

PRESS RELEASE
REDISHRED CAPITAL CORP. TSXV: KUT
Mississauga, Ontario
November 29, 2018

REDISHRED CAPITAL CORP. (“REDISHRED”) ANNOUNCES Q3-2018 RESULTS

Quarterly Earnings Call:

8:30am EST, November 30, 2018, Participant call in number is 1-800-319-4610

Third Quarter Highlights:

Consolidated Highlights:

- Total system sales (the revenues produced by all franchise, license and corporate locations) were \$10.1 million *USD*, increasing 15% in Q3 of 2018, compared to Q3 of 2017. (Of the \$10.1 million *USD*, \$4.6 million *USD* or 46% was recurring revenue).
- The Company generated revenue of \$3.5 million *CDN* during Q3 of 2018, growing 24% over Q3 of 2017.
- Consolidated EBITDA for Q3-2018 was \$817,000 *CDN*, a decline of 6% over Q3-2017 due to one-time costs incurred related to the acquisitions conducted and the private placement closed in the quarter.

Corporate Locations Highlights:

- Revenues from corporate locations in Q3 of 2018 were \$3 million *CDN*, growing 27% over Q3 of 2017.
- Corporate locations EBITDA in Q3-2018 were \$1.0 million *CDN*, growing 9% over Q3-2017.
- Subsequent to Q3-2018, the Company completed a US\$5 million asset acquisition in North New Jersey, marking its 8th corporate location.

Capital Management:

- On July 26, 2018, the Company completed a private placement of 18,333,334 common shares of the Company at a price of \$0.60 per common share for gross proceeds of \$11 million *CDN*. The net proceeds of the private placement will be used to fund future growth initiatives including both acquisitions and organic growth.
- The Company has strong liquidity ratios that were well within its financial covenants with its banking institution.

Management’s Comments on the 3rd Quarter of 2018

Jeffrey Hasham, the Company’s Chief Executive Officer, noted “We made some strong progress on our strategic priorities in the third quarter. Firstly our all-important subscription based scheduled service increased to \$4.6M in the third quarter, up 12% over Q3-2017. This revenue category is crucial for creating stable and reliable cash flow streams for our franchisees and our corporate locations. Secondly, we raised \$11 million dollars in a private placement in July, and immediately deployed \$4 million dollars of the funds to purchase Safe Shred in New Jersey on October 1, 2018. This acquisition fills an important geographic hole in our footprint and allows us to fully service the greater New York City metro area. The acquisition is accretive to our cash flows.”

Financial Highlights:

	For the three months ended September 30			For the nine months ended September 30		
(in 000’s except as noted)	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	\$10,067	\$8,732	15%	\$29,265	\$25,925	13%
<i>Percentage scheduled</i>	46%	46%		46%	46%	0%
Consolidated Operating Performance – in CDN						
Revenue	\$3,520	\$2,834	24%	\$10,022	\$8,571	17%
EBITDA ⁽¹⁾	\$817	\$865	(6)%	\$2,523	\$2,371	6%
Operating Income ⁽²⁾	\$520	\$609	(15)%	\$1,706	\$1,663	3%
<i>As a percentage of revenue</i>	15%	22%	(7)%	17%	19%	(2)%
Operating Income per share fully diluted	\$0.008	\$0.012	(33)%	\$0.024	\$0.033	(25)%
Corporate Locations Performance – in CDN						
Revenue	\$2,977	\$2,349	27%	\$8,408	\$7,035	20%
EBITDA ⁽¹⁾	\$1,039	\$952	9%	\$3,240	\$2,825	15%
Operating income ⁽²⁾	\$753	\$701	7%	\$2,446	\$2,127	15%
<i>As a percentage of revenue</i>	25%	30%	(5)%	29%	33%	(4)%

(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. Operating income during the three months ended September 30, 2018 is net of transitional and professional costs of \$107,937 associated with the acquisitions conducted (9 months ended September 30, 2018 - \$148,709).

