

PRESS RELEASE
REDISHRED CAPITAL CORP. TSXV: KUT
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REDISHRED CAPITAL CORP. (“REDISHRED”) ANNOUNCES Q4 AND FISCAL 2020 RESULTS HIGHLIGHTING: 90% AND 18% GROWTH IN CONSOLIDATED EBITDA IN Q4 AND FISCAL 2020, RESPECTIVELY

Quarterly Earnings Call:

8:30am EST, April 16, 2021, Participant call in number is 1-800-319-4610

Annual Highlights:

Consolidated Highlights:

- The Company generated revenue of \$25.4 million *CAD* during 2020, growing 14% versus 2019.
- Consolidated EBITDA for 2020 was \$5.9 million *CAD*, growing 18% versus 2019.
- Consolidated EBITDA margin (excluding government assistance) for 2020 was 23%, consistent with 2019.
- The Company qualified for \$1.9 million *CAD* in government assistance during 2020.
- Consolidated EBITDA including government assistance was \$7.8 million *CAD*, growing 56% versus 2019.
- The growth in consolidated EBITDA was driven by the acquisitions in Connecticut and Chicago over the last 18 months and from both routing efficiencies found and cost reductions taken to mitigate the negative impacts of COVID-19.

Corporate Locations Highlights:

- Corporate location revenue in 2020 grew 18% versus 2019 to \$23.2 million *CAD*.
- Corporate location EBITDA (excluding government assistance) in 2020 grew 15% versus 2019 to \$7.1 million *CAD*.
- Same corporate location EBITDA in 2020 was \$5.0 million *CAD*, this was a decline of 20% when compared to 2019 driven by the negative impacts of COVID-19.
- The Company mitigated the revenue decline by reducing costs which led to an EBITDA margin for same corporate locations of 29% in 2020 versus 32% in 2019 prior to the inclusion of government assistance.
- Corporate location EBITDA including government assistance in 2020 was \$8.7 million *CAD*, growing 40% versus 2019.

Acquisitions

- The Company completed \$16 million *CAD* in acquisitions with the purchase of the Proshred Connecticut business on March 1, 2020 and the Proshred and Proscan Massachusetts businesses on December 31, 2020.

Capital Management:

- During the year, the Company repaid \$1 million CAD on one of its term loans, retiring the Company's most costly term loan instrument before its due date.
- The Company used cash reserves of \$12 million CAD to fund acquisitions during the year.
- The Company's lender advanced \$5 million CAD on its senior credit facility for the acquisitions during the year.
- As of December 31, 2020, the Company has \$1 million CAD available on its operating line of credit.

Fourth Quarter Highlights:

Consolidated Highlights:

- The Company generated revenue of \$6.1 million CAD during Q4-2020, declining by 2% versus Q4-2019.
- Consolidated EBITDA for Q4-2020 grew 90% versus Q4-2019 to \$1.1 million CAD.
- Consolidated EBITDA margin for Q4-2020 grew 900 basis points versus Q4-2019 to 19%.
- Consolidated operating income for Q4-2020 was \$212,000 CAD during Q4-2020 growing 289% versus Q4-2019.

Management's Comments on Fiscal 2020

Jeffrey Hasham, the Company's Chief Executive Officer, noted "The fourth quarter is traditionally our slowest quarter in the fiscal year, and with the impact of COVID19 continuing in many markets, this caused a decline in our system sales of 4% versus Q4-2019. Same location shredding revenue from the Corporate locations fell 11% during Q4-2020 versus Q4-2019 as increased restrictions remained in place in the North-East United States to combat the COVID19 pandemic. Despite these reductions in service opportunities the Company continued to acquire new clients both business and residential and in December of 2020 the decline in same location shredding revenue from Corporate owned locations was only 3%.

During the last half of 2020, the Company was prepared to seize opportunities in the marketplace and increased marketing leading to improved unscheduled shredding revenue, including increased penetration in the residential market. Additionally, the Company brought back furloughed sales employees to source new clients and to assist our clients that continue to work remotely. Simultaneously, our operations team continued to be very nimble dealing with increased client service requests, and their efforts allowed for stronger route density and better route economics. This is evidenced by the fact that our EBITDA margins in the 4th quarter on a same location basis were 25%, improving one basis point from the prior year and on a total location basis was 27%, up 300 basis points over the prior comparative period. For the year, despite same location revenues being down 25% in Q2, 10% in Q3 and 11% in Q4, EBITDA margins for the year were 31% before wage subsidies. Our acquired locations also saw similar reductions to revenues and they achieved 36% EBITDA margins before wage subsidies. These are impressive results given the operating restrictions related to COVID19."

Mr. Hasham further noted that "the great work and results delivered by the team enabled Redishred to complete a significant acquisition on the last day of the year; the purchase of the Proshred and Proscan Massachusetts business. This is a business that is well established and well operated and we are thrilled to have the opportunity to keep growing the two businesses and to bring PROSCAN to other markets. Lastly, and most crucially, I am humbled by the dedication the entire team exhibited during the last nine months of the pandemic. The entire Redishred team has performed above and beyond all expectations - they deferred wages, and throughout, have provided safe service to our valued customers. I would like to take this moment to thank all our employees, franchisees, management and board members for their unwavering support and contributions during these unprecedented times. 2021 will be a great year and we will remain focused on doing the right thing every day to drive a better tomorrow for Redishred."

