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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 of March 31, 2021, the Company operated 12 corporate locations directly, two of which operate our Proscan branded imaging and scanning operations and one of which operates an electronic waste services business in under the Secure e-Cycle brand. As of May 26, 2021, the Company operates 13 corporate locations. During the first quarter of 2021, the Proshred system achieved USD$11 million in System Sales (USD$5.6 million from franchised/licensed locations and USD$5.4 million from the corporately owned locations).

The Company's strategy to drive shareholder value focuses on three key areas:

1. Expand the location footprint in North America by way of franchising and accretive acquisitions.

2. Maximize same location revenue (in particular recurring scheduled services) and earnings for franchisees and corporate locations.

3. Drive depth of service and earnings in existing locations by acquiring smaller acquisitions that are accretive (tuck-ins).

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 consolidated interim financial statements for the three months ended March 31, 2021 and 2020, 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 they operate. Additional information on the Company, including these documents and the Company's 2020 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, 2021.

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,
   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 statements 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, electronic waste sales or scanning 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 2021 and 2020.

- **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.

- **Corporate Location Operating Income less Recycling** is the corporate location operating income excluding corporate location recycling sales.

- **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.

- **Constant currency** is a measure of growth before foreign currency translation impacts. It is defined as the current period results in CAD currency using the foreign exchange rate in the equivalent prior year period. This allows for period over period comparisons of business performance excluding the impact of currency fluctuations.

Key Performance Indicators ("KPIs")

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

1. System sales performance – measures sales growth of franchisees, licensees and corporate locations, which drive the Company's royalties and corporate location revenues.

2. EBITDA growth and margin – 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 and margin – measures the corporate locations ability to grow cash flow as it includes depreciation on tangible assets.

5. Corporate location operating income less recycling revenue growth – this measures the corporate location's 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 – measures management's ability to drive operating income and cash flow from existing locations and also helps measure the quality of the acquisitions conducted to ensure they are accretive to driving shareholder value.

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,	KPI	2021	2020	*Change[1]*
System Sales Performance – in USD				
Total locations in the United States		**30**	30	*0%*
Total system sales	(1)	**$10,682**	$10,989	*(3)%*
% of scheduled sales		***52%***	*54%*	
Consolidated Operating Growth				
Revenue		**$7,313**	$6,594	*11%*
EBITDA	(2)	**$2,054**	$1,359	*51%*
EBITDA margin		***28%***	*21%*	*700 bps*
Operating income	(3)	**$1,021**	$515	*98%*
Operating income margin		***14%***	*8%*	*600 bps*
Operating income per weighted average share fully diluted	(8)	**$0.013**	$0.006	*117%*
Government assistance not included in the above[2]		**$1,320**	-	*100%*
Corporate Location Performance				
Revenue		**$6,805**	$6,003	*13%*
EBITDA		**$2,403**	$1,782	*35%*
EBITDA margin		***35%***	*30%*	*500 bps*
Operating income	(4)	**$1,395**	$962	*45%*
Operating income margin		***20%***	*16%*	*400 bps*
Operating income less recycling	(5)	**$773**	$430	*79%*

Capital Management

As of March 31, and December 31,	KPI	2021	2020	*Change[1]*
Working capital		**$(799)**	$(2,548)	*69%*
Debt to total assets ratio		**0.46**	0.48	*4%*
Normalized Fixed Charge Coverage ratio – rolling 12 months	(6)	**1.41**	1.19	*18%*
Normalized Total Funded Debt to EBITDA ratio – rolling 12 months	(7)	**2.57**	2.95	*13%*

(1) Change expressed as a percentage or basis point ("bps").
(2) The Company qualified for the second round of the Paycheck Protection Program loan ("PPP") in the United States which has been made available to eligible US businesses that have been affected by the COVD-19 pandemic. The Company expects the full amount to be forgiven. The Company also qualified for the Canadian Emergency Wage Subsidy ("CEWS") in Canada.

Summary of Results and Operations

Revenue Growth in Q1-2021

The Company achieved 11% total revenue growth and 16% constant currency total revenue growth during Q1-2021 versus Q1-2020 primarily because of the acquisitions conducted during the last 12 months.

Q1-2021 System Sales Recovering from COVID-19 Impacts

Shredding system sales achieved 95% of pre-COVID sales, declining by 5% in Q1-2021 versus Q1-2020 due to the impacts of the COVID-19 pandemic. Refer to page 9 for further details on the impact of COVID-19 on the Company.

Scheduled system sales achieved 94% of pre-COVID sales, declining by 6% in Q1-2021 versus Q1-2020 as the COVID-19 pandemic compelled many larger non-essential clients to provide work from home options to their employees, resulting in reduced service frequencies or a temporary suspension of services.

Unscheduled system sales achieved 96% of pre-COVID sales, declining by 4% in Q1-2021 over Q1-2020.

Recycling system sales grew by 12% in Q1-2021 versus Q1-2020 as the average paper price in the Proshred system for Q1-2021 increased by 18% versus Q1-2020 partially offset by a decrease in tonnage of 7%.

Same Corporate Location EBITDA Growth

The Company achieved 7% growth in same corporate location EBITDA and a 500-bps improvement in its EBITDA margin during the quarter. Constant currency EBITDA growth was 11% during the quarter. This improvement was driven by cost reductions by sharing resources among locations and moving to a regional management model as well as continued improved routing efficiencies. Despite sales declining by 9% during Q1-2021 versus Q1-2020 impacted by COVID-19, the Company achieved 35% EBITDA margin.

Corporate Footprint Growth from Acquisitions

The acquisitions conducted in 2020 have been accretive to the Company's cash flows in Q1-2021. Subsequent to March 31, 2021, the Company completed the acquisition of the Proshred Richmond, Virginia business from its franchisee on May 1, 2021. The acquired location earned a total of USD$1.0 million in revenue for the year 2019 and currently operates a total of 4 trucks. The Richmond, Virginia location is in close proximity to the Company's Northern Virginia corporate location allowing for fleet and management synergies moving forward.

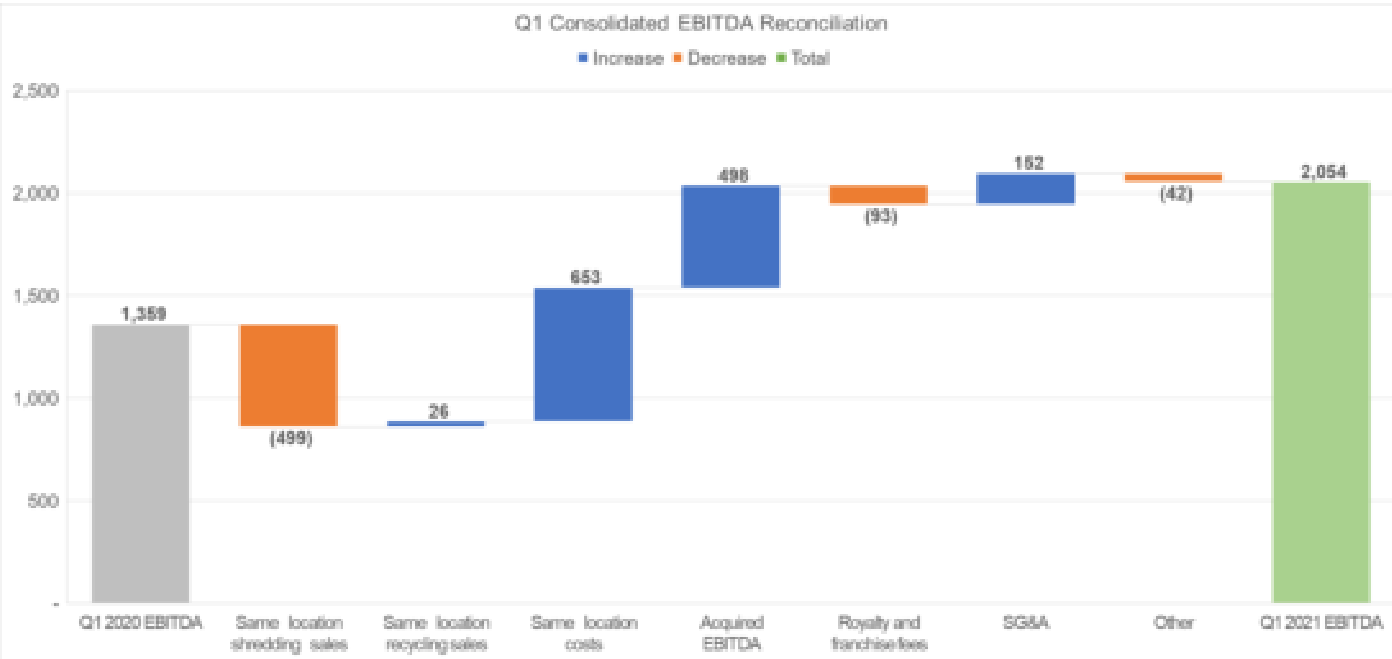
Consolidated EBITDA Growth

The Company achieved 51% growth in consolidated EBITDA in Q1-2021 when compared to Q1-2020 driven by:

(1) Acquired EBITDA from the acquisitions of the Connecticut business on March 1, 2020 and the Massachusetts business on December 31, 2020; and

(2) The routing enhancements and cost containment initiatives taken to mitigate the negative impacts of COVID-19 on the sales of the Company.

In addition to the double-digit growth in consolidated EBITDA, the Company qualified for and received $1.3 million from the government assistance programs in the US and Canada during Q1-2021 which has been recorded as Other Income.

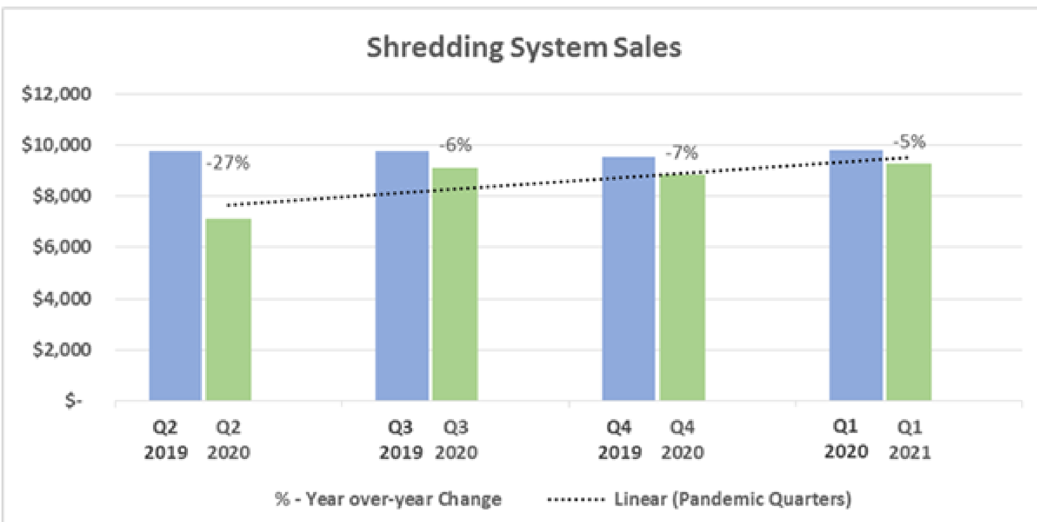


COVID-19 Impact

On March 11, 2020, the COVID-19 virus was declared a global pandemic by the World Health Organization. The 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, and it is not possible to forecast with certainty the duration and full scope of the economic impact and other consequential changes the pandemic may have on the business. The Company is optimistic given the recovery of the revenue base, the Company's execution of its route efficiency programs and some cost reduction activities and the rapid roll-out of the vaccine in the United States. The Company continued to maintain operations in all markets since the onset of the pandemic to date. The Company's COVID-19 pandemic response include efforts to protect the health and well-being of its workforce and customers.

Shredding System Sales

The Proshred system shredding sales have continued to recover since the on-set of the pandemic in March of 2020. The Company captured 95% of pre-COVID sales levels in Q1-2021. The shredding system sales in USD from Q2-2019 to Q1-2021 are as follows:



Recycling Revenue

During Q1-2021, the average paper price in the Proshred system began to recover, with growth of 20% versus Q4-2020.

The average paper prices in the Proshred system in USD for the last five quarters are as follows:

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

Strategic Targets

Growth of Same Location Shredding System Sales:	
2021 Target	Same location shredding system sales growth of 5% to USD$38M, subject to COVID-19 related restrictions being lifted by Q2-2021. See note 1 below.
Q1-2021 Performance	Same location shredding system sales declined by 5% in Q1-2021 as compared to Q1-2020 due to the negative impacts of COVID-19. Same location shredding system sales grew 20% in March 2021 versus March 2020, this was the first positive growth month since the commencement of the pandemic.
Growth in Same Location EBITDA and Operating Income(2):	
2021 Target	Growth of 10% in same location EBITDA to $7.9M and growth of 22% in same location operating income to $4.4M, subject to COVID-19 related restrictions being lifted by Q2-2021. See note 2 below.
Q1-2021 Performance	Despite the impact of COVID-19 during Q1-2021, same location EBITDA grew 7% in Q1-2021 versus Q1-2020 and same location operating income grew 20% in Q1-2021 versus Q1-2020. With the roll-out of vaccines, the Company anticipates being on target for the year.
EBITDA and Operating Income from acquired operations(2):	
2021 Target	Attain EBITDA margin of at least 30% and operating income margin of at least 20% prior to transition and acquisition costs.
Q1-2021 Performance	In Q1-2021, EBITDA and operating income margin from acquired operations was 39% and 20% respectively.
Franchise Development:	
2021 Target	Open one new market in the United States by way of franchising.
Q1-2021 Performance	The Company did not award any new franchises in Q1-2021. Redishred is pursuing franchise opportunities in available markets.
Expand by way of Accretive Acquisitions:	
2021 Target	Add USD$3M to USD$4M in revenue by way of accretive acquisitions.
Q1-2021 Performance	The Company did not complete an acquisition during Q1-2021. On May 1, 2021, the Company closed on the acquisition of the Proshred Richmond, Virginia business. The Richmond, Virginia location generated USD$1M in revenue in 2019.
Improve Operating Leverage(3):	
2021 Target	General and administrative ("G&A") costs at 13% of total revenue.
Q1-2021 Performance	G&A was 11% of total revenue for the three months ended March 31, 2021.

(1) 2021 corporate location targets are subject to the US economy re-opening including non-essential businesses returning to offices as well as the improvement in the number of COVID-19 cases and the distribution of the COVID-19 vaccines.
(2) During the quarter, the Company qualified for and received $1.3M in government assistance related to the corporate locations. The government assistance was included in Other Income however used to off-set costs included in EBITDA and operating income.
(3) G&A costs as a percentage of revenue target does not include Growth Fund revenue and costs.

Outlook

Demand for Shredding Services Remains Strong

The Company is seeing an increase in marketing leads for shredding services, both for scheduled and purge services and the Company's salesforce is closing an increased number of these marketing leads. This is expected to contribute to top-line growth. In addition, with the aggressive roll-out of the COVID-19 vaccines in the United States, it is anticipated that many larger non-essential clients will return to their offices during the second half of 2021, resuming or increasing their need for shredding services.

Recycling Revenue

The following outlines the Q2-2021 average paper price estimated based on April to May 2021 paper pricing:

	Q1-2021	Q2-2021	% Change
Average price	$79	$86	8%

Future Growth Opportunities through Accretive Acquisitions

Development by way of acquisitions remains an important component of Redishred's long-term growth strategy. The Company is in discussions with acquisition targets and is actively looking for acquisition opportunities in the United States.

Liquidity

The Company will continue to be proactive with its lending partners and will continue to manage its financial covenants.

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

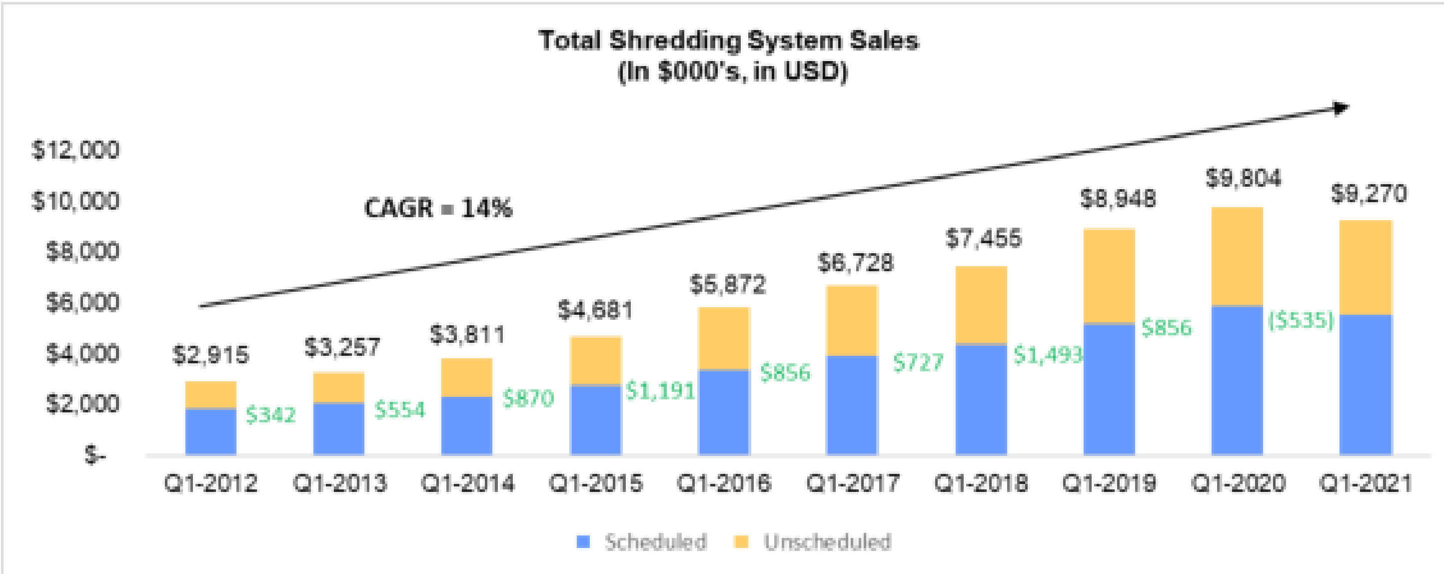
The Company's North American franchise locations are as follows:

Number	Franchised Location	Markets Serviced	Operating Since
1.	Tampa Bay, FL	Tampa Bay, Clearwater, St. Petersburg, Sarasota, Lakeland and Orlando	March 2004
2.	Denver, CO	Greater Denver area	August 2004
3.	Philadelphia, PA	Philadelphia and northern suburbs	September 2006
4.	Raleigh, NC	Raleigh, Winston Salem, Greensborough and Eastern North Carolina	June 2007
5.	Baltimore, MD	Baltimore and Washington, DC	November 2007
6.	Orange County, CA	Orange County	September 2009
7.	San Diego, CA	San Diego	October 2010
8.	Indianapolis, IN	Greater Indianapolis area	June 2011
9.	Atlanta, GA	Greater Atlanta area	January 2012
10.	Phoenix, AZ	Phoenix, Scottsdale and Tempe	January 2012
11.	Dallas, TX	Dallas and Fort Worth	March 2012
12.	Houston, TX	Greater Houston area	November 2012
13.	Richmond, VA	Richmond, Norfolk and Virginia Beach	March 2013 – The Company purchased the business on May 1, 2021
14.	San Francisco, CA	San Francisco, Silicon Valley, San Jose, East Bay, Oakland	October 2013
15.	Seattle, WA	Seattle and Tacoma	October 2013
16.	Southern New Jersey, NJ	Southern New Jersey and Delaware	May 2014
17.	Minneapolis, MN	Minneapolis and St. Paul	February, 2016
18.	St. Louis, MO	Greater St. Louis area	August 2016

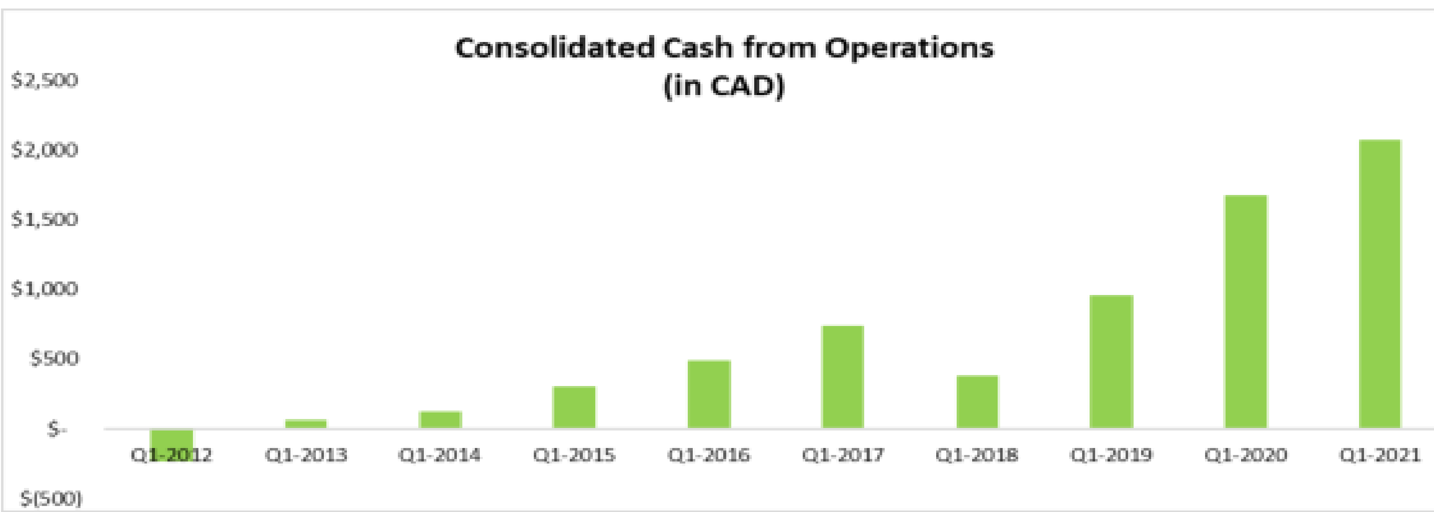
Dollar amounts in thousands of Canadian dollars (except as noted)

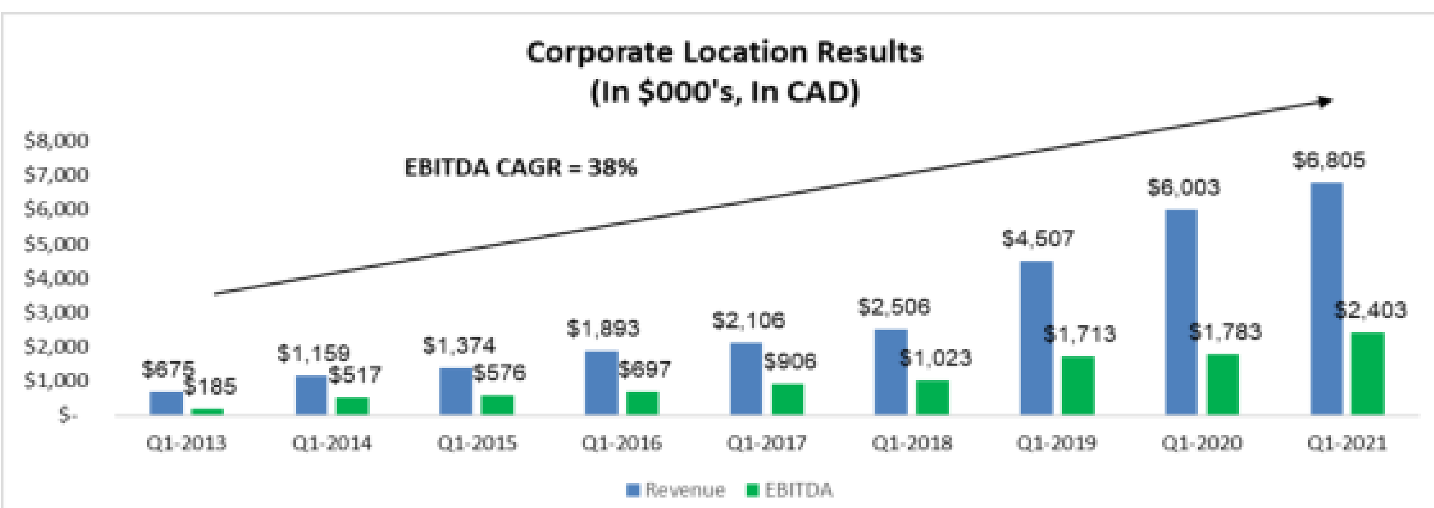
The Company's North American corporate locations are as follows:

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
12.	Springfield, MA	Western Massachusetts including western Boston suburbs	June 2003 Corporately since December 31, 2020



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





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.

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

Total System Sales

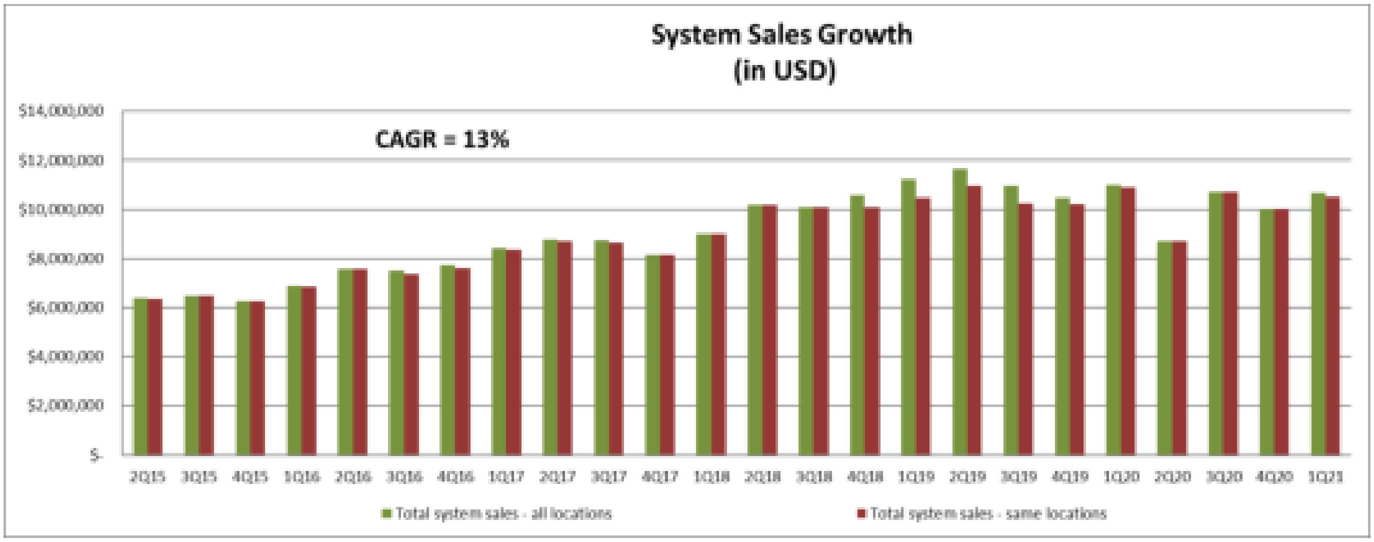
Franchisees and corporate locations generate revenue by (1) providing shredding services and disposal of electronic waste services to their customers, (2) selling recycled paper and other recyclable by-products (ie. metals and plastics) (3) the resale of certain electronics collected from customers and (4) providing scanning and indexing services to their customers. The shredding and recycling sales are the key driver of royalty and service fee revenue. Total system sales are broken into five categories, scheduled sales, unscheduled sales, recycling sales, electronic waste sales and scanning sales. Total system sales declined in 2020 as compared to 2019 due to the COVID-19 pandemic.

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

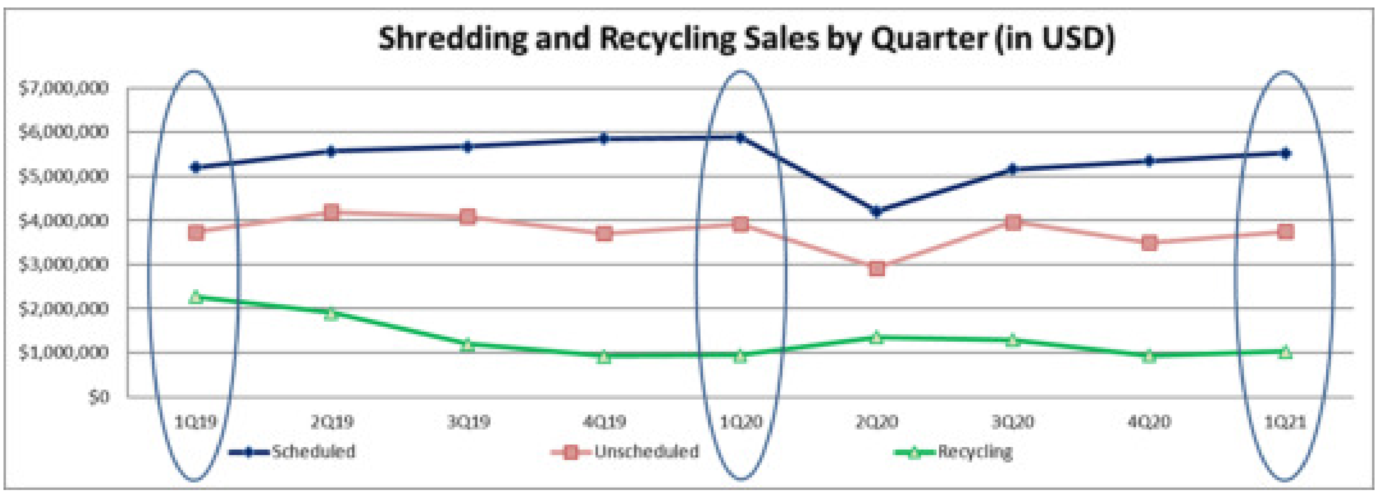
For the three months ended March 31,	**2021**	2020	% Change
Total North American operating locations at period end	**30**	30	0%
Total system sales (USD)	**$ 10,682**	$ 10,989	(3)%
Total same location system sales (USD)	**$ 10,514**	$ 10,910	(4)%

System Sales Trend:

The following chart illustrates system sales growth in USD by quarter since the second quarter of 2015.

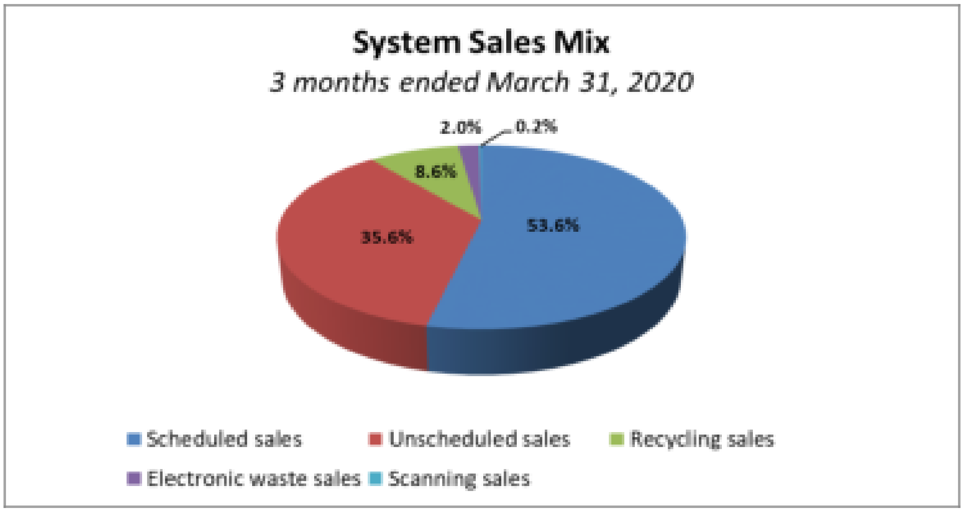


The following chart illustrates shredding and recycling sales growth in USD by quarter since the first quarter of 2019.



System Sales Breakdown:

The following chart illustrates the system sales breakdown for the three months ended March 31, 2021 and 2020.



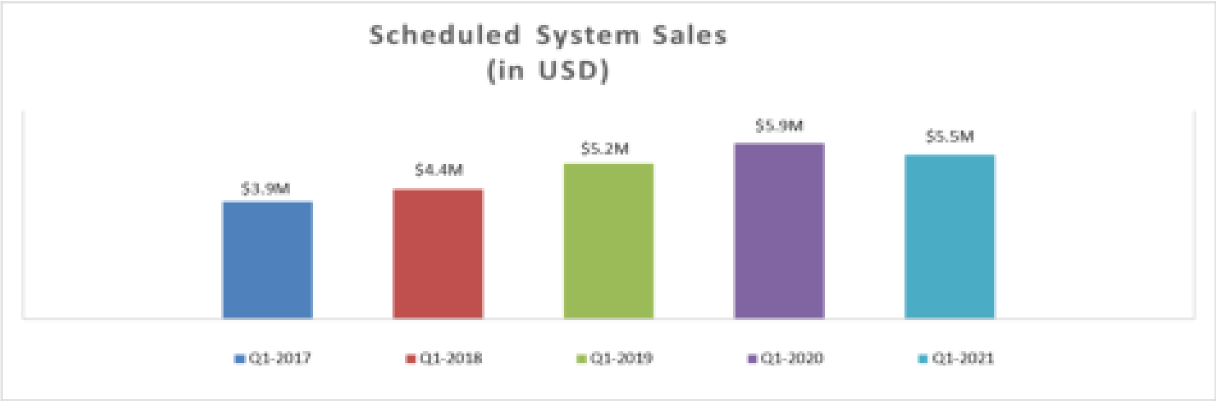
Dollar amounts in thousands of Canadian dollars (except as noted)

Scheduled system sales:

Scheduled sales are defined as the revenue generated from customers with regular service that may occur on a weekly, bi-weekly, or monthly basis. Scheduled sales were negatively impacted by the COVID-19 pandemic which led to a 6% decline in scheduled system sales in Q1-2021 as compared to Q1-2020.

Recurring scheduled system sales accounted for 60% of total service system sales in Q1-2021 (60% - Q1-2020).

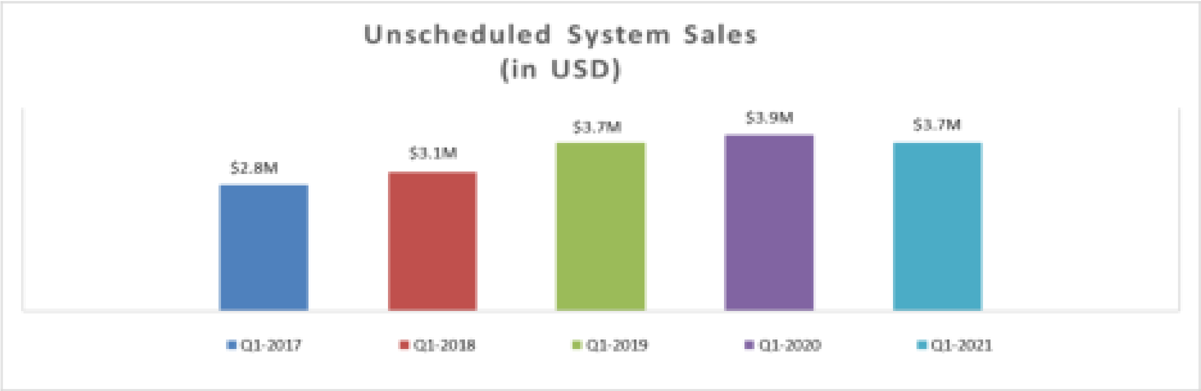
For the three months ended March 31,	**2021**	2020	% Change
	$	$	
Total and same location scheduled system sales (USD)	**5,523**	5,890	(6)%



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. Unscheduled sales declined by 4% in Q1-2021 as compared to Q1-2020, negatively impacted by the COVID-19 pandemic.

For the three months ended March 31,	**2021**	2020	% Change
	$	$	
Unscheduled system sales (USD)	**3,746**	3,914	(4)%



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

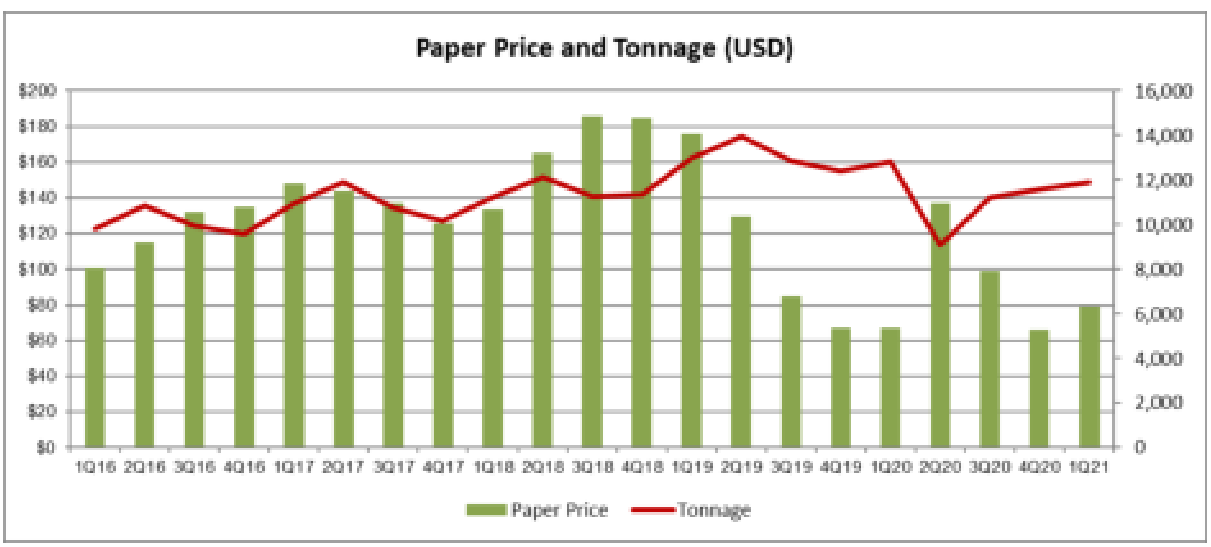
Recycling sales:

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,	**2021**	2020	% Change
Total and same location recycling system sales (USD)	**$ 1,029**	$ 941	12%
Tonnage processed (units)	**11,900**	12,800	(7)%
Average paper price per ton	**$ 79**	$ 67	18%

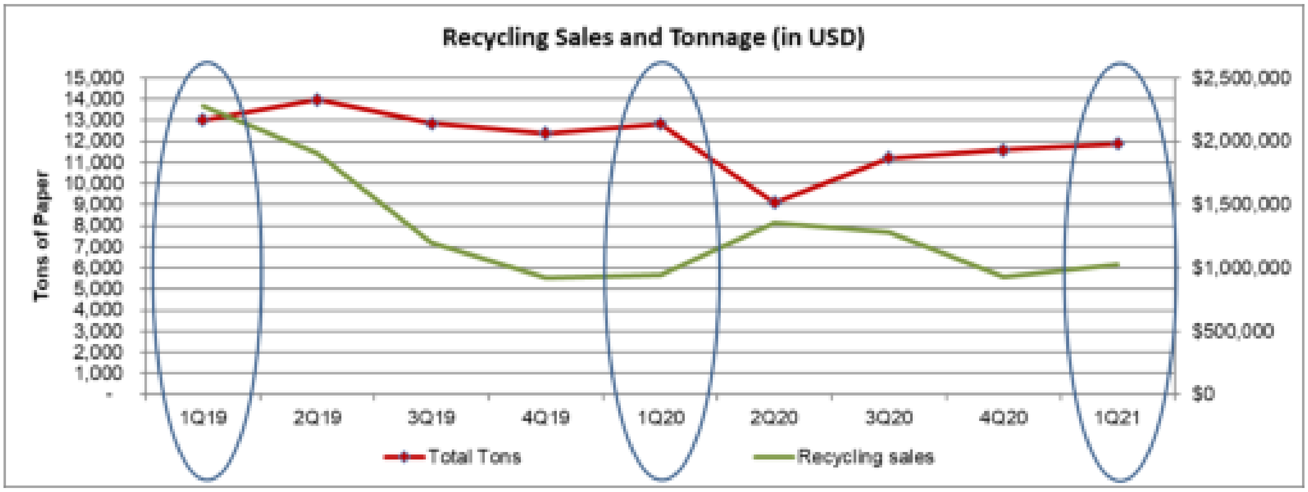
Paper Pricing Trends:

During Q1-2021, the average paper price in the Proshred system increased by 20% in comparison to Q4-2020 to $79 per ton. The average paper price in the Proshred system in Q1-2021 was 18% higher than in Q1-2020.

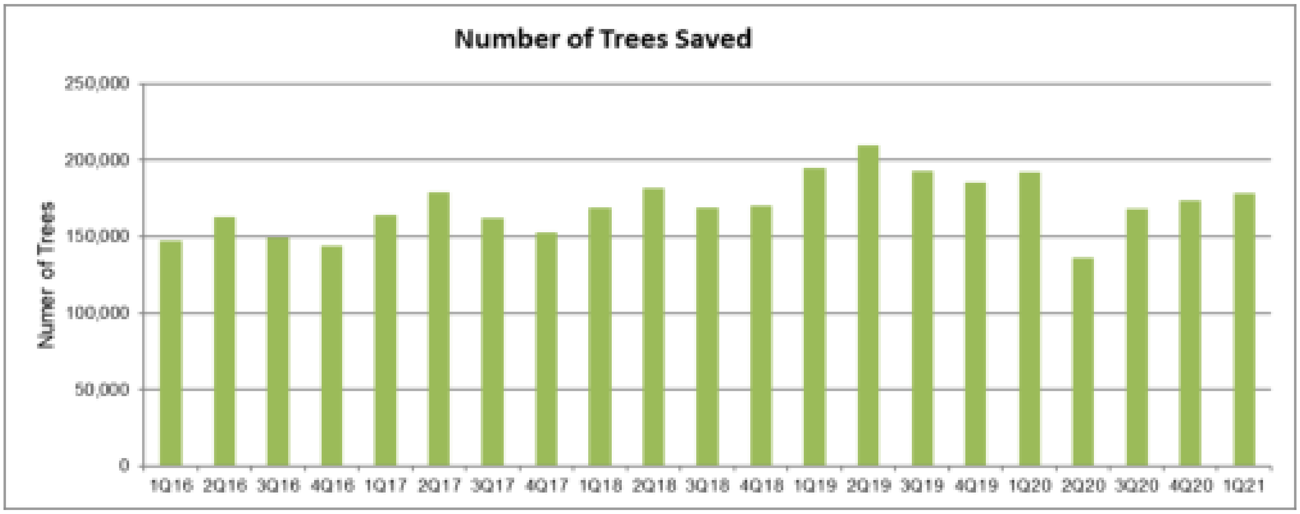


<u>*Historical Volume of Paper:*</u>

During Q1-2021, the system shred and recycled 7% less paper than in Q1-2020 as the Proshred system tonnage was negatively impacted by COVID-19. The Proshred system shred and recycled 11,900 tons of paper during Q1-2021 (12,800 – during Q1-2020), which equates to 178,000 trees being saved (192,000 – during Q1-2020). (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)

Electronic waste sales:

Electronic waste sales are defined as the revenue generated from disposal services of client's electronic waste and/or products and by way of resale of certain electronics collected from clients. The Company currently provides electronic waste services primarily in its Kansas City market. Electronic waste sales were negatively impacted by the COVID-19 pandemic which led to a 16% decline in Q1-2021 as compared to Q1-2020. Electronic waste services are targeted to larger clients who have temporarily put on hold the recycling of their equipment as a result of COVID-19. As clients return to the office, the Company expects an increase in equipment disposals.

For the three months ended March 31,	**2021**	2020	% Change
	$	$	
Electronic waste sales (USD)	**182**	218	(16)%

Scanning sales:

Scanning sales are defined as the revenue generated from customers who have documents requiring scanning and indexing in order to digitalize their files. On December 31, 2020, the Company acquired the Proscan Massachusetts business. The Company currently provides scanning services in its Massachusetts and Charlotte markets.

For the three months ended March 31,	**2021**	2020	% Change
	$	$	
Scanning sales (USD)	**227**	27	741%

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

Franchising & Licensing

Royalties and service fees are charged for the use of the trademarks and system. Franchise and license fee revenue is recognized as revenue over the term of the related franchise or license agreement on a straight-line basis. The Company earns all franchising and licensing related revenues in USD, which are translated at the average exchange rate for the period.

During Q1-2021, royalty and services fees declined by 16% over Q1-2020. With the acquisition of the Springfield franchise in Q4-2020, the Company now earns corporate location revenue and EBITDA and no longer earns royalty fees from this location. Royalty and service fees for same franchise locations declined by 9% during Q1-2021 over Q1-2020 as franchisee system sales were negatively impacted by the pandemic.

Royalties, license, and service fees

	Total Franchise Locations			Same Franchise Locations		
For the three months ended March 31,	**2021**	2020	% Change	**2021**	2020	% Change
Total number of franchisees operating at period end	**18**	19	(5)%	**18**	18	0%
In CAD:						
Royalty, license and service fees	**$ 418**	$ 498	(16)%	**$ 418**	$ 459	(9)%

Growth Fund

The Company manages a Growth Fund (formerly referred to the "Ad Fund") established to collect and administer funds contributed for use in regional and national sales and marketing programs, 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. Growth 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 a Growth Fund cash balance of $184,248 as at March 31, 2021. The fund may incur a continued loss going forward as the Growth Fund will continue to invest in marketing channels, tools and web redesigns, thereby potentially incurring expenses in excess of the contributions collected. During the three months ended March 31, 2021, the Growth Fund net loss was $13,901.

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

Corporate Location Results

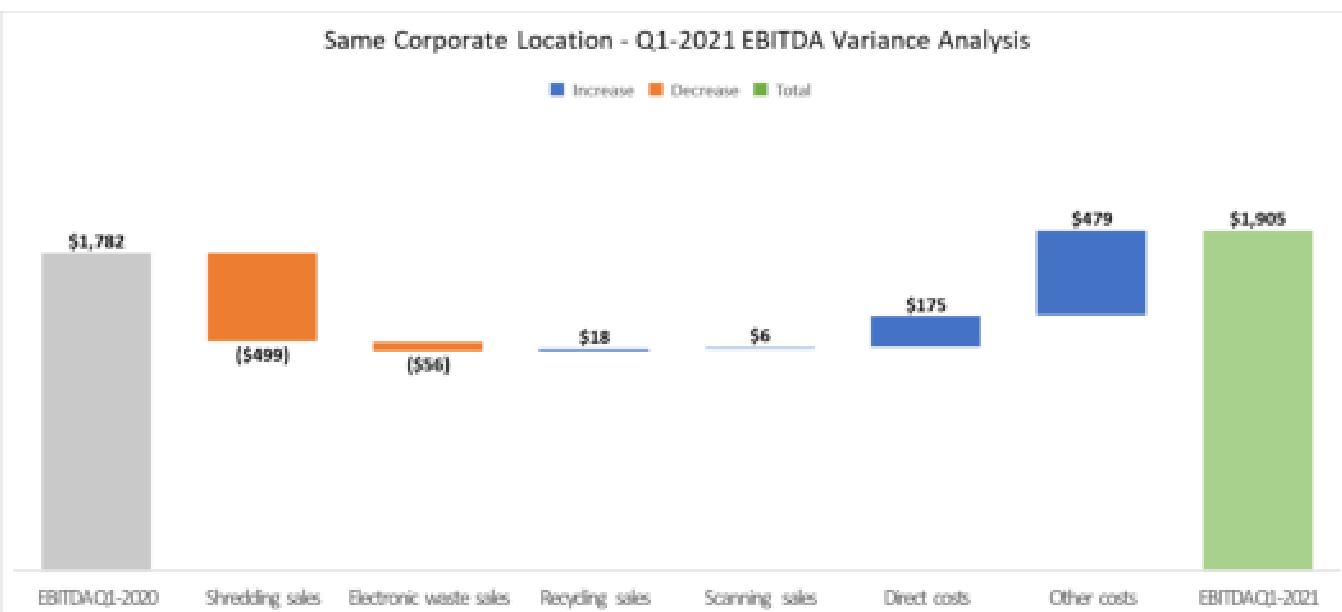
As of March 31, 2021, the Company operated twelve locations in Syracuse, Albany, Milwaukee, New York City, Charlotte, Miami, Northern Virginia, North New Jersey, Kansas, Chicago, Connecticut and Massachusetts. On May 1, 2021, the Company acquired the Proshred Richmond, Virginia franchisee, bringing the total corporate location count to thirteen. Same corporate location results include all locations apart from January and February Connecticut location results as it was acquired on March 1, 2020 and the Massachusetts location acquired on December 31, 2020.

Total corporate location revenues and EBITDA grew by 13% and 35% in Q1-2021 versus Q1-2020 because of the acquisitions conducted over the last 12 months. Total EBITDA margin improved by 500 basis points over this period, resulting in an EBITDA margin of 35%.

During Q1-2021, same corporate location shredding revenue was negatively impacted by COVID-19 resulting in a 9% decline versus Q1-2020. In response to the decline in revenue, the Company reduced same location costs by 15% in Q1-2021 versus Q1-2020 resulting in EBITDA growth of 7% and an improvement in EBITDA margin of 500 basis points.

The corporate location results were negatively impacted as the US dollar weakened in relation to the Canadian dollar in Q1-2021 versus Q1-2020, from 1.32 to 1.27 (average rates for the periods). The table below shows the corporate locations growth in Canadian Dollars and the constant currency (USD) growth year over year:

For the three months ended March 31, 2021	Constant currency year-over-year growth	Year-over-year growth
Same Corporate Locations:		
Total sales	(5)%	(9)%
EBITDA	11%	7%
Operating income	25%	20%
Total Corporate Locations:		
Total sales	18%	13%
EBITDA	41%	35%
Operating income	51%	45%



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

Corporate Location Results (continued)

	Total Corporate Locations			**Same Corporate Locations**			**Non-same Corporate Locations**	
For the three months ended March 31,	**2021**	2020	% Change	**2021**	2020	% Change	**2021**	2020
	$	$		**$**	$		**$**	$
Revenue:								
Shredding sales	**5,665**	5,149	10%	**4,650**	5,149	(10)%	**1,015**	-
Electronic waste sales	**231**	287	(20)%	**231**	287	(20)%	**-**	-
Scanning sales	**287**	36	697%	**42**	36	17%	**245**	-
Recycling sales	**622**	532	17%	**550**	532	3%	**72**	-
Total sales	**6,805**	6,003	13%	**5,473**	6,003	(9)%	**1,332**	-
Operating costs (note 1)	**4,402**	4,221	4%	**3,568**	4,221	15%	**834**	-
EBITDA	**2,403**	1,782	35%	**1,905**	1,782	7%	**498**	-
% of revenue	***35%***	*30%*	*500 bps*	***35%***	*30%*	*500 bps*	***37%***	-
Depreciation – tangible assets	**1,008**	820	23%	**748**	820	9%	**260**	-
Operating income	**1,395**	962	45%	**1,157**	962	20%	**238**	-
% of revenue	***20%***	*16%*	*400 bps*	***21%***	*16%*	*500 bps*	***18%***	-
Operating income less recycling	**773**	430	80%	**607**	430	41%	**166**	-
% of revenue	***13%***	*8%*	*500 bps*	***12%***	*8%*	*500 bps*	***13%***	-
EBITDA including government assistance	**3,723**	1,782	109%	**3,042**	1,782	71%	**681**	-
% of revenue	***55%***	*30%*	*2500 bps*	***56%***	*30%*	*2600 bps*	***51%***	-
EBITDA – in USD	**1,873**	1,352	39%	**1,505**	1,352	11%	**393**	-
% of revenue	***35%***	*30%*	*500 bps*	***35%***	*30%*	*500 bps*	***37%***	-

Note 1: During Q1-2021, acquisition/vendor-related costs of $25,971 are included in the total and non-same operating costs.

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

General and administrative expenses

General and administrative ("G&A") expenses include costs to support all Proshred locations with operations, training and initial support for pending locations, and the costs to develop new markets by way of franchising and acquisition. Also included in operating expenses are ongoing stock exchange listing and regulatory costs, professional services, management salaries and benefits and acquisition costs related to on-going acquisition activity.

G&A expenses for the three months ended March 31, 2021 declined by 16% as compared to Q1-2020 as the Company reduced expenditures to mitigate against the negative impacts that COVID-19 had on the Company's revenues.

General and administrative expenses of the Company are broken down as follows:

For the three months ended March 31,	**2021**	2020	% Change
	$	$	
Salaries and benefits	**443**	464	5%
Stock based compensation	**16**	63	74%
Acquisition costs	**12**	86	86%
Professional fees	**76**	63	(20)%
Technology	**108**	92	(17)%
Other expenses	**131**	169	61%
Total general and administrative expenses[1]	**786**	937	16%
As a percentage of total revenue	***11%***	*14%*	*300 bps*
Total general and administrative expenses net of CEWS	**756**	937	19%

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

Other Income and Expenses

Government Assistance

The Company qualified for the second round Paycheck Protection Program loan ("PPP") in the United States which has been made available by the US Small Business Administration to eligible US businesses that have been affected by the COVD-19 pandemic. The program helps businesses keep their workforce employed during the COVID-19 crisis by providing relief in the form of a forgivable loan used for payroll costs. During the three months ended March 31, 2021, the Company received $1.3M which has been recorded as income. The Company also qualified for the Canadian Emergency Wage Subsidy ("CEWS") which has been made available by the Government of Canada to eligible Canadian businesses that have experienced revenue declines as of result of COVID-19. The Company received $28,453 from the CEWS during the three months ended March 31, 2021.

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

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 Connecticut and Springfield businesses.

For the three months ended March 31,	**2021**	2020	% Change
	$	$	
Amortization – intangible assets	**629**	502	(25)%

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

1 USD:CAD	**2021**	**2020**				**2019**		
	Q1	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**
Average rate(1)	1.27	1.34	1.35	1.37	1.32	1.33	1.33	1.33
Close rate	1.25	1.27	1.36	1.36	1.41	1.30	1.32	1.31

Foreign exchange (loss) gain was as follows:

For the three months ended March 31,	**2021**	2020	% Change
	$	$	
Foreign exchange (loss) gain	**(509)**	3,630	(114)%

Interest income and expense

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

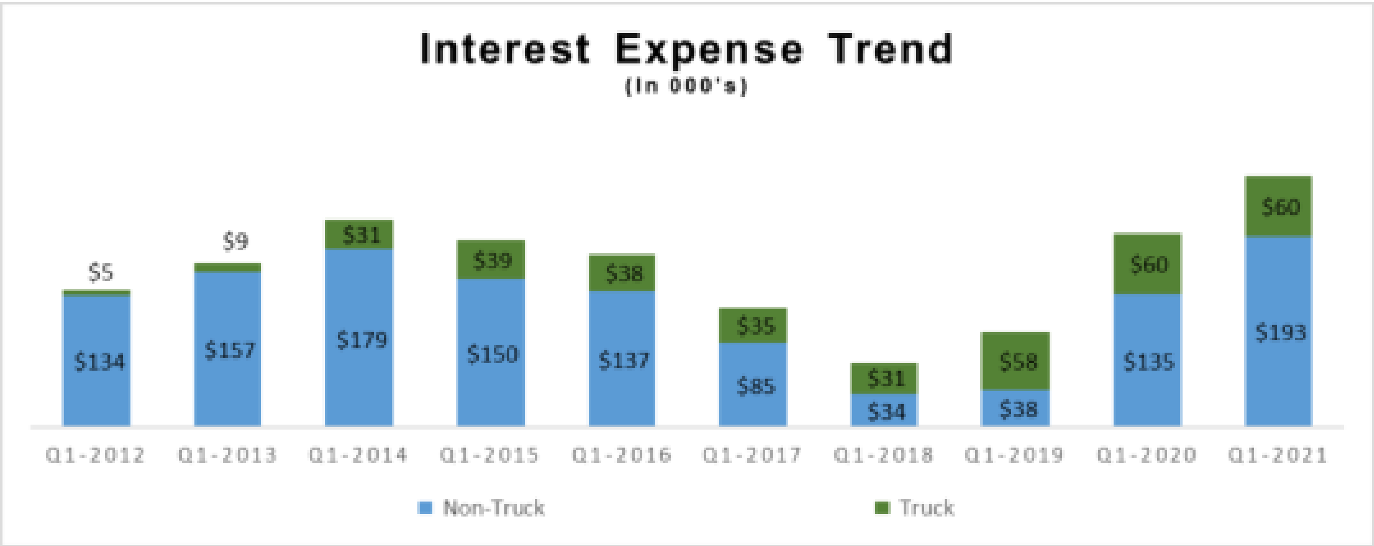
Interest expense for the three months ended March 31, 2021 relates to the following:

- the Company's term loans, which currently bear interest at 2.99% to 3.50% per annum,
- truck loan agreements, which bear interest at 3.99% to 5.95% per annum and
- interest on the Company's lease liabilities.

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

Interest expense increased during the three months ended March 31, 2021, as compared to the same period of 2020. The increase was due to the following:

(1) the $5 million advances made on the Company's term loans during 2020 to partially fund acquisitions; and
(2) the interest on the office buildings for the Connecticut and Massachusetts locations acquired in 2020.



For the three months ended March 31,	**2021**	2020	% Change
	$	$	
Interest income	**4**	34	(88)%
Interest expense	**(253)**	(195)	30%

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 to December 31, 2035, commencing December 31, 2031. The Company has also incurred US non-capital losses that can be carried forward to reduce taxes payable in the US. The losses expire at various times through to December 31, 2039, commencing December 31, 2022. The Company has recognized all temporary differences and non-capital losses and is expected to utilize those going forward.

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

Reconciliation of EBITDA to Net Income

For the three months ended March 31,	2021	2020	% Change
	$	$	
EBITDA	**2,054**	1,359	51%
Less: depreciation – tangible assets	**(1,033)**	(845)	(22)%
Operating income	**1,021**	514	98%
Less: interest expense	**(253)**	(195)	(30)%
Add: interest income	**4**	34	(88)%
Operating income less net interest expense	**772**	353	119%
Less: amortization - intangible assets	**(642)**	(513)	(250)%
Add: revaluation of contingent consideration	**-**	187	(100)%
Add: government assistance	**1,320**	-	100%
Income before foreign exchange and income tax	**1,450**	27	5,270%
Add: foreign exchange (loss) gain	**(509)**	3,630	(114)%
Less: income tax recovery (expense)	**15**	(43)	135%
Net income	**956**	3,614	(74)%

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 Q2 and Q3 of every year typically being stronger than Q1 and Q4 of every year. In Q1 the Company is impacted by weather challenges that disrupt shredding services. In Q4 the Company is impacted by fewer business days due to the Thanksgiving and Christmas holidays with some impact from weather on shredding sales.

	2021	2020				2019		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	$	$	$	$	$	$	$	$
Total system sales (USD)	10,682	10,006	10,694	8,726	10,989	10,477	10,954	11,664
Consolidated Performance								
Revenue	7,313	6,144	6,665	6,034	6,594	6,282	5,353	5,570
EBITDA	2,054	1,148	1,866	1,565	1,359	605	1,129	1,691
Operating Income	1,021	212	938	572	515	(112)	441	1,034
Corporate Location Performance								
Revenue	6,805	5,572	6,093	5,532	6,003	5,734	4,662	4,833
EBITDA	2,403	1,528	2,103	1,744	1,783	1,376	1,432	1,704
Operating Income	1,395	634	1,199	776	963	620	801	1,091
Operating income (loss) per weighted average share fully diluted	0.013	0.003	0.012	0.007	0.006	(0.002)	0.006	0.015
Income (loss) income before taxes from continuing operations	941	(3,845)	433	(608)	3,657	(1,485)	163	30
Income (loss) attributable to owners of the parent	956	(3,235)	455	(608)	3,663	(1,396)	153	(81)
Basic and diluted net income (loss) per share	0.012	(0.041)	0.006	(0.008)	0.05	(0.01)	0.00	(0.00)

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 of December 31,	**2021**	2020	*% Change*
Working capital	**$(799)**	$(2,548)	*69%*
Total assets	**$57,884**	$58,688	*(1)%*
Total liabilities	**$26,564**	$28,280	*6%*
Debt to total assets ratio	**0.46**	0.48	*4%*
Normalized Fixed Charge Coverage ratio – rolling 12 months	**1.41**	1.19	*18%*
Normalized Total Funded Debt to EBITDA ratio – rolling 12 months	**2.57**	2.95	*13%*

As of March 31, 2021, the Company's total assets decreased versus December 31, 2020 as the Company continued to depreciate its tangible and intangible assets during the quarter. This was partially offset with the increase in current assets, primarily the Company's cash balance and trade receivables.

As of March 31, 2021, the Company's total liabilities decreased versus December 31, 2020 as the Company continued to pay down its debts and did not take on new debt during the quarter.

As of March 31, 2021, the Company complied with its financial covenants.

Bank facilities

As of March 31, 2021, the Company has the following secured senior credit facilities:

(1) An operating line of credit of $1 million (unused);
(2) A non-revolving term loan in the amount of $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 March 31, 2021, the Company has borrowed the following amounts from the non-revolving term loans:

Month of Advance	**Initial amount**	**Interest per annum**	**Amortization period**	**March 31, 2021 Balance**	**December 31, 2020 Balance**
	$			$	$
May 2019	6,003,210	3.50%	84 months	4,865,126	5,061,933
November 2019	6,664,242	3.50%	84 months	5,827,327	6,043,111
March 2020	2,688,000	2.99%	84 months	2,494,394	2,581,834
December 2020	2,289,600	3.33%	84 months	2,216,218	2,289,600
Total bank facilities				15,403,065	15,976,478

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 March 31, 2021, the Company has $1.0 million available on its operating line of credit and $38,000 available on its non-revolving term loan.

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

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, 2021 and December 31, 2020, the Company has utilized the entire line of credit, which is included in the truck loans balance.

During the three months ended March 31, 2021, the Company did not purchase any shredding vehicles. The Company has financed the purchase of its shredding vehicles and as of March 31, 2021, the Company has an outstanding truck loan balance of $3.7 million ($4.0 million – December 31, 2020).

Related party line of credit

The Company has a related party line of credit facility for a maximum amount of $2.0 million. The line of credit facility matures on July 16, 2022 and bears interest at a fixed rate of 10% per annum. The line of credit is secured by a second in priority general security agreement over the Company's assets. As at March 31, 2021, the facility has not been drawn upon ($nil balance – December 31, 2020).

Lease liabilities

The Company enters leases in order to secure office and warehouse space. The Company has also entered 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**
Office and warehouse building	12	October 2020 to August 2025	6%
Shredding vehicles	7	August 2021 to October 2022	5.95% to 6.50%
Total			

As of March 31, 2021, the Company has a total lease liability balance of $2.5 million ($2.8 million – December 31, 2020).

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 $17,933 due from this franchise at March 31, 2021 (December 31, 2020 - $22,775). During the twelve months ended December 31, 2020, the Company earned royalties, franchise and service fees of $44,248 (March 31, 2020 - $46,724) from this franchise.

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

Risks and Uncertainties

Please refer to the Company's 2020 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, 2020, the Company's fiscal year-end.

Use of Estimates and Judgements

The preparation of the financial report in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Actual results could differ materially from those estimates and assumptions. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The significant areas of judgements, estimates and assumptions are set out in Note 4 of the consolidated financial statements found in the Company's 2020 Annual Report.

Investor Relations Activities

The Company does not have any investor relations arrangements.

Share Data

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

	Common stock		**Warrants**		**Total**	
	Number	**$**	**Number**	**$**	**Number**	**$**
Balance March 31, 2021	78,894,438	34,908,239	1,772,400	579,513	80,666,838	35,487,752
Balance December 31, 2020	78,843,438	34,964,748	1,823,400	600,008	80,666,838	35,564,756

The following table summarizes the movements in the Company's stock options during the three months ended March 31, 2021 and December 31, 2020:

	2021		**2020**	
	Number of options	**Weighted average exercise price $**	**Number of options**	**Weighted average exercise price $**
Outstanding – opening	1,954,317	0.60	2,050,150	0.52
Granted	8,650	0.74	252,000	0.68
Exercised	-	-	(342,833)	0.22
Expired	-	-	(5,000)	0.10
Outstanding – closing	1,962,967	0.60	1,954,317	0.60

For the three months ended March 31, 2021, the net stock compensation charge, after adjusting for stock option forfeitures, amounted to $16,103 (for the three months ended March 31, 2020 – $62,635).

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 51,000 warrants exercised during the three months ended March 31,2021 (nil – three months ended March 31, 2020). There are 1,772,400 warrants outstanding as of March 31, 2021.

Subsequent Events

On May 1, 2021, the Company completed the acquisition of the Proshred Richmond business from its franchisee. The acquired location earned a total of USD$1.0 million in revenue for the year 2019 and currently operates a total of 4 trucks. The Company paid a total of USD$1.68 million of which USD$1.075 million was paid on closing using the Company's cash reserves. The remaining USD$605,000 is payable in the form of contingent consideration over a two and three-year period.

Dated: May 26, 2021