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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 11 corporate shredding locations directly as of May 26,2020. In Q1-2020, the Proshred system achieved USD$11 million in System Sales (USD$6.5 million through franchised/licensed locations and USD$4.5 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 months ended March 31, 2020 and 2019, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting standards Board ("IASB"). The Company's presentation currency is the Canadian dollar. The functional currency of the Company's U.S. subsidiaries is the U.S. dollar, as it is the currency of the primary economic environment in which it operates. Additional information on the Company, including these documents and the Company's 2019 Annual Report are available on SEDAR at www.sedar.com. The discussions in this MD&A are based on information available as at May 26, 2020.

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 the Company's anticipated outlook of future events. These statements include, but are not limited to:

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

   a. the growth of the system sales achieved by existing and new locations,
   b. the growth of sales achieved in corporate locations,
   c. the economic 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 impact and duration of the COVID-19 pandemic,

(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 may 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 2020 and 2019.

- **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 26.

- **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 26.

- **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 26.

- **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.

Key Performance Indicators ("KPIs")

Management measures the Company'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 the Company's ability to increase its operating income and includes depreciation on tangible assets, including trucks and right-of-use assets.

4. Corporate location operating income growth – 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 the Company'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 the Company'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.

COVID-19 Update

The COVID-19 virus has been declared a global pandemic by the World Health Organization and the impact and duration are unclear at this time. The Company has responded by focusing on safe service protocols to ensure the health and well-being of its employees and customers.

Shredding Service Revenue

Most US States have been under "Shelter at Home" orders since late March and early April 2020 in response to the COVID-19 Global Pandemic. As a result, businesses and institutions that have been deemed an essential service may provide their services and open their facilities, while the remaining must close their facilities and work from home if feasible. The Company has been deemed essential in the various States that it operates in. This allows the Company to provide services to other essential service businesses and institutions as well as to residential consumers under strict hygiene and service protocols. The Company is prevented, via the Shelter at Home orders, from providing services to non-essential businesses and institutions. As a result, the Company has experienced a 40% reduction year-over-year in corporate location shredding revenue during the month of April 2020.

Recycling Revenue

The COVID-19 Pandemic has created a shortage in the supply of household and other paper products, resulting in higher demand for the paper product that the Company creates during the shredding process. This paper material has seen cumulative price increases between $80 and $100 per tonne since the start of April 2020 until the present time in most of the markets the Company operates. This has provided partial mitigation to the lost shredding revenues the Company has experienced from the Shelter at Home orders.

Royalty Collection

Due to the economic uncertainty surrounding the pandemic, the Company has deferred royalty payments that are owing in April and May of 2020. The payments are deferred until 2021 and the royalties from franchisees will be repaid over a 12-month period.

Corporate Location Revenue Collection

The Company may face higher than normal exposure to uncollectable receivables during the pandemic. The Company has increased its dedicated resources to the collection of its outstanding receivables as well as further limited credit terms to unscheduled clients during this time. During Q1-2020, the Company recorded an allowance for credit losses of $25,000.

Selling, general & administration Costs

In response to the impacts of the pandemic on the Company's revenues, the Company temporarily reduced its wage expense across the United States and Canada during the month of April by means of reductions in hours, reduction in pay and temporary lay offs. In addition, all discretionary expenditures have been curtailed.

In April 2020, the Company applied for and was approved for the Paycheck Protection Program in the United States in response to the global pandemic of COVID-19. The Company received US$1.0 million (CAD$1.41 million) under the program of which a portion or even all of the loan may be forgiven if the proceeds are used to cover payroll, rent and other utility costs at pre-COVID19 levels. Any portion of the loan that is not forgiven will be repayable over a two-year term at an interest rate of 1.00% per annum with payments deferred for the first six months. In April 2020, the Company also applied for the Canada Emergency Wage Subsidy and received funding for the first claim period from the Canadian government in May 2020 in the amount of CAD$50,000.

Liquidity

In April 2020, the Company obtained a three-month deferral on 87% of its truck loan and lease payments. In May 2020, the Company obtained a six-month deferral of its principal payments with its financial institution and the financial covenants required by the financial institution were waived for the first and second quarter of 2020. The Company has access to $4 million of additional capital through its credit facilities and had an ending cash balance of CAD$7 million as at March 31, 2020.

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

Financial and Operational Highlights

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

For the three months ended March 31,	**2020**	2019	*% change*
System Sales Performance – in USD			
Total locations in the United States	**30**	30	*0%*
Total system sales	**$10,989**	$11,226	*(2)%*
Percentage scheduled sales	***54%***	*47%*	
Total system sales – same location	**$10,910**	$11,226	*(3)%*
Percentage scheduled sales	***54%***	*47%*	
Consolidated Operating Performance – in CAD			
Revenue	**$6,594**	$5,203	*27%*
EBITDA	**$1,359**	$1,620	*(16)%*
EBITDA margin	***21%***	*31%*	*(10)%*
Operating income	**$515**	$1,032	*(50)%*
Operating income margin	***8%***	*20%*	*(12)%*
Operating income per weighted average share fully diluted	**$0.006**	$0.015	*(60)%*
Corporate Location Performance – in CAD			
Revenue	**$6,003**	$4,507	*33%*
EBITDA	**$1,783**	$1,723	*4%*
EBITDA margin	***30%***	*38%*	*(8)%*
Operating income	**$963**	$1,212	*(21)%*
Operating income margin	***16%***	*27%*	*(11)%*

Capital Management

As at March 31 and December 31,	**2020**	2019	*% change*
In CAD			
Working capital	**$938**	$4,432	*(79)%*
Debt to total assets ratio	**0.45**	0.44	*(2)%*
Normalized Fixed Charge Coverage ratio – rolling 12 months	**1.86**	2.39	*(22)%*
Normalized Total Funded Debt to EBITDA ratio – rolling 12 months	**3.50**	2.94	*(19)%*

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

Summary of Results and Operations

Shredding System Sales Growth despite declining Paper Prices

Shredding system sales grew by 12% during Q1-2020 over Q1-2019 with scheduled sales growth of 13% during the same period. The Company continued to focus on providing recurring scheduled service to small and medium sized enterprise clients and continued to invest in marketing initiatives designed to capture both scheduled and one-time unscheduled sales. The decline in commodity paper prices resulted in a decline in total system sales of 2% in Q1-2020 over Q1-2019. The average paper price in the Proshred system declined by 62% in Q1-2020 over Q1-2019 as the price decreased from $176 per ton to $67 per ton.

During Q1-2020 the Company's system sales growth over Q1-2019 was as follows:

Total System Sales declined by 2% (Same Location declined by 3%)

By Service Type:

Scheduled sales increased by 13%
(Same Location increased by 13%)

Unscheduled sales increased by 11%
(Same Location increased by 9%)

Recycling sales decreased by 59%
(Same Location declined by 59%)

By Location Type:

Franchise location total system sales increased by 1%
(Same Location increased by 1%)

Corporate location sales increased by 33%
(Same Location declined by 9%)

Corporate Location EBITDA and Operating Income

Total location results were impacted by the following:

1. Same location recycling revenue decline of USD$392,000 and non-same location recycling revenue decline of USD$238,000 year-over-year due to the decline in paper prices of 62%;
2. Total location shredding revenue and EBITDA decline due to COVID-19; and
3. Increase in sales wages of USD$54,000 year-over-year to increase shredding sales.

