



Management's Discussion and Analysis

September 30, 2021

Table of Contents

Business Overview.....	2
Basis for Presentation	2
Forward Looking Statements	3
Non-IFRS Financial Measures	4
Key Performance Indicators (“KPIs”)	5
Business locations.....	6
Financial and Operational Highlights.....	8
Strategic Targets	12
Outlook.....	13
Total System Sales.....	14
Franchising & Licensing	20
Growth Fund	21
Third Quarter Corporate Location Results	21
Acquisitions.....	24
General and administrative expenses.....	25
Other Income and Expenses	25
Foreign exchange.....	26
Interest income and expense.....	26
Reconciliation of EBITDA to Net Income	28
Selected Quarterly Results	29
Financial Condition, Capital Resources and Liquidity.....	30
Off-Balance Sheet Financing Arrangements	32
Transactions with Related Parties	32
Risks and Uncertainties	33
Use of Estimates and Judgements	33
Investor Relations Activities.....	33
Share Data	33

REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

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

Business Overview

Redishred Capital Corp. ("Redishred" or the "Company") 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 September 30, 2021 and November 24, 2021, the Company operates 14 corporate locations directly, three of which operate our Proscan branded imaging and scanning operations and one of which operates an electronic waste services business under the Secure e-Cycle brand. During the first nine months of 2021, the Proshred system achieved USD\$37 million in System Sales (USD\$17.6 million from franchised/licensed locations and USD\$19.4 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 has been prepared by management and focuses on key statistics from the condensed 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 condensed consolidated interim financial statements for the three and nine months ended September 30, 2021 and 2020, which have been prepared in accordance with International Financial Reporting Standard ("IFRS") IAS 34 "Interim Financial Reporting" 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 November 24, 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. 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 economies, 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 U.S. dollar 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.

REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

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

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. Other than as specifically required by applicable Canadian law, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

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 sales 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 revenue.
- **Shredding System Sales** are sales generated from customers with regular recurring service referred to as scheduled sales and sales 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 and scanning sales. Shredding system sales include sales 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 both the current period and comparative period.
- **Consolidated EBITDA** is defined as earnings before interest, taxes, depreciation and amortization. Consolidated EBITDA also excludes government assistance, re-measurements of contingent consideration, foreign exchange gains and losses, and gains and losses on debt modifications. A reconciliation between net income and consolidated EBITDA is included on page 29.
- **Consolidated Operating Income** is defined as revenues less all operating expenses, including 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 29.
- **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 29.
- **Corporate Location EBITDA** is defined as earnings for corporately operated locations before interest, taxes, depreciation and amortization and also excludes items identified under the definition of Consolidated EBITDA above.
- **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 and 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.

REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

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

- **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.

REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

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

Business locations

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

Number	Franchised Location	Markets Served	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.	Phoenix, AZ	Phoenix, Scottsdale and Tempe	January 2012
10.	Dallas, TX	Dallas and Fort Worth	March 2012
11.	Houston, TX	Greater Houston area	November 2012
12.	San Francisco, CA	San Francisco, Silicon Valley, San Jose, East Bay, Oakland	October 2013
13.	Seattle, WA	Seattle and Tacoma	October 2013
14.	Southern New Jersey, NJ	Southern New Jersey and Delaware	May 2014
15.	Minneapolis, MN	Minneapolis and St. Paul	February, 2016
16.	St. Louis, MO	Greater St. Louis area	August 2016

**REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

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

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

Number	Corporate Location	Markets Served	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, 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	Bergen, Essex, Morris, Passaic, Union, Middlesex, Sussex, Warren and Somerset County and Newark	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
13.	Richmond, VA	Richmond, Norfolk and Virginia Beach	March 2013. Corporately since May 1, 2021
14.	Atlanta, GA	Greater Atlanta area	January 2012 Corporately since July 30, 2021

REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

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:

	KPI	Three months ended September 30,			Nine months ended September 30,		
		2021	2020	Change ^(a)	2021	2020	Change ^(a)
System Sales Growth – in USD							
Total locations in the United States		30	30	0%	30	30	0%
Total system sales	(1)	\$13,538	\$10,694	27%	\$37,037	\$30,409	22%
<i>% of scheduled sales</i>		48%	48%		49%	50%	
Consolidated Operating Growth							
Revenue		\$9,784	\$6,665	47%	\$25,775	\$19,293	34%
EBITDA	(2)	\$2,857	\$1,866	53%	\$7,533	\$4,790	57%
<i>EBITDA margin</i>		29%	28%	100 bps	29%	25%	400 bps
Operating income	(3)	\$1,709	\$938	82%	\$4,274	\$2,025	111%
<i>Operating income margin</i>		17%	14%	300 bps	17%	10%	700bps
Operating income per weighted average share fully diluted	(8)	\$0.021	\$0.012	78%	\$0.053	\$0.026	104%
Government assistance not included in the above ^(b)		\$ 23	\$494	(95)%	\$1,341	\$1,757	(24)%
Corporate Location Growth							
Revenue		\$9,274	\$6,093	52%	\$24,255	\$17,630	38%
EBITDA		\$3,709	\$2,103	76%	\$9,359	\$5,631	66%
<i>EBITDA margin</i>		40%	35%	500 bps	39%	32%	700 bps
Operating income	(4)	\$2,582	\$1,199	115%	\$6,169	\$2,938	148%
<i>Operating income margin</i>		28%	20%	800 bps	25%	17%	900 bps
Operating income less recycling	(5)	\$1,282	\$503	155%	\$3,313	\$894	271%
Capital Management							
As of September 30, and December 31,				KPI	2021	2020	Change ^(a)
Working capital					\$(3,845)	\$(2,548)	(51)%
Debt to total assets ratio					0.47	0.48	2%
Normalized Fixed Charge Coverage ratio – rolling 12 months	(6)				1.61	1.19	35%
Normalized Total Funded Debt to EBITDA ratio – rolling 12 months	(7)				1.95	2.95	34%

(a) Change expressed as a percentage or basis point ("bps"), as applicable.

(b) During Q1-2021, the Company qualified for the second round of the Paycheck Protection Program forgiveness loan ("PPP") in the United States which has been made available to eligible US businesses that have been affected by the COVID-19 pandemic. Subsequent to Q3-2021, the full amount received was forgiven. The Company also qualified for the Canadian Emergency Wage Subsidy ("CEWS") in Canada.

**REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

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

Summary of Q3 Results and Operations

Revenue Growth in Q3-2021

The Company achieved 47% total revenue growth and 59% total revenue growth in constant currency during Q3-2021 versus Q3-2020 primarily due to the following:

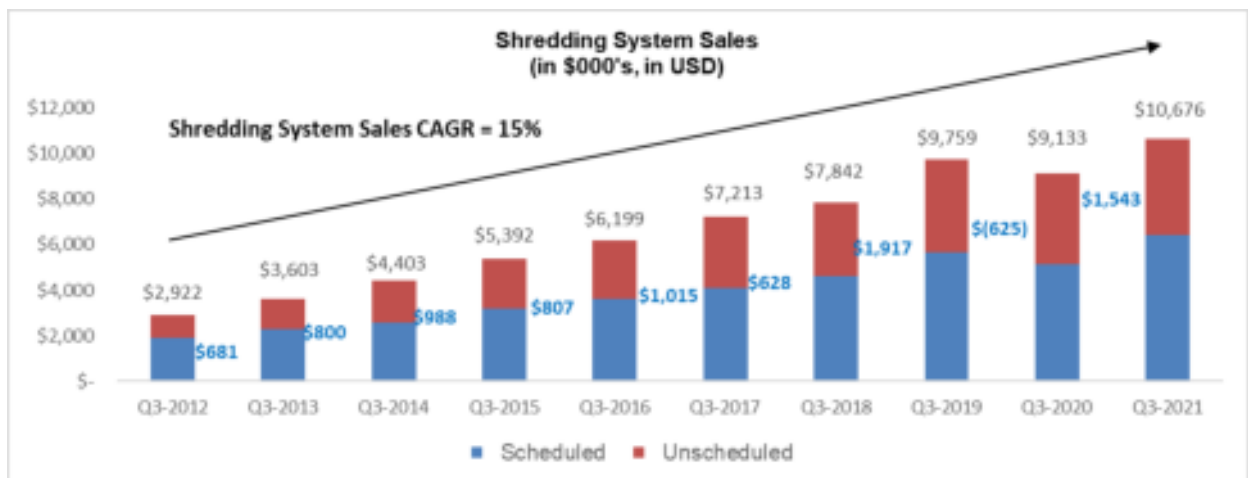
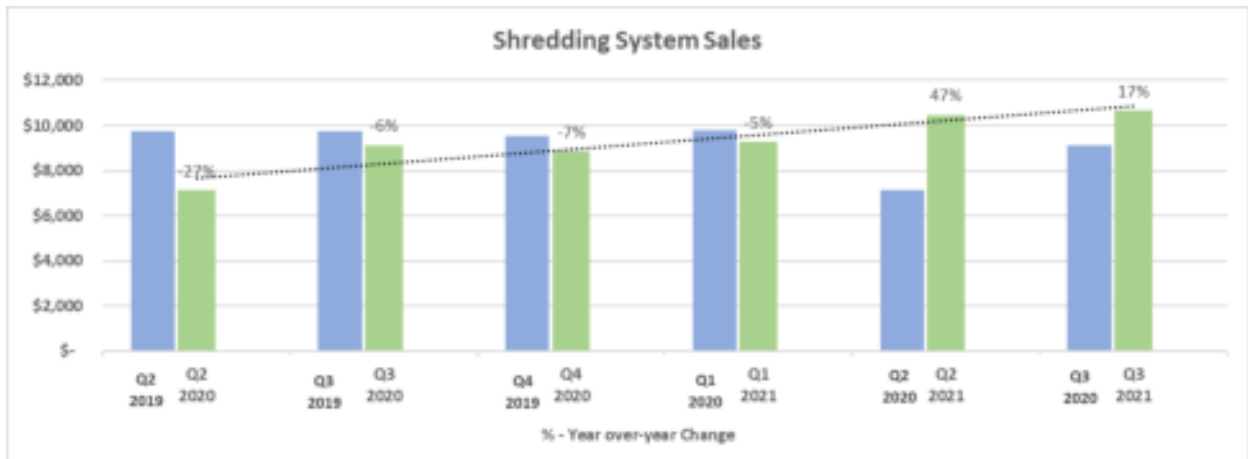
- (1) the acquisitions conducted during the last 12 months;
- (2) the organic sales growth due to:
 - a. the recovery of the economy and the easing of COVID-19 restrictions; and
 - b. the addition of new client accounts.

Q3-2021 System Sales Continued to Grow Past pre-Pandemic Levels

Shredding system sales in Q3-2021 grew versus Q3-2020 and Q3-2019 as an increasing number of non-essential businesses have returned to their offices and facilities and have resumed or increased their shredding services.

The growth in sales is as follows:

For the three months ended September 30,	2021 vs. 2020	2021 vs. 2019
Scheduled system sales	25%	13%
Unscheduled system sales	7%	4%
Shredding system sales	17%	9%



Note: The figures in blue above refer to the year over year growth in total shredding system sales.

**REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

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

Recycling system sales grew by 69% in Q3-2021 versus Q3-2020 as paper tonnage increased by 19% over the same period which is slightly higher than the percentage increase in shredding system sales of 17%. The average paper price in the Proshred system for Q3-2021 increased by 44% versus Q3-2020 as the average paper price in the Proshred system continued to increase through the quarter.

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

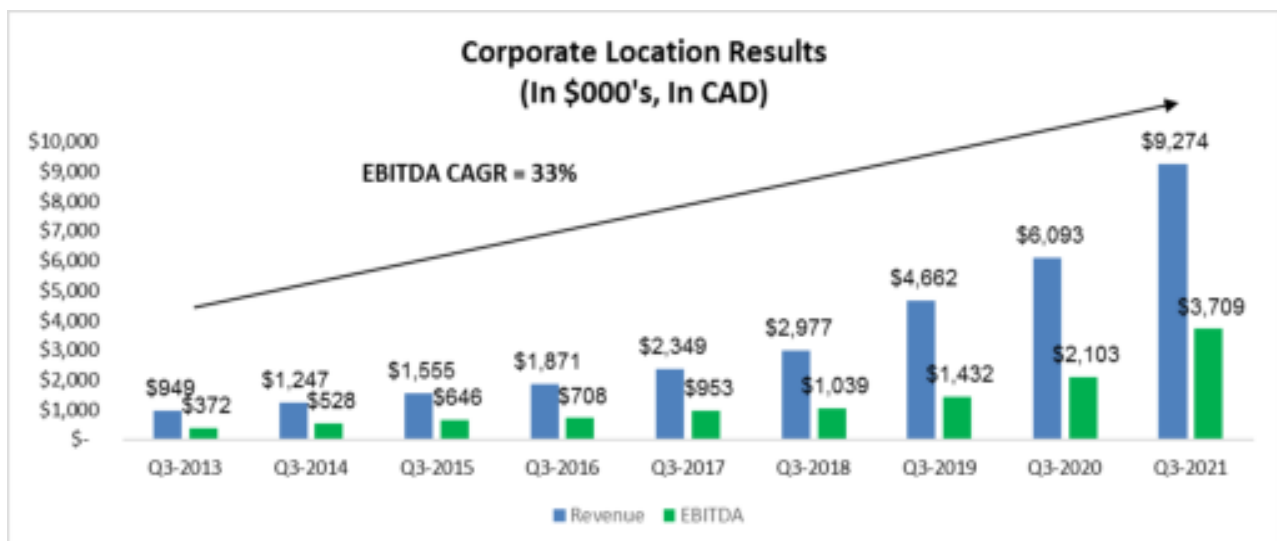


Strong Same Corporate Location EBITDA Growth

The Company achieved 28% growth in same corporate location EBITDA and a 300-bps improvement in EBITDA margin during the quarter. Constant currency EBITDA growth was 35% during the quarter. The EBITDA growth was driven the following factors:

- (1) new scheduled shredding service clients were added though the quarter;
- (2) continued demand for unscheduled shredding services as our clients reopened their offices; and (3) increased tonnage and paper prices.

Furthermore, the Company continued to manage operations efficiently, enhancing route density, and migrating administration and some management to a regional model.