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

Capital Management – in CDN

As at September 30 and December 31,	2018	2017	% change
Working capital	\$11,711	\$1,411	730%
Debt to total assets ratio	0.20	0.42	52%
Fixed Charge Coverage ratio – rolling 12 months	1.94	2.30	(16)%
Total Funded Debt to EBITDA ratio – rolling 12 months	1.16	1.28	9%

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

Total System Sales increased by 13%	
<p><i>By Service Type:</i> Scheduled (recurring) increased by 12% Unscheduled increased by 10% Recycling increased by 19%</p>	<p><i>By Location Type:</i> Franchise location system sales increased by 14% Royalty revenue increased by 5% Corporate location system sales increased by 20% (Same Store 9%)</p>

Franchise Operations

The Company's roots are founded in franchising and at September 30, 2018, the Company supported 22 franchisees across the United States. The franchise system continued to perform well in Q3-2018 with the following high level sales results (Note: same location system sales represent 100% of total system sales):

In USD	<i>For the 3 months ended September 30</i>			<i>For the 9 months ended September 30</i>		
	2018	2017	<i>% Change</i>	2018	2017	<i>% Change</i>
Total locations	22	22	0%	22	22	0%
Total system sales	\$7,587,785	\$6,491,959	17%	\$22,491,311	\$19,804,048	14%
Total scheduled service sales	\$3,562,235	\$3,175,948	12%	\$10,571,568	\$6,153,179	13%
Total unscheduled service sales	\$2,432,401	\$2,096,031	16%	\$7,376,796	\$6,606,433	12%
Total recycling sales	\$1,753,945	\$1,219,980	44%	\$4,712,654	\$4,033,709	17%

Corporate Operations

As of September 30, 2018, the Company operates 7 shredding locations in Syracuse, Albany, Milwaukee, New York City, Charlotte, Miami and Northern Virginia. Subsequent to quarter-end, on October 1, 2018, the Company acquired its 8th corporate location, the Safe Shredding business in North New Jersey.

During the three months ended September 30, 2018, the corporate location revenues grew by 27% and EBITDA grew by 9% over the three months ended September 30, 2017. Same store corporate locations grew sales by 16% and EBITDA declined by 2% over Q3-2017. The decline in EBITDA over Q3-2017 to Q3-2018 is due to the following:

- (i) Investment in four additional salespeople versus Q3-2017. The Company's investment in salespeople should drive strong recurring revenues in 2019;
- (ii) Investment in stronger management in our two largest locations versus Q3-2017;
- (iii) Driver shortages causing some upward pressure on driver wages;
- (iv) Significant truck repairs across several markets; and
- (v) One-time transitional costs of \$41,280 related to the On Guard acquisition (included in the total and non-same operating costs).

(In CDN, In 000's) For the 3 months ended September 30,	Total Corporate Locations			Same Corporate Locations			Non-same Corporate Locations ⁽¹⁾	
	2018	2017	% Change	2018	2017	% Change	2018	2017
	\$	\$		\$	\$		\$	\$
Revenue:								
Shredding service	2,361	1,973	20%	2,173	1,973	10%	188	-
Recycling	616	376	64%	554	376	47%	62	-
Total revenue	2,977	2,349	27%	2,727	2,349	16%	250	-
Operating costs	1,939	1,397	39%	1,793	1,397	28%	146	-
EBITDA	1,038	952	9%	934	952	(2)%	104	-
% of revenue	35%	41%	(6)%	34%	41%	(7)%	42%	-
Depreciation – tangible assets	285	251	14%	263	251	5%	22	-
Corporate operating income	753	701	7%	671	701	(4)%	82	-
% of revenue	25%	30%	(5)%	25%	30%	(6)%	33%	-

(1) The results of the acquisitions of Shred Con (purchased April 2, 2018) and On Guard (purchased June 8, 2018) are included under non-same corporate locations.

Corporate Locations Trend:

	2018				2017			2016
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Corporate location revenue (\$)	2,977,170	2,923,705	2,506,453	2,280,150	2,349,342	2,579,361	2,106,123	1,876,057
Quarter over quarter % change	2%	16%	10%	(3)%	(9)%	22%	12%	0%
Corporate location EBITDA (\$)	1,038,069	1,178,439	1,022,647	768,539	952,118	967,171	905,789	514,917
Quarter over quarter % change	(12)%	15%	33%	(19)%	(2)%	7%	76%	(27)%

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 \$175,000 for this cause. Please visit www.proshred.com/aicr for more information on this effort.

Financial Statements

Redishred's September 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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