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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 August 27, 2020. In the first half of 2020, the Proshred system achieved USD$20 million in System Sales (USD$11.6 million through franchised/licensed locations and USD$8.4 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 six months ended June 30, 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 August 25, 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 severity and duration of the COVID-19 pandemic and its effects on the Canadian, United States and global economy, including its effects on Redishred, the markets we serve and our customers and the third parties with whom we do business within those markets,
   b. the growth of the system sales achieved by existing and new locations,
   c. the growth of sales achieved in corporate locations,
   d. the economic circumstances in certain regions of the United States,
   e. the level of corporate overhead,
   f. number and size of acquisitions,
   g. the ability to realize efficiencies from acquired operations,
   h. the exchange rate fluctuations between the US and Canadian dollar,

(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 system 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 32.

- **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 32.

- **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 32.

- **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.

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

COVID-19 Update

On March 11, 2020, the COVID-19 virus was declared a global pandemic by the World Health Organization. The COVID-19 pandemic has had a significant impact on the Canadian and United States economy due to the temporary closure of non-essential businesses; these closures have had a direct impact on many of our non-essential service customers. The impact and duration of the pandemic continues to be uncertain, however, the Company continues to maintain operations in all markets. We are monitoring future implications of the COVID-19 pandemic related to client behaviours and potential supply chain shortages and we are taking actions to manage spending to align to operational requirements.

The Company's COVID-19 pandemic response has included efforts to protect the health and well-being of our workforce and our customers. We have been proactive to comply with the guidelines from the Public Health Agency of Canada, the United States Centers for Disease, Control and Prevention, the Occupational Safety and Health Administration, the Department of Transportation and other regulatory agencies to ensure readiness for proper provision of client service. We have updated and implemented numerous protocols specifically to reduce risk among our front-line staff, and our teams have worked diligently to take measures to provide our field operations employees with appropriate personal protective equipment. We have staggered shift times and dedicated trucks to specific drivers to reduce exposure. We have also implemented more rigorous cleaning protocols for all our facilities. We will continue to monitor the safety of our team members because of the COVID-19 pandemic. At this time, the long-term impact of the pandemic is not known as the scale and severity of the outbreak is still uncertain.

Shredding Service Revenue

Most US States were under "Shelter at Home" orders commencing in the second half of March 2020 and in many states these orders were partially lifted through May and into late June. As a result of the restrictions, businesses and institutions that were deemed an essential service were able to provide their services and open their facilities during the Shelter at Home stage, while the remaining businesses were required to close their office facilities and work from home if feasible. The Company was deemed an essential service in all locations that it operates. This has allowed 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 was prevented, in April and most of May from providing services to non-essential businesses and institutions. The impact to the Company's corporate location revenues were as follows:

Same location shredding service revenue	Percentage decline over prior comparative period
• Q2-2020	25% decline
• April 2020	40% decline
• May 2020	37% decline
• June 2020	7% decline

Redishred's corporate operations have a significant footprint in the North East United States. The North East United States region was hardest hit by the government mandated Shelter at Home orders, and the locations also emerged from these restrictions much more gradually than other regions in the United States.

Recycling Revenue

The COVID-19 Pandemic created a significant shortage in the supply of household and other paper products, resulting in higher demand for the paper product that the Company processes during the shredding process. As a result, the average paper price in the Proshred system increased 104% in Q2-2020 versus Q1-2019. This provided some mitigation to the reduced shredding service revenues. The service restrictions caused a system-wide decline of 35% in total tonnage processed in Q2-2020 versus Q2-2019.

Royalty Collection

During the second quarter of 2020 the Proshred franchise system experienced significant declines in their shredding service revenues. In April 2020 the franchise system saw a 37% decline in their shredding service revenue versus April 2019 and a 20% decline for shredding service revenue for the second quarter of 2020, when compared to the same period in 2019. At the commencement of the COVID-19 Pandemic in March 2020, government support for small businesses were not formulated. In order to minimize risk of franchisee failure during the pandemic the Company supported its franchisees by deferring royalty payments applicable to March and April revenues. The royalty payments have been deferred until 2021 and will be repaid over a 12-month period.

Corporate Location Revenue Collection

During Q2-2020, the Company increased its dedicated resources to the collection of its outstanding receivables as well as further limited credit terms to unscheduled clients. During the six months ended June 30, 2020, the Company had less than 0.2% of corporate location revenue uncollected and management does not expect a material increase in payment defaults for the remainder of 2020.

Selling, general and administration Costs

In response to the negative impacts of the pandemic on the Company's revenues, the Company temporarily reduced its wage expense across the United States and Canada during Q2-2020 by means of reductions in hours, reduction in pay and temporary layoffs. In addition, all discretionary expenditures were curtailed and eliminated where possible.

In April 2020, the Company qualified for the Paycheck Protection Program ("PPP") in the United States. The Company received US$1.1 million (CAD$1.5 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 Q2-2020, the Company also applied for the Canada Emergency Wage Subsidy ("CEWS") and received funding from the Canadian government in the amount of CAD$192,000.

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$8.8 million as at June 30, 2020.

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

Outlook during the COVID-19 Pandemic

Shredding Service Revenue

The Company continues to take proactive steps to adapt to the new environment, which includes increased health and safety practices such as contact-free service, enhanced cleaning practices, social distancing, and wearing personal protective equipment. To date, the Company has been able to successfully adjust and manage through the challenging situation that has arisen because of the COVID-19 pandemic. During the second quarter of 2020, demand for shredding services gradually improved each month and has recently begun to stabilize in certain markets. We anticipate that many of our larger non-essential clients will continue to provide work from home options to their employees for the remainder of 2020, and this will continue to negatively impact scheduled shredding service revenue in 2020. The Company has successfully implemented various sales and marketing programs aimed at home-based employees and the residential market to minimize the impact of the temporary reduction to scheduled shredding service revenue.

Recycling Revenue

During the early stages of the COVID-19 Pandemic, the demand for paper products increased significantly, causing the price for our paper commodity to increase. As shelter at home restrictions have eased in June and into the summer, the demand for paper products has fallen, and our paper commodity has seen a corresponding decrease in price. The following outlines the average paper prices in the Proshred system for the last five quarters and the paper price decline to start Q3-2020:

	Q2-2019	Q3-2019	Q4-2019	Q1-2020	Q2-2020	Q3-2020[1]
Average price	$130	$85	$67	$67	$137	$82
Quarter over quarter % change		(38)%	(24)%	-%	104%	(40)%

1. Q3-2020 average paper prices are inclusive of July 2020 and up to August 15, 2020.

Future Growth Opportunities through Accretive Acquisitions

Development by way of acquisitions remains an important component of Redishred's long-term growth strategy. At the commencement of the COVID-19 pandemic the Company paused all acquisition activity to ensure the Company had the liquidity to withstand a Shelter in Place environment. With Shelter in Place restrictions lifted, the Company has re-engaged with its acquisition targets with a view to conducting further acquisitions during the remainder of 2020.

Liquidity

The Company continued to build its cash reserves and strengthen its balance sheet, increasing its cash balances from $7.0 million on March 31, 2020 to $8.8 million on June 30, 2020. The Company will continue to be proactive with its lending partners and will manage its financial covenants towards compliance by the end of the 2020 fiscal year. The Company's action plans related to debt covenant compliance, liquidity, and a return to pre-COVID profitability plans are as follows:

1. Increasing sales	Scheduled shredding sales: As restrictions have eased, an increased number of clients have returned. Unscheduled shredding sales: Redishred has increased marketing efforts targeted towards office clean outs and residential markets to fill in the temporary reduction of scheduled shredding revenues.
2. Reduced cost structure	The Company continues to operate with a reduced cost structure, as some sales and operational employees continue to be furloughed and discretionary costs continue to be minimized.
3. Acquisitions	The Company has recommenced its acquisition program after pausing these activities for Q2-2020.