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

**REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

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

Continued Corporate Footprint Growth from Acquisitions

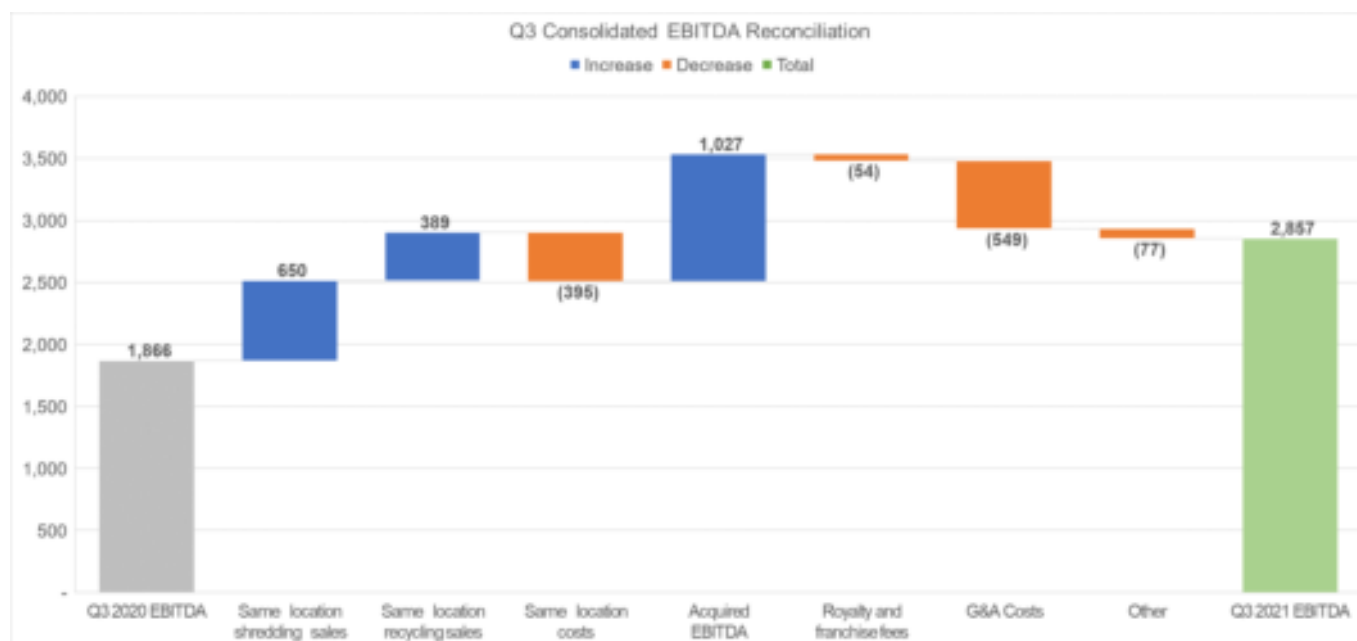
The Company completed the acquisition of the Proshred Atlanta business from its franchisee on July 30, 2021. The acquired location earned a total of USD\$1.3 million in revenue during 2020 and currently operates a total of 5 shredding trucks and 1 hard-drive destruction truck. The acquisitions conducted during 2020 and year to date 2021 have been accretive to the Company's cash flows during the first nine months of 2021.

Strong Consolidated EBITDA Growth

The Company achieved 53% growth in consolidated EBITDA in Q3-2021 when compared to Q3-2020 driven by:

- (1) Acquired EBITDA from the acquisitions of the Massachusetts, Richmond and Atlanta businesses over the last 12 months; and
- (2) Same corporate location EBITDA growth as noted above.

The Company's consolidated EBITDA grew \$387,000 in Q3-2021 versus Q3-2020 when excluding recycling revenue.



COVID-19 Impact on Operations

Since the onset of the global pandemic in March 2020, the Company has implemented measures to protect the health and well-being of its workforce and customers. The Company has continued to maintain operations in all markets since the beginning of the pandemic to date. Additional details on the Company's financial impact from COVID-19 are included in Redishred's Annual 2020 Management Discussion and Analysis, which is available on SEDAR at www.sedar.com.

Strategic Targets

1. Growth of Same Location Shredding System Sales⁽¹⁾:

2021 Target	Same location shredding system sales growth of 5% to USD\$38M, subject to COVID-19 related restrictions being lifted by Q2-2021.
Q3-2021 Performance to-date	Same location shredding system sales grew by 16% during the nine months ended September 30, 2021, as the majority of non-essential offices and facilities have re-opened and clients have resumed shredding services. Given the strong recovery of sales, the Company expects same location shredding system sales growth to exceed the 5% growth target set for 2021.

2. Growth in Same Location EBITDA and Operating Income⁽¹⁾:

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.
Q3-2021 Performance to-date	Same location EBITDA grew 25% to \$7M for the nine months ended September 30, 2021. Same location operating income grew 56% to \$4.6M for the nine months ended September 30, 2021. The Company is ahead of its annual target for the first nine months of the year and expects to finish ahead of the 2021 targets.

3. EBITDA and Operating Income from acquired operations⁽¹⁾:

2021 Target	Attain EBITDA margin of at least 30% and operating income margin of at least 20% prior to transition and acquisition costs.
Q3-2021 Performance to-date	For the nine months ended September 30, 2021, EBITDA and operating income margin from acquired operations was 45% and 31% respectively. The Company is ahead of its annual target and the Company expects to finish the year ahead of the 2021 target.

4. Franchise Development:

2021 Target	Open one new market in the United States by way of franchising.
Q3-2021 Performance to-date	The Company did not award any new franchises during the nine months ended September 30, 2021. Redishred is pursuing franchise opportunities in available markets but does not expect the target to be attained by end of the fiscal year.

5. Expand by way of Accretive Acquisitions:

2021 Target	Add USD\$3M to USD\$4M in revenue by way of accretive acquisitions.
Q3-2021 Performance to-date	The Company has added USD\$2.3M in revenue by way of accretive acquisitions during the nine months ended September 30, 2021. On May 1, 2021, the Company closed on the acquisition of the Proshred Richmond, Virginia business, which generated USD\$870,000 in revenue in 2020. On July 1, 2021, the Company purchased a client list in the Albany, NY market, which generated USD\$100,000 in revenue in 2020. On July 30, 2021, the Company also closed on the acquisition of the Proshred Atlanta business, which generated USD\$1.3 million in revenue in 2020. The Company expects to achieve the 2021 target by end of the fiscal year.

6. Improve Operating Leverage⁽²⁾:

2021 Target	General and administrative ("G&A") costs at 13% of total revenue.
Q3-2021 Performance to-date	G&A was 12% of total revenue for the nine months ended September 30, 2021. The Company expects to achieve the 2021 target by end of the fiscal year.

- (1) 2021 corporate location targets are subject to the US economy remaining open 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) G&A costs as a percentage of revenue target does not include Growth Fund revenue and costs.

REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

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

Outlook

Demand for Shredding Services Remains Strong

The Company continues to see an increase in marketing leads for both scheduled and unscheduled services. The Company's salesforce is converting an increased number of these marketing leads to sales which is expected to contribute to top-line growth. In addition, many larger non-essential clients in the large metropolitan downtown areas are expected to return to their offices during the last three months of 2021 and early into 2022, resuming and or increasing their need for shredding, destruction and scanning services.

Recycling Revenue

The following outlines the Q4-2021 average paper price estimate based on October and November 2021 paper pricing:

	Q3-2021	Q4-2021 Estimate	% Change
Average price (in USD)	\$143	\$158	10%

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 seeking 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. The Company plans to finance its acquisitions conducted through a combination of bank and equity financing and contingent consideration payable in cash.

