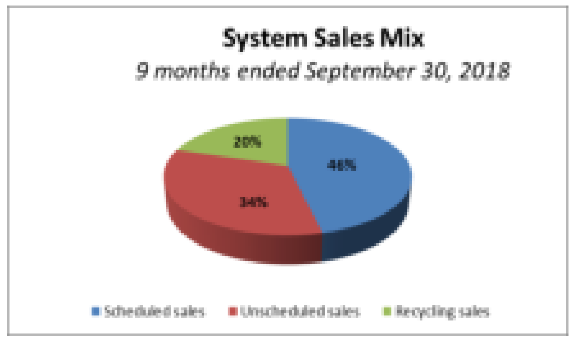
(1) The estimated amount of paper that can be produced from a tree has been conservatively estimated by management based on information taken from Conservatree.org.

Mix of business:









Franchising & Licensing

Royalties and service fees are charged for the use of the trademarks and system. Franchise and license fee revenue is generated when a franchise or license is awarded. The initial fee is recognized as revenue over the term of the related franchise or license agreement on a straight-line basis in accordance with the new accounting standard adopted in 2018.

During Q3-2019, royalty and services fees denominated in US dollars were flat over Q3-2018. With the acquisition of the Kansas City franchise on January 31, 2019, the Company now earns corporate location revenue and no longer earns royalty fees from that location. Royalty and service fees denominated in US dollar for same franchise locations grew by 7% and 11% for the three and nine months ended September 30, 2019, as compared to the same period of 2018.

As the Company earns all franchising and licensing related revenues in US dollars, which are translated at the average exchange rate for the period, the depreciation of the Canadian dollar over the prior year resulted in an increase in royalty and service fees denominated in Canadian dollars.

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

Franchising & Licensing (continued)

For the three months ended September 30,	Total Franchise Locations			Same Franchise Locations		
	2019	2018	% Change	**2019**	2018	% Change
Total number of franchisees operating at period end	**21**	22	(5)%	**21**	21	0%
In CAD:						
Royalty, license and service fees	**$ 560**	$ 543	3%	**$ 560**	$ 509	10%
In USD:						
Royalty, license and service fees	**$ 421**	$ 421	0%	**$ 421**	$ 395	7%

For the nine months ended September 30,	Total Franchise Locations			Same Franchise Locations		
	2019	2018	% Change	**2019**	2018	% Change
Total number of franchisees operating at period end	**21**	22	(5)%	**21**	21	0%
In CAD:						
Royalty, license and service fees	**$ 1,732**	$ 1,614	7%	**$ 1,732**	$ 1,511	15%
In USD:						
Royalty, license and service fees	**$ 1,302**	$ 1,251	4%	**$ 1,302**	$ 1,171	11%

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

Advertising Fund

The Company manages an advertising fund (the "Ad Fund") established to collect and administer funds contributed for use in regional and national advertising programs, and amongst other things, initiatives designed to increase sales and enhance general public recognition and use of the Proshred System. The fund contributions are segregated, designated for a specific purpose and the Company acts, in substance, as an agent with regards to these contributions. Ad Fund contributions are required to be made from both franchised and Company owned and operated locations and are based on the annual level of revenue from each location. The Ad Fund contributions and expenses of $59,318 from the Company owned locations have been eliminated on consolidation.

The Company has an Ad Fund cash balance of $260,343 as at September 30, 2019 and may incur a loss in fiscal 2019 and onward as the Ad Fund will continue to invest in marketing channels, tools and web redesigns, thereby potentially incurring expenses in excess of the contributions collected. Prior the adoption of IFRS 15 in 2018, the Company recorded the net balance of the fund on its Balance Sheet.

The Ad Fund revenue increased during the three and nine months ended September 30, 2019 as compared to the same periods of 2018 as contributions to the Ad Fund were increased at the beginning of the fiscal year based on the annual level of revenue from each franchise location.

In CAD:

	For the three months ended September 30			For the nine months ended September 30		
	2019	2018 (restated)	% Change	**2019**	2018 (restated)	% Change
	$	$		**$**	$	
Ad fund contributions	**74**	55	35%	**218**	181	20%
Ad fund expenses	**(93)**	(76)	(22)%	**(248)**	(263)	6%
Ad fund loss	**(19)**	(21)	10%	**(30)**	(82)	63%

As at,	**September 30, 2019**	December 31, 2018	
	$	$	
Cash attributable to the Ad fund	**260**	216	20%

In USD:

	For the three months ended September 30			For the nine months ended September 30		
	2019	2018 (restated)	% Change	**2019**	2018 (restated)	% Change
	$	$		**$**	$	
Ad fund contributions	**56**	42	33%	**164**	140	17%
Ad fund expenses	**(69)**	(58)	(19)%	**(186)**	(204)	9%
Ad fund loss	**(13)**	(16)	19%	**(22)**	(64)	66%

As at,	**September 30, 2019**	December 31, 2018	
	$	$	
Cash attributable to the Ad fund	**197**	158	25%

Corporate Locations

As of September 30, 2019, the Company operates nine locations in Syracuse, Albany, Milwaukee, New York City, Charlotte, Miami, Northern Virginia, North New Jersey and Kansas. Subsequent to Q3-2019, on October 1, 2019, the Company acquired its 10th corporate location, the Chicago franchise.

