

**PRESS RELEASE**  
**REDISHRED CAPITAL CORP. TSXV: KUT**  
Mississauga, Ontario  
May 13, 2020

**REDISHRED CAPITAL CORP. (“REDISHRED”) PROVIDES UPDATE RELATING TO THE COVID19 PANDEMIC**

**Key Highlights:**

- Company is continuing to provide services primarily to essential businesses and institutions
- Shortage in the supply of paper has caused spike in paper commodity prices
- Company is managing its costs in relation to its current business levels

Most US States have been under “Shelter at Home” orders since late March/early April 2020 in response to the COVID19 Global Pandemic. As a result, businesses and institutions that have been deemed an essential service may provide their services and open their facilities, while the remaining must close their facilities and work from home if feasible. Redishred, via its PROSHRED brand has been deemed essential in the various States that PROSHRED operates. This allows us to provide our service to essential service businesses and institutions as well as to residential consumers under strict hygiene and service protocols. PROSHRED is effectively prevented from providing services to non-essential businesses and institutions.

The COVID19 Pandemic has created a shortage in the supply of household and other paper products, resulting in higher demand for the paper product that we create during the shredding process. This paper material has seen cumulative price increases between \$80 and \$100 per tonne since the start of April till present time in most of the markets PROSHRED operates. This has provided partial mitigation to the lost revenues Redishred has experienced from the Shelter at Home orders.

Jeffrey Hasham, the Company’s Chief Executive Officer commented, “We have seen our non-essential clients temporarily close their business during the month of April and we expect that re-opening of these businesses will be gradual. COVID19 is having a pronounced impact to the business services sector during the second quarter of 2020, including Redishred. With Shelter at Home Orders being lifted in various US States at different times, the gradual re-opening will vary geographically. Given that there are a number of variables to consider at this time, Redishred is evaluating the validity of the targets as set out in our Q4-MD&A.”

Mr. Hasham added, “Redishred has a strong foundation. We entered the COVID19 crisis with a strong balance sheet, leverage ratios that were reasonable and within banking covenants and the ability to access existing unused lines of credit. Additionally, Redishred has diversity across geographies and our largest cost items are variable. We are presently experiencing a revenue decrease on a same-location basis, versus the first quarter of 2020. This has caused management to modify its cost structure to match the decline in revenue to mitigate as best we can. We do believe that as businesses gradually re-open they will continue to view their

information security as a necessity and Redishred, through its brand PROSHRED will be well positioned to support their needs.”

Mr. Hasham concluded, “Redishred’s sound financial strategy, flexible cost structure and dedicated employees and franchisees ensures that we are well positioned to navigate through these very fluid and uncertain times. We will continue to focus on safe service protocols so that the well-being of our employees and our clients are top of mind. To that end, we thank our front-line Client Service Professionals for providing safe, secure and strong service during these challenging times.”

## **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 eleven 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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