In USD:

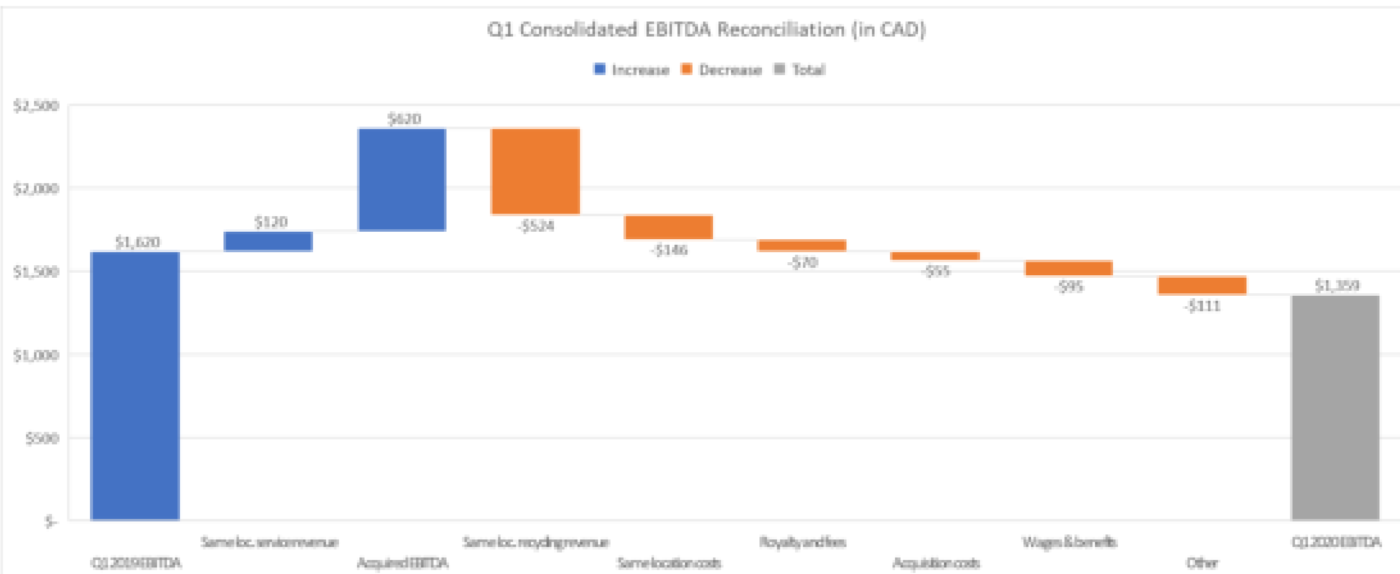
	Total Locations			Same Locations		
For the 3 months ended March 31,	**2020**	2019	Change	**2020**	2019	Change
	$	$	$	**$**	$	$
EBITDA	**1,350**	1,296	54	**881**	1,296	(415)
Operating income	**730**	884	(154)	**465**	884	(419)
Recycling revenue	**403**	649	(246)	**257**	649	(392)

Consolidated EBITDA and Operating Income

During Q1-2020, the Company's consolidated EBITDA declined by 16% or CAD$261,000 as compared to Q1-2019. Operating income declined by 50% or CAD$517,000 during Q1-2020 as compared to Q1-2019. The decline in EBITDA was primarily due to the following:

1. Same location recycling revenue decline of CAD$524,000 driven by a 62% decrease in paper prices;
2. The impact of 'Shelter at Home' orders as a response to COVID-19 resulting in a decline in shredding revenue and EBITDA;
3. Increase in sales wages of CAD$71,000 to drive shredding revenue;
4. Increase in acquisition costs of CAD$55,000 due to acquisition activity;
5. Decrease in royalty and service fees as a consequence of acquiring franchise locations; and
6. Increase in corporate wages of CAD$95,000 with the addition of franchise and acquisition support staff.

The total impact on consolidated EBITDA due to the above is CAD$745,000. Non-same location EBITDA was also negatively impacted by the decline in paper prices year-over-year of CAD$314,000.



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 acquiring smaller acquisitions that are accretive (tuck-ins).

Expanding the Location Footprint

The Company has a twofold approach to footprint growth:

(a) Utilizing a franchise model. This model provides the Company with royalty and service fee income in exchange for operating an exclusive service and marketing area. The Company provides various support and training 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 as well as to purchase Franchisees when they look to exit the business. During the three months ended March 31, 2020, the Company acquired the assets of the Proshred Connecticut franchise. The Proshred Connecticut location has a total of 6 trucks as of March 31, 2020.

Maximize Same Location Revenue and Earnings

Management focuses 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.

The Company and its franchisees continue to invest in trucks, marketing and sales initiatives as well as human resources to maximize the outcome in its three key areas of performance. Over the last 7 years, the Company has generated a compounded annual growth rate of 17% in shredding system sales and 38% in total corporate location EBITDA. This has led to continued growth in consolidated cash flow from operations.

Driving Depth in existing Corporate Markets

The Company'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 higher route operating income;

3. Minimize risk of client service issues by having increased access to trucks in nearby markets; and

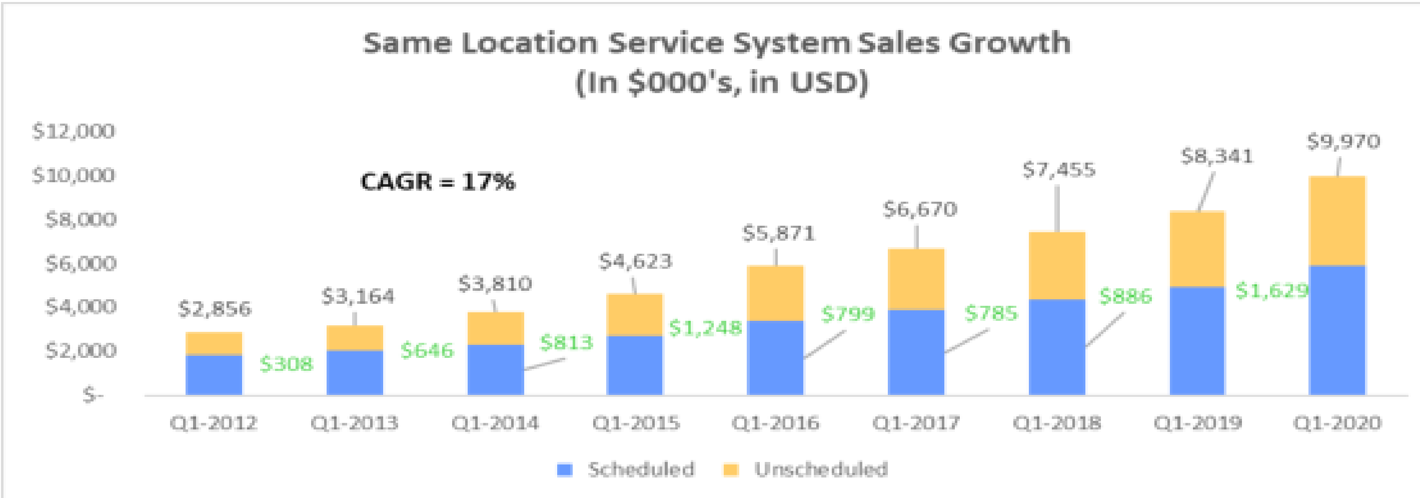
4. Maximize the utilization of centralized services in our head office.