The results of the two acquisitions conducted during Q4-2018 and Q1-2019 are included under non-same corporate locations for the Q3-2019 results as the Company was not operating these businesses during Q3-2018. During Q3-2019, vendor-related consulting fees of $91,105 are included in non-same operating costs which accounts for 5% of non-same revenue and 3% of total revenue.

As a result of the acquisitions conducted over the last 12 months, total corporate location revenues in USD grew by 75% and 70% for the three and nine months ended September 30, 2019, as compared to the same periods of 2018. In addition, EBITDA grew by 36% and 45% for the three and nine months ended September 30, 2019 over the prior comparative periods.

With the adoption of the new IFRS 16 standard, the lease rental expense previously included in operating costs has now been replaced with a charge for depreciation of the lease asset and imputed interest. As the Company has not restated the prior year balances, the impact of this accounting change on the operating costs is shown on page 23 and 25.

Same location EBITDA in USD declined by 15% during the third quarter of 2019 over the prior comparative period. The decline was driven by the fall in commodity paper prices which led to a 58% or $275,000 decline in recycling sales. Same location operating income less recycling sales in USD grew 96% over the same period of 2018 as the same locations improved operations and margins.

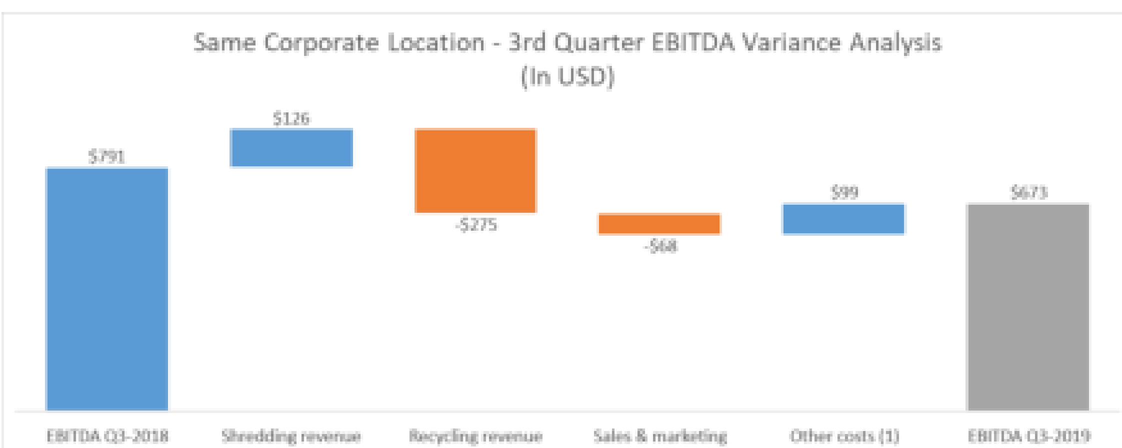
Dollar amounts in thousands of Canadian dollars (except as noted)

Corporate Locations (continued)

For the nine months ended September 30, 2019, same location operating income less recycling revenue in USD declined by 11% over the same period of 2018. The primary items impacting the decline are provided below.

Items that impacted the nine months ended September 30, 2019:	**Actions being taken:**
Shredding sales continue to grow, with same location shredding sales in USD growing 7% in the first nine months of 2019 over the prior comparative period.	Management continues to invest in sales human resources and technology tools such as CRM to drive shredding sales to offset the volatility in unscheduled revenue and the declines in recycling sales.
Commodity paper prices declined significantly in the 2nd and 3rd quarter of 2019, causing recycling revenue to be down USD$318,000 or 26% in the first nine months of 2019 over the first nine months of 2018 for same corporate locations.	Management has been and will continue to focus sales efforts on scheduled sales, thereby building durable revenue and tonnage.
Truck drivers in the United States are at full employment causing upward pressure on wage rates and some retention issues in some markets that has driven over-time wages and temporary wages upwards. During Q3-2019, routing efficiencies improved over the first two quarters of 2019 resulting in improved operating income margin in Q3-2019 over Q3-2018.	Management has implemented a 401K program for its employees as well as enhanced health benefits programs to help attract and retain employees. Additionally, the company has commenced the roll out of enhanced routing technology with a view to further optimizing routes and increase route density.
Repair costs increased during the first half of 2019 versus the same period of 2018. This is due to increased number of trucks in the fleet as well as some older trucks needing more significant repairs. During Q3-2019, repair costs were flat over Q3-2018.	During the first nine months of 2019, the Company purchased four new shredding trucks to enhance capacity and allow for more proactive preventative maintenance to occur on the older fleet. The objective is to reduce downtime and unplanned repair costs.
Investment in senior management in our largest corporate locations increased administrative costs.	The Company hired senior management for its largest corporate locations over the last twelve months with a view to driving shredding sales and to allow for the absorption of acquisitions.