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:

	Three months ended June 30,			Six months ended June 30,		
	2020	2019	*Change[(2)]*	**2020**	2019	*Change[(2)]*
System Sales Performance – in USD						
Total locations in the United States	**30**	30	*0%*	**30**	30	*0%*
Total system sales	**$8,726**	$11,664	*(25)%*	**$19,715**	$22,890	*(14)%*
% of scheduled sales	***48%***	*48%*		***51%***	*47%*	
Total system sales – same location	**$8,726**	$11,664	*(25)%*	**$19,636**	$22,890	*(14)%*
% of scheduled sales	***48%***	*49%*		***51%***	*48%*	
Consolidated Operating Performance – in CAD						
Revenue	**$6,034**	$5,570	*8%*	**$12,628**	$10,773	*17%*
EBITDA[(1)]	**$1,565**	$1,691	*(7)%*	**$2,924**	$3,311	*(12)%*
% of revenue	***26%***	*30%*	*(400) bps*	***23%***	*31%*	*(800) bps*
Operating income[(1)]	**$572**	$1,034	*(45)%*	**$1,086**	$2,067	*(47)%*
% of revenue	***9%***	*19%*	*(1000) bps*	***9%***	*19%*	*(1000) bps*
Operating income per weighted average share fully diluted	**$0.007**	$0.015	*(50)%*	**$0.014**	$0.030	*(50)%*
Corporate Location Performance – in CAD						
Revenue	**$5,532**	$4,833	*14%*	**$11,536**	$9,341	*24%*
EBITDA[(1)]	**$1,744**	$1,704	*2%*	**$3,529**	$3,427	*3%*
% of revenue	***32%***	*35%*	*(300) bps*	***31%***	*37%*	*(600) bps*
Operating income[(1)]	**$776**	$1,091	*(29)%*	**1,740**	$2,266	*(23)%*
% of revenue	***14%***	*23%*	*(900) bps*	***15%***	*24%*	*(900) bps*

(1) EBITDA and operating income include a one-time payment of $240,000 to its front-line workers and other staff to compensate for the reduced wages during the Shelter at Home stage; this was funded by government assistance programs.
(2) Change expressed as a percentage or basis point ("bps").

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

Capital Management

As at June 30 and December 31,	**2020**	2019	*% change*
In CAD			
Working capital	**$3,407**	$4,432	*(23)%*
Debt to total assets ratio	**0.45**	0.44	*(2)%*
Normalized Fixed Charge Coverage ratio – rolling 12 months	**1.64**	2.39	*(31)%*
Normalized Total Funded Debt to EBITDA ratio – rolling 12 months	**3.67**	2.94	*(25)%*

Summary of Q2-2020 Results and Operations

Decline in System Sales Driven by COVID-19

Shredding system sales were negatively impacted by the 'Shelter at Home' orders put in place in response to the COVID-19 pandemic which resulted in the closure of non-essential businesses and institutions. Although the corporate and franchise locations were able to provide services to other essential businesses, they were prevented from servicing non-essential businesses. As a result, shredding system sales declined by 24% in Q2-2020 over Q2-2019.

The decline in shredding system sales impacted the volume of paper processed driving the tonnage of paper collected down by 35% in Q2-2020 over Q2-2019. This was partially offset by an increase in paper prices of 5% in Q2-2020 over Q2-2019.

During Q2-2020 the Company's system sales results were as follows:

Total System Sales declined by 25% **(Same Location declined by 25%)**

By Service Type:

Scheduled sales decreased by 25%
(Same Location decreased by 25%)

Unscheduled sales decreased by 24%
(Same Location decreased by 24%)

Recycling sales decreased by 29%
(Same Location decreased by 29%)

By Location Type:

Franchise location total system sales decreased by 23%
(Same Location decreased by 23%)

Corporate location sales increased by 7%
(Same Location decreased by 26%)

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

Corporate Location EBITDA and Operating Income

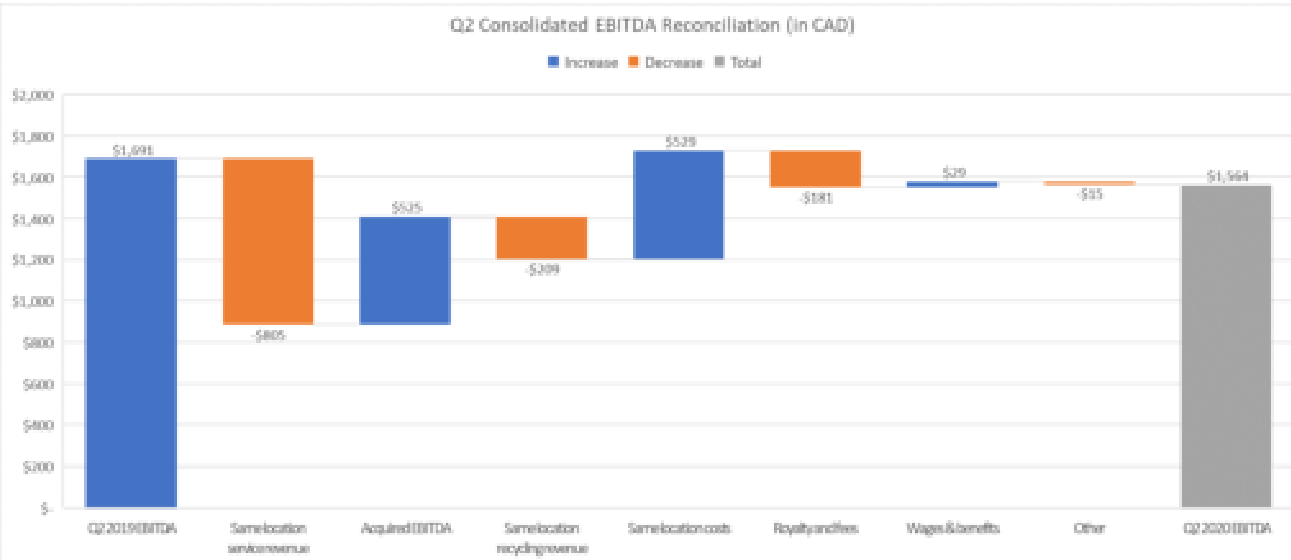
Total corporate location results were negatively impacted by the COVID-19 pandemic as the government instituted Shelter at Home orders which prevented the Company from providing services to non-essential businesses and institutions. The Company's management team implemented a cost reduction program that resulted in EBITDA margins remaining above 30% for both total and same locations. In addition, the Company received US$1.1 million from the PPP in the United States in response to the global pandemic. The Company used a portion of the funding to make a one-time payment to its front-line workers and staff to compensate for the reduced wages received during this time.

In USD:	Total Locations			Same Locations		
For the 3 months ended June 30,	**2020**	2019	Change	**2020**	2019	Change
	$	$	$	**$**	$	$
EBITDA	**1,224**	1,282	(58)	**825**	1,282	(457)
% of revenue	*32%*	*35%*	*(3%)*	*31%*	*35%*	*(4)%*
Operating income	**540**	821	(281)	**360**	821	(461)
% of revenue	*14%*	*23%*	*(9)%*	*13%*	*23%*	*(10)%*
COVID-19 front line payments	**175**	-	(175)	**130**	-	(130)
EBITDA excluding COVID-19 payments	**1,399**	1,282	117	**955**	1,282	(327)
% of revenue	*36%*	*35%*	*1%*	*36%*	*35%*	*1%*
Operating income excluding COVID-19 payments	**715**	821	(106)	**490**	821	(331)
% of revenue	*18%*	*23%*	*(5)%*	*18%*	*23%*	*(5)%*

Consolidated EBITDA and Operating Income

During Q2-2020, the Company's consolidated EBITDA and operating income declined by 7% and 45% respectively, as compared to Q2-2019. The decline was driven by the impact of 'Shelter at Home' orders as a response to COVID-19 which led to a decline in shredding revenue, paper tonnage, recycling revenue and royalty fees. The acquisitions conducted in the last 12 months were positive contributors to consolidated EBITDA and Operating Income. The Company reduced selling, general and administrative costs by 2% in Q2-2020 over Q2-2019 in response to the lower revenues.

In addition, the Company qualified for the Paycheck Protection Program in the United States and the Canadian wage subsidy program in Canada which provided CAD$1.7 million during Q2-2020. As of June 30, 2020, the Company has calculated the forgivable amount to be CAD$1.2 million, which is recorded as other income in its Statement of Comprehensive Income.



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 six months ended June 30, 2020, the Company acquired the assets of the Proshred Connecticut franchise. The Proshred Connecticut location has a total of 6 trucks as of June 30, 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 8 years, the Company has generated a compounded annual growth rate of 17% in shredding system sales and 36% in total corporate location EBITDA, excluding the 2020 results, which include the impacts of COVID-19. 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

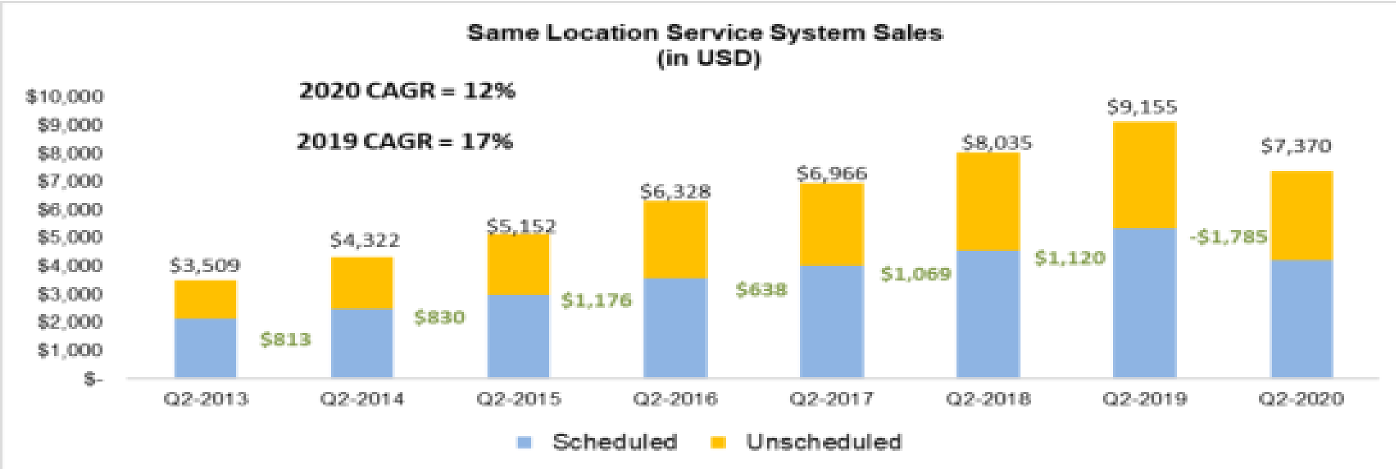
4. Maximize the utilization of centralized services in our head office.