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

The Company's North American locations are as follows:

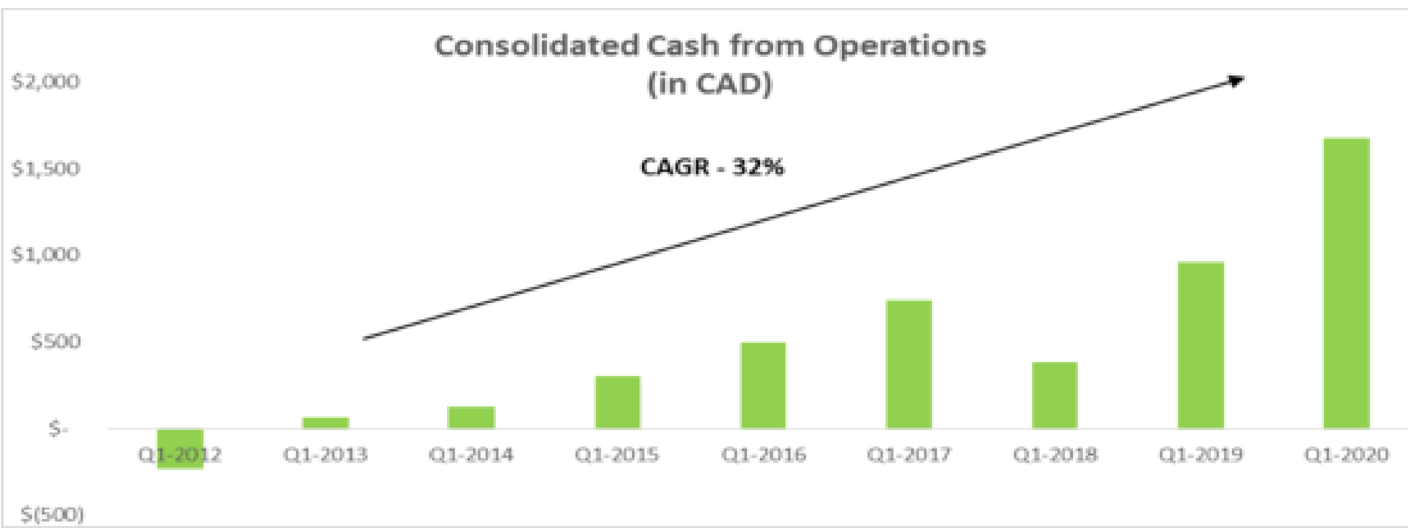
Number	**Franchised Location**	**Markets Serviced**	**Operating Since**
1.	Springfield, MA	Western Massachusetts including western Boston suburbs	June 2003
2.	Tampa Bay, FL	Tampa Bay, Clearwater, St. Petersburg, Sarasota, Lakeland and Orlando	March 2004
3.	Denver, CO	Greater Denver area	August 2004
4.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

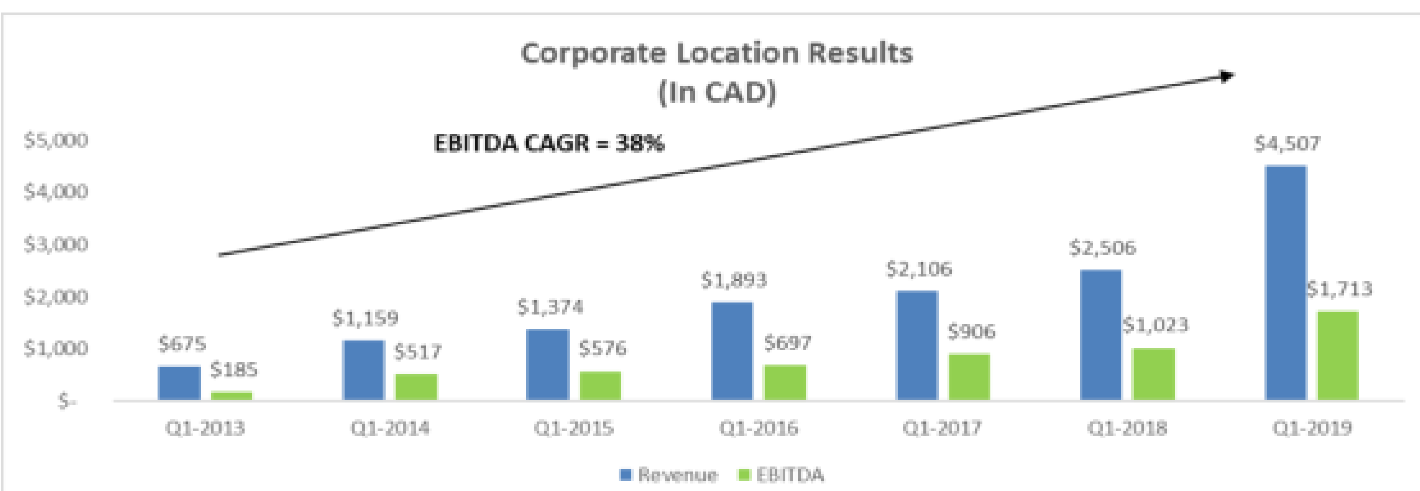
Number	**Corporate Location**	**Markets Serviced**	**Corporately Operating Since**
1.	Syracuse, NY	Syracuse	March 2004 Corporately since May 2010
		Buffalo and Rochester	October 2017
		Watertown	April 2018
2.	Albany, NY	Albany and the Hudson River Valley	April 2003 Corporately since July 2010
3.	New 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
11.	New Haven, CT	State of Connecticut	April 2007, Corporately since March 2020



Note (1): The figures in green above 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)

2020 Performance Targets and COVID-19

Due to the inherent uncertainty around the impact of the COVID-19 pandemic, it is not possible to forecast with certainty the economic impact it may have on the business in the short and medium term. As a result, the Company has withdrawn its 2020 and longer term strategic targets that were disclosed in the December 31, 2019 year-end MD&A. The Company will continue to reassess these targets going forward.

Total System Sales

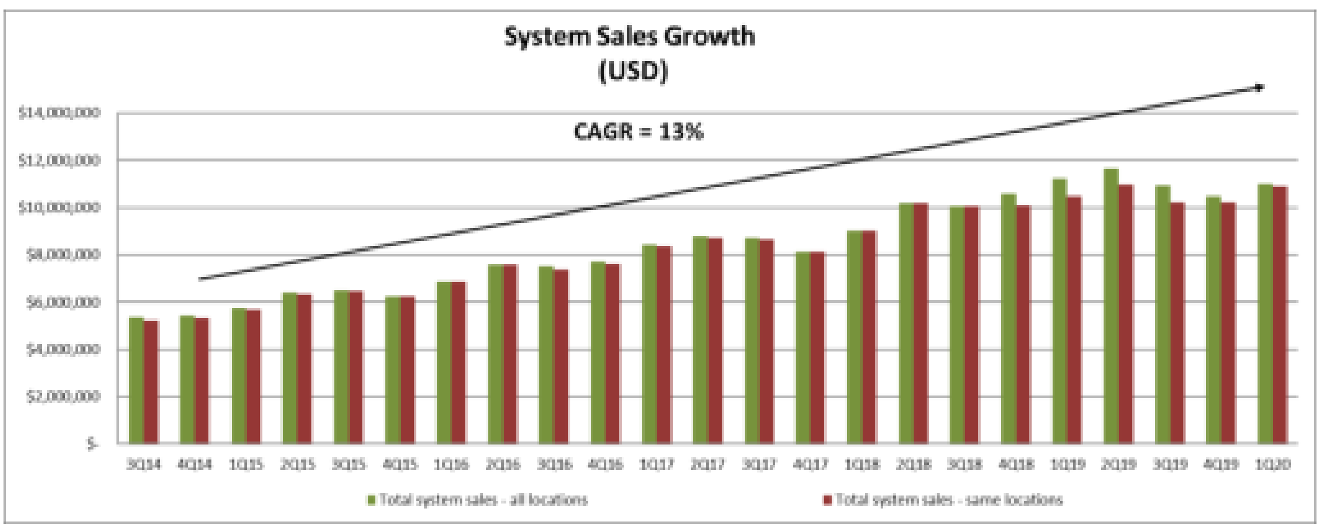
Franchisees and corporate locations generate revenue by (1) providing shredding services and disposal of electronic waste services to their customers, (2) selling recycled paper and other recyclable by-products (ie. metals and plastics) and (3) the resale of certain electronics collected from customers. These sales are the key driver of royalty and service fee revenue. Total system sales are broken into three categories, scheduled sales, unscheduled sales and recycling sales. Total system sales declined in Q1-2020 as compared to Q1-2019 as a result of the decline in paper prices however shredding system sales grew by USD$1.4 million over the same period.