Q3-2019 Corporate Location Results



Note 1: Other costs include the IFRS 16 adjustments.

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

Q3-2019 Corporate Location Results (continued)

In CAD	**Total Corporate Location**			**Same Corporate Location**			**Non-same Corporate Location**	
For the 3 months ended September 30,	**2019**	2018	% Change	**2019**	2018	% Change	**2019**	2018
	$	$		**$**	$		**$**	$
Shredding sales	**4,200**	2,361	78%	**2,566**	2,361	9%	**1,634**	-
Recycling sales	**461**	616	(25)%	**260**	616	(58)%	**201**	-
Total sales	**4,661**	2,977	57%	**2,826**	2,977	(5)%	**1,835**	-
Operating costs	**3,229**	1,939	67%	**1,931**	1,939	0%	**1,298**	-
EBITDA	**1,432**	1,038	38%	**895**	1,038	(14)%	**537**	-
EBITDA margin	***31%***	*35%*	*(4)%*	***32%***	*35%*	*(3)%*	***29%***	-
Depreciation – tangible assets	**631**	285	121%	**369**	285	29%	**262**	-
Operating income	**801**	753	6%	**527**	753	(30)%	**274**	-
Operating income margin	***17%***	*25%*	*(8)%*	***19%***	*25%*	*(6)%*	***15%***	-
Operating income less recycling	**340**	137	147%	**267**	137	95%	**73**	
Operating income less recycling margin	***8%***	*6%*	*2%*	***10%***	*6%*	*4%*	***4%***	

The non-same corporate locations were impacted by fires at paper mill facilities which led to a 50% decline in paper prices during Q3-2019 over Q3-2018.

In USD	**Total Corporate Location**			**Same Corporate Location**			**Non-same Corporate Location**	
For the 3 months ended September 30,	**2019**	2018	% Change	**2019**	2018	% Change	**2019**	2018
	$	$		**$**	$		**$**	$
Shredding sales	**3,158**	1,803	75%	**1,929**	1,803	7%	**1,229**	-
Recycling sales	**347**	471	(26)%	**196**	471	(58)%	**151**	-
Total sales	**3,505**	2,274	54%	**2,125**	2,274	(7)%	**1,380**	-
Operating costs	**2,428**	1,483	64%	**1,452**	1,483	(2)%	**976**	-
EBITDA	**1,077**	791	36%	**673**	791	(15)%	**404**	-
EBITDA margin	***31%***	*35%*	*(4)%*	***32%***	*35%*	*(3)%*	***29%***	-
Depreciation – tangible assets	**475**	218	118%	**277**	218	27%	**198**	-
Operating income	**602**	573	5%	**396**	573	(31)%	**206**	-
Operating income margin	***17%***	*25%*	*(8)%*	***19%***	*25%*	*(6)%*	***15%***	-
Operating income less recycling	**255**	102	150%	**200**	102	96%	**55**	
Operating income less recycling margin	***8%***	*6%*	*2%*	***10%***	*6%*	*4%*	***4%***	

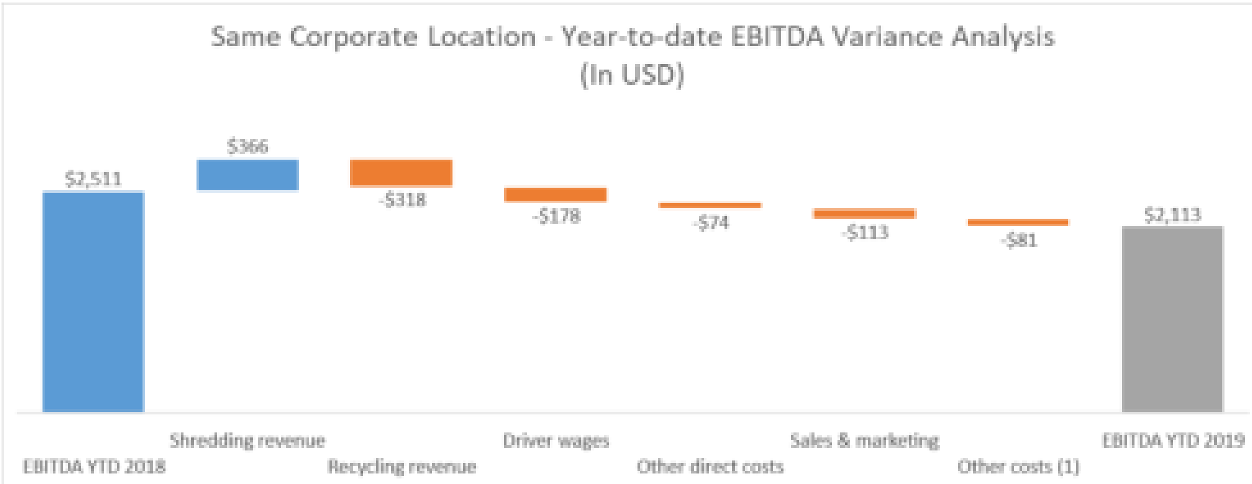
Dollar amounts in thousands of Canadian dollars (except as noted)