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

The Company's North American locations are as follows:

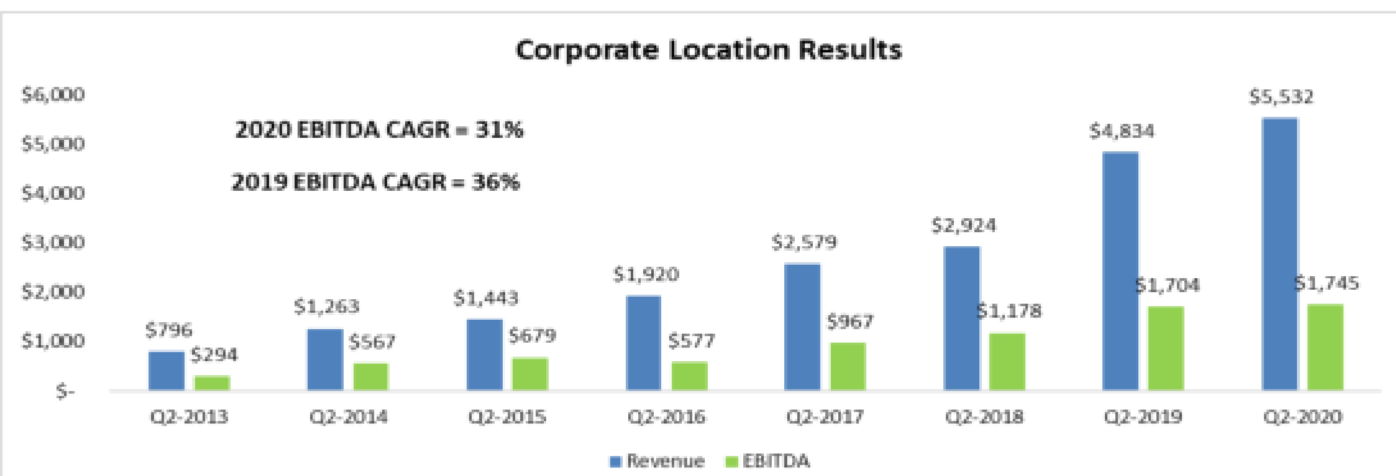
Number	Franchised Location	Markets Serviced	Operating Since
1.	Springfield, MA	Western Massachusetts including western Boston suburbs	June 2003
2.	Tampa Bay, FL	Tampa Bay, Clearwater, St. Petersburg, Sarasota, Lakeland and Orlando	March 2004
3.	Denver, CO	Greater Denver area	August 2004
4.	Philadelphia, 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 and Rhode Island	April 2007, Corporately since March 2020



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

Note (2): The three months ended June 30, 2020 consolidated cash from operations includes the US and Canadian government funding received of CAD$1.7M.



Note (3): 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. The 2020 CAGR includes the first half of 2020. The 2019 CAGR includes the results up to and including December 31, 2019.

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 Q2-2020 as compared to Q2-2019 as a result of the COVID-19 Pandemic.

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

	For the three months ended June 30			For the six months ended June 30		
	2020	2019	% Change	**2020**	2019	% Change
Total North American operating locations at period end	**30**	30	0%	**30**	30	0%
Total system sales (USD)	**$ 8,726**	$ 11,664	(25)%	**$ 19,715**	$ 22,890	(14)%
Total same location system sales (USD)	**$ 8,726**	$ 11,664	(25)%	**$ 19,636**	$ 22,890	(14)%

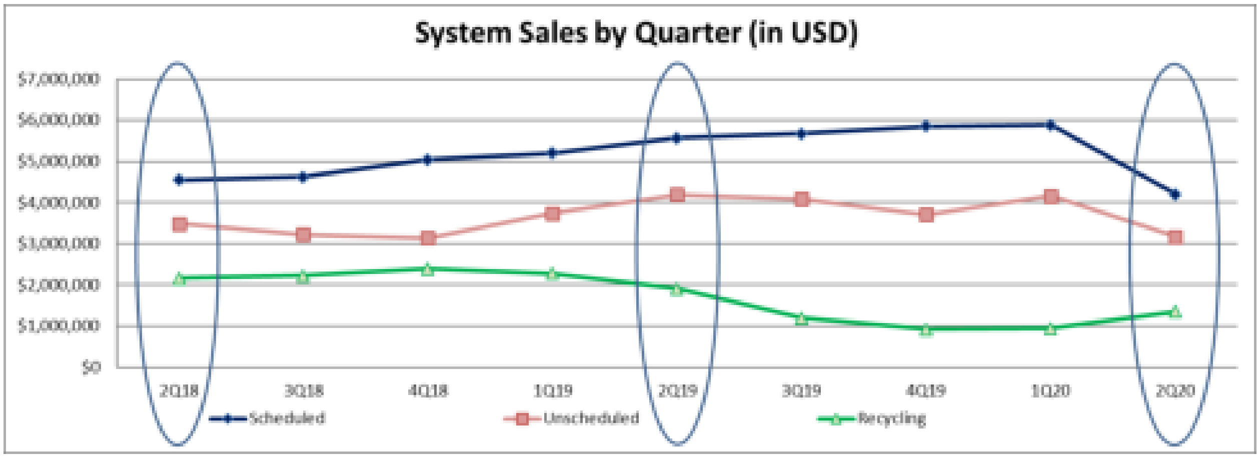
System Sales Trend:

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

(1) The 2020 CAGR includes the first half of 2020. The 2019 CAGR includes the results up to and including December 31, 2019.

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

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

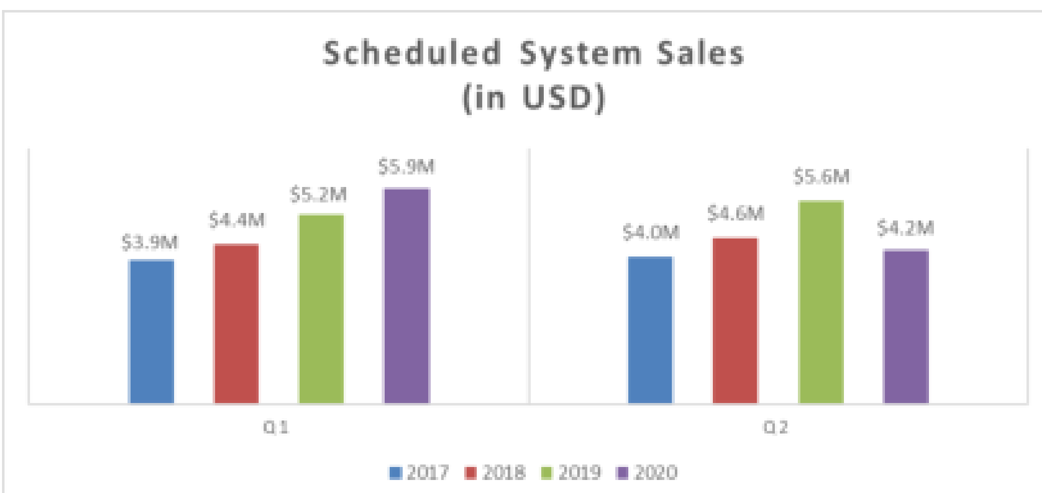


Scheduled system sales:

Scheduled sales are defined as the revenue generated from customers with regular service that may occur on a weekly, bi-weekly, or monthly basis. Scheduled sales were negatively impacted by the COVID-19 pandemic which led to a 25% decline in scheduled system sales in Q2-2020 as compared to Q2-2019.

Recurring scheduled system sales accounted for 57% of total service system sales in Q2-2020 (57% - Q2-2019).