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

For the three months ended March 31,	**2020**	2019	% Change
Total North American operating locations at period end	**30**	30	0%
Total system sales (USD)	**$ 10,989**	$ 11,226	(2)%
Total same location system sales (USD)	**$ 10,910**	$ 11,226	(3)%

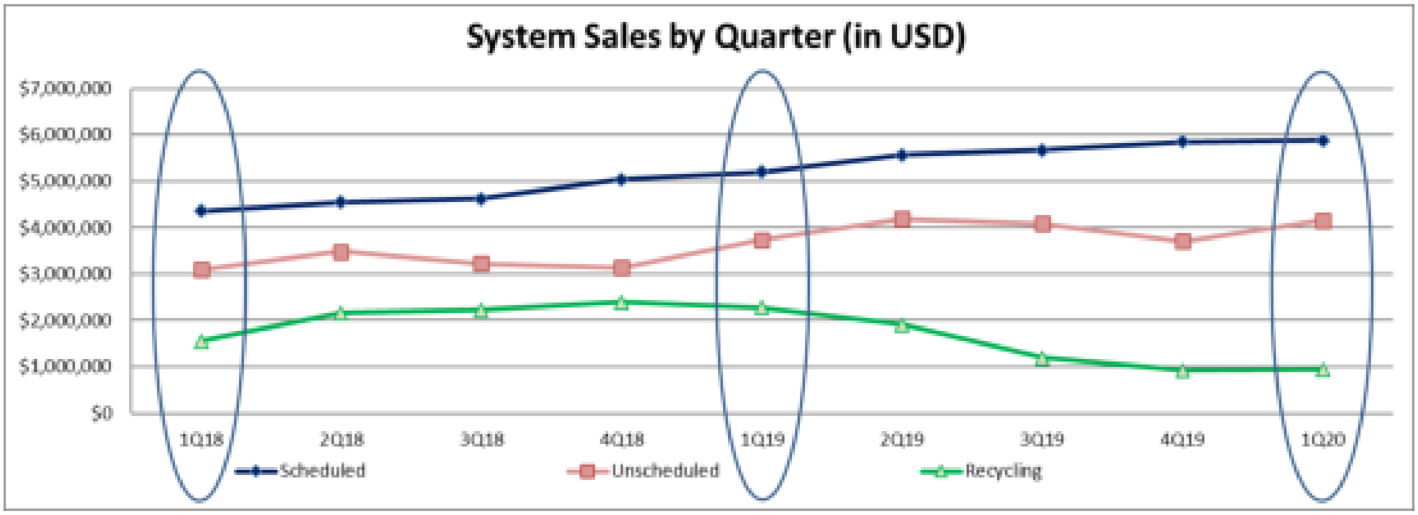
System Sales Trend:

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



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

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

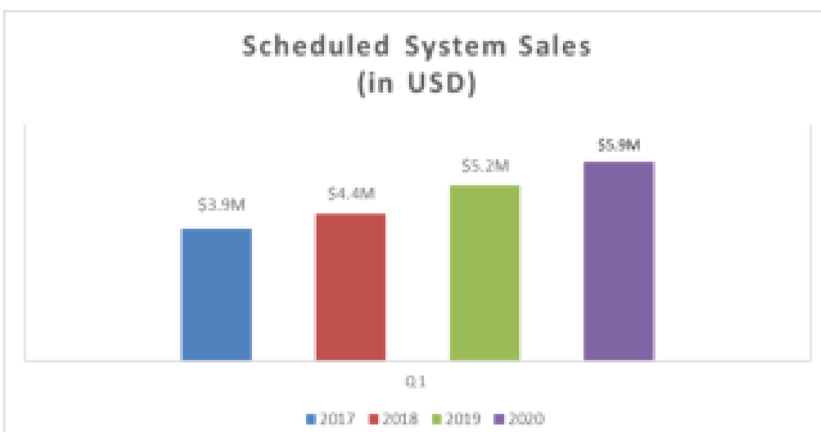


Scheduled system sales:

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 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 of 13% for the three months ended March 31, 2020, as compared to the same period of 2019.

Recurring scheduled system sales accounted for 59% of total service system sales in Q1-2020 (58% - Q1-2019).

For the three months ended March 31,	**2020**	2019	% Change
	$	$	
Total and same location scheduled system sales (USD)	**5,890**	5,206	13%

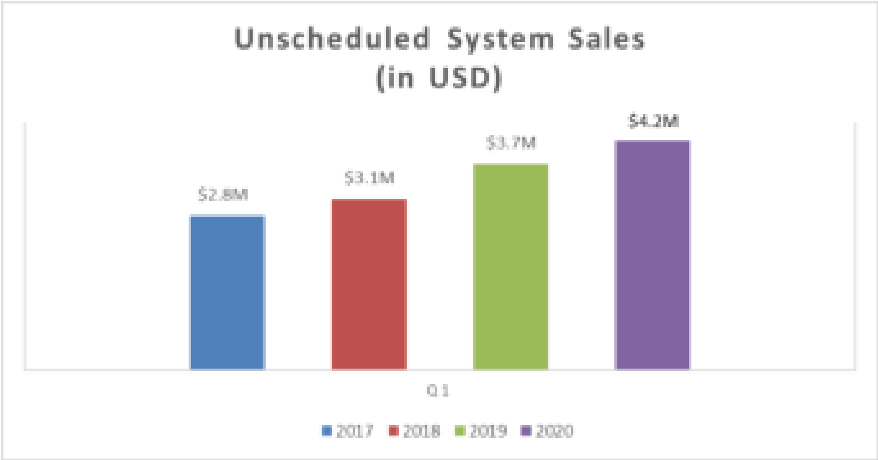


Dollar amounts in thousands of Canadian dollars (except as noted)

Unscheduled system sales:

Unscheduled sales are defined as the revenue generated from customers who have one-time or seasonal requirements. An example of unscheduled sales is when an accounting firm is required to destroy an abundance of confidential working papers and documents after their tax season. Same location unscheduled sales grew by 9% for the three months ended March 31, 2020, as compared to the same period of 2019.

For the three months ended March 31,	**2020**	2019	% Change
	$	$	
Unscheduled system sales (USD)	**4,159**	3,743	11%
Same location unscheduled system sales (USD)	**4,080**	3,743	9%



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

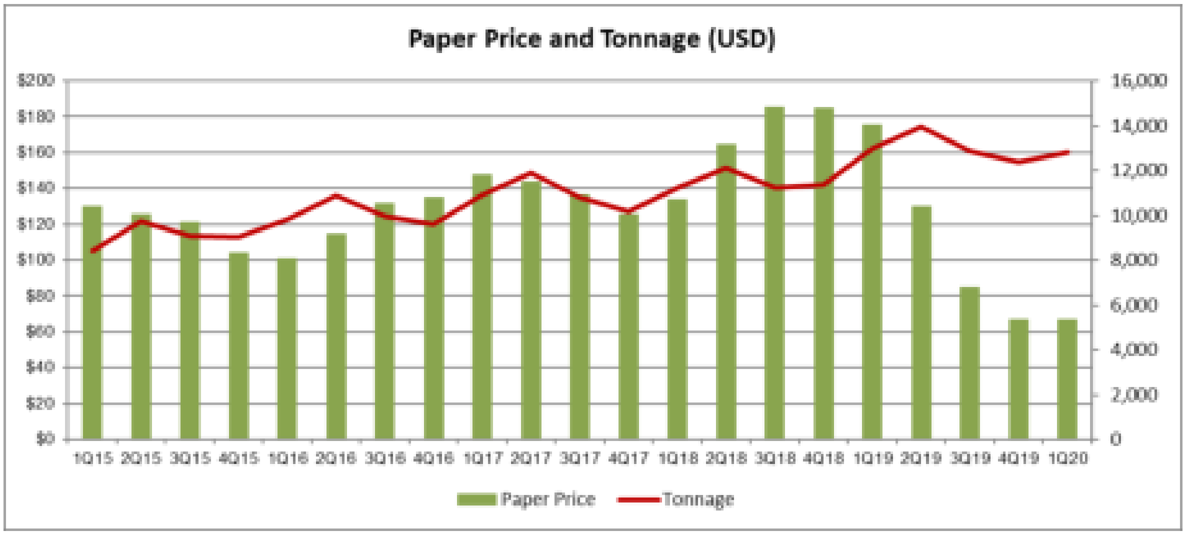
Recycling sales:

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

For the three months ended March 31,	**2020**	2019	% Change
Total and same location recycling system sales (USD)	**$ 941**	$ 2,278	(59)%
Tonnage processed (units)	**12,800**	13,000	(1)%
Average paper price per ton	**$ 67**	$ 176	(62)%

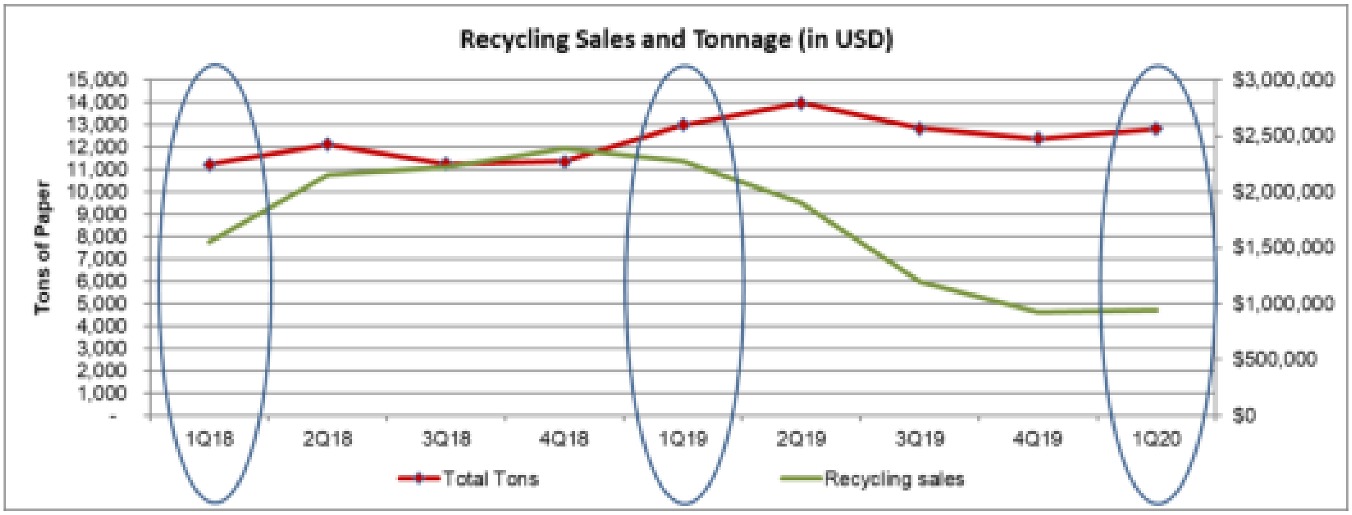
Paper Pricing Trends:

During Q1-2020, the average paper price in the Proshred system remained flat in comparison to Q4-2019 at $67 per ton. The average paper price in the Proshred system in Q1-2020 was 62% lower than in Q1-2019. This led to a decline of US$1.3 million in same location recycling system sales in Q1-2020 as compared to Q1-2019.

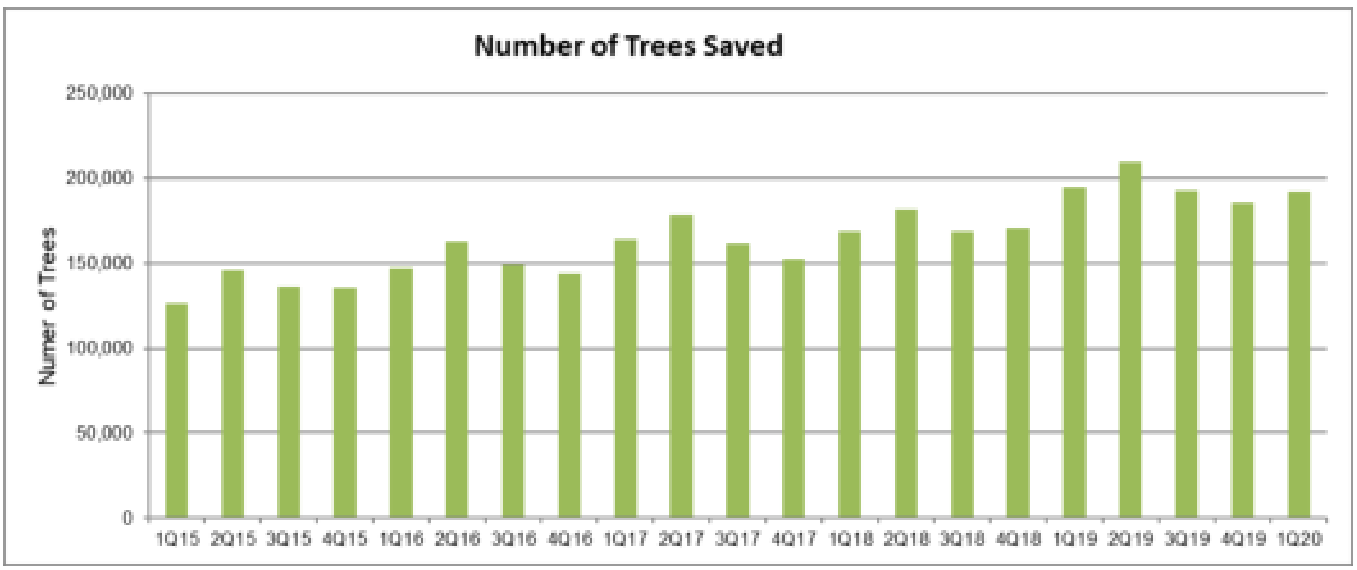


Historical Volume of Paper:

During Q1-2020, the system shred and recycled 1% less paper than in Q1-2019 as the Proshred system tonnage was negatively impacted by COVID-19. The Proshred system shred and recycled 12,800 tons of paper during Q1-2020 (13,000 – during Q1-2019), which equates to 192,000 trees being saved (195,000 – during Q1-2019). (1)



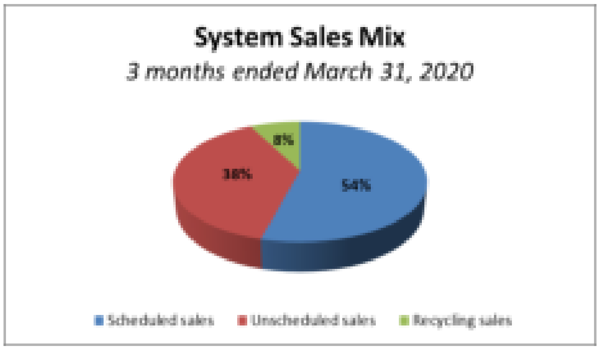
(1) The estimated amount of paper that can be produced from a tree has been conservatively estimated by management based on information taken from Conservatree.org.

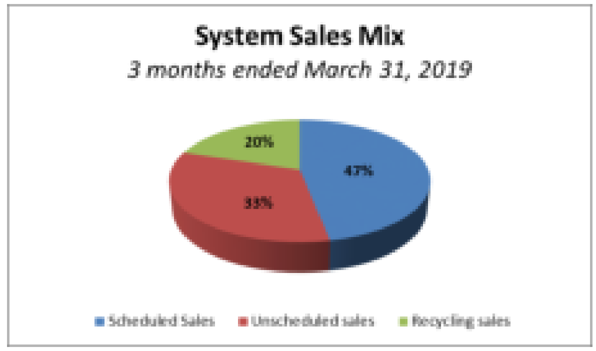


(1) The estimated amount of paper that can be produced from a tree has been conservatively estimated by management based on information taken from Conservatree.org.

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

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.

During Q1-2020, royalty and services fees denominated in USD declined by 12% over Q1-2019. With the acquisitions of the Kansas City and Chicago franchises in 2019 and the acquisition of the Connecticut franchise in March 2020, the Company now earns corporate location revenue and no longer earns royalty fees from these locations. Royalty and service fees denominated in USD for same franchise locations grew by 7% for the three months ended March 31, 2020, as compared to the same period of 2019.

