

PRESS RELEASE
REDISHRED CAPITAL CORP. TSXV: KUT
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REDISHRED CAPITAL CORP. (“REDISHRED”) ANNOUNCES Q2-2018 RESULTS

Quarterly Earnings Call:

4:30pm EST, August 22, 2018, Participant call in number is 1-800-319-4610

Second Quarter Highlights:

Consolidated Highlights:

- Total system sales (the revenues produced by all franchise, license and corporate locations) were \$10.2 million *USD*, increasing 16% in Q2 of 2018, compared to Q2 of 2017. (Of the \$10.2 million *USD*, \$4.55 million *USD* or 45% was recurring revenue).
- The Company generated revenue of \$3.5 million *CDN* during Q2 of 2018, growing 12% over Q2 of 2017.
- Consolidated EBITDA for Q2-2018 was \$926,000 *CDN*, growing 33% over Q2-2017.

Corporate Locations Highlights:

- Revenues from corporate locations in Q2 of 2018 were \$2.9 million *CDN*, growing 13% over Q2 of 2017. (Revenues from corporate locations denominated in *USD* grew 17% year over year).
- Corporate locations EBITDA in Q2-2018 reached a record high of just over \$1.2 million *CDN*, growing 16% over Q2-2017. (EBITDA denominated in *USD* grew 20% year over year).
- On April 2, 2018, the Company acquired the assets of the Shred Con business in upstate New York.
- On June 8, 2018, the Company acquired the assets of the On Guard Shredding business in New York City.

Capital Management:

- The Company used \$1.2 million *CDN* of its cash reserves for the two acquisitions conducted during the 2nd quarter. As a result, at June 30, 2018, the Company's working capital declined by \$338,000 *CDN* over December 31, 2017 to \$1.1 million *CDN*.
- The Company has continued to improve its debt ratios into Q2 of 2018 and has the resources required to conduct accretive acquisitions.
- Subsequent to the 2nd quarter, on July 26, 2018, the Company completed a private placement of common shares for gross proceeds of \$11 million *CDN*. The net proceeds of the private placement will be used to fund future acquisitions, organic growth and for general corporate purposes.

Management's Comments on the 2nd Quarter of 2018

"The second quarter of 2018 was a strong quarter for Redishred," noted Jeffrey Hasham, CEO. "We made positive progress on our strategic priorities. Same location System Sales grew 16% in Q2-2018 when compared to Q2-2017, with 12% growth in the all-important scheduled, recurring category. We conducted over \$1.4M in acquisitions in existing markets in New York State that should drive stronger route density and operating income in the state. Existing Corporate locations contributed almost \$1.1 million in EBITDA, and existing Franchised locations drove \$560,000 in royalties and fee revenue during the quarter. In addition, on July 26th, Redishred enhanced its financial capability by issuing \$11 million of equity to fund continued growth."

Financial Highlights:

| (in 000's except as noted) | For the three months ended June 30 | | | For the six months ended June 30 | | |
|----------------------------------------------------|------------------------------------|---------------------|----------|----------------------------------|---------------------|----------|
| | 2018 | 2017 ⁽³⁾ | % change | 2018 | 2017 ⁽³⁾ | % change |
| System Sales Performance – in USD | | | | | | |
| Total locations in the United States | 29 | 29 | 0% | 29 | 29 | 0% |
| System sales | \$10,192 | \$8,773 | 16% | \$19,198 | \$17,193 | 12% |
| <i>Percentage scheduled</i> | 45% | 46% | (1)% | 47% | 46% | 1% |
| Consolidated Operating Performance – in CDN | | | | | | |
| Revenue | \$3,486 | \$3,102 | 12% | \$6,502 | \$5,736 | 13% |
| EBITDA ⁽¹⁾ | \$926 | \$699 | 33% | \$1,706 | \$1,506 | 13% |
| Operating Income ⁽²⁾ | \$654 | \$434 | 51% | \$1,186 | \$1,054 | 12% |
| <i>As a percentage of revenue</i> | 19% | 14% | 5% | 18% | 23% | (5)% |
| Operating Income per share fully diluted | \$0.013 | \$0.010 | 30% | \$0.024 | \$0.023 | 4% |
| Corporate Locations Performance – in CDN | | | | | | |
| Revenue | \$2,924 | \$2,579 | 13% | \$5,431 | \$4,685 | 16% |
| EBITDA ⁽¹⁾ | \$1,179 | \$1,019 | 16% | \$2,202 | \$1,873 | 18% |
| Operating income ⁽²⁾ | \$912 | \$757 | 21% | \$1,694 | \$1,426 | 19% |
| <i>As a percentage of revenue</i> | 31% | 29% | 2% | 31% | 30% | 1% |

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

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

(3) Certain amounts have been reclassified to conform to the current period's presentation.