Proforma Q3-2019 Corporate Location Results excluding IFRS 16

In USD For the 3 months ended September 30,	**2019** **As** **reported**	**IFRS 16** **adjustments**	**Proforma** **excluding** **IFRS 16** **adjustments**	2018 As reported	*%* *change*
Total Corporate Location EBITDA	**$1,077**	**$(105)**	**$972**	$791	*23%*
EBITDA margin	***31%***		***28%***	*35%*	*(8)%*
Total Corporate Location Operating Income	**$602**	**$(7)**	**$595**	$573	*4%*
Operating income margin	***17%***		***17%***	*25%*	*(8)%*
Same Corporate Location EBITDA	**$673**	**$(65)**	**$608**	$791	*(23)%*
EBITDA margin	***32%***		***28%***	*35%*	*(7)%*
Same Corporate Location Operating Income	**$396**	**$(4)**	**$392**	$573	*(32)%*
Operating income margin	***19%***		***18%***	*25%*	*(7)%*
Non-same Corporate Location EBITDA	**$404**	**$(41)**	**$363**	-	-
EBITDA margin	***29%***		***26%***	-	-
Non-same Corporate Location Operating Income	**$206**	**$(4)**	**$202**	-	-
Operating income margin	***15%***		***15%***	-	-

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

Year-to-date Corporate Location Results



Note 1: Other costs include the IFRS 16 adjustments.

In CAD	**Total Corporate Location**			**Same Corporate Location**			**Non-same Corporate Location**	
For the 9 months ended September 30,	**2019**	2018	% Change	**2019**	2018	% Change	**2019**	2018
	$	$		**$**	$		**$**	$
Shredding sales	**12,001**	6,835	76%	**7,533**	6,835	10%	**4,468**	-
Recycling sales	**2,001**	1,573	27%	**1,198**	1,573	(24)%	**803**	-
Total sales	**14,002**	8,408	67%	**8,731**	8,408	4%	**5,271**	-
Operating costs	**9,143**	5,168	77%	**5,671**	5,168	10%	**3,472**	-
EBITDA	**4,859**	3,240	50%	**3,060**	3,240	(6)%	**1,799**	-
EBITDA margin	***35%***	*39%*	*(4)%*	***35%***	*39%*	*(4)%*	***34%***	-
Depreciation – tangible assets	**1,792**	794	126%	**1,059**	794	33%	**733**	-
Operating income	**3,067**	2,446	25%	**2,002**	2,446	(18)%	**1,065**	-
Operating income margin	***22%***	*29%*	*(7)%*	***23%***	*29%*	*(6)%*	***20%***	-
Operating income less recycling	**1,066**	873	22%	**804**	873	(8)%	**262**	**-**
Operating income less recycling margin	***9%***	*13%*	*(4)%*	***11%***	*13%*	*(2)%*	***6%***	**-**

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

Year-to-date Corporate Location Results (continued)

In USD	**Total Corporate Location**			**Same Corporate Location**			**Non-same Corporate Location**	
For the 9 months ended September 30,	**2019**	2018	% Change	**2019**	2018	% Change	**2019**	2018
	$	$		**$**	$		**$**	$
Shredding sales	**9,024**	5,298	70%	**5,664**	5,298	7%	**3,360**	-
Recycling sales	**1,504**	1,219	23%	**901**	1,219	(26)%	**603**	-
Total sales	**10,528**	6,517	62%	**6,565**	6,517	1%	**3,963**	-
Operating costs	**6,875**	4,006	72%	**4,264**	4,006	6%	**2,611**	-
EBITDA	**3,653**	2,511	45%	**2,301**	2,511	(8)%	**1,352**	-
EBITDA margin	***35%***	*39%*	*(4)%*	***35%***	*39%*	*(4)%*	***34%***	-
Depreciation – tangible assets	**1,347**	615	119%	**796**	615	29%	**551**	-
Operating income	**2,306**	1,896	22%	**1,505**	1,896	(21)%	**801**	-
Operating income margin	***22%***	*29%*	*(7)%*	***23%***	*29%*	*(6)%*	***20%***	-
Operating income less recycling	**802**	677	18%	**604**	677	(11)%	**198**	**-**
Operating income less recycling margin	***9%***	*13%*	*(4)%*	***11%***	*13%*	*(2)%*	***6%***	-