As the Company earns all franchising and licensing related revenues in USD, 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.

Royalties, license and service fees

	Total Franchise Locations			**Same Franchise Locations**		
For the three months ended March 31,	**2020**	2019	% Change	**2020**	2019	% Change
Total number of franchisees operating at period end	**19**	21	(9)%	**19**	19	0%
In CAD:						
Royalty, license and service fees	**$ 498**	$ 567	(12)%	**$ 498**	$ 493	1%
In USD:						
Royalty, license and service fees	**$ 377**	$ 426	(12)%	**$ 377**	$ 352	7%

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

Franchising & Licensing (continued)

Franchise fees

For the three months ended March 31,	**2020**	2019	% Change
	$	$	
In CAD:			
Franchise fees	**45**	58	(22)%
In USD:			
Franchise fees	**34**	43	(21)%

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 Company has an Ad Fund cash balance of $116,676 as at March 31, 2020 and the fund may incur a continued loss going forward 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.

In response to COVID-19, the Company waived the ad fund contributions for the month of March and April 2020 and reduced certain advertising program costs.

In CAD:

For the three months ended March 31,	**2020**	2019	% Change
	$	$	
Ad fund contributions	**48**	70	(31)%
Ad fund expenses	**(77)**	(113)	32%
Ad fund deficit	**(29)**	(43)	33%

As at,	**March 31, 2020**	December 31, 2019	% Change
	$	$	
Cash attributable to the Ad fund	**117**	155	25%

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

Advertising Fund (continued)

In USD:

For the 3 months ended March 31,	**2020**	2019	% Change
	$	$	
Ad fund contributions	**34**	53	(35)%
Ad fund expenses	**(58)**	(85)	32%
Ad fund deficit	**(24)**	(32)	25%

As at,	**March 31, 2020**	December 31, 2019	% Change
	$	$	
Cash attributable to the Ad fund	**83**	119	(30)%

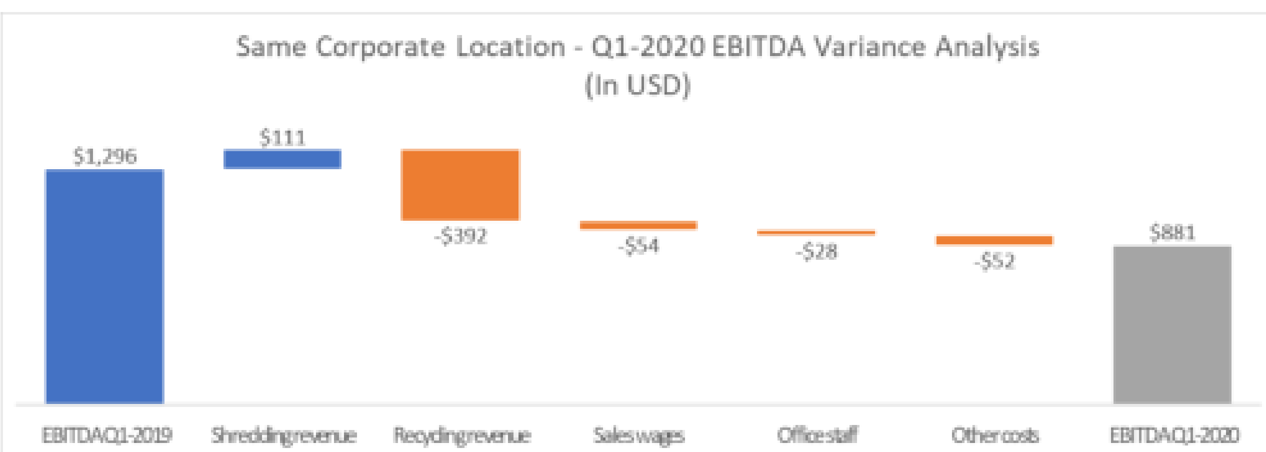
Corporate Locations

As of March 31, 2020, the Company operates eleven locations in Syracuse, Albany, Milwaukee, New York City, Charlotte, Miami, Northern Virginia, North New Jersey, Kansas, Chicago and Connecticut.

As a result of the acquisitions conducted over the last 12 months, total corporate location revenues in USD grew by 51% for the three months ended March 31, 2020, as compared to the same period of 2019. Total location EBITDA grew by 4% in Q1-2020 over Q1-2019 despite the impact of paper prices and COVID-19.

Corporate location EBITDA growth was impacted by the decline in paper prices of 62% in Q1-2020 over Q1-2019 which led to a decline of USD$392,000 in same location recycling revenue. Acquired recycling revenue saw a decline of USD$238,000 in comparison to Q1-2019 paper price levels.

Due to the 'Shelter at Home' orders placed in US states in response to COVID-19, the total corporate locations shredding revenue and EBITDA declined in the second half of March 2020.



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

Corporate Locations (continued)

In USD	**Total Corporate Locations**			**Same Corporate Locations**			**Non-same Corporate Locations**	
For the three months ended March 31,	**2020**	2019	% Change	**2020**	2019	% Change	**2020**	2019
	$	$		**$**	$		**$**	$
Revenue:								
Shredding service	**4,146**	2,741	51%	**2,852**	2,741	4%	**1,294**	-
Recycling	**403**	649	(38)%	**257**	649	(60)%	**146**	-
Total revenue	**4,549**	3,390	34%	**3,109**	3,390	(8)%	**1,440**	-
Operating costs (note 1)	**3,197**	2,094	(53)%	**2,227**	2,094	(6)%	**970**	-
EBITDA	**1,352**	1,296	4%	**882**	1,296	(32)%	**470**	-
% of revenue	***30%***	38%	*(8)%*	***28%***	38%	*(10)%*	***33%***	-
Depreciation – tangible assets	**622**	412	(51)%	**417**	412	(1)%	**205**	-
Operating income	**730**	884	(17)%	**465**	884	(47)%	**265**	-
% of revenue	***16%***	*26%*	*(10)%*	***15%***	*26%*	*(11)%*	***18%***	-
Operating income less recycling	**327**	235	39%	**208**	235	(11)%	**119**	-
% of revenue	***8%***	*9%*	*(1)%*	***7%***	*9%*	*(2)%*	***9%***	

In CAD	**Total Corporate Locations**			**Same Corporate Locations**			**Non-same Corporate Locations**	
For the three months ended March 31,	**2020**	2019	% Change	**2020**	2019	% Change	**2020**	2019
	$	$		**$**	$		**$**	$
Revenue:								
Shredding sales	**5,471**	3,644	50%	**3,764**	3,644	3%	**1,707**	-
Recycling sales	**532**	863	(38)%	**339**	863	(61%)	**193**	-
Total sales	**6,003**	4,507	33%	**4,103**	4,507	(9)%	**1,900**	-
Operating costs (note 1)	**4,221**	2,794	(51)%	**2,940**	2,794	(5)%	**1,281**	-
EBITDA	**1,782**	1,713	4%	**1,163**	1,713	(32)%	**619**	-
% of revenue	***30%***	*38%*	*(8)%*	***28%***	*38%*	*(10)%*	***33%***	-
Depreciation – tangible assets	**820**	548	(50)%	**550**	548	0%	**270**	-
Operating income	**962**	1,165	(17)%	**613**	1,165	(47)%	**349**	-
% of revenue	***16%***	*26%*	*(10)%*	***15%***	*26%*	*(11)%*	***18%***	-
Operating income less recycling	**430**	302	43%	**275**	302	(9)%	**156**	-
% of revenue	***8%***	*9%*	*(1)%*	***7%***	*9%*	*(2)%*	***9%***	

Note 1: During Q1-2020, vendor-related consulting fees of USD38,450 (CAD$50,754) are included in the total operating costs.

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

Selling, general and administrative expenses

Selling, general and administrative ("SG&A") expenses include costs 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.