	For the three months ended June 30			For the six months ended June 30		
	2020	2019	% Change	**2020**	2019	% Change
	$	$		**$**	$	
Total and same location scheduled system sales (USD)	**4,200**	5,572	(25)%	**10,090**	10,778	(6)%

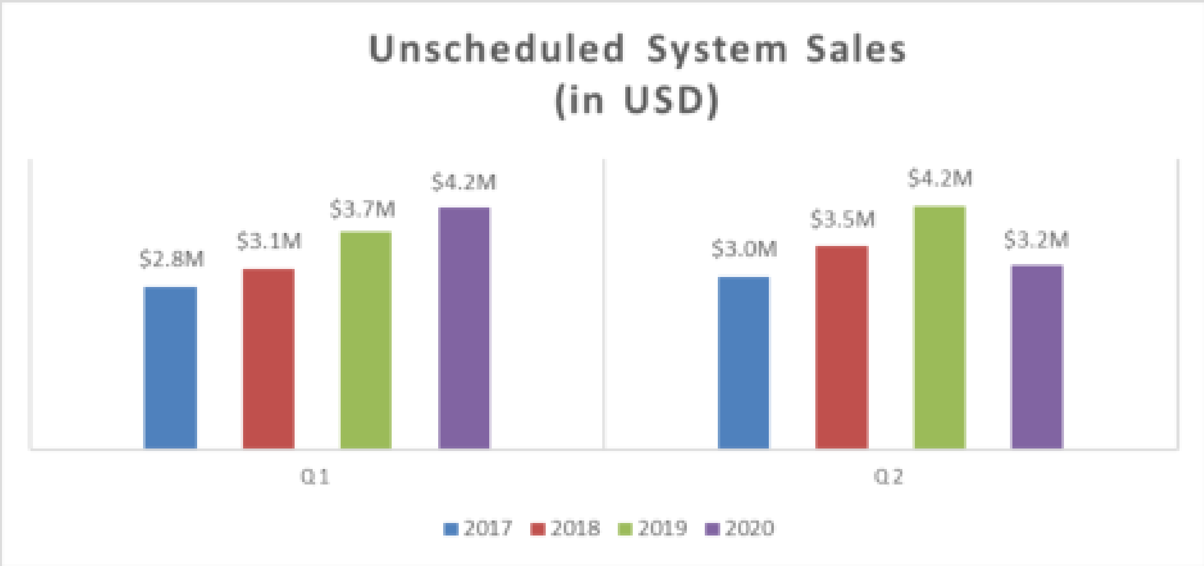


Dollar amounts in thousands of Canadian dollars (except as noted)

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 were negatively impacted by the COVID-19 pandemic which led to a decline of 24% in Q2-2020 as compared to Q2-2019.

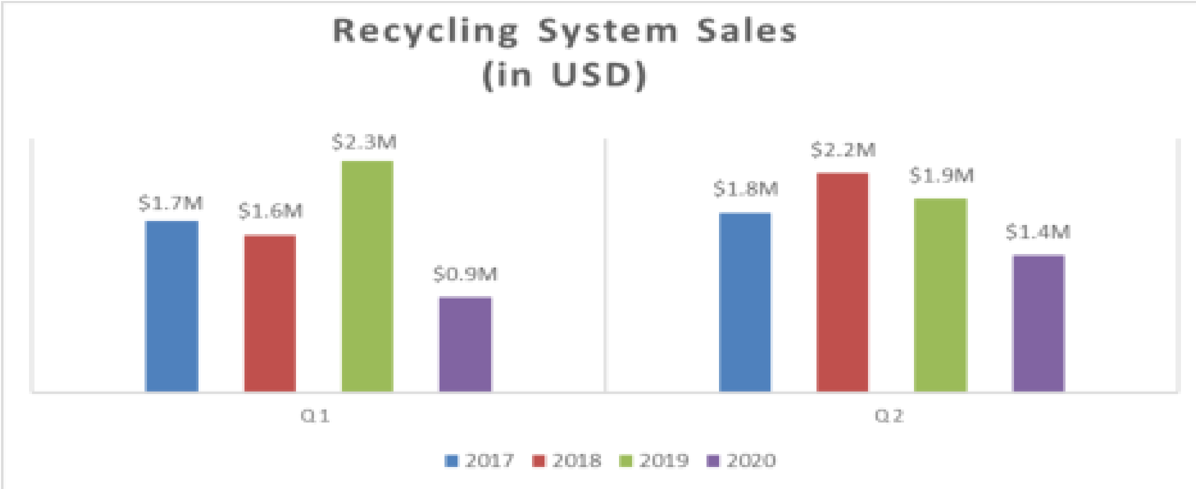
	For the three months ended June 30			For the six months ended June 30		
	2020	2019	% Change	**2020**	2019	% Change
	$	$		**$**	$	
Unscheduled system sales (USD)	**3,170**	4,187	(24)%	**7,329**	7,929	(8)%
Same location unscheduled system sales (USD)	**3,170**	4,187	(24)%	**7,250**	7,929	(9)%



Recycling sales:

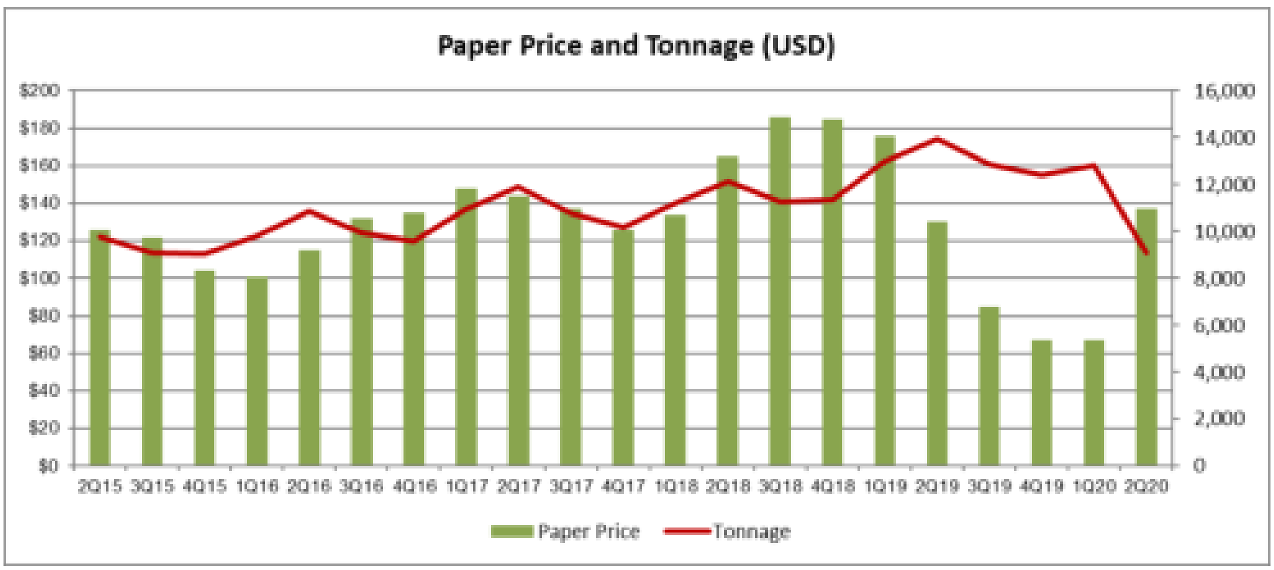
Recycling sales are defined as the revenue generated from the shredded paper and other material that is sold to various recycling companies. This sales category is driven by the price of paper, which is impacted by global supply and demand for shredded paper and the volume of paper recycled which is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

	For the three months ended June 30			For the six months ended June 30		
	2020	2019	% Change	**2020**	2019	% Change
Total and same location recycling system sales (USD)	**$ 1,355**	$ 1,904	(29)%	**$ 2,296**	$ 4,182	(45)%
Tonnage processed (units)	**9,100**	14,000	(35)%	**21,900**	27,000	(19)%
Average paper price per ton	**$ 137**	$ 130	5%	**$ 102**	$ 153	(33)%