Proforma Year-to-date Corporate Location Results excluding IFRS 16

In USD For the 9 months ended September 30,	**2019 As reported**	**IFRS 16 adjustments**	**Proforma excluding IFRS 16 adjustments**	2018 As reported	*% change*
Total Corporate Location EBITDA	**$3,653**	**$(296)**	**$3,357**	$2,511	*34%*
EBITDA margin	***35%***		***32%***	*39%*	*(7)%*
Total Corporate Location Operating Income	**$2,306**	**$(24)**	**$2,282**	$1,896	*20%*
Operating income margin	***22%***		***22%***	*29%*	*(7)%*
Same Corporate Location EBITDA	**$2,301**	**$(188)**	**$2,113**	$2,511	*(16)%*
EBITDA margin	***35%***		***32%***	*39%*	*(7)%*
Same Corporate Location Operating Income	**$1,505**	**$(5)**	**$1,500**	$1,896	*(21)%*
Operating income margin	***23%***		***23%***	*29%*	*(6)%*
Non-same Corporate Location EBITDA	**$1,352**	**$(109)**	**$1,243**	-	-
EBITDA margin	***34%***		***31%***	-	-
Non-same Corporate Location Operating Income	**$801**	**$(8)**	**$793**	-	-
Operating income margin	***20%***		***20%***	-	-

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

Selling, general and administrative expenses

Selling, general and administrative expenses 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, and management salaries and benefits.

As a result of the adoption of IFRS 16, the lease rental expense included in corporate overhead expenses has now been replaced with a charge for depreciation of the right-of-use assets and imputed interest. As the Company has not restated the prior year balances, the impact of this accounting change on the corporate overhead expenses is shown below.

Selling, general and administrative expenses excluding IFRS 16 adjustments for the three and nine months ended September 30, 2019 increased by 23% and 4% as compared to the same periods of 2018. The Company hired additional sales and operational support staff to continue to support franchisees and acquired locations. The acquisition costs incurred during Q3-2019 relate to the Chicago acquisition closed on October 1, 2019.

Corporate overhead expenses of the Company are broken down as follows:

	For the three months ended September 30			For the nine months ended September 30		
	2019	2018	% Change	**2019**	2018	% Change
	$	$		**$**	$	
In CAD:						
Salaries and benefits	**442**	374	(18)%	**1,193**	1,123	(6)%
Stock based compensation	**32**	19	(68)%	**131**	229	43%
Acquisition costs	**113**	65	(74)%	**146**	82	(78)%
Other expenses	**314**	306	(3)%	**824**	897	8%
Total selling, general and administrative expenses[1]	**901**	764	(18)%	**2,294**	2,331	(2)%

Note 1: Does not include Ad Fund expenses. Refer to page 20 for further details.

	2019 As reported	**IFRS 16 adjustments**	**Proforma excluding IFRS 16 adjustments**	2018 As reported	*% change*
For the three months ended September 30,					
Total corporate overhead expenses	**$901**	**$40**	**$941**	$764	*(23)%*
For the nine months ended September 30,					
Total corporate overhead expenses	**$2,294**	**$121**	**$2,415**	$2,331	*(4)%*

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

Other Income and Expenses

Depreciation and Amortization – Franchising

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

Depreciation and amortization is as follows:

	For the three months ended September 30,			For the nine months ended September 30,		
	2019	2018	% Change	**2019**	2018	% Change
	$	$		**$**	$	
In CAD:						
Depreciation – tangible assets	**-**	5	100%	**-**	7	100%
Amortization – intangible assets	**5**	-	(100)%	**14**	79	83%

Amortization – Corporate locations

Amortization of intangible assets primarily relates to the assets purchased by way of acquisition. The significant increase is due to the acquisitions of the Safe Shred business in Northern New Jersey and the Proshred Kansas business.

	For the three months ended September 30,			For the nine months ended September 30,		
	2019	2018	% Change	**2019**	2018	% Change
	$	$		**$**	$	
In CAD:						
Amortization – intangible assets	**295**	102	(189)%	**863**	279	(209)%
In USD:						
Amortization – intangible assets	**223**	78	(186)%	**638**	216	(195)%

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

Foreign exchange

The Company has revenues and costs that are denominated in US dollars; this dependency on the 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

As at,	**September 30, 2019**	December 31, 2018	% Change
	$	$	
Close rate	1.32	1.36	(3)%
For the nine months ended,	**September 30, 2019**	September 30, 2018	% Change
	$	**$**	
Average rate	1.33	1.29	3%

Foreign exchange gain (loss) was as follows:

	For the three months ended September 30,			For the nine months ended September 30,		
	2019	2018	% Change	**2019**	2018	% Change
	$	$		**$**	$	
Foreign exchange gain (loss)	**155**	(130)	219%	**(585)**	114	(613)%