Financial Highlights:

	Three months ended December 31,			Twelve months ended December 31,		
	2020	2019	Change ⁽²⁾	2020	2019	Change ⁽²⁾
System Sales Performance – in \$000's, in USD						
Total locations in the United States	30	30	0%	30	30	0%
Total system sales ⁽¹⁾	\$10,006	\$10,477	(5)%	\$40,415	\$44,321	(9)%
% of scheduled sales	53%	56%		51%	50%	

Consolidated Operating Growth – In \$000's, in CAD						
Revenue	\$6,144	\$6,281	(2)%	\$25,437	\$22,407	14%
EBITDA	\$1,148	\$605	90%	\$5,938	\$5,045	18%
EBITDA margin	19%	10%	900 bps	23%	23%	- bps
Operating income	\$212	\$(112)	289%	\$2,237	\$2,410	(7)%
Operating income margin	3%	(2)%	500 bps	9%	11%	(200) bps
Operating income per weighted average share fully diluted	\$0.027	\$(0.002)	234%	\$0.028	\$0.032	(12)%
EBITDA including government assistance ⁽³⁾	\$1,301	\$605	115%	\$7,847	\$5,045	56%

Corporate Location Performance – In \$000's, in CAD						
Revenue	\$5,572	\$5,734	(3)%	\$23,202	\$19,737	18%
EBITDA	\$1,528	\$1,376	11%	\$7,159	\$6,235	15%
EBITDA margin	27%	24%	300 bps	31%	32%	(100) bps
Operating income	\$634	\$620	2%	\$3,572	\$3,687	(3)%
Operating income margin	11%	11%	- bps	15%	19%	(400) bps
EBITDA including government assistance ⁽³⁾	\$1,528	\$1,376	11%	\$8,728	\$6,235	40%

Capital Management:

In \$000's, in CAD

As of December 31,	2020	2019	Change ⁽²⁾
Working capital	\$(2,548)	\$4,432	(157)%
Debt to total assets ratio	0.48	0.44	(9)%
Normalized Fixed Charge Coverage ratio – rolling 12 months	1.19	2.39	(50)%
Normalized Total Funded Debt to EBITDA ratio – rolling 12 months	2.95	2.94	0%

(1) Same location system sales were not materially different than total system sales.

(2) Change expressed as a percentage or basis point ("bps").

(3) The Company qualified for the Paycheck Protection Program loan ("PPP") in the United States which has been made available to eligible US businesses that have been affected by the COVID-19 pandemic. The entire PPP loan was forgiven. The Company also qualified for the Canadian Emergency Wage Subsidy ("CEWS") in Canada.

Revenue Growth in 2020 from Acquisitions Despite Challenges with COVID-19

The Company achieved 14% total revenue growth during the year due primarily to the acquisitions conducted during the last 18 months including Chicago and Connecticut.

Q4-2020 System Sales Impacted by Seasonality

Shredding system sales declined by 4% in Q4-2020 versus Q3-2020 as the fourth quarter has fewer business days than other quarters due to US holidays. When compared with Q4-2019, shredding system sales declined by 5% due to the impacts of the COVID-19 pandemic. Refer to page 9 for further details on the impact of COVID-19 on the Company.

Scheduled system sales declined by 9% in Q4-2020 versus Q4-2019 as the COVID-19 pandemic compelled many larger non-essential clients to provide work from home options to their employees, resulting in reduced service frequencies or a suspension of services.

Unscheduled system sales grew by 0.5% in Q4-2020 over Q4-2019 despite the continued negative impacts of the pandemic. The Company increased both sales and marketing spend in the fourth quarter of 2020 with a view to driving increased unscheduled sales given available capacity.

Recycling system sales grew by 1% in Q4-2020 versus Q4-2019 as the average paper price in the Proshred system for Q4-2020 was on par with the price obtained in Q4-2019. As businesses continued to re-open during Q4-2020, the Company saw an increase in total tonnage processed of 3% in Q4-2020 versus Q3-2020. When compared to Q4-2019, the Company saw a 7% decline.

Corporate Footprint Growth from Acquisitions

The Company completed the acquisition of the Proshred and Proscan Massachusetts business from its franchisee on December 31, 2020. With the acquisition of the Proshred Connecticut business on March 1, 2020, the Company completed a total of \$16 million in acquisitions in 2020. The acquired locations earned a total of USD\$5.4 million in revenue for the year 2019 and currently operate 16 trucks in total. The acquisitions have completed the North East's Corporate footprint allowing for fleet and management synergies with adjacent corporate locations.

Same Corporate Location EBITDA

Same corporate location EBITDA for 2020 was negatively impacted by the "Shelter at Home" orders issued in Q2-2020 which prevented the Company from providing services to its non-essential clients. This also led to a decline in tonnage because of the decline in shredding revenue which was coupled with a decline in paper prices. The Company mitigated against the revenue decline by reducing costs which led to an EBITDA margin of 31% in 2020 versus 32% in 2019.

Same corporate location EBITDA continued to be impacted by COVID-19 in Q4-2020 as larger non-essential clients continued to provide work from home options to their employees. Despite this, same corporate location EBITDA margin improved by 100 basis points to 25%. The Company managed its routes and related sales, marketing and support costs which led to reduced operating costs to mitigate against the reduced sales.

Growth in Consolidated EBITDA Despite Challenges with COVID-19

The