

PRESS RELEASE
REDISHRED CAPITAL CORP. TSXV: KUT
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**REDISHRED CAPITAL CORP. (“REDISHRED”) ANNOUNCES Q2-2017 RESULTS
HIGHLIGHTING CONTINUED REVENUE AND EBITDA GROWTH**

Second Quarter Highlights – in Canadian Dollars except where noted:

- The Company earned \$3.1 million in revenue during the second quarter of 2017, growing 25% over the second quarter of 2016.
- The Company generated \$975,000 in normalized EBITDA during the three months ended June 30, 2017, growing 42% over the comparative 2016 period.
- Total system sales⁽¹⁾ in the **PROSHRED**[®] system were \$8.8 million *USD* in the second quarter of 2017, growing 16% over the comparative period in 2016. (Same location system sales also grew at 15% in Q2-2017 when compared to Q2-2016).
 - Scheduled (recurring) system sales for the second quarter reached a record of \$4 million *USD*, growing 13% over the second quarter of 2016;
 - Unscheduled system sales for the second quarter reached a record of \$3 million *USD*, growing 7% over the second quarter of 2016 and;
 - Recycling system sales for the second quarter were \$1.8 million *USD*, growing 41% over the second quarter of 2016.
 - The **PROSHRED**[®] system shred and recycled 11,900 tons of paper during the second quarter of 2017, an increase of 10% over the second quarter of 2016.
- Royalties and service fee revenue for the second quarter of 2017 was \$522,000, growing 14% over the second quarter of 2016. This category of revenue is generated by franchisees and licensees of the **PROSHRED**[®] system, originally denominated in US dollars.
- Subsequent to quarter-end, on July 28, 2017, the Company secured senior credit facilities from the Bank of Montreal (“BMO”). These facilities include an operating demand loan of \$1 million and a non-revolving term in the amount of \$3 million. The Company used \$2 million of the BMO term loan to repay in full the outstanding balance on the Company’s related party line of credit. With an improved Balance Sheet, the Company will be able to reduce non-truck interest costs and have the ability to conduct accretive acquisitions.

(1) System sales are revenues generated from franchisees, licensees and corporate owned locations. Redishred Capital Corp. derives its royalty and service fee revenues based on a percentage of system sales from franchisees and licensees. Redishred Capital Corp. derives revenues from corporate location system sales.

Management's Comments on the Second Quarter of 2017

Jeffrey Hasham, the Company's CEO, had the following comments, "All of our locations continued to set new sales records, in particular, our scheduled (recurring) service sales continued to grow at a rate of 15%, indicating continued need in the market place for our on-site shredding solutions. Crucially, our sales growth continued to produce strong bottom lines, with Normalized Consolidated EBITDA growing by 42% over 2016. Our same store corporate locations achieved close to 40% EBITDA margin in the 2nd quarter of 2017 and 30% Operating Income margin. Our newest corporate location in Northern Virginia achieved 20% EBITDA margin and 9% Operating Income margin in its first quarter post acquisition. The investments made in supporting our franchisees and corporate locations have been the difference when comparing 2017 to 2016." Mr. Hasham further noted, "The continued support from our shareholders have allowed us to reach this new milestone and we look forward to attaining new milestones and continuing to improve our performance going forward."

Financial Highlights:

	<i>For the three months ended June 30</i>			<i>For the six months ended June 30</i>		
<i>(in 000's except as noted)</i>	2017	2016	<i>% change</i>	2017	2016	<i>% change</i>
System Sales Performance – in USD						
Total locations in the United States	29	28	4%	29	28	7%
System sales	\$8,773	\$7,580	16%	\$17,193	\$14,446	19%
<i>Percentage scheduled</i>	46%	47%		46%	48%	
System sales – same location	\$8,721	\$7,553	15%	\$17,072	\$14,420	18%
<i>Percentage scheduled</i>	46%	47%		47%	48%	
Operating Performance – in CAD						
<i>Consolidated results:</i>						
Revenue	\$3,102	\$2,476	25%	\$5,736	\$4,824	19%
EBITDA ⁽¹⁾	\$699	\$688	2%	\$1,506	\$1,370	10%
One-time costs ⁽²⁾	\$276	-	(100)%	\$276	-	(100)%
Normalized EBITDA	\$975	\$688	42%	\$1,783	\$1,370	30%
Operating Income ⁽³⁾	\$434	\$549	(21)%	\$1,054	\$1,087	(3)%
Normalized operating income	\$710	\$549	29%	\$1,331	\$1,087	22%
<i>As a percentage of revenue</i>	23%	22%		23%	23%	
Normalized Operating Income per share fully diluted ⁽⁴⁾	\$0.015	\$0.019	(21)%	\$0.029	\$0.037	(21)%
<i>Corporate location results:</i>						
Revenue	\$2,579	\$1,843	40%	\$4,685	\$3,735	25%
EBITDA ⁽¹⁾	\$967	\$688	41%	\$1,873	\$1,385	35%
Operating income ⁽³⁾	\$703	\$549	28%	\$1,537	\$1,102	39%
<i>As a percentage of revenue</i>	30%	30%		33%	30%	

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

(2) Excludes a one-time cost related to stock based compensation expense for the issuance of options to members of the Board of Directors and senior management.

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

(4) The Company issued 17,962,929 common shares on January 23, 2017 through an equity raise for a total of \$4.03 million. The Company made a discretionary \$3 million repayment on its line of credit in February, improving the Company's Balance Sheet.