Capital Management – in CDN

| As at June 30 and December 31, | 2018 | 2017 | % change |
|-------------------------------------------------------|----------------|---------|----------|
| Working capital | \$1,073 | \$1,411 | (24)% |
| Debt to total assets ratio | 0.37 | 0.42 | 12% |
| Fixed Charge Coverage ratio – rolling 12 months | 2.16 | 2.30 | 6% |
| Total Funded Debt to EBITDA ratio – rolling 12 months | 1.14 | 1.28 | 11% |

Stronger System Sales driving 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 sales and marketing initiatives designed to capture scheduled revenue as well as one-time unscheduled revenue.

During the first half of 2018 Redishred's system sales growth over the first half of 2017 was as follows:

| Total System Sales increased by 12% | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><u>By Service Type:</u> Scheduled (recurring) increased by 12% Unscheduled increased by 14% Recycling increased by 7%</p> | <p><u>By Location Type:</u> Franchise location system sales increased by 11% Royalty revenue increased by 2% Corporate location system sales increased by 16% (Same Store 6%)</p> |

Franchise Operations

The Company's roots are founded in franchising and at June 30, 2018, the Company supported 22 franchisees across the United States. The franchise system continued to perform well in Q2-2018 with the following high level sales results (Note: same location system sales represent 100% of total system sales):

| In \$000's, in USD | <i>For the 3 months ended June 30</i> | | | <i>For the 6 months ended June 30</i> | | |
|---------------------------------|---------------------------------------|-------------|-----------------|---------------------------------------|--------------|-----------------|
| | 2018 | 2017 | <i>% Change</i> | 2018 | 2017 | <i>% Change</i> |
| Total locations | 22 | 22 | 0% | 22 | 22 | 0% |
| Total system sales | \$7,938,288 | \$6,850,909 | 16% | \$14,912,437 | \$13,477,309 | 11% |
| Total scheduled service sales | \$3,551,756 | \$3,112,442 | 14% | \$7,009,333 | \$6,153,179 | 14% |
| Total unscheduled service sales | \$2,611,283 | \$2,296,298 | 14% | \$4,883,769 | \$4,510,402 | 8% |
| Total recycling sales | \$1,714,624 | \$1,442,169 | 19% | \$2,958,709 | \$2,813,728 | 5% |

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 acquired the Shred Con business on April 2, 2018, which is operated out of the Syracuse office. The Company also acquired the On Guard Shredding business on June 8, 2018, which is operated out of the New York City office. The results of the acquisitions are included under non-same corporate locations.

During the three months ended June 30, 2018, the corporate location revenues grew by 13% and EBITDA grew by 16% over the three months ended June 30, 2017. Same store corporate locations grew sales by 8% and EBITDA grew by 8% over Q2-2017. Non-same corporate locations include the 3 month results of Shred Con and 3 week results of On Guard Shredding.

Q2 Corporate Operations Results

| (In CDN, In 000's) | Total Corporate Locations | | | Same Corporate Locations | | | Non-same Corporate Locations | |
|------------------------------------------|---------------------------|-------|----------|--------------------------|-------|----------|------------------------------|------|
| | 2018 | 2017 | % Change | 2018 | 2017 | % Change | 2018 | 2017 |
| For the 3 months ended June 30, Revenue: | \$ | \$ | | \$ | \$ | | \$ | \$ |
| Shredding service | 2,353 | 2,147 | 10% | 2,255 | 2,147 | 5% | 98 | - |
| Recycling | 571 | 432 | 32% | 531 | 432 | 23% | 40 | - |
| Total revenue | 2,924 | 2,579 | 13% | 2,786 | 2,579 | 8% | 138 | - |
| Operating costs | 1,745 | 1,561 | 12% | 1,692 | 1,561 | 8% | 53 | - |
| EBITDA | 1,179 | 1,019 | 16% | 1,094 | 1,019 | 8% | 85 | - |
| % of revenue | 40% | 39% | 1% | 39% | 39% | 0% | 61% | - |
| Depreciation – tangible assets | 267 | 262 | 2% | 253 | 262 | 3% | 14 | - |
| Corporate operating income | 912 | 757 | 21% | 841 | 757 | 11% | 71 | - |
| % of revenue | 31% | 29% | 2% | 30% | 29% | 1% | 51% | - |

Corporate Locations Trend:

| | 2018 | | 2017 | | | | 2016 | |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 |
| Corporate location revenue (\$) | 2,923,705 | 2,506,453 | 2,280,150 | 2,349,342 | 2,579,361 | 2,106,123 | 1,876,057 | 1,870,736 |
| Quarter over quarter % change | 16% | 10% | (3)% | (9)% | 22% | 12% | 0% | 2% |
| Corporate location EBITDA (\$) | 1,178,439 | 1,022,647 | 768,539 | 952,118 | 967,171 | 905,789 | 514,917 | 707,997 |
| Quarter over quarter % change | 15% | 33% | (19)% | (2)% | 7% | 76% | (27)% | 3% |

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 2, 2018, **PROSHRED**[®] held its' 5th 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 conduct research to prevent 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 June 30, 2018 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 seven 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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