In November 2021, the Company filed a short form base shelf prospectus (the "Shelf Prospectus") that allows the Company to issue common shares, preferred shares, debt securities, warrants, subscription receipts and units, or a combination thereof, from time to time, separately or together, for an aggregate offering amount of up to \$25 million during the 25-month period that the Shelf Prospectus is effective.

Future Growth Opportunities through Scanning Expansion

The Company plans to continue to expand its Proscan brand throughout its corporate locations to further drive depth of service and earnings in its existing locations. The Company is currently marketing scanning services throughout all its corporate locations and currently provides scanning services in its Massachusetts, Charlotte and Richmond corporate locations.

REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

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 digital imaging, scanning and related workflow management 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.

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

	For the three months ended September 30			For the nine months ended September 30		
	2021	2020	% Change	2021	2020	% Change
Total North American operating locations at period end	30	30	0%	30	30	0%
Total system sales (USD)	\$ 13,538	\$ 10,694	27%	\$ 37,037	\$ 30,409	22%
Total same location system sales (USD)	\$ 13,086	\$ 10,694	22%	\$ 36,032	\$ 30,409	18%

Total same location system sales (USD) grew 6% during the nine months ended September 30, 2021 versus the same comparative 2019 period (pre-Covid). Total same location system sales (USD) grew 19% during the three months ended September 30, 2021 versus the same comparative 2019 period (pre-Covid).

System Sales Trend:

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

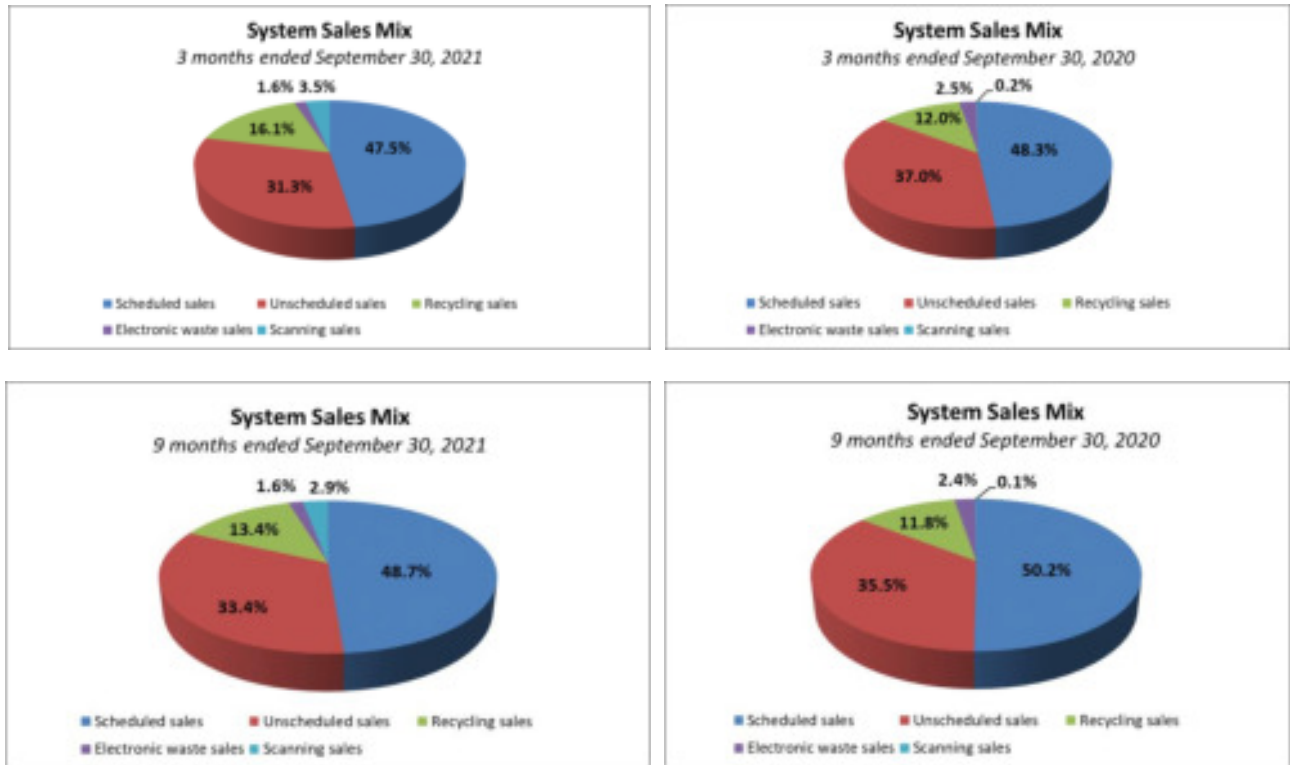


**REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

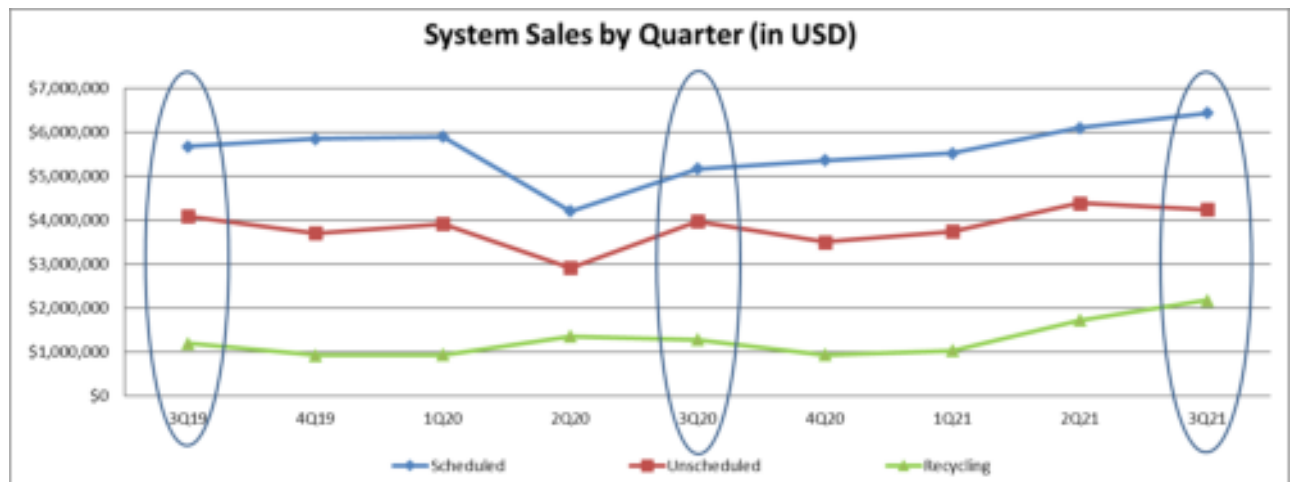
Dollar amounts in thousands of Canadian dollars (except as noted)

System Sales Breakdown:

The following chart illustrates the system sales breakdown for the three and nine months ended September 30, 2021 and 2020.



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



**REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

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. In Q3-2021, scheduled sales grew 25% and reached a record high of \$6.4 million over Q3-2020, which was negatively impacted by the COVID-19 pandemic. Scheduled sales grew 13% in Q3-2021 when compared to Q3-2019 (pre-Covid).

Recurring scheduled system sales accounted for 60% of total shredding system sales in Q3-2021 (57% - Q3-2020).