Capital Management:

As at June 30 and December 31,	2017	2016	% change
Working capital (Normalized) ⁽¹⁾	\$958	\$116	272%
Debt to total assets ratio	0.49	0.95	47%
Normalized Fixed Charge Coverage ratio – rolling 12 months ⁽²⁾	1.90	1.18	61%
Normalized Total Funded Debt to EBITDA ratio – rolling 12 months ⁽²⁾	1.59	3.39	50%

(1) As at December 31, 2016, working capital has been increased by \$4.5M for this calculation as the Line of Credit that was due to expire on November 27, 2017 was extended by 2 years shortly after year end. Under IFRS the Line of Credit was fully classified as current.

(2) The normalized ratios are calculated using normalized EBITDA and does not include one-time costs.

Stronger System Sales driving both Royalty and Corporate Location Revenue

System Sales: Redishred achieved 19% growth in total system sales during the first half of 2017 versus the first half of 2016. 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 the six months ended June 30, 2017, service revenue grew by 13% over the same comparative period in 2016. Additionally, paper prices increased on average by 35% with paper tonnage increasing by 10% over the first half of 2016. This resulted in recycling revenue growth of 54%.

Royalties: As a result of the increase in system sales, royalty revenues grew by 15% in the first half of 2017 over the first half of 2016.

Corporate Locations: The corporate location revenues and EBITDA grew by 25% and 35%, respectively, during the first half of 2017 versus the first half of 2016. Same store corporate location revenues and EBITDA grew by 16% and 34%, respectively, during the six months ended June 30, 2017 over the same prior year period.

Corporate Location Investments and Centralization Plan – creating a scalable platform

During the six months ended June 30, 2017, corporate location EBITDA has grown 35% over the same comparative prior year period and operating income has grown by 39%. The Company’s investments in the later part of 2016 and early into 2017 have allowed the Company to grow both its’ sales and operating income in 2017. These investments included:

- (1) enhancing corporate location management;
- (2) centralizing inside sales functions, invoicing and accounts receivables; and
- (3) purchasing new shredding trucks and refurbishing older trucks.

The Company’s centralization program was completed in the first half of 2017.

Debt Reduction and Improving Balance Sheet

Over the last three years, the Company has reduced the amount owing on its line of credit by \$3.75 million. As a result of this, the Company’s rolling twelve-month total funded debt to EBITDA ratio has decreased by 53% since December 31, 2016. As at June 30, 2017, the Company’s normalized working capital has improved by \$842,000 since December 31, 2016. Management will continue to balance investment in human resources, trucks and technology with continued management of its debt balances.

Subsequent to quarter-end, on July 28, 2017, the Company secured senior credit facilities from Bank of Montreal (“BMO”). These facilities include:

- (1) An operating demand loan of \$1 million bearing interest at BMO’s prime rate plus 1.7% and;
- (2) A non-revolving term loan in the amount of \$3 million with an amortization of 60 months from the date of drawdown, bearing interest at BMO’s prime rate plus 2.0%.

The Company used \$2 million of the BMO term loan to repay in full the outstanding balance on the pre-existing related party line of credit.

Corporate Operations

The Company operates seven shredding locations in Syracuse, Albany, Milwaukee, New York City, Charlotte, Miami and Northern Virginia. These locations represent the Company's corporately owned locations. The Company purchased the Northern Virginia franchise from a retiring franchisee on March 31, 2017.

During the three months ended June 30, 2017, the total corporate location revenues grew by 40% over the prior comparative period. The Company also increased EBITDA and operating income by 41% and 28%, respectively, over the 2nd quarter of 2016. Same store locations grew sales by 21% and EBITDA by 30% in Q2-2017 over Q2-2016.

(In 000's)	Total Corporate Locations			Same Corporate Locations			Non-same Corporate Locations	
	2017	2016	% Change	2017	2016	% Change	2017	2016
For the 3 months ended June 30, Revenue:	\$	\$		\$	\$		\$	\$
Shredding service	2,147	1,588	35%	1,877	1,588	18%	270	-
Recycling	432	255	69%	359	255	41%	73	-
Total revenue	2,579	1,843	40%	2,236	1,843	21%	343	-
Operating costs	1,612	1,155	40%	1,339	1,155	16%	273	-
EBITDA	967	688	41%	897	688	30%	70	-
% of revenue	37%	37%	0%	40%	37%	3%	20%	-
Depreciation - equipment	264	139	90%	226	139	63%	38	-
Corporate operating income	703	549	28%	671	549	22%	32	-
% of revenue	27%	30%	(3)%	30%	30%	0%	9%	-

Corporate Locations Trend:

	2017		2016				2015	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Corporate location revenue (\$)	2,579,361	2,106,123	1,876,057	1,870,736	1,842,693	1,892,024	1,549,379	1,554,557
Quarter over quarter % change	22%	12%	0%	1%	(3)%	22%	(1)%	7%
Corporate location EBITDA (\$)	967,171	905,789	514,917	707,997	688,142	696,514	676,130	646,108
Quarter over quarter % change	7%	76%	(27)%	3%	(1)%	3%	5%	(5)%

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.

On June 3, 2017, **PROSHRED**[®] held its' 4th 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 to support the AICR in their endeavor to conduct research to prevent and possibly cure this disease. So far, **PROSHRED**[®] has raised in excess of \$100,000 for this cause. Please visit www.proshred.com/aicr for more information on this effort.

Financial Statements

Redishred's June 30, 2017 Financial Statements, Notes and Management's Discussion and Analysis will be available at www.sedar.com and www.redishred.com.

Services

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 9001:2008 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 six 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.

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