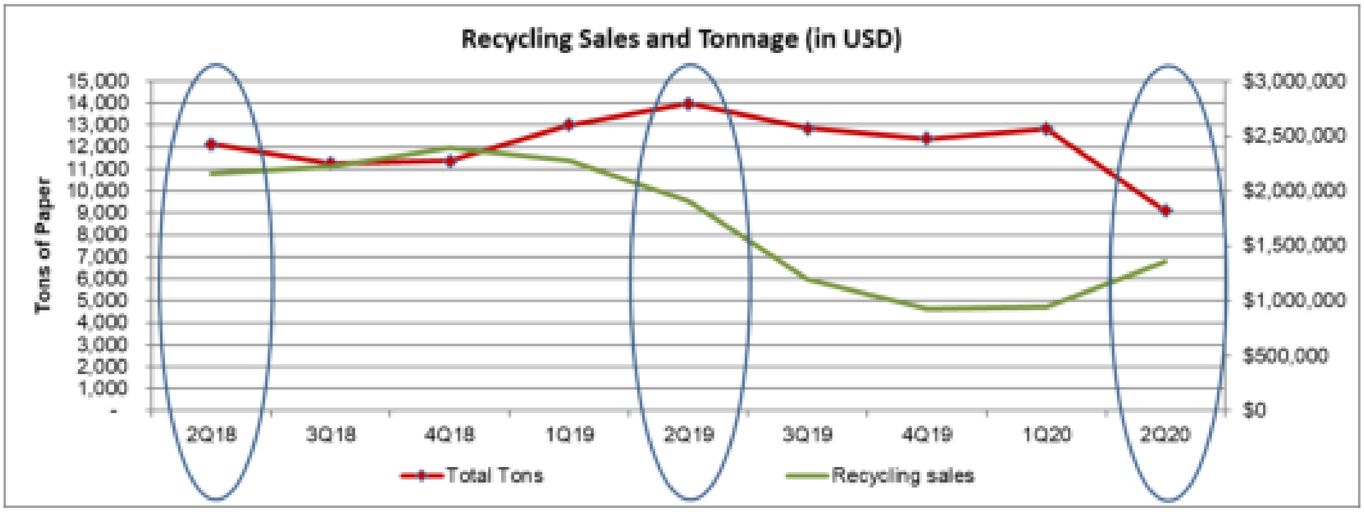
Paper Pricing Trends:

During Q2-2020, the average paper price in the Proshred system increased by 104% in comparison to Q1-2020 to $137 per ton. The average paper price in the Proshred system in Q2-2020 was 5% higher than in Q2-2019.

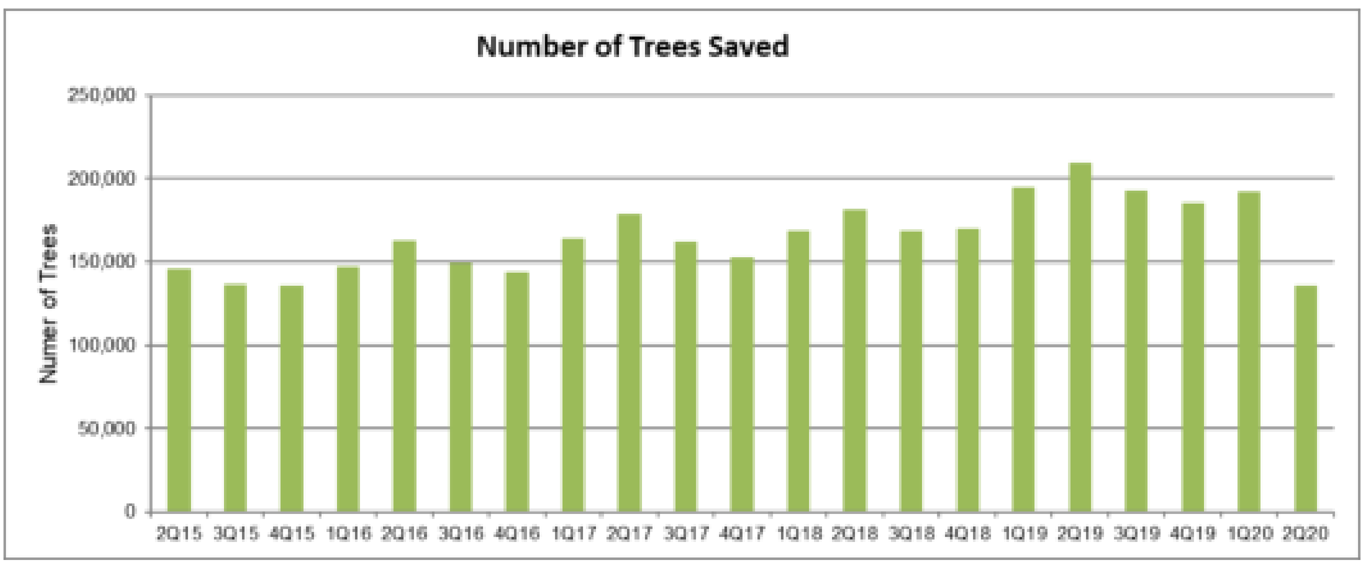


Historical Volume of Paper:

During Q2-2020, the system shred and recycled 35% less paper than in Q2-2019 as the Proshred system tonnage was negatively impacted by COVID-19. The Proshred system shred and recycled 9,100 tons of paper during Q2-2020 (14,000 – during Q2-2019), which equates to 136,000 trees being saved (210,000 – during Q2-2019). (1)



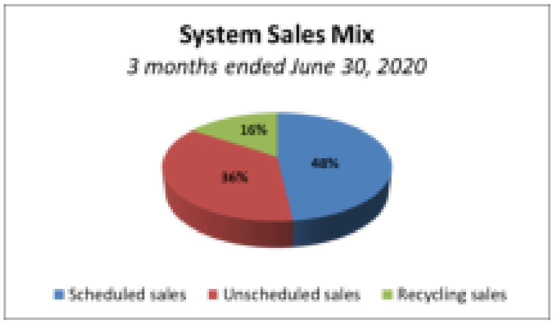
(1) The estimated amount of paper that can be produced from a tree has been conservatively estimated by management based on information taken from Conservatree.org.

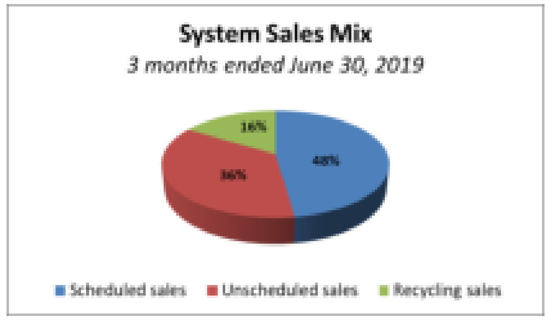


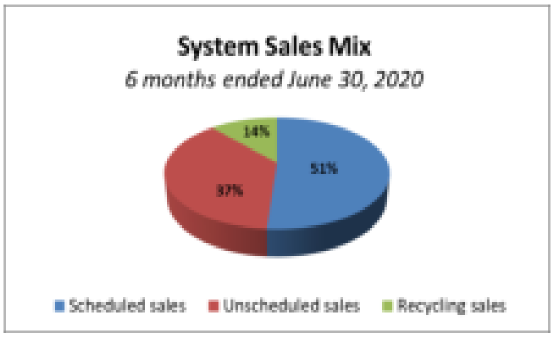
(1) The estimated amount of paper that can be produced from a tree has been conservatively estimated by management based on information taken from Conservatree.org.

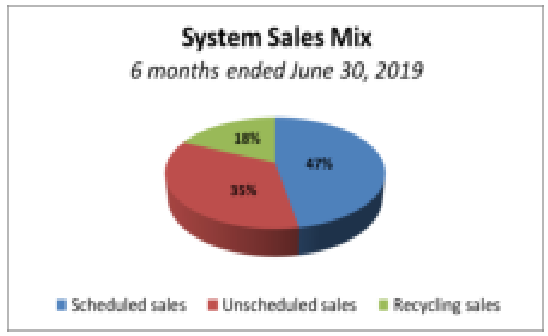
Dollar amounts in thousands of Canadian dollars (except as noted)

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 Q2-2020, royalty and services fees denominated in USD declined by 30% over Q2-2019. With the acquisitions of the Chicago and Connecticut franchises in Q4-2019 and Q1-2020, the Company now earns corporate location revenue and EBITDA and no longer earns royalty fees from these locations. Royalty and service fees denominated in USD for same franchise locations declined by 19% during Q2-2020 as compared to Q2-2019 due to the decline in system sales as most US States were under 'Shelter at Home' orders in response to the COVID-19 Pandemic.

The Company earns all franchising and licensing related revenues in USD, which are translated at the average exchange rate for the period.

Royalties, license, and service fees

	Total Franchise Locations			**Same Franchise Locations**		
For the three months ended June 30,	**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	**$ 436**	$ 605	(28)%	**$ 436**	$ 524	(17)%
In USD:						
Royalty, license and service fees	**$ 318**	$ 455	(30)%	**$ 318**	$ 394	(19)%

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

Franchising & Licensing (continued)

	Total Franchise Locations			**Same Franchise Locations**		
For the six months ended June 30,	**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	**$ 934**	$ 1,173	(20)%	**$ 934**	$ 995	(6)%
In USD:						
Royalty, license and service fees	**$ 682**	$ 882	(23)%	**$ 682**	$ 748	(9)%

Franchise fees

	For the three months ended June 30			For the six months ended June 30		
	2020	2019	% Change	**2020**	2019	% Change
	$	$		**$**	$	
In CAD:						
Franchise fees	**46**	58	(21)%	**91**	116	(22)%
In USD:						
Franchise fees	**34**	43	(21)%	**66**	87	(24)%

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 $100,000 as at June 30, 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 months of March and April 2020 and reduced the ad fund contributions for the months of May and June 2020. The Company also reduced certain advertising program costs during this time.

