

Redishred Capital Corp. ("Redishred") Announces Q3-2017 Results Highlighting Growing Revenue and EBITDA, and Provides Conference Call Details

Mississauga, Ontario--(Newsfile Corp. - November 27, 2017) - Redishred Capital Corp. (TSXV: KUT)

Quarterly Earnings Call:

2:00pm EST, November 27, 2017, Participant call in number is 1-800-319-4610

Third Quarter Highlights - in Canadian Dollars except where noted:

- The Company generated \$2.8 million in revenue in Q3 of 2017, growing 17% over Q3 of 2016.
- Q3 2017 EBITDA was \$865,000, growing 17% over Q3 2016.
- Total system sales (the revenues produced by all corporate, franchise and license locations) increased 16% to \$8.7 million USD in Q3 2017, compared to Q3 2016. (Of the \$8.7 million USD, \$4.1 million USD or 47% was recurring revenue).
- Same location system sales grew 15% in Q3 2017 in comparison to Q3 2016.
- Royalties and service fee revenue for the third quarter of 2017 was \$479,000 CAD. This category of revenue is generated by franchisees and licensees of the **PROSHRED**[®] system, originally denominated in US dollars.
- 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.
 - The improved Balance Sheet allows the Company to reduce non-truck related debt service and provides the resources required to conduct accretive acquisitions.
 - The Company reduced its interest costs by 62% in the third quarter of 2017 over the third quarter of 2016.
- On September 30, 2017 the Company expanded its location footprint to include Buffalo and Rochester, NY. The Company conducted an acquisition of a small book of business in the Buffalo, NY market to anchor the expansion. Syracuse, NY will continue to serve as the Operational base for the Company's Up-State New York locations, which now totals four markets.
- Subsequent to the 3rd quarter, on October 23, 2017, the Company announced that it has partnered with MedPro Waste Disposal (A leader in the Medical Waste Industry), with the objective of assisting our collective clients in the Healthcare Industry with their information security needs.

Management's Comments on the Third Quarter of 2017

Jeffrey Hasham, the Company's CEO, had the following comments, "Our strong sales, marketing and operational focus has once again led to a positive outcome in Q3-2017. During the 3rd quarter of 2017, our EBITDA grew 17% over the 3rd quarter of 2016. On a year to date basis, normalized EBITDA has grown 25% during 2017 over 2016. The Proshred system continued to set new records in the all-important Scheduled system sales category. This Scheduled system sales category provides our Franchisees and the Company with a more predictable source of revenue and cash flows than the Unscheduled and Recycling System Sales category. The Company will continue to focus its investments in sales resources, marketing resources and technology with the view to enhancing our recurring Scheduled client base. Simultaneously, the Company continued to see strong system sales growth in both the Unscheduled and Recycling categories; it is our view that our continued commitment to the on-site shredding method continues to resonate with our target market of small and medium size enterprises. These results are the culmination of the efforts of our entire system. I would like to thank our Franchisees, Employees and our Shareholders for their efforts and support. We look forward to attaining new milestones and continuing to improve our performance going forward."

Financial Highlights:

(in 000's except as noted)	For the 3 months ended September 30			For the 9 months ended September 30		
	2017	2016	% change	2017	2016	% change
System Sales Performance - in USD						
Total locations in the United States	29	29	0%	29	29	0%
System sales	\$ 8,732	\$ 7,512	16%	\$ 25,925	\$ 21,957	18%
Percentage scheduled	46%	48%		46%	48%	
System sales - same location	\$ 8,651	\$ 7,512	15%	\$ 25,724	\$ 21,957	17%
Percentage scheduled	47%	48%		47%	48%	
Operating Performance - in CAD						
<i>Consolidated results:</i>						
Revenue	\$ 2,834	\$ 2,418	17%	\$ 8,571	\$ 7,242	18%
EBITDA ⁽¹⁾	\$ 865	\$ 741	17%	\$ 2,371	\$ 2,111	12%
One-time costs ⁽²⁾	-	-	-%	\$ 276	-	(100)%
Normalized EBITDA	\$ 865	\$ 741	17%	\$ 2,647	\$ 2,111	25%
Operating Income ⁽³⁾	\$ 609	\$ 581	5%	\$ 1,663	\$ 1,668	0%

Normalized operating income	\$	609	\$	581	5%	\$	1,940	\$	1,668	16%
As a percentage of revenue		22%		24%			23%		23%	
Normalized Operating Income per share fully diluted ⁽⁴⁾	\$	0.01	\$	0.01	0%	\$	0.04	\$	0.06	(33)%

Corporate location results:

Revenue	\$	2,349	\$	1,871	26%	\$	7,035	\$	5,605	26%
EBITDA ⁽¹⁾	\$	952	\$	708	35%	\$	2,825	\$	2,093	35%
Operating income ⁽³⁾	\$	701	\$	548	28%	\$	2,292	\$	1,650	39%
As a percentage of revenue		30%		29%			33%		29%	

- (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.