Selling, general and administrative expenses for the three months ended March 31, 2020 increased by 27% as compared to the same period of 2019. During mid 2019, the Company hired additional franchise and acquisition support staff due to the increased revenue and transaction volumes and to drive acquisitions. The Company also incurred increased travel costs year-over-year due to the increase in acquisition activity.

Subsequent to March 31, 2020 and in response to the impacts of COVID-19, the Company has curtailed all discretionary expenditures and temporarily reduced its wage expense in Canada and the US by means of reduction in pay and temporary layoffs. In April 2020, the Company applied for and was approved for the Paycheck Protection Program in the United States in response to the global pandemic of COVID-19. The Company received US$1.0 million (CAD$1.41 million) under the program of which a portion or even all of the loan may be forgiven if the proceeds are used to cover payroll, rent and other utility costs at pre-COVID19 levels. In April 2020, the Company also applied for the Canada Emergency Wage Subsidy and received funding for the first claim period from the Canadian government in May 2020 in the amount of CAD$50,000.

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

For the three months ended March 31,	**2020**	2020 % of Total Revenue	2019	2019 % of Total Revenue	% Change
	$		$		
In CAD:					
Salaries and benefits	**464**	7%	369	7%	(26)%
Stock based compensation	**63**	1%	40	1%	(57)%
Acquisition costs	**86**	1%	31	1%	(177)%
Travel	**80**	1%	39	1%	(105)%
Technology	**92**	2%	80	2%	(15)%
Other expenses	**152**	2%	126	2%	(21)%
Total SG&A expenses[1]	**937**	14%	686	14%	(37)%

Note 1: Does not include Ad Fund expenses. Refer to page 19 for further details.

Other Income and Expenses

Amortization – Corporate locations

Amortization of intangible assets primarily relates to the assets purchased by way of acquisitions. The significant increase is due to the acquisitions of the Proshred Chicago and Connecticut businesses.

For the three months ended March 31,	**2020**	2019	% Change
	$	$	
In CAD:			
Amortization – intangible assets	**502**	244	(106)%
In USD:			
Amortization – intangible assets	**380**	183	(108)%

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

Foreign exchange

The Company has revenues and costs that are denominated in USD's; this dependency on the USD typically causes foreign exchange gains when the Canadian dollar depreciates versus the USD. The Company has significant dollar value assets denominated in USD's 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,	**March 31, 2020**	December 31, 2019	% Change
	$	$	
Close rate	1.41	1.30	8%
For the three months ended,	**March 31, 2020**	March 31, 2019	% Change
	$	**$**	
Average rate	1.32	1.33	(1)%

Foreign exchange gain (loss) was as follows:

For the three months ended March 31,	**2020**	2019	% Change
	$	$	
Foreign exchange gain (loss)	**3,630**	(232)	1665%

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

Interest income and expense

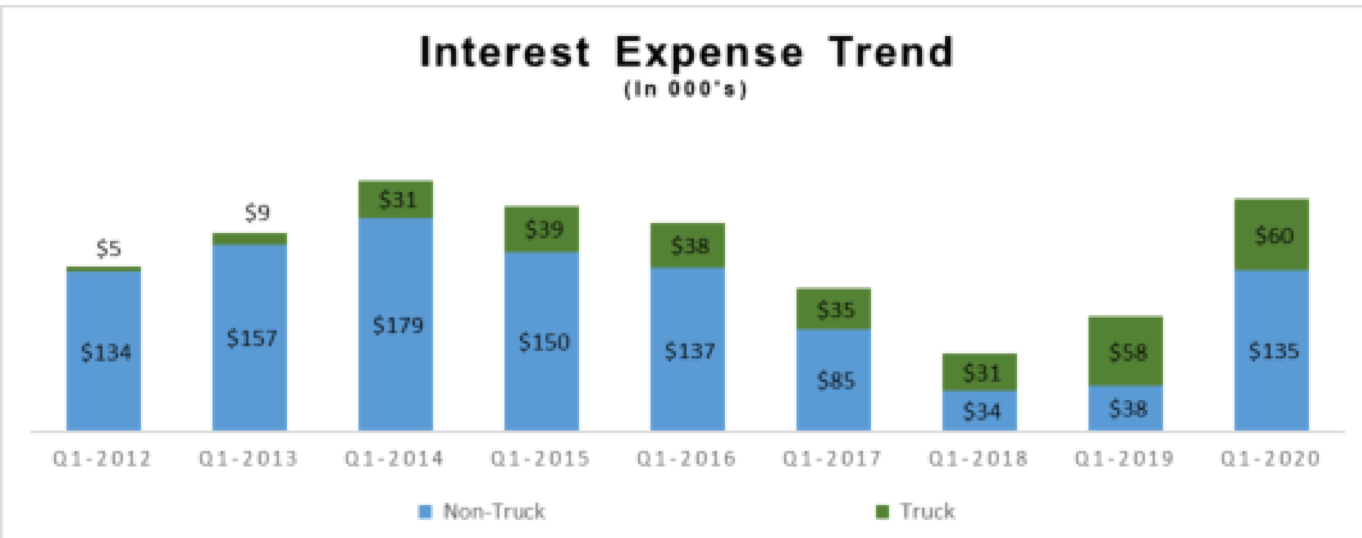
Interest income is derived from cash savings accounts and Guaranteed Investment Certificates (GIC's) held by the Company and by way of finance income related to the financing of franchise fees.

Interest expense for the three months ended March 31, 2020 relates to the following:

- the Company's term loans, which currently bear interest at 3.50% and 2.99% per annum,
- truck loan agreements, which bear interest at 4.54% to 6.75% per annum and
- interest on the Company's lease liabilities.

Interest expense increased 60% during the three months ended March 31, 2020, as compared to the same period of 2019. The increase was due to the following:

(1) the purchase of new trucks during 2019 which were all financed;
(2) notes payable related to the acquisitions conducted; and
(3) the $12.7 million advance made on the Company's term loans during 2019.



For the three months ended March 31,	**2020**	2019	% Change
	$	$	
Interest income	**34**	8	325%
Interest expense	**(195)**	(122)	(60)%

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 US non-capital losses that can be carried forward to reduce taxes payable in the US. The losses expire at various times through December 31, 2035, commencing December 31, 2031. During 2018 and 2019, the Company recognized all temporary differences and non-capital losses and is expected to utilize those losses in 2020 and onward.

Reconciliation of EBITDA to Net Income

For the three months ended March 31,	**2020**	2019	% Change
	$	$	
EBITDA	**1,359**	1,620	(16)%
Less: depreciation – tangible assets	**(845)**	(587)	(44)%
Operating income	**514**	1,032	(50)%
Less: interest expense	**(195)**	(122)	(60)%
Add: interest income	**34**	8	325%
Operating income less net interest expense	**353**	918	(62)%
Less: amortization - intangible assets	**(513)**	(248)	(107)%
(Loss) income before foreign exchange and income tax	**(160)**	669	(123)%
Add: foreign exchange gain (loss)	**3,630**	(232)	1665%
Add: transaction recovery	**187**	-	100%
Add: other income	**-**	131	100%
Less/add: income tax recovery (expense)	**6**	(24)	125%
Net income	**3,663**	545	572%

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.