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

Interest income and expense

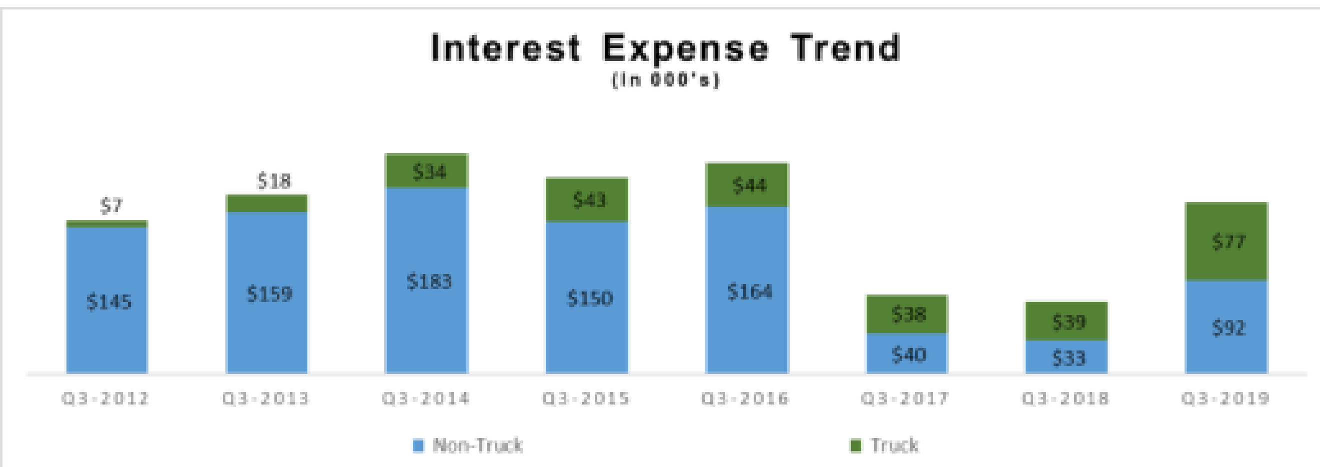
Interest income is derived from cash savings accounts held by the Company and by way of finance income related to the financing of franchise fees and acquisitions.

Interest expense for the nine months ended September 30, 2019 relates to the following:

- the Company's term loans, which currently bear interest at 4.95% and 3.50% per annum,
- truck loan and lease agreements, which bear interest at 4.95% to 6.75% per annum and
- the Company's lease liabilities related to the transition to IFRS 16.

Interest expense increased 135% and 117% during the three and nine months ended September 30, 2019, as compared to the same period of 2018. The increases were due to the following:

(1) the transition to IFRS 16 which resulted in imputed interest on lease liabilities;
(2) the purchase of new trucks during 2018 and during the first half of 2019 which were all financed;
(3) notes payable related to the acquisitions conducted; and
(4) the $6 million advance made on the Company's term loan during Q2-2019.



	For the three months ended September 30,			For the nine months ended September 30,		
	2019	2018	% Change	**2019**	2018	% Change
	$	$		**$**	$	
Interest income	**49**	13	277%	**62**	15	313%
Interest expense	**(169)**	(72)	135%	**(441)**	(203)	(117)%

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

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 through December 31, 2035. The Company has incurred U.S. non-capital losses that can be carried forward to reduce taxes payable in the U.S. The losses expire at various times through December 31, 2037. During 2018, the Company recognized all temporary differences and non-capital losses. During the nine months ended September 30, 2019 the Company recorded a deferred income tax expense, reducing its deferred tax asset as the Company has estimated a portion of its losses that it anticipates utilizing.

Reconciliation of EBITDA to Net Income

	For the three months ended September 30,			For the nine months ended September 30,		
	2019	2018	% Change	**2019**	2018	% Change
	$	$		**$**	$	
EBITDA	**1,129**	854	32%	**4,440**	2,609	70%
Less: depreciation – tangible assets	**(688)**	(297)	(332)%	**(1,917)**	(817)	(135)%
Operating income	**441**	557	(21)%	**2,523**	1,792	41%
Less: interest expense	**(169)**	(72)	(135)%	**(441)**	(203)	(117)%
Add: interest income	**49**	13	277%	**62**	15	313%
Operating income less net interest expense	**321**	498	(36)%	**2,144**	1,604	34%
Less: amortization - intangible assets	**(300)**	(102)	(194)%	**(877)**	(358)	(145)%
Less/add: (loss) gain on sale of assets	**(13)**	8	(263)%	**80**	8	900%
Add: transaction recovery	-	13	100%	**-**	31	100%
Income before foreign exchange and income tax	**8**	417	(98)%	**1,347**	1,285	5%
Add: foreign exchange gain (loss)	**155**	(130)	220%	**(585)**	114	(613)%
Less/add: income tax (expense) recovery	**(10)**	52	(120%	**(144)**	160	(190)%
Net income	**153**	339	(55)%	**618**	1,559	(60)%