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

Advertising Fund (continued)

In CAD:

	For the three months ended June 30			For the six months ended June 30		
	2020	2019	% Change	**2020**	2019	% Change
	$	$		**$**	$	
Ad fund contributions	**19**	73	(74)%	**67**	144	(53)%
Ad fund expenses	**6**	(42)	114%	**(71)**	(155)	54%
Ad fund loss	**25**	31	(19)%	**(4)**	(12)	67%

As at,	**June 30, 2020**	December 31, 2019	% Change
	$	$	
Cash attributable to the Ad fund	**100**	155	(35)%

In USD:

	For the three months ended June 30			For the six months ended June 30		
	2020	2019	% Change	**2020**	2019	% Change
	$	$		**$**	$	
Ad fund contributions	**14**	55	(75)%	**49**	108	(55)%
Ad fund expenses	**4**	(32)	88%	**(52)**	(117)	56%
Ad fund loss	**18**	23	(22)%	**(3)**	9	(133)%

As at,	**June 30, 2020**	December 31, 2019	% Change
	$	$	
Cash attributable to the Ad fund	**73**	119	(39)%

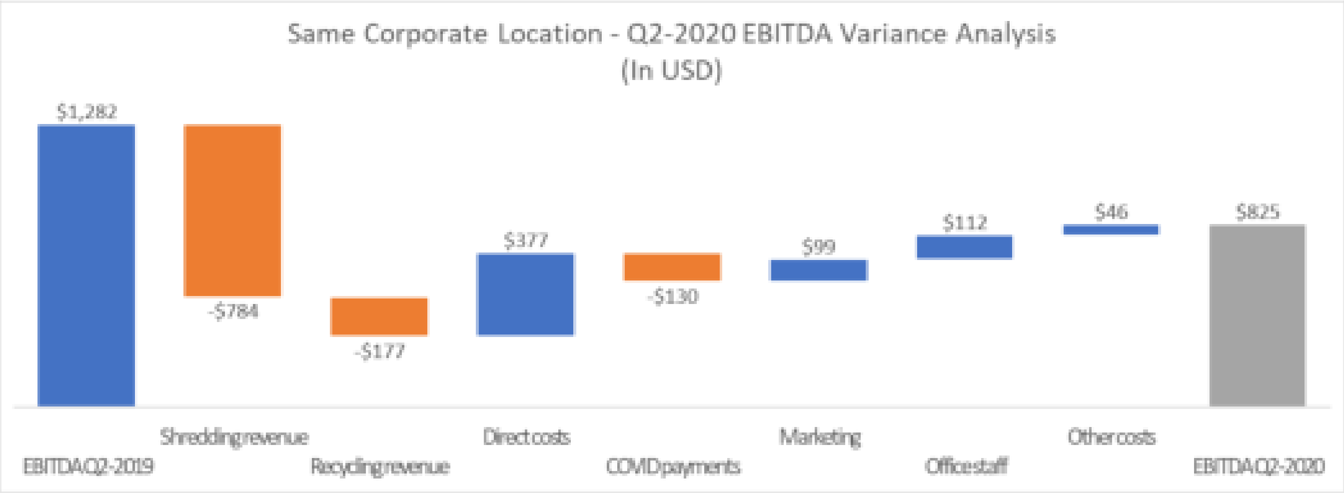
Corporate Locations

As of June 30, 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 7% in Q2-2020 over Q2-2019, despite the negative impacts of the COVID-19 Pandemic. In April 2020, the Company qualified for the PPP in the United States. The Company received US$1.1 million (CAD$1.5 million) under the program, which allows for up to all of the loan to be forgiven if the proceeds are used to cover payroll, rent and other utility costs at pre-COVID-19 levels. With these funds in hand, the Company made a one-time payment ("COVID-19 payments") to its front-line employees to compensate for the reduced hours, overtime and wages during the initial three months of the pandemic.

Total EBITDA in USD declined by 4% in Q2-2020 over Q2-2019 and included US$130,000 in COVID-19 payments for same locations and US$45,000 for non-same locations. Total EBITDA excluding the one-time payments in USD grew by 13% in Q2-2020 over Q2-2019.

Same corporate location revenue and EBITDA was negatively impacted by the 'Shelter at Home' orders placed in most US States in response to COVID-19. However, the Company reduced its costs and curtailed all discretionary expenditures. As a result, same corporate location EBITDA margin for Q2-2020 was 31%.



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 June 30,	**2020**	2019	% Change	**2020**	2019	% Change	**2020**	2019
	$	$		**$**	$		**$**	$
Revenue:								
Shredding service	**3,291**	3,126	5%	**2,342**	3,126	(25)%	**949**	-
Recycling	**581**	509	14%	**332**	509	(35)%	**249**	-
Total revenue	**3,872**	3,635	7%	**2,674**	3,635	(26)%	**1,198**	-
Operating costs (note 1)	**2,648**	2,353	(13)%	**1,849**	2,353	21%	**799**	-
EBITDA	**1,224**	1,282	(4)%	**825**	1,282	(36)%	**399**	-
% of revenue	***32%***	*35%*	*(3)%*	***31%***	*35%*	*(4)%*	***33%***	-
Depreciation – tangible assets	**684**	461	(48)%	**465**	461	(1)%	**219**	-
Operating income	**540**	821	(34)%	**360**	821	(56)%	**180**	-
% of revenue	***14%***	*23%*	*(9)%*	***13%***	*23%*	*(10)%*	***15%***	-
Operating income less recycling	**(41)**	312	(113)%	**28**	312	(91)%	**(69)**	-
% of revenue	***(1)%***	*9%*	*(10)%*	***1%***	*9%*	*(8)%*	***(6)%***	
EBITDA excluding COVID-19 payments	**1,399**	1,282	9%	**955**	1,282	(26)%	**444**	-
% of revenue	***36%***	*35%*	*1%*	***36%***	*35%*	*1%*	***37%***	

Note 1: During Q2-2020, acquisition/vendor-related consulting fees of USD26,108 are included in the total and non-same operating costs.

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

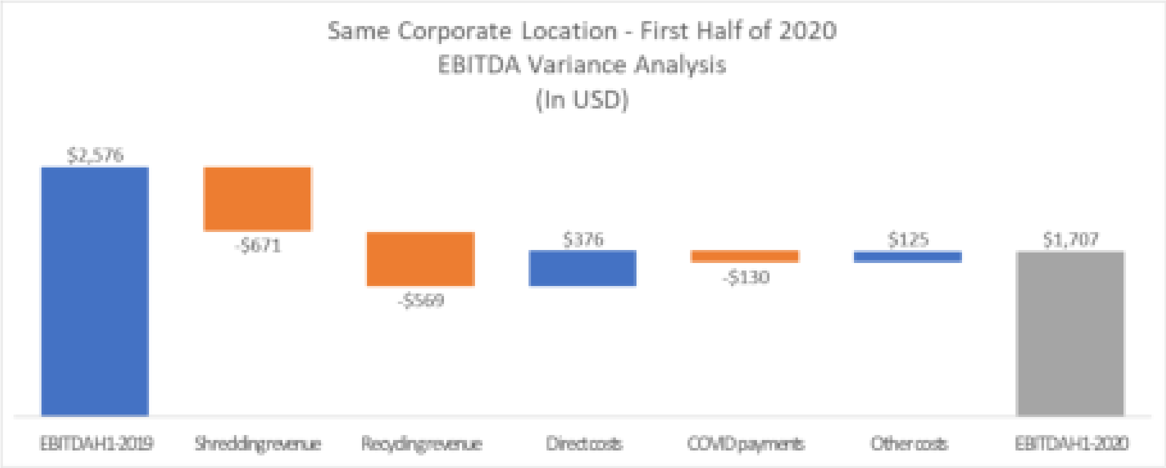
Corporate Locations (continued)