	2020	2019				2018		
	Q1	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Total system sales (USD)	10,989	10,477	10,954	11,664	11,226	10,576	10,067	10,192
Consolidated Performance								
Revenue	6,594	6,282	5,353	5,570	5,203	4,470	3,692	3,584
EBITDA	1,359	605	1,129	1,691	1,620	825	846	956
Operating Income (Loss)	515	(97)	441	1,034	1,032	466	549	684
Corporate Location Performance								
Revenue	6,003	5,734	4,662	4,833	4,507	3,608	2,978	2,924
EBITDA	1,783	1,376	1,432	1,704	1,723	1,170	1,038	1,179
Operating Income	963	620	801	1,091	1,176	821	753	912
Operating income (loss) per weighted average share fully diluted	0.006	(0.001)	0.006	0.015	0.015	0.010	0.008	0.011
Income (loss) before taxes from continuing operations	3,657	(1,500)	163	30	569	915	280	632
Income (loss) attributable to owners of the parent	3,663	(1,396)	153	(81)	545	1,206	331	720
Basic and diluted net income (loss) per share	.05	(.01)	.00	(.00)	.01	.02	.01	.01

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 March 31 and December 31,	**2020**	2019	*% Change*
Working capital	**$938**	$4,432	*(79)%*
Total assets	**$59,658**	$53,769	*11%*
Total liabilities	**$27,640**	$23,869	*(16)%*
Debt to total assets ratio	**0.45**	0.44	*(2)%*
Normalized Fixed Charge Coverage ratio – rolling 12 months	**1.86**	2.39	*(22)%*
Normalized Total Funded Debt to EBITDA ratio – rolling 12 months	**3.50**	2.94	*(19)%*

As at March 31, 2020, the Company's total assets have increased over December 31, 2019 due to the following:

1. On March 1, 2020, the Company completed the acquisition of the Connecticut business which resulted in a total of $6.5 million in assets purchased.

As at March 31, 2020, the Company's total liabilities increased over December 31, 2019 due to the following:

1. The Company's lender advanced $2.7 million related to the Connecticut acquisition.
2. The Connecticut acquisition included contingent consideration of $768,000.

The Company's banking covenants, including the rolling twelve-month fixed charge coverage and the total funded debt to EBITDA ratio, were in compliance. The senior funded debt to EBITDA ratio was not in compliance with the banking covenant as it was above the 3.00 maximum at 3.09. The difference between the foreign exchange closing rate and average rate impacted the covenant ratio negatively, as did the impacts of COVID-19 on EBITDA. Subsequent to March 31, 2020, the Company's financial institution waived the banking covenants required for the 1st and 2nd quarter of 2020 as a result of COVID-19.

Bank facilities

As of March 31, 2020, the Company has the following secured senior credit facilities:

(1) An operating line of credit of CAD$1 million –
amount drawn down - $nil as at March 31, 2020 and December 31, 2019;
(2) A non-revolving term loan in the amount of CAD$3 million –
amount drawn down - CAD$936,480 as at March 31, 2020 and CAD$1,036,817 as at December 31, 2019 and;
(3) A non-revolving term loan in the amount of USD$12.5 million (advances can be taken in either USD or CAD equivalent, at the Company's discretion) –
amount drawn down - CAD$14,281,507 as at March 31, 2020 and CAD$12,086,751 as at December 31, 2019.

On March 31, 2020, the non-revolving term loan was amended to increase the amount from USD$10 million to USD$12.5 million.

Subsequent to March 31, 2020, in response to the impacts of COVID-19, the Company negotiated with its financial institution the deferral of its principal payments for a six-month period beginning in April 2020. Interest only payments will be made during the six-month period.

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

As of March 31, 2020, the Company has borrowed the following amounts on the non-revolving term loans:

Date of Advance	Initial amount	Interest per annum	Amortization period	March 31, 2020 Balance	December 31, 2019 Balance
	$			$	$
August, 2017	2,006,743	4.95%	60 months	936,480	1,036,817
May, 2019	6,003,210	3.50%	84 months	5,298,085	5,492,638
November, 2019	6,664,242	3.50%	84 months	6,295,422	6,594,113
March, 2020	2,688,000	2.99%	84 months	2,688,000	–
Total bank indebtedness				15,217,987	13,123,568

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 renewal in increments of one year, with annual credit reviews completed. The interest rate is based on prevailing market rates at the time the line is used. As of March 31, 2020, the Company has received an advance of USD$1,700,000 on the line of credit (December 31, 2019 – USD$1,298,789), which is included in the truck loans balance. The Company has no remaining balance available for use on the line of credit as of March 31, 2020 (December 31, 2019 – USD$401,211).

The Company has financed the purchase of its shredding vehicles and as of March 31, 2020, the Company has an outstanding truck loan balance of $4.1 million.

Related party line of credit

The Company has a related party line of credit facility for a maximum amount of $2.0 million. The line of credit facility matures on July 16, 2022 and bears interest at a fixed rate of 10% per annum. The line of credit is secured by a second in priority general security agreement over the Company's assets. As at March 31, 2020, the facility has not been drawn upon ($nil balance – December 31, 2019).

Lease liabilities

The Company enters into leases in order to secure office and warehouse space. The Company has also entered into leases for the financing of shredding vehicles. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and asset.

Lease liability	Number of ROU assets leased	Range of remaining term	Range of interest rates	Lease balance as at March 31, 2020
				$
Office and warehouse building	11	September 2020 to August 2025	6%	2,029,652
Shredding vehicles	7	August 2021 to October 2022	5.95% to 6.50%	790,715

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. There is an accounts receivable balance of $3,266 due from this franchise at March 31, 2020 (December 31, 2019 - $nil). During the three months ended March 31, 2020, the Company earned royalties, franchise and service fees of $46,724 (March 31, 2019 - $42,912) from this franchise.

Risks and Uncertainties

Please refer to the Company's 2019 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, 2019, the Company's fiscal year-end with the exception of the following:

Pandemic Risk and Economic Downturn

Significant disruptions to businesses worldwide, resulting in an economic slowdown could be caused by the pandemic outbreak of a contagious illness such as COVID-19. This may affect the Company's and its franchisee's ability to service its customers and may increase the Company's credit risk. There can be no assurance that a disruption in the US and Canadian economies and worldwide economy would not negatively affect the financial performance of the Company in a material manner.

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 the Company's 2019 Annual Report.

The financial report has been prepared considering the impact that COVID-19 has and continues to have on the US and Canadian economy. Measures such as travel bans, quarantines, social distancing and closures of non-essential services have been taken to contain the spread of the virus. The ultimate impacts and duration of the pandemic are unknown at this time. The Company has used the best information available as at March 31, 2020 in determining its estimates and judgements.

Investor Relations Activities

The Company does not have any investor relations arrangements.

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

Share Data

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

	Common stock		Warrants		Total	
	Number	**$**	**Number**	**$**	**Number**	**$**
Balance March 31, 2020	78,500,605	34,813,408	1,823,400	600,008	80,324,005	35,413,416
Balance December 31, 2019	78,500,605	34,813,408	1,823,400	600,008	80,324,005	35,413,416

The following table summarizes the movements in the Company's stock options during Q1-2020 and fiscal 2019:

	2020		2019	
	Number of options	**Weighted average exercise price $**	**Number of options**	**Weighted average exercise price $**
Outstanding – opening	2,050,150	0.52	1,785,500	0.47
Granted	177,000	0.75	347,150	0.76
Exercised	–	–	(72,500)	0.37
Expired	(5,000)	0.10	(10,000)	0.13
Outstanding – closing,	2,222,150	0.54	2,050,150	0.52

For the three months ended March 31, 2020, the net stock compensation charge, after adjusting for stock option forfeitures, amounted to $62,635 (for the three months ended March 31, 2019 – $40,021).

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 no warrants exercised during the three months ended March 31, 2020 (3,750 – three months ended March 31, 2019). There are 1,823,400 warrants outstanding as of March 31, 2020.

Subsequent events

In April 2020, the Company applied for and was approved for the Paycheck Protection Program in the United States in response to the global pandemic of COVID-19. The Company received US$1.0 million under the program of which a portion or up to the full amount of the loan may be forgiven if the proceeds are used to cover payroll, rent and other utility costs. Any portion of the loan that is not forgiven will be repayable over a two-year term at an interest rate of 1.00% per annum with payments deferred for the first six months.

In April 2020, the Company applied for Canada Emergency Wage Subsidy and received funding for the first claim period from the Canadian government in May 2020.

The impact and duration of the COVID-19 pandemic is unknown at this time and as a result, it is not possible to reliably estimate the impact on the Company's financial position and results for future periods.

Dated: May 26, 2020