

PRESS RELEASE
REDISHRED CAPITAL CORP. TSXV: KUT
Mississauga, Ontario
May 28, 2019

REDISHRED CAPITAL CORP. (“REDISHRED”) ANNOUNCES Q1-2019 RESULTS

Quarterly Earnings Call:

9:30am EST, May 30, 2019, Participant call in number is 1-800-319-4610

First Quarter Highlights:

Consolidated Highlights:

- Consolidated EBITDA for Q1-2019 was \$1.6 million *CAD*, growing 103% over Q1-2018.
- Q1-2019 consolidated operating income was \$1 million *CAD*, growing 87% over Q1-2018.
- Consolidated operating income margin for Q1-2019 was 20% growing 300 basis points (“BPS”) over Q1-2018.
- The Company generated revenue of \$5.2 million *CAD* during Q1-2019, growing 65% over Q1-2018.
- Over the past 9 months, the Company completed four acquisitions worth \$19 million *CAD*, which have been accretive to operating income and cash flow.

Corporate Locations Highlights:

- The Company completed the acquisition of the Proshred Kansas and Secure E-Cycle businesses on January 31, 2019, for a total of \$11 million *CAD*. With this acquisition the Company now has 9 corporate locations in the United States.
- Corporate locations revenue in Q1-2019 grew 80% over Q1-2018 to \$4.5 million *CAD*.
- Corporate locations EBITDA in Q1-2019 grew 69% over Q1-2018 to \$1.7 million *CAD*.

Capital Management:

- Redishred utilized \$6 million *CAD* of its new senior credit facility (total facility is \$12.8 million *CAD*)⁽¹⁾. The advance on the \$6 million *CAD* term loan bears interest at a fixed rate of 3.50% with an amortization period of 60 months.

Note 1 – the new senior credit facility is denominated in US dollars and total to \$9.5 *USD*.

Management's Comments on the Q1 2019

Jeffrey Hasham, the Company's Chief Executive Officer, noted "The Company made significant progress on its business plan during the first quarter of 2019. Scheduled system sales on a same location basis grew by 12%. This metric is important as scheduled system sales is a recurring and sustainable cash flow stream for franchisees and Corporate locations. Furthermore, Redishred's acquired locations have driven operating income on a consolidated basis to \$1M in Q1 of 2019 versus \$551,000 in Q1 of 2018. The newest acquisitions in New Jersey and Kansas City are performing as expected and Redishred will continue to pursue expansion through franchising and further acquisitions.

In closing, we would like to highlight Redishred's Shred Cancer events being held on June 1, 2019. These events raise much needed funds for the American Institute for Cancer Research. We look forward to adding to the \$150,000 we have raised to date. Our gratitude goes out to our franchisees and employees who contribute to this very worthy cause."

Financial Highlights:

	<i>For the 3 months ended March 31</i>		
(in 000's except as noted)	2019	2018 ⁽¹⁾	<i>% change</i>
System Sales Performance – in CAD			
Total locations in the United States	30	29	3%
System sales	\$ 14,921	\$ 11,392	31%
<i>Percentage scheduled</i>	47%	49%	
Consolidated Operating Performance – in CAD			
Revenue	\$ 5,203	\$ 3,154	65%
EBITDA ⁽²⁾	\$ 1,620	\$ 799	103%
<i>As a percentage of revenue</i>	31%	25%	6%
Operating Income ⁽³⁾	\$ 1,032	\$ 551	87%
<i>As a percentage of revenue</i>	20%	17%	3%
Operating Income per share fully diluted	\$0.015	\$ 0.011	38%
Corporate Locations Performance – in CAD			
Revenue	\$4,507	\$2,506	80%
EBITDA ⁽²⁾	\$1,723	\$1,022	69%
Operating income ⁽³⁾	\$1,212	\$780	55%
<i>As a percentage of revenue</i>	27%	31%	(4)%

(1) With the adoption of IFRS 15 for the year ended December 31, 2018, the Company has restated the comparative information in accordance with this standard.

(2) EBITDA is determined as revenue less operating costs.

(3) Operating income is determined as revenue less operating costs less depreciation related to tangible assets.

Capital Management – in CAD

As at March 31 and December 31,	2019	2018	<i>% change</i>
Working capital	\$(3,276)	\$7,288	(145)%
Debt to total assets ratio	0.35	0.29	22%
Normalized Fixed Charge Coverage ratio – rolling 12 months	2.39	1.94	23%
Normalized Total Funded Debt to EBITDA ratio – rolling 12 months	1.88	1.69	11%

Redishred acquired the Kansas City location for \$11M CAD on January 31, 2019. Subsequent to Q1-2019, the Company secured an additional senior credit facility of \$12.8M CAD and drew down \$6M CAD to fund the acquisition. The term loan bears interest at a fixed rate of 3.50% with an amortization period of 60 months.

Stronger System Sales driving both Royalty and Corporate Location Revenue

System sales increased due to the Company's continued focus on providing recurring scheduled service to small and medium sized enterprise clients. In addition, the Company continued to invest in marketing initiatives designed to capture one-time unscheduled revenue.