In CAD	**Total Corporate Locations**			**Same Corporate Locations**			**Non-same Corporate Locations**	
For the three months ended June 30,	**2020**	2019	% Change	**2020**	2019	% Change	**2020**	2019
	$	$		**$**	$		**$**	$
Revenue:								
Shredding sales	**4,716**	4,157	13%	**3,352**	4,157	(19)%	**1,364**	-
Recycling sales	**816**	677	21%	**468**	677	(31%)	**348**	-
Total sales	**5,532**	4,834	14%	**3,820**	4,834	(21)%	**1,712**	-
Operating costs (note 1)	**3,788**	3,130	21%	**2,645**	3,130	(17)%	**1,143**	-
EBITDA	**1,744**	1,704	2%	**1,175**	1,704	(28)%	**569**	-
% of revenue	***32%***	*35%*	*(3)%*	***31%***	*35%*	*(3)%*	***33%***	-
Depreciation – tangible assets	**968**	613	58%	**658**	613	(7)%	**310**	-
Operating income	**776**	1,091	(29)%	**517**	1,091	(49)%	**259**	-
% of revenue	***14%***	*23%*	*(9)%*	***14%***	*23%*	*(8)%*	***15%***	-
Operating income less recycling	**(39)**	414	(110)%	**50**	414	(78)%	**(89)**	-
% of revenue	***(1)%***	*9%*	*(10)%*	***1%***	*9%*	*(8)%*	***(5)%***	
EBITDA excluding COVID-19 payments	**1,985**	1,704	16%	**1,354**	1,704	(21)%	**631**	-
% of revenue	***36%***	*35%*	*1%*	***35%***	*35%*	*0%*	***37%***	

Note 1: During Q2-2020, acquisition/vendor-related consulting fees of CAD$35,768 are included in the total and non-same operating costs.

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

First Half of 2020 Corporate Location Results



In USD	**Total Corporate Locations**			**Same Corporate Locations**			**Non-same Corporate Locations**	
For the six months ended June 30,	**2020**	2019	% Change	**2020**	2019	% Change	**2020**	2019
	$	$		**$**	$		**$**	$
Revenue:								
Shredding sales	**7,436**	5,865	27%	**5,194**	5,865	(11)%	**2,242**	-
Recycling sales	**984**	1,158	(15)%	**589**	1,158	(49%)	**395**	-
Total sales	**8,420**	7,023	20%	**5,783**	7,023	(18)%	**2,637**	-
Operating costs (note 1)	**5,845**	4,447	(31)%	**4,076**	4,447	8%	**1,769**	-
EBITDA	**2,575**	2,576	0%	**1,707**	2,576	(34)%	**868**	-
% of revenue	***31%***	*37%*	*(6)%*	***30%***	*37%*	*(7)%*	***33%***	-
Depreciation – tangible assets	**1,305**	873	(50)%	**882**	873	(1)%	**423**	-
Operating income	**1,270**	1,703	(25)%	**825**	1,703	(52)%	**445**	-
% of revenue	***15%***	*24%*	*(9)%*	***14%***	*24%*	*(10)%*	***17%***	-
Operating income less recycling	**286**	545	(48)%	**236**	545	(57)%	**49**	-
% of revenue	***3%***	*9%*	(6)%	***5%***	*9%*	(4)%	***2%***	
EBITDA excluding COVID-19 payments	**2,750**	2,576	7%	**1,837**	2,576	(29)%	**913**	-
% of revenue	***33%***	*37%*	(4)%	***32%***	*37%*	(5)%	***35%***	

Note 1: During the six months ended June 30, 2020, acquisition/vendor-related consulting fees of USD64,558 are included in the total and non-same operating costs.

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

First Half of 2020 Corporate Location Results (continued)

In CAD	**Total Corporate Locations**			**Same Corporate Locations**			**Non-same Corporate Locations**	
For the six months ended June 30,	**2020**	2019	% Change	**2020**	2019	% Change	**2020**	2019
	$	$		**$**	$		**$**	$
Revenue:								
Shredding sales	**10,188**	7,801	31%	**7,116**	7,801	(9)%	**3,072**	-
Recycling sales	**1,348**	1,540	(12)%	**807**	1,540	(48%)	**541**	-
Total sales	**11,536**	9,341	24%	**7,923**	9,341	(15)%	**3,613**	-
Operating costs (note 1)	**8,007**	5,914	(35)%	**5,584**	5,914	6%	**2,423**	-
EBITDA	**3,529**	3,427	3%	**2,339**	3,427	(30)%	**1,190**	-
% of revenue	***31%***	*37%*	*(6)%*	***30%***	*37%*	*(7)%*	***33%***	-
Depreciation – tangible assets	**1,788**	1,161	(54)%	**1,208**	1,161	4%	**580**	-
Operating income	**1,740**	2,266	(23)%	**1,131**	2,266	(48)%	**610**	-
% of revenue	***15%***	*24%*	*(9)%*	***14%***	*24%*	*(9)%*	***17%***	-
Operating income less recycling	**393**	726	(46)%	**324**	726	(49)%	**69**	-
% of revenue	***3%***	*8%*	(5)%	***4%***	*8%*	(4)%	***2%***	
EBITDA excluding COVID-19 payments	**3,768**	3,427	10%	**2,517**	3,427	(27)%	**1,251**	-
% of revenue	***33%***	*37%*	(4)%	***32%***	*37%*	(5)%	***35%***	

Note 1: During the six months ended June 30, 2020, acquisition/vendor-related consulting fees of CAD$88,445 are included in the total and non-same 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.

SG&A expenses for the three months ended June 30, 2020 declined by 2% as compared to the same period of 2019 as the Company reduced expenditures to mitigate against the negative impacts of COVID-19 on the business.

In April 2020, management and staff in Canada reduced their salaries in response to COVID-19. Once the Company received funding from the CEWS, the forfeited salaries were accrued, and the Company commenced the repayment of the deferred amounts to non-management employees in Q3-2020. Deferred salaries for management will be re-paid when the Company attains 90% of pre-COVID sales levels. The accrued salaries included in Q2-2020 was $50,000.

The funding from the Canadian government of CAD$192,000 has been recorded in Other income in the Statement of Comprehensive Income.

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

	For the three months ended June 30			For the six months ended June 30		
	2020	2019	% Change	**2020**	2019	% Change
	$	$		**$**	$	
In CAD:						
Salaries and benefits	**353**	381	8%	**816**	751	(9)%
Stock based compensation	**41**	60	32%	**104**	100	(4)%
Acquisition costs	**5**	1	(400)%	**90**	33	(173)%
Professional fees	**80**	68	(17)%	**142**	120	(18)%
Technology	**113**	79	(43)%	**206**	160	(29)%
Other expenses	**97**	117	17%	**266**	231	(15)%
Total selling, general and administrative expenses[1]	**689**	706	2%	**1,624**	1,395	(16)%
Total expenses as a percentage of total revenue	**11%**	13%	2%	**13%**	13%	0%

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 June 30,			For the six months ended June 30,		
	2020	2019	% Change	**2020**	2019	% Change
	$	$		**$**	$	
In CAD:						
Amortization – intangible assets	**968**	309	213%	**1,124**	553	103%
In USD:						
Amortization – intangible assets	**707**	232	205%	**821**	415	98%

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,	**June 30, 2020**	December 31, 2019	% Change
	$	$	
Close rate	1.36	1.30	5%
For the six months ended,	**June 30, 2020**	June 30, 2019	% Change
	$	**$**	
Average rate	1.37	1.33	3%

Foreign exchange (loss) gain was as follows:

	For the three months ended June 30,			For the six months ended June 30,		
	2020	2019	% Change	**2020**	2019	% Change
	$	$		**$**	$	
Foreign exchange (loss) gain	**(1,657)**	(508)	(226)%	**1,973**	(740)	367%

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 and six months ended June 30, 2020 relates to the following:

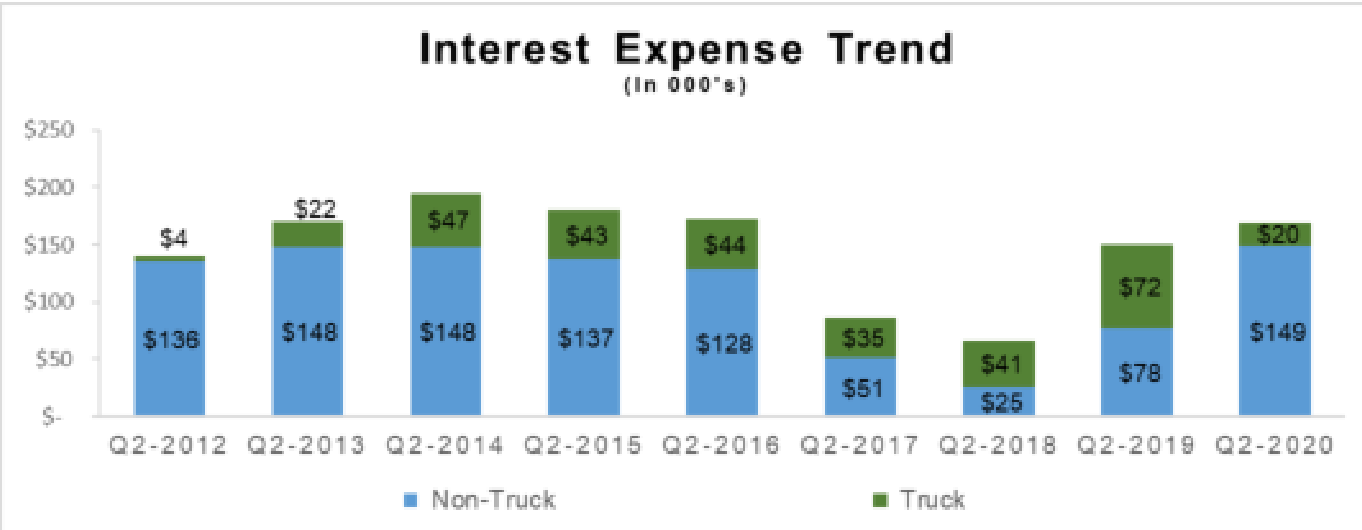
- the Company's term loans, which currently bear interest at 3.50% and 2.99% per annum,
- truck loan agreements, which bear interest at 4.54% to 6.75% per annum and
- interest on the Company's lease liabilities.

