

PRESS RELEASE
REDISHRED CAPITAL CORP. TSXV: KUT
Mississauga, Ontario
April 15, 2019

REDISHRED CAPITAL CORP. (“REDISHRED”) ANNOUNCES Q4-2018 RESULTS

Quarterly Earnings Call:

8:45am EST, April 16, 2019, Participant call in number is 1-800-319-4610

Annual Highlights:

Consolidated Highlights:

- Total system sales (the revenues produced by all franchise, license and corporate locations) for 2018 were \$40 million *USD*, increasing 17% over 2017. (Of the \$40 million *USD*, \$19 million *USD* or 47.5% was recurring revenue).
- The Company generated revenue of \$15 million *CAD* during 2018, growing 23% over 2017.
- Consolidated EBITDA for 2018 was \$3.5 million *CAD*, growing 12% over 2017.

Corporate Locations Highlights:

- Revenues from corporate locations in 2018 were \$12 million *CAD*, growing 29% over 2017.
- Corporate locations EBITDA in 2018 were \$4.4 million *CAD*, growing 23% over 2017.
- The Company completed three acquisitions during the year for a total of \$7.8 million *CAD* and one acquisition subsequent to year-end for an approximate total of \$9.8 million *CAD*.
- With the acquisition conducted on January 31, 2019, the Company has 9 corporate locations in the US.

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 *CAD*. 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 are well within its financial covenants with its banking institution.

Fourth Quarter Highlights:

Consolidated Highlights:

- Total system sales for Q4-2018 were \$10.5 million *USD*, increased 30% over Q4-2017. (Of the \$10.5 million *USD*, \$5 million *USD* or 48% was recurring revenue).
- The Company generated revenue of \$4.6 million *CAD* during Q4-2018, growing 37% over Q4-2017.
- Consolidated EBITDA for Q4-2018 was \$1 million *CAD*, growing 28% over Q4-2017.

Management's Comments on the FY 2018

Jeffrey Hasham, the Company's Chief Executive Officer, noted "Redishred made strong progress on its strategic initiatives in 2018. First priority has been to work with all locations on driving scheduled recurring revenue, and this category grew by 15% year over year on all locations and an impressive 13% on same locations. This category of revenue creates a consistent and durable revenue stream for the Company and its Franchisees. Furthermore the Company raised \$11 million in a private placement in July, and immediately deployed \$4 million of the funds to purchase Safe Shredding in New Jersey on October 1, 2018. This acquisition filled an important geographic hole in our footprint and has allowed us to fully service the greater New York City metro area. The acquisition is accretive to our cash flows, and the 4th quarter results are indicative of this. As always, these results across the Proshred system are a result of so many people working hard every day: our Franchisees, our Employees, the management team and our Board of Directors, and I would like to thank everyone for their contributions to Redishred's success."

Financial Highlights:

	For the 3 months ended December 31			For the 12 months ended December 31		
(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	30	29	3%	30	29	3%
System sales	10,576	8,145	30%	\$39,841	\$34,070	17%
Percentage scheduled	48%	51%		47%	48%	
Consolidated Operating Performance – in CAD						
Revenue	4,638	3,376	37%	\$14,660	\$11,946	23%
EBITDA ⁽¹⁾	993	774	28%	\$3,516	\$3,145	12%
Operating Income ⁽²⁾	634	512	24%	\$2,340	\$2,176	8%
As a percentage of revenue	14%	15%	(1)%	16%	18%	(2)%
Operating Income per share fully diluted ⁽⁴⁾	\$0.01	\$0.01	0%	\$0.041	\$0.046	(11)%
Corporate Locations Performance – in CAD						
Revenue	\$3,608	\$2,280	58%	\$12,015	\$9,315	29%
EBITDA ⁽¹⁾	\$1,169	\$768	52%	\$4,409	\$3,594	23%
Operating income ⁽²⁾	\$821	\$522	57%	\$3,267	\$2,650	23%
As a percentage of revenue	23%	23%	0%	27%	28%	(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 restated with the adoption of the new accounting standard on a retrospective basis. Certain amounts have also been reclassified to conform to the current period's presentation.

(4) The Company completed a private placement of 18.3M common shares during the third quarter of 2018.