Stronger System Sales driving Revenue

System Sales: Redishred achieved 18% growth in total system sales during the nine months ended September 30, 2017 versus the same comparative 2016 period. 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 nine months ended September 30, 2017, service revenue grew by 14% over the same comparative period in 2016. Additionally, recycling revenue grew 40% over the prior comparative period due to the increase in paper prices and paper tonnage. Paper prices increased on average by 23% and paper tonnage increased by 10% over the first nine months of 2016.

Royalties: As a result of the increase in system sales, royalty revenues grew by 10% during the nine months ended September 30, 2017 over the nine months ended September 30, 2016.

Corporate Locations: The corporate location revenues and EBITDA grew by 26% and 35%, respectively, during the first nine months of 2017 over the first nine months of 2016. Same store corporate location revenues and EBITDA grew by 14% and 27%, respectively, during the nine months ended September 30, 2017 over the same prior year period.

Capital Management:

As at September 30 and December 31,	2017	2016	% change
Working capital (Normalized) ⁽¹⁾	\$1,276	\$116	1003%
Debt to total assets ratio	0.46	0.95	52%
Normalized Fixed Charge Coverage ratio - rolling 12 months ⁽²⁾	2.05	1.18	74%
Normalized Total Funded Debt to EBITDA ratio - rolling 12 months ⁽²⁾	1.36	3.39	60%

- (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.

Debt Reduction, Equity Raise and Improving Balance Sheet

Over the last three years, the Company has repaid in full its related party line of credit of \$6 million. As a result of this, the Company's rolling twelve-month total funded debt to EBITDA ratio has decreased by 60% since December 31, 2016. As at September 30, 2017, the Company's normalized working capital has improved by \$1.1 million since December 31, 2016. Management will continue to balance investment in human resources, trucks and technology with continued management of its debt balances.

On January 23, 2017, the Company closed its private placement raising \$4.03 million. In addition, 1,125,000 stock options were exercised for a total amount of \$207,500. The Company plans to use the funds to conduct accretive acquisitions. The Company also converted three of its term loans and convertible debentures into equity, which were obtained from certain members of the Company's Board of Director's.

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 2.5%.

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 nine months ended September 30, 2017, the total corporate location revenues grew by 26% over the 2016 comparative period. The Company also increased EBITDA and operating income by 35% and 28%, respectively, over the 1st nine months of 2016. Non-same corporate location results include the Northern Virginia results for the six months ended September 30, 2017 (April 1, 2017 - September 30, 2017). Included in operating costs below is a non-recurring consulting fee of \$54,581 paid in Northern Virginia.

(In 000's)	Total Corporate Locations			Same Corporate Locations			Acquired Corporate Locations	
	2017	2016	% Change	2017	2016	% Change	2017	2016
For the 3 months ended September 30,	\$	\$		\$	\$		\$	\$
Revenue:								
Shredding service	1,973	1,586	24%	1,709	1,586	8%	264	-
Recycling	376	285	32%	312	285	9%	65	-
Total revenue	<u>2,349</u>	<u>1,871</u>	26%	<u>2,021</u>	<u>1,871</u>	8%	<u>329</u>	-
Operating costs	<u>1,397</u>	<u>1,163</u>	20%	<u>1,167</u>	<u>1,163</u>	0%	<u>230</u>	-
EBITDA	<u>953</u>	<u>708</u>	35%	<u>854</u>	<u>708</u>	21%	<u>99</u>	-
% of revenue	41%	38%	3%	42%	38%	4%	30%	-
Depreciation - tangible assets	<u>251</u>	<u>160</u>	57%	<u>214</u>	<u>160</u>	34%	<u>37</u>	-
Corporate operating income	<u>702</u>	<u>548</u>	28%	<u>640</u>	<u>548</u>	17%	<u>62</u>	-
% of revenue	30%	29%	1%	31%	29%	3%	19%	-

Corporate Locations Trend:

	2017			2016				2015
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Corporate location revenue (\$)	2,349,342	2,579,361	2,106,123	1,876,057	1,870,736	1,842,693	1,892,024	1,549,379
Quarter over quarter % change	(9)%	22%	12%	0%	2%	(3)%	22%	(1)%
Corporate location EBITDA (\$)	952,118	967,171	905,789	514,917	707,997	688,142	696,514	636,139
Quarter over quarter % change	(2)%	7%	76%	(27)%	3%	(1)%	10%	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 \$125,000 for this cause. Please visit www.proshred.com/aicr for more information on this effort.

Financial Statements

Redishred's September 30, 2017 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 9001:2008 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 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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