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

	2019			2018(1)				2017
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
	$	$	$	$	$	$	$	$
Total system sales (USD)	10,954	11,664	11,226	10,576	10,067	10,192	9,005	8,145
Consolidated Performance								
Revenue	5,353	5,570	5,203	4,327	3,692	3,584	3,154	3,376
EBITDA	1,129	1,691	1,620	944	846	956	799	774
Operating Income	441	1,034	1,032	586	549	684	551	512
Corporate Location Performance								
Revenue	4,662	4,833	4,507	3,608	2,978	2,924	2,506	2,280
EBITDA	1,432	1,704	1,723	1,169	1,038	1,179	1,023	769
Operating Income	801	1,091	1,176	821	753	912	781	522
Operating income per weighted average share fully diluted	0.006	0.015	0.015	0.010	0.008	0.011	0.011	0.011
Income before taxes from continuing operations	163	30	569	1,034	280	632	479	282
Income (loss) attributable to owners of the parent	153	(81)	545	1,192	331	720	501	846
Basic and diluted net income (loss) per share	.00	(.00)	.01	.02	.01	.01	.01	.02

(1) Certain amounts have been restated with the adoption of IFRS 15 on a retrospective basis in 2018. Certain amounts have been reclassified to conform to the current period's presentation.

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.

As at September 30 and December 31,	**2019**	2018	*% Change*
Working capital	**$13,244**	$7,288	*82%*
Total assets	**$46,846**	$27,943	*68%*
Net book value of capital assets	**$9,911**	$5,836	*70%*
Total liabilities	**$15,781**	$7,995	*97%*
Total current liabilities	**$5,672**	$3,490	*63%*
Debt to total assets ratio	**0.34**	0.29	*(17)%*
Normalized Fixed Charge Coverage ratio – rolling 12 months	**2.28**	1.94	*18%*
Normalized Total Funded Debt to EBITDA ratio – rolling 12 months	**2.24**	1.69	*(33)%*

As at September 30, 2019, the Company's working capital and total assets have increased due to the following:

1. On January 31, 2019, the Company completed the acquisition of the Kansas and Secure E-cycle businesses which resulted in a total of $2.9 million in capital assets purchased.
2. During the 3rd quarter of 2019, the Company completed a private placement for net proceeds of $11.25 million.

As at September 30, 2019, the Company's total liabilities increased due to the following:

1. The Company's lender advanced $6 million related to the Kansas acquisitions.
2. The Kansas acquisitions included notes payable and contingent consideration.

The total assets and liabilities also increased due to the adoption of the accounting policy, IFRS 16, leases. Under the new standard, leases previously classified as operating leases are now classified as finance leases and recorded as a right-of-use asset and lease liability on the balance sheet.

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.

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

Bank indebtedness

On May 6, 2019, the Company's lender advanced CAD$6 million (USD$4.47 million) on the USD$9.5 million term loan with an amortization period of 84 months from the date of drawdown, bearing interest at a fixed rate of 3.50%. The balance outstanding on this facility is CAD$5.69 million at September 30, 2019.

On May 6, 2019, the Company also revised the terms of its existing credit facilities with its lender. The CAD$3 million non-revolving term loan interest rate was reduced from prime rate plus 2.50% to prime rate plus 1.00% and the operating line of credit interest rate was reduced from prime rate plus 1.25% to prime rate plus 1.00%.

The Company received an advance on its operating line of credit under its senior credit facilities, of which the balance is $68,704 on September 30, 2019 (nil balance – December 31, 2018).

Truck loans

The Company has established a USD$1.7 million line of credit for the purchase of shredding vehicles with a lender in the United States. The line of credit is available for one year, until November 2019 when an annual credit review is completed. The interest rate is based on prevailing market rates at the time the line is used. The term of the loans are at the discretion of the Company. As of September 30, 2019, the Company has received an advance of USD$952,430 on the line of credit, which is included in the truck loans balance. The Company has USD$747,570 available for use on the line of credit as of September 30, 2019.

Related party line of credit

The Company has a related party line of credit facility for a maximum amount of CAD$2.0 million. The line of credit facility matures on July 16, 2022 and bears interest at a fixed rate of 10% per annum. The line of credit is secured by a second in priority general security agreement over the Company's assets. As at September 30, 2019, the facility has not been drawn upon ($nil balance – December 31, 2018).

As of September 30, 2019, the Company has the following senior credit facilities and debt available for use:

Type of Debt Facility	**Total Facility Amount**	**Amount Available**
Term loan	USD $9.5M	USD $5M
Term loan	CAD $3M	CAD $1M
Line of credit	CAD $1M	CAD $0.9M
Related party line of credit	CAD $2M	CAD $2M
Total	CAD $18.54M	CAD $10.5M

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

Lease liabilities

The Company enters into real-estate leases in order to secure office and warehouse space for the corporate location operations. With the adoption of IFRS 16 – Leases, effective January 1, 2019, the Company has recorded lease liabilities at the present value of the remaining lease payments, discounted at the related incremental borrowing rate.