Interest expense increased during the three and six months ended June 30, 2020, as compared to the same periods of 2019. The increase was due to the following:

(1) the purchase of new trucks during 2019 and Q1-2020 which were all financed;
(2) notes payable related to the acquisitions conducted; and
(3) the $15.3 million advance made on the Company's term loans during 2019 and Q1-2020.

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

In response to the impacts of COVID-19, the Company obtained a three-month deferral on 87% of its truck loan payments including interest. The three months of interest were deferred to either Q3-2020 or over the remainder of the truck loan period.



	For the three months ended June 30,			For the six months ended June 30,		
	2020	2019	% Change	**2020**	2019	% Change
	$	$		**$**	$	
Interest income	**7**	5	40%	**41**	13	215%
Interest expense	**(168)**	(150)	(12)%	**(364)**	(132)	(176)%

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.

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

Reconciliation of EBITDA to Net Income

	For the three months ended June 30,			For the six months ended June 30,		
	2020	2019	% Change	**2020**	2019	% Change
	$	$		**$**	$	
EBITDA	**1,565**	1,691	(7)%	**2,924**	3,311	(12)%
Less: depreciation – tangible assets	**(993)**	(657)	(51)%	**(1,837)**	(1,244)	(48)%
Operating income	**572**	1,034	(45)%	**1,087**	2,067	(47)%
Less: interest expense	**(169)**	(150)	(13)%	**(364)**	(272)	(34)%
Add: interest income	**7**	5	40%	**41**	13	215%
Operating income less net interest expense	**410**	889	(54)%	**764**	1,808	(58)%
Less: amortization - intangible assets	**(631)**	(313)	(102)%	**(1,144)**	(562)	(104)%
Less/add: (loss) gain on sale of assets	**-**	(38)	100%	**-**	93	100%
Add: transaction recovery	**7**	-	100%	**194**	-	100%
Add: other income	**1,262**	-	100%	**1,262**	-	100%
Income before foreign exchange and income tax	**1,048**	538	(95)%	**1,076**	1,339	(20)%
Add: foreign exchange (loss) gain	**(1,656)**	(509)	226%	**1,973**	(740)	(366)%
Less/add: income tax (expense) recovery	**-**	(110)	100%	**6**	(134)	104%
Net (loss) income	**(608)**	(81)	(651)%	**3,055**	465	557%

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	
	Q2	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Total system sales (USD)	8,726	10,989	10,477	10,954	11,664	11,226	10,576	10,067
Consolidated Performance								
Revenue	6,034	6,594	6,282	5,353	5,570	5,203	4,470	3,692
EBITDA	1,565	1,359	605	1,129	1,691	1,620	825	846
Operating Income (Loss)	572	515	(97)	441	1,034	1,032	466	549
Corporate Location Performance								
Revenue	5,532	6,003	5,734	4,662	4,833	4,507	3,608	2,978
EBITDA	1,744	1,783	1,376	1,432	1,704	1,723	1,170	1,038
Operating Income	776	963	620	801	1,091	1,176	821	753
Operating income (loss) per weighted average share fully diluted	0.007	0.006	(0.001)	0.006	0.015	0.015	0.010	0.008
Income (loss) income before taxes from continuing operations	(608)	3,657	(1,500)	163	30	569	915	280
Income (loss) attributable to owners of the parent	(608)	3,663	(1,396)	153	(81)	545	1,206	331
Basic and diluted net income (loss) per share	(.008)	.05	(.01)	.00	(.00)	.01	.02	.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 June 30 and December 31,	**2020**	2019	*% Change*
Working capital	**$3,407**	$4,432	*(23)%*
Total assets	**$60,031**	$53,769	*12%*
Total liabilities	**$26,952**	$23,869	*(13)%*
Debt to total assets ratio	**0.45**	0.44	*(2)%*
Normalized Fixed Charge Coverage ratio – rolling 12 months	**1.64**	2.39	*(31)%*
Normalized Total Funded Debt to EBITDA ratio – rolling 12 months	**3.67**	2.94	*(24)%*

As at June 30, 2020, the Company's total assets 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 June 30, 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.

In response to COVID-19, the Company's financial institution waived the financial covenants required for the first and second quarters of 2020. As at June 30, 2020, the Company was not in compliance with two of its three banking covenants. The senior funded debt to EBITDA ratio was 3.26, above the maximum of 3.00 and the total funded debt to EBITDA ratio was 3.67, above the maximum of 3.50. Attainment of the covenants were impacted by the COVID-19 pandemic's impact to EBITDA and the permitted deferral of the Company's debt repayments. As at June 30, 2020, the Company had the cash reserves on hand to pay down its debt obligations in order to maintain the financial ratios as specified in the covenants; the Company elected not to utilize the cash as the financial covenants were waived by the financial institution.

Bank facilities

As of June 30, 2020, the Company has the following secured senior credit facilities:

(1) An operating line of credit of CAD$1 million;
(2) A non-revolving term loan in the amount of CAD$3 million; 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).

As of June 30, 2020, the Company has borrowed the following amounts on the non-revolving term loans:

Date of Advance	Initial amount	Interest per annum	Amortization period	June 30, 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

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

The Company has not drawn on its operating line of credit as of June 30, 2020.

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

As of June 30, 2020, the Company has CAD$2.0 million available on its senior credit facilities.

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.

The Company received US$1.1 million (CAD$1.5 million) under the PPP of which up to all of the loan may be forgiven if the proceeds are used to cover payroll, rent and other utility costs at pre-COVID19 levels. As of June 30, 2020, the Company has recorded an estimate of $474,516 as a loan repayable over a two-year term at an interest rate of 1.00% per annum with payments deferred for the first six months.

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 June 30, 2020, the Company has utilized the entire 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 June 30, 2020 (December 31, 2019 – USD$401,211).

The Company has financed the purchase of its shredding vehicles and as of June 30, 2020, the Company has an outstanding truck loan balance of $4.0 million.

In response to the impacts of COVID-19, the Company obtained a three-month deferral on 87% of its truck loan payments. The three-month deferral amounts were added to the end of the truck loan terms.

Related party line of credit

The Company has a related party line of credit facility for a maximum amount of $2.0 million. The line of credit facility matures on July 16, 2022 and bears interest at a fixed rate of 10% per annum. The line of credit is secured by a second in priority general security agreement over the Company's assets. As at June 30, 2020, the facility has not been drawn upon ($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 June 30, 2020
				$
Office and warehouse building	11	September 2020 to August 2025	6%	2,338,201
Shredding vehicles	7	August 2021 to October 2022	5.95% to 6.50%	711,835

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 $20,329 due from this franchise at June 30, 2020 (December 31, 2019 - $nil). During the six months ended June 30, 2020, the Company earned royalties, franchise and service fees of $82,961 (June 30, 2019 - $92,067) 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 June 30, 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 June 30, 2020	78,500,605	35,010,105	1,823,400	600,008	80,524,005	35,610,113
Balance December 31, 2019	78,500,605	34,943,264	1,823,400	600,008	80,324,005	35,543,272

The following table summarizes the movements in the Company's stock options during the six months ended June 30, 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	252,000	0.68	347,150	0.76
Exercised	(300,000)	0.15	(72,500)	0.37
Expired	(5,000)	0.10	(10,000)	0.13
Outstanding – closing	1,997,150	0.60	2,050,150	0.52

For the six months ended June 30, 2020, the net stock compensation charge, after adjusting for stock option forfeitures, amounted to $103,380 (for the six months ended June 30, 2019 – $99,902).

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 six months ended June 30, 2020 (3,750 – six months ended June 30, 2019). There are 1,823,400 warrants outstanding as of June 30, 2020.

Dated: August 25, 2020