	For the three months ended September 30			For the nine months ended September 30		
	2021	2020	% Change	2021	2020	% Change
	\$	\$		\$	\$	
Total and same location scheduled system sales (USD)	6,435	5,163	25%	18,053	15,253	18%



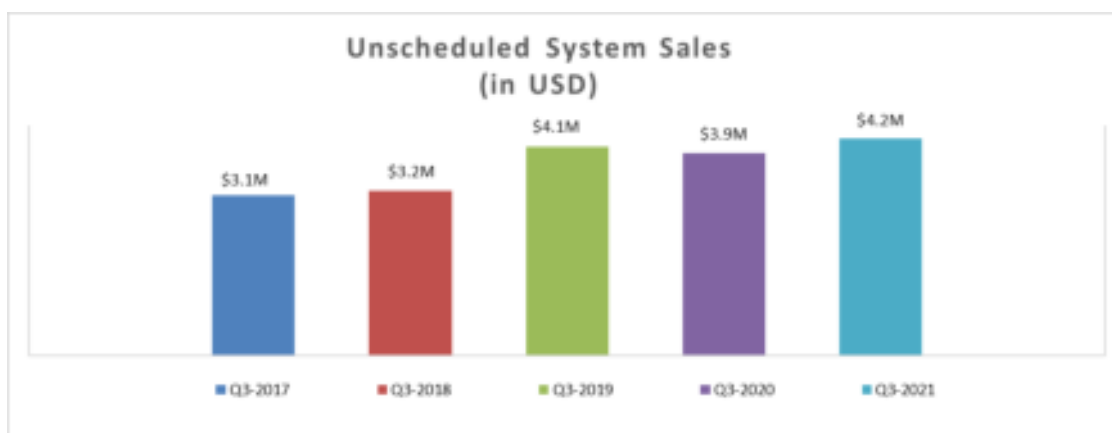
REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

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. In Q3-2021, unscheduled sales were \$4.2 million growing 7% as compared to Q3-2020. Unscheduled sales grew 4% in Q3-2021 as compared to Q3-2019 (pre-Covid).

	For the three months ended September 30			For the nine months ended September 30		
	2021	2020	% Change	2021	2020	% Change
	\$	\$		\$	\$	
Total and same location unscheduled system sales (USD)	4,241	3,970	7%	12,373	10,803	15%



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 September 30			For the nine months ended September 30		
	2021	2020	% Change	2021	2020	% Change
	\$	\$		\$	\$	
Total and same location recycling system sales (USD)	\$ 2,176	\$ 1,285	69%	\$ 4,930	\$ 3,581	38%
Tonnage processed (units)	13,300	11,200	19%	39,000	33,000	17%
Average paper price per ton	\$ 143	\$ 99	44%	\$ 110	\$ 101	9%

**REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

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



Paper Pricing Trends:

During Q3-2021, the average paper price in the Proshred system increased by 32% in comparison to Q2-2021 to \$143 per ton. The average paper price in the Proshred system in Q3-2021 was 44% higher than in Q3-2020.

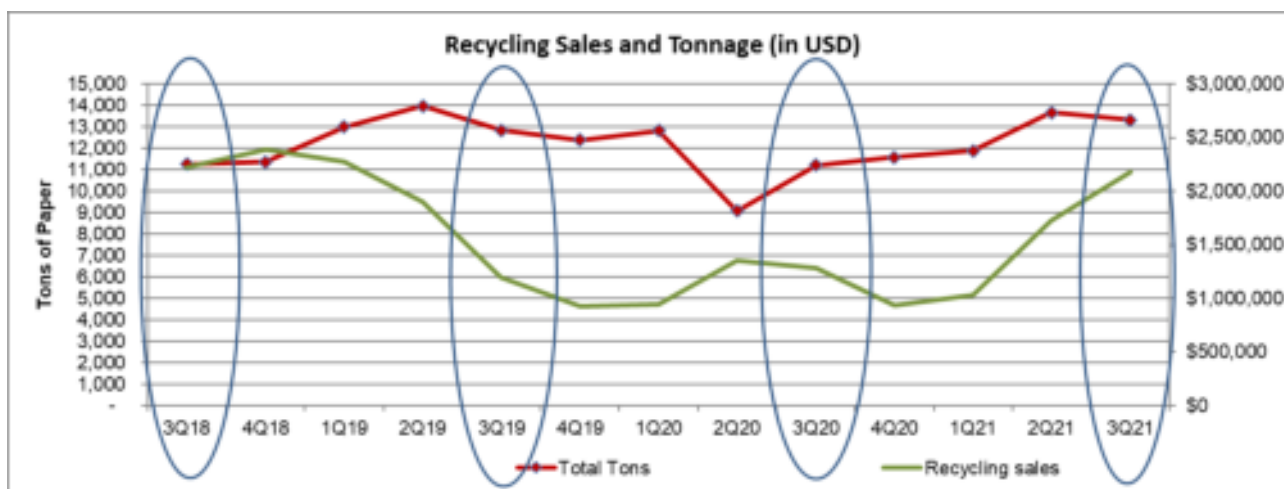


Historical Volume of Paper:

During Q3-2021, the system shred and recycled 19% more paper than in Q3-2020 as the Proshred system recovered from the negative impacts of COVID-19 experienced in Q3-2020. The Proshred system shred and recycled 13,300 tons of paper during Q3-2021 (11,200 – during Q3-2020), which equates to 200,000 trees being saved (168,000 – during Q3-2020).⁽¹⁾

**REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

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



(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.



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 20% decline in Q3-2021 as compared to Q3-2020. Many clients have not been replacing their electronics as supply for new electronics in bulk has been low and prices have increased. As larger clients return to the office and supply eases, the Company expects an increase in equipment disposals and a shift back to higher dollar equipment such as laptops.

	For the three months ended September 30			For the nine months ended September 30		
	2021	2020	% Change	2021	2020	% Change
Electronic waste sales (USD)	\$ 216	\$ 271	(20)%	\$ 603	\$ 737	(18)%

REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

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

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 from its franchisee. The Company currently provides scanning services in its Massachusetts, Charlotte and Richmond markets.

	For the three months ended September 30			For the nine months ended September 30		
	2021	2020	% Change	2021	2020	% Change
Scanning sales (USD)	\$ 469	\$ 5	9960%	\$ 1,078	\$ 35	2939%

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 Q3-2021, royalty and services fees declined by 11% over Q3-2020. With the acquisition of the Springfield, Massachusetts franchise in Q4-2020, Richmond franchise in Q2-2021 and Atlanta location in Q3-2021, the Company now earns corporate location revenue and EBITDA and no longer earns royalty fees from these locations. Royalty and service fees for same franchise locations grew by 5% during Q3-2021 versus Q3-2020 as franchisee system sales recovered from the COVID 19 pandemic during the second and third quarters of 2020.

Royalties, license, and service fees

For the three months ended September 30,	Total Franchise Locations			Same Franchise Locations		
	2021	2020	% Change	2021	2020	% Change
Total number of franchisees operating at period end	16	19	(16)%	16	16	0%
In CAD: Royalty, license and service fees	\$ 418	\$ 469	(11)%	\$ 418	\$ 397	5%

For the nine months ended September 30,	Total Franchise Locations			Same Franchise Locations		
	2021	2020	% Change	2021	2020	% Change
Total number of franchisees operating at period end	16	19	(16)%	16	16	0%
In CAD: Royalty, license and service fees	\$ 1,248	\$ 1,402	(11)%	\$ 1,248	\$ 1,131	10%

REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

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

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 \$189,116 as at September 30, 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 September 30, 2021, the Growth Fund net loss was \$80,193 (three months ended September 30, 2020 - \$3,450 net loss). During the nine months ended September 30, 2021, the Growth Fund net loss was \$110,942 (nine months ended September 30, 2020 - \$8,252 net loss).