Capital Management – in CAD

As at December 31,	2018	2017	% change
Working capital	\$7,288	\$1,411	417%
Debt to total assets ratio	0.29	0.42	31%
Normalized Fixed Charge Coverage ratio – rolling 12 months	1.94	2.30	(16)%
Normalized Total Funded Debt to EBITDA ratio – rolling 12 months	1.69	1.28	32%

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 2018 Redishred's System Sales growth over 2017 was as follows:

Total System Sales increased by 17% (Same Store 16%)	
<i><u>By Service Type:</u></i>	<i><u>By Location Type:</u></i>
Scheduled (recurring) increased by 13% (Same Store 13%)	Franchise location system sales increased by 15% (Same Store 15%)
Unscheduled increased by 12% (Same Store 11%)	Corporate location system sales increased by 29% (Same Store 9%)
Recycling increased by 31% (Same Store 29%)	

Franchise Operations

The Company's roots are founded in franchising and at December 31, 2018, the Company supported 22 franchisees across the United States. The franchise system continued to perform well in Q4-2018 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 December 31</i>			<i>For the 12 months ended December 31</i>		
	2018	2017	<i>% Change</i>	2018	2017	<i>% Change</i>
Total locations	22	22	0%	22	22	0%
Total system sales	\$7,762,179	\$6,356,292	22%	\$30,253,490	\$26,325,089	15%
Total scheduled service sales	\$3,770,504	\$3,262,441	16%	\$14,342,072	\$12,591,568	14%
Total unscheduled service sales	\$2,189,952	\$1,961,855	12%	\$9,422,525	\$8,567,817	10%
Total recycling sales	\$1,801,722	\$1,131,996	59%	\$6,642,388	\$5,165,704	29%

Corporate Operations

As of December 31, 2018, the Company operates 8 corporate locations in Syracuse, Albany, Milwaukee, New York City, Charlotte, Miami, Northern Virginia and North New Jersey. Subsequent to year-end, on January 31, 2019, the Company acquired its 9th corporate location, the Proshred Kansas City franchise.

During the three months ended December 31, 2018, the corporate location revenues grew by 58% and EBITDA grew by 52% over the same comparative period. The Q4-2018 corporate location results include the first quarter of North New Jersey results post acquisition on October 1, 2018. Same store corporate locations grew sales by 22% and EBITDA grew by 18% over Q4-2017. There was a decline in EBITDA margin as a percentage of sales in Q4-2018 over Q4-2017 due to the investment in four additional salespeople and stronger management in our two largest locations.

The results of the acquisitions of Shred Con (purchased April 2, 2018), On Guard (purchased June 8, 2018) and North New Jersey (purchased October 1, 2018) are included under non-same corporate locations. Included in the total and non-same operating costs are consulting fees of \$29,369 related to the North New Jersey transition.

In CAD, In 000's For the 3 months ended December 31,	Total Corporate Locations			Same Corporate Locations			Non-same Corporate Locations	
	2018	2017	% Change	2018	2017	% Change	2018	2017
	\$	\$		\$	\$		\$	\$
Revenue:								
Shredding service	2,859	1,955	46%	2,231	1,955	14%	628	-
Recycling	749	325	130%	557	325	71%	192	-
Total revenue	3,608	2,280	58%	2,788	2,280	22%	820	-
Operating costs	2,438	1,512	61%	1,884	1,512	25%	554	-
EBITDA	1,170	768	52%	904	768	18%	266	-
% of revenue	32%	34%	(2)%	32%	34%	(2)%	32%	-
Depreciation – tangible assets	349	246	42%	258	246	5%	91	-
Corporate operating income	821	522	57%	646	522	24%	175	-
% of revenue	23%	23%	0%	23%	23%	0%	21%	-

Corporate Locations Trend:

	2018				2017			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Corporate location revenue (\$)	3,607,617	2,977,170	2,923,705	2,506,453	2,280,150	2,349,342	2,579,361	2,106,123
Quarter over quarter % change	21%	2%	16%	10%	(3)%	(9)%	22%	12%
Corporate location EBITDA (\$)	1,169,290	1,038,069	1,178,439	1,022,647	768,539	952,118	967,171	905,789
Quarter over quarter % change	12%	(12)%	15%	33%	(19)%	(2)%	7%	76%

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 December 31, 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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