During Q1-2019 Redishred's System Sales growth over Q1-2018 is as follows:

Total System Sales increased by 25% (Same Store 16%)	
<p><u>By Service Type:</u> Scheduled sales increased by 19% (Same Store 12%) Unscheduled sales increased by 21% (Same Store 11%) Recycling sales increased by 47% (Same Store 38%)</p>	<p><u>By Location Type:</u> Franchise location sales increased by 18% (Same Store 18%) Corporate location sales increased by 80% (Same Store 10%)</p>

Franchise Operations

The Company's roots are founded in franchising and at March 31, 2019, the Company supported 21 franchisees through the United States. The franchise system continued to perform very well in Q1-2019 with the following high sales results highlighted:

In USD	<i>For the 3 months ended March 31</i>		
	2019	2018	<i>% Change</i>
Total same store locations	21	21	0%
Total same store system sales	\$7,416,733	\$6,304,367	18%
Total same store scheduled service sales	\$3,521,748	\$3,098,739	14%
Total same store unscheduled service sales	\$2,370,500	\$2,113,599	12%
Total same store recycling sales	\$1,524,484	\$1,092,029	40%

Corporate Operations

As of March 31, 2019, the Company operates nine shredding locations in Syracuse, Albany, Milwaukee, New York City, Charlotte, Miami, Northern Virginia, North New Jersey and Kansas. These locations represent the Company's corporately owned locations.

On January 31, 2019, the Company acquired the Proshred Kansas City and Secure E-Cycle businesses from its franchisee. The results of these acquisitions are included under non-same corporate locations.

The Company adopted IFRS 16 effective January 1, 2019. As a result, the lease rental expense previously included in operating costs has now been replaced with a charge for depreciation of the leased assets and imputed interest. As the Company has not restated the prior year balances, the impact of this accounting change on the operating costs is included in Redishred's March 31, 2019, Management's Discussion & Analysis.

In CAD, In 000's	Total Corporate Locations			Same Corporate Locations			Non-same Corporate Locations	
	2019	2018	% Change	2019	2018	% Change	2019	2018
For the 3 months ended March 31,	\$	\$		\$	\$		\$	\$
Revenue:								
Shredding service	3,644	2,120	72%	2,366	2,120	12%	1,278	-
Recycling	863	386	124%	526	386	36%	337	-
Total revenue	4,507	2,506	80%	2,892	2,506	15%	1,615	-
Operating costs	2,784	1,484	88%	1,803	1,484	22%	981	-
EBITDA	1,723	1,022	69%	1,089	1,022	6%	634	-
% of revenue	38%	41%	(3)%	38%	41%	(3)%	39%	-
Depreciation – tangible assets	548	242	126%	333	242	38%	215	-
Operating income	1,175	780	51%	756	780	(3)%	419	-
% of revenue	26%	31%	(5)%	26%	31%	(4)%	26%	-

Same corporate location operating income margins declined year over year due to the following:

- (1) The Company's revenue mix has shifted towards higher recurring revenue while our unscheduled revenue declined moderately; and
- (2) The Company has invested in additional sales human resources with a view to driving increased recurring scheduled revenue.

Corporate Locations Trend:

	2019		2018			2017		
	Q1 ⁽¹⁾	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Corporate location revenue (\$)	4,507,462	3,607,617	2,977,170	2,924,082	2,506,453	2,280,150	2,349,342	2,579,361
Quarter over quarter % change	25%	21%	2%	17%	10%	(3)%	(9)%	22%
Corporate location EBITDA (\$)	1,602,650	1,169,290	1,038,069	1,178,971	1,022,647	768,539	952,118	967,171
Quarter over quarter % change	37%	12%	(12)%	15%	33%	(19)%	(2)%	7%

(1) The Q1-2019 amounts exclude the IFRS 16 adjustments.

Community and Social Commitment

Our locations under the **PROSHRED**[®] banner conduct many community shredding events. These events provide an opportunity for our clients, clients' employees, local businesses and local residents to ensure their personal and confidential materials are securely destroyed. In addition to helping to reduce identity theft, several of these events allow for donations to various not-for-profit organizations. **PROSHRED**[®] is also proud that 100% of the shredded material is recycled, as our continued goal is to foster the use of fewer trees in the production of all paper products. Future community shredding event locations can be found at our website, www.proshred.com.

In June 2019, **PROSHRED**[®] will hold its 6th annual Shred Cancer event at most of its locations, raising money for the American Institute for Cancer Research ("AICR"). It is our goal as a Company and Franchise System to support the AICR in their endeavor to prevent cancer and possibly cure this disease. So far, **PROSHRED**[®] has raised in excess of \$150,000 for this cause. Please visit www.proshred.com/aicr for more information on this effort.

Financial Statements

Redishred's March 31, 2019 Financial Statements, Notes and Management's Discussion and Analysis will be available at www.sedar.com and www.redishred.com.

About Redishred

Redishred Capital Corp. is the owner of the **PROSHRED®** trademarks and intellectual property in the United States. **PROSHRED®** shreds and recycles confidential documents and proprietary materials for thousands of customers in the United States in all industry sectors. **PROSHRED®** is a pioneer in the mobile document destruction and recycling industry and has the ISO 9001:2015 certification. It is **PROSHRED®**'s vision to be the 'system of choice' and provide shredding and recycling services on a global basis. Redishred Capital Corp. grants **PROSHRED®** franchise businesses in the United States and by way of license arrangement in the Middle East. Redishred Capital Corp. also operates nine corporate shredding businesses directly. The Company's plan is to grow its business by way of both franchising and the acquisition and operation of document destruction businesses that generate stable and recurring cash flow through a scheduled client base, continuous paper recycling and concurrent unscheduled shredding service.

FOR FURTHER INFORMATION PLEASE CONTACT:

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