The activity related to the lease liabilities for the nine months ended September 30, 2019 is as follows:

	$
Opening balance, January 1, 2019	1,278
Acquisitions	643
Additions	314
Imputed interest	(78)
Principal payments	(441)
Foreign exchange	162
Closing balance, September 30, 2019	1,878

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.

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. During the nine months ended September 30, 2019, the Company earned royalties, service fees, franchise fees and interest income of $125,141 (nine months ended September 30, 2018 - $112,079) from this franchise. Included in notes receivable from the franchisees is a three year note receivable balance of $985, which has an interest rate of 5% per annum.

Risks and Uncertainties

Please refer to the Redishred 2018 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, 2018, 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 2018 Annual Report.

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

During the most recent interim period, the Company adopted the new accounting standard IFRS 16 – Leases, effective January 1, 2019. IFRS 16 eliminates the classification of an operating lease and requires lessees to recognize a right-of-use asset and a lease liability in the statement of financial position for all leases with exemptions permitted for short-term leases and leases of low value assets. As a result, the Company recognized an increase to both assets and liabilities on its Consolidated Statements of Finance Position as well as a decrease to operating costs, an increase to depreciation and an increase to finance costs.

The Company adopted IFRS 16 using the modified restrospective approach using practical expedients, as permitted, which do not require the restatement of prior period financial information.

For leases that were classified as operating leases under IAS 17, lease liabilities and right-of-use assets have been recognized. The right-of-use assets have been measured at an amount equal to the corresponding lease liabilities, adjusted for any prepaid rent related to that lease. The lease liabilities have been measured at the present value of the remaining lease payments, discounted at the related incremental borrowing rate at prevailing rates.

A summary of the IFRS 16 accounting policy and the related estsimates and judgments can be found in the Company's 2019 first quarter interim condensed consolidated financial statements and Management's Discussion and Analysis.

Investor Relations Activities

The Company does not have any investor relations arrangements.

Share Data

On July 4, 2019, the Company completed a private placement of 11,842,000 common shares at a price of $0.95 per common share for total gross proceeds of $11,249,900. 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 gross proceeds have been recorded net of transaction costs of $835,252.

The following are the balances of issued common shares of the Company:

	Common stock		**Warrants**		**Total**	
	Number	**$**	**Number**	**$**	**Number**	**$**
Balance September 30, 2019	78,428,105	34,775,573	1,823,400	600,008	80,251,505	35,375,581
Balance December 31, 2018	66,557,355	24,350,575	1,852,150	610,515	68,409,505	24,961,090

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

The following table summarizes the movements in the Company's stock options during the nine months ended September 30, 2019 and the year ended December 31, 2018:

	2019		2018	
	Number of options	**Weighted average exercise price $**	**Number of options**	**Weighted average exercise price $**
Outstanding – Beginning of period	1,785,500	0.47	1,194,000	0.39
Granted	324,450	0.75	641,500	0.59
Exercised	–	–	(50,000)	0.10
Expired	(10,000)	0.13	–	–
Outstanding – End of period	2,099,950	0.75	1,785,500	0.47

For the nine months ended September 30, 2019, the net stock compensation charge, after adjusting for stock option forfeitures, amounted to $99,902 (for the nine months ended September 30, 2018 – $228,804).

The Company issued 2,002,150 warrants on January 23, 2017 as part of the private placement. Each warrant is exercisable into one Common Share at a price of $0.36 per Common Share for a period of five years and expire on January 23, 2022. The warrants have been classified as equity instruments. The fair values of the warrants were determined using the Black-Scholes option pricing model. There were 3,750 warrants exercised during the nine months ended September 30, 2019 (nil – nine months ended September 30, 2018). There are 1,848,400 warrants outstanding as of September 30, 2019.

Subsequent events

On October 1, 2019, the Company purchased the assets of the Proshred Chicago business from its franchisee. The Chicago location for the year 2018 earned approximately USD$4M in revenue and currently operates 14 trucks in the Chicagoland area. The consideration paid included cash and earnout.

On November 12, 2019, the bank credit facility was increased from USD$9.5 million to USD$10.0 million. In addition, certain financial covenants in the bank credit facilities were revised including an increase to the capital expenditures limit to USD$2.9 million and an increase to the unfunded capital expenditures to USD$640,000.

On November 12, 2019, the Company's lender advanced CAD$6.6 million (USD$5.01 million) on the USD$10.0 million term loan with an amortization period of 84 months from the date of drawdown, bearing interest at a fixed rate of 3.50%.

Dated: November 28, 2019