Third Quarter Corporate Location Results

As of September 30, 2021, the Company operated fourteen corporate locations. Refer to page 7 for a list of locations. On July 30, 2021, the Company acquired the Proshred Atlanta, Georgia franchisee, bringing the total corporate location count to fourteen. Same corporate location results include all locations except for the Massachusetts location that was acquired on December 31, 2020, the Richmond location that was acquired on May 1, 2021, and the Atlanta location that was acquired on July 30, 2021.

Total corporate location revenues and EBITDA grew by 52% and 76% in Q3-2021 versus Q3-2020 due to the acquisitions conducted over the last 12 months and the organic growth from same locations. Total EBITDA margin improved by 500 basis points over this period to 40% in Q3-2021.

During Q3-2021, same corporate location shredding revenue grew 13% over Q3-2020, recovering well from the pandemic. The Company also continued to manage its same location direct and administrative costs resulting in EBITDA growth of 27% in Q3-2021 versus Q3-2020.

The corporate location results were negatively impacted by the US dollar depreciation versus the Canadian dollar during the nine months ended September 30, 2021 versus the same comparative period. The exchange rate moved from 1.35 to 1.25 (average rates for the two comparative 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 September 30, 2021	Year-over-year growth	Constant currency year-over-year growth
Same Corporate Locations:		
Total sales	16%	22%
EBITDA	27%	35%
Operating income	50%	59%
Total Corporate Locations:		
Total sales	52%	60%
EBITDA	76%	86%
Operating income	115%	128%

REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

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

The growth in same corporate locations EBITDA from Q3-2020 to Q3-2021 is as follows:



For the three months ended September 30,	Total Corporate Locations			Same Corporate Locations			Non-same Corporate Locations	
	2021	2020	% Change	2021	2020	% Change	2021	2020
	\$	\$		\$	\$		\$	\$
Revenue:								
Shredding sales	7,112	5,034	41%	5,683	5,034	13%	1,429	-
Electronic waste sales	272	360	(24)%	272	360	(24)%	-	-
Scanning sales	589	4	14625%	24	4	500%	565	-
Recycling sales	1,299	696	87%	1,084	696	56%	215	-
Total sales	9,272	6,094	52%	7,063	6,094	16%	2,209	-
Operating costs (note 1)	5,565	3,991	39%	4,383	3,991	10%	1,182	-
EBITDA	3,707	2,103	76%	2,680	2,103	27%	1,027	-
% of revenue	40%	35%	500 bps	38%	35%	300 bps	46%	-
Depreciation – tangible assets	1,126	904	25%	886	904	(2)%	240	-
Operating income	2,581	1,199	115%	1,794	1,199	50%	787	-
% of revenue	28%	20%	800 bps	25%	20%	500 bps	36%	-
Operating income less recycling	1,282	503	155%	710	503	41%	572	-
% of revenue excluding recycling	16%	9%	700 bps	12%	9%	300 bps	29%	-
EBITDA – in USD	2,950	1,583	86%	2,132	1,583	35%	818	-
% of revenue	40%	34%	600 bps	38%	34%	400 bps	47%	-

Note 1: During Q3-2021, acquisition/vendor-related costs of \$100,083 are included in the total and non-same operating costs.

**REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

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

Year-to-Date 2021 Corporate Location Results

Same corporate location results include all locations except for: Connecticut for the months of January and February as it was acquired on March 1, 2020, the Massachusetts location that was acquired on December 31, 2020, the Richmond location that was acquired on May 1, 2021, and the Atlanta location that was acquired on July 30, 2021

Total corporate location revenues and EBITDA grew by 38% and 66%, respectively, during the nine months ended September 30, 2021, as compared to the prior period. The growth was due to the acquisitions conducted over the last 12 months and the organic growth from same locations. Total EBITDA margin improved by 700 basis points over this period to 39% in the first nine months of 2021.

For the nine months ended September 30, 2021	Year-over-year growth	Constant currency year-over-year growth
Same Corporate Locations:		
Total sales	9%	18%
EBITDA	25%	36%
Operating income	56%	69%
Total Corporate Locations:		
Total sales	38%	49%
EBITDA	66%	80%
Operating income	110%	127%



REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

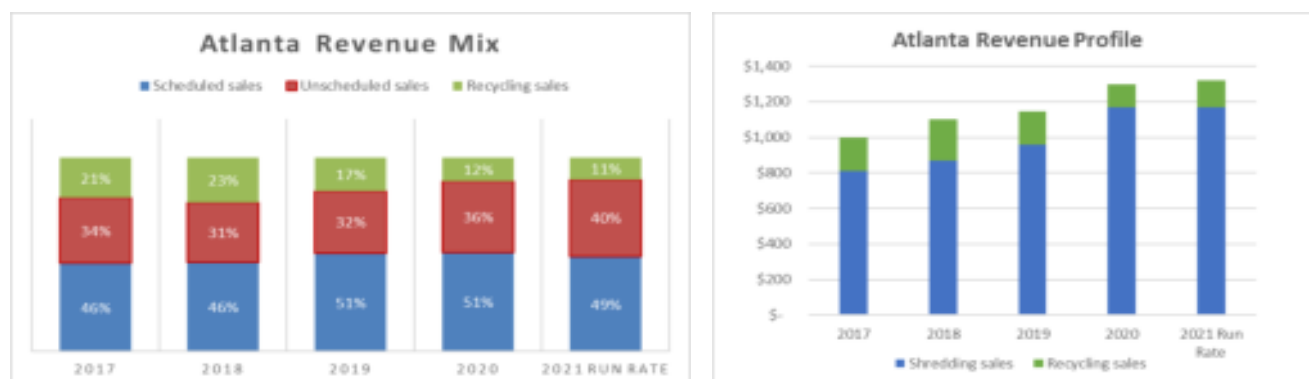
Dollar amounts in thousands of Canadian dollars (except as noted)

For the nine months ended September 30,	Total Corporate Locations			Same Corporate Locations			Non-same Corporate Locations	
	2021	2020	% Change	2021	2020	% Change	2021	2020
	\$	\$		\$	\$		\$	\$
Revenue:								
Shredding sales	19,295	14,539	33%	15,838	14,539	9%	3,457	-
Electronic waste sales	754	998	(24)%	754	998	(24)%	-	-
Scanning sales	1,348	48	2708%	94	48	96%	1,254	-
Recycling sales	2,857	2,044	40%	2,464	2,044	21%	393	-
Total sales	24,254	17,629	38%	19,150	17,629	9%	5,104	-
Operating costs (note 1)	14,895	11,999	24%	12,100	11,999	1%	2,795	-
EBITDA	9,359	5,630	66%	7,050	5,630	25%	2,309	-
<i>% of revenue</i>	39%	32%	700 bps	37%	32%	500 bps	45%	-
Depreciation – tangible assets	3,189	2,692	18%	2,470	2,692	(8)%	719	-
Operating income	6,170	2,938	110%	4,580	2,938	56%	1,590	-
<i>% of revenue</i>	25%	17%	800 bps	24%	17%	700 bps	31%	-
Operating income less recycling	3,313	894	271%	2,116	894	137%	1,197	-
<i>% of revenue</i>	15%	6%	1100 bps	13%	6%	700 bps	25%	-
EBITDA including government assistance	10,643	7,388	44%	8,334	7,388	14%	2,309	-
<i>% of revenue</i>	44%	42%	200 bps	44%	42%	200 bps	45%	-
EBITDA – in USD	7,481	4,158	80%	5,635	4,158	36%	1,846	-
<i>% of revenue</i>	39%	32%	700 bps	37%	32%	500 bps	45%	-

Note 1: Acquisition/vendor-related costs of \$163,702 are included in the total and non-same operating costs.

Acquisitions

The Company acquired the Proshred Atlanta business on July 30, 2021. The business has historically had strong recurring revenue with 51% of total sales being scheduled sales in 2020. Total sales in 2020 continued to grow despite the pandemic.



Note 1: Historical information has been provided by the former franchisee.

**REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

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 September 30, 2021, increased by 64% as compared to the same period of 2020. During Q3-2020, the Company significantly reduced expenditures in this area to mitigate against the negative impacts that COVID-19 had on the Company's revenues. As of Q3-2021 the company has increased its human resources, increasing headcount in the areas of technology, operational finance and marketing to support the acquired and organic revenue growth. Professional fees incurred during Q3-2021 include accounting fees for quarterly reviews as well as tax services. Other expenses incurred during Q3-2021 include travel costs for business development which increased over the prior comparative period as travel restrictions eased over the prior comparative period.

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

	For the three months ended September 30			For the nine months ended September 30		
	2021	2020	% Change	2021	2020	% Change
	\$	\$		\$	\$	
Salaries and benefits	598	415	44%	1,590	1,232	29%
Stock based compensation	15	-	100%	73	99	(26)%
Acquisition costs	33	17	94%	92	107	(14)%
Professional fees	241	76	217%	439	219	100%
Technology	130	112	16%	352	318	11%
Other expenses	212	128	66%	523	394	40%
Total general and administrative expenses ⁽¹⁾	1,229	748	64%	3,069	2,369	31%
<i>As a percentage of total revenue</i>	13%	11%	200 bps	12%	12%	0 bps
Total general and administrative expenses, net of CEWS	1,229	748	64%	3,025	2,177	39%

Note 1: Does not include Growth Fund expenses. Refer to page 22 for further details.

Other Income and Expenses

Amortization

Amortization of intangible assets primarily relates to intangible assets purchased by way of acquisitions. The increase is due to the acquisitions of the Massachusetts, Richmond and Atlanta businesses offset by the appreciation of the Canadian dollar over the prior year.

	For the three months ended September 30,			For the nine months ended September 30,		
	2021	2020	% Change	2021	2020	% Change
	\$	\$		\$	\$	
Amortization – intangible assets	679	597	5%	1,944	1,741	12%

REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

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. The year to date average exchange rate is down 7% versus the comparative period in 2020.

Exchange rates utilized

1 USD:CAD	2021			2020				2019	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Average rate	1.26	1.25	1.27	1.34	1.35	1.37	1.32	1.33	1.33
Close rate	1.27	1.24	1.25	1.27	1.36	1.36	1.41	1.30	1.32

Foreign exchange gain (loss) was as follows:

	For the three months ended September 30,			For the nine months ended September 30,		
	2021	2020	% Change	2021	2020	% Change
	\$	\$		\$	\$	
Foreign exchange gain (loss)	1,024	23	4352%	(115)	1,996	(105)%

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 and nine months ended September 30, 2021, relates to the following:

- the Company's term loans, which currently bear interest between 2.99% and 3.69% per annum;
- truck loan agreements, which bear interest between 3.99% and 5.99% per annum; and
- interest expense on the Company's lease liabilities.

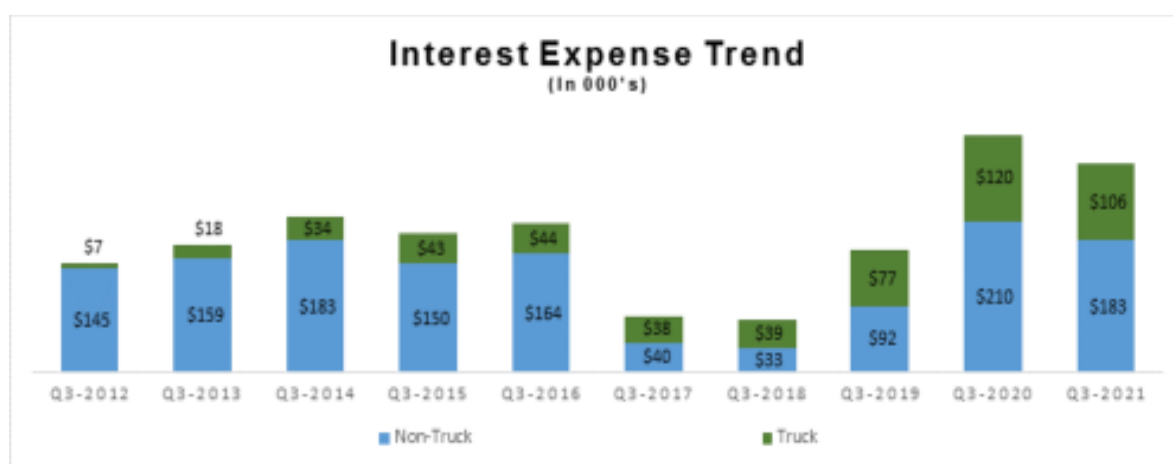
Interest expense increased during the nine months ended September 30, 2021, as compared to the same period of 2020. The increase was due to the following:

- (1) \$5.8 million in advances made on the Company's term loans during 2020 and 2021 to partially fund acquisitions;
- (2) interest on the office leases for the locations acquired in 2020 and 2021; and
- (3) the purchase of news trucks during 2020 and the nine months ended Q3-2021 which were all financed.

**REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

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

	For the three months ended September 30,			For the nine months ended September 30,		
	2021	2020	% Change	2021	2020	% Change
	\$	\$		\$	\$	
Interest income	3	13	(77)%	11	54	(80)%
Interest expense	(289)	(330)	12%	(773)	(694)	(11)%



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.

REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

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

Reconciliation of EBITDA to Net Income

	For the three months ended September 30,			For the nine months ended September 30,		
	2021	2020	% Change	2021	2020	% Change
	\$	\$		\$	\$	
EBITDA	2,857	1,866	53%	7,533	4,790	57%
Less: depreciation – tangible assets	(1,148)	(928)	(24)%	(3,259)	(2,765)	(18)%
Operating income	1,709	938	82%	4,274	2,025	111%
Less: interest expense	(289)	(330)	12%	(773)	(694)	11%
Add: interest income	3	13	(77)%	11	54	(80)%
Operating income less net interest expense	1,423	621	129%	3,512	1,385	154%
Less: amortization - intangible assets	(679)	(597)	(14)%	(1,944)	(1,741)	(12)%
Add: gain on debt modification	-	-	-%	-	114	(100)%
Add: remeasurement of contingent consideration	(253)	(2)	(12550)%	(253)	192	(232)%
Add: government assistance	23	494	(95)%	1,341	1,757	(24)%
Income before foreign exchange and income tax	514	516	(0)%	2,656	1,707	56%
Add: foreign exchange gain (loss)	1,025	23	4537%	(115)	1,995	(106)%
Less/add: income tax recovery (expense) ⁽¹⁾	58	(277)	(121)%	(398)	(38)	(947)%
Net income	1,597	262	510%	2,143	3,664	(42)%

- (1) Comparative amounts for the income tax provision for the three and nine months ended September 30, 2020 have been restated, primarily due to the impact of the Proshred Connecticut acquisition. See note 3 in the Company's condensed consolidated interim financial statements for the three and nine months ended September 30, 2021.

REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

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		
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Total system sales (USD)	13,538	12,817	10,682	10,006	10,694	8,726	10,989	10,477	10,954
Consolidated Performance									
Revenue	9,784	8,677	7,313	6,144	6,665	6,034	6,594	6,282	5,353
EBITDA	2,857	2,622	2,054	1,148	1,866	1,565	1,359	605	1,129
Operating Income	1,709	1,544	1,021	212	938	572	515	(112)	441
Corporate Location Performance									
Revenue	9,272	8,177	6,805	5,572	6,093	5,532	6,003	5,734	4,662
EBITDA	3,707	3,249	2,403	1,528	2,103	1,744	1,783	1,376	1,432
Operating Income	2,581	2,195	1,395	634	1,199	776	963	620	801
Operating income (loss) per weighted average share fully diluted	0.021	0.020	0.013	0.003	0.012	0.007	0.006	(0.002)	0.006
Income (loss) before taxes from continuing operations	1,538	61	941	(3,845)	539	(494)	3,657	(1,485)	163
Net Income (loss) ⁽¹⁾	1,597	(410)	956	(3,438)	262	(212)	3,663	(1,396)	153
Basic and net income (loss) per share ⁽¹⁾	0.02	(0.01)	0.01	(0.04)	0.00	0.00	0.05	(0.01)	0.00

(1) Net income (loss) and earnings per share for the three months ended September 30, 2020, June 30, 2020, and March 31, 2020 have been restated, primarily due to the impact of the Proshred Connecticut acquisition. See note 3 in the Company's condensed consolidated interim financial statements for the three and nine months ended September 30, 2021.

REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

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.



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

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Net cash provided by operations	2,442,265	2,563,265	6,322,567	6,362,042
Net cash used in financing activities	(120,009)	(2,384,165)	(966,182)	(444,937)
Net cash used in investing activities	(3,540,401)	(167,613)	(7,099,566)	(6,988,030)
Effect of foreign exchange rate changes	5,502	129,451	(44,682)	(35,241)
Change in cash	(1,212,643)	140,938	(1,787,863)	(1,106,166)
Cash, beginning of period	2,269,231	8,816,407	2,844,451	10,063,511
Cash, end of period	1,056,558	8,957,345	1,056,558	8,957,345

For the three and nine months ended September 30, 2021, the Company generated positive cash flows from operations driven by positive Consolidated EBITDA. During these periods, the Company used cash in financing activities to repay term and truck loans, lease liabilities, notes payable and contingent consideration, which was primarily funded by cash generated from operations and in part, by the company's credit facilities. Net cash used in investing activities during these periods was primarily for cash consideration paid for the Richmond and Atlanta acquisitions, and for capital expenditures to support the Company's continued growth.

REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

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

As at September 30 and December 31,	2021	2020	% Change
Working capital	\$(3,845)	\$(2,548)	(51)%
Total assets	\$61,784	\$58,688	5%
Total liabilities	\$29,147	\$28,280	3%
Debt to total assets ratio	0.47	0.48	2%
Normalized Fixed Charge Coverage ratio – rolling 12 months	1.61	1.19	35%
Normalized Total Funded Debt to EBITDA ratio – rolling 12 months	1.95	2.95	34%

As of September 30, 2021, the Company's total assets increased versus December 31, 2020, as the Company purchased the Richmond, Virginia business on May 1, 2021 and the Atlanta, Georgia business on July 30, 2021. This was partially offset by the depreciation of the Company's tangible and intangible assets during the year.

As of September 30, 2021, the Company's total liabilities increased versus December 31, 2020, as the Company obtained debt financing to partially fund the Richmond and Atlanta acquisitions and the purchase of new trucks.

As of September 30, 2021, the Company was compliant with its financial covenants.

Bank facilities

As of September 30, 2021, the Company has the following secured senior credit facilities:

- (1) An operating line of credit of \$1 million (unused); and
- (2) A non-revolving term loan in the amount of CAD\$16.5 million (advances can be taken in either USD or CAD equivalent, at the Company's discretion) (unused CAD\$1.4 million).

As of September 30, 2021, the Company has borrowed the following amounts from the non-revolving term loans:

<u>Month of Advance</u>	<u>Initial amount</u>	<u>Interest per annum</u>	<u>Amortization period</u>	<u>September 30, 2021 Balance</u>	<u>December 31, 2020 Balance</u>
	\$			\$	\$
May, 2019	6,003,210	3.50%	84 months	4,453,696	5,061,933
November, 2019	6,664,242	3.50%	84 months	5,381,493	6,043,111
March, 2020	2,688,000	2.99%	84 months	2,315,879	2,581,834
December, 2020	2,289,600	3.33%	84 months	2,066,517	2,289,600
August, 2021	854,000	3.69%	84 months	836,121	-
Total bank facilities				15,053,706	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.

During the three months ended September 30, 2021, the Company drew \$854,000 from its non-revolving term loan facility to partially fund the Atlanta acquisition.

REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

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

Truck loans

In June 2021, the Company established a new USD\$1.8 million line of credit for the purchase of shredding vehicles with a lender in the United States. The line of credit is available for a six-month period, at which time a renewal process occurs. The interest rate is based on prevailing market rates at the time the line is used. As of September 30, 2021, the Company has USD\$1.4 million available on the line of credit.

During the three months ended September 30, 2021, the Company purchased 2 shredding vehicles which were financed. As of September 30, 2021, the Company has an outstanding truck loan balance of \$5.4 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 of September 30, 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.

<u>Lease liability</u>	<u>Number of ROU assets leased</u>	<u>Range of remaining term</u>	<u>Range of interest rates</u>
Office and warehouse building	14	March 2022 to March 2028	6%
Shredding vehicles	7	October 2021 to October 2022	5.95% to 6.50%

As of September 30, 2021, the Company has a total lease liability balance of \$3.5 million (\$3.9 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 \$6,859 due from this franchise as at September 30, 2021 (December 31, 2020 - \$22,775). During the nine months ended September 30, 2021, the Company earned royalties, franchise and service fees of \$121,067 (September 30, 2020 - \$126,719) from this franchise.

**REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

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 Company's annual 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 September 30, 2021	78,964,938	35,082,054	1,746,900	569,265	80,711,838	35,651,319
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 nine months ended September 30, 2021 and year ended 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	392,382	0.71	252,000	0.68
Exercised	(45,000)	0.56	(342,833)	0.22
Expired	-	-	(5,000)	0.10
Outstanding – closing	<u>2,301,699</u>	0.62	<u>1,954,317</u>	0.60

For the nine months ended September 30, 2021, the net stock compensation charge, after adjusting for stock option forfeitures, amounted to \$72,574 (nine months ended September 30, 2020 – \$99,492).

REDISHRED CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

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

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 76,500 warrants exercised during the nine months ended September 30, 2021 (nil – nine months ended September 30, 2020). There are 1,746,900 warrants outstanding as of September 30, 2021.

Dated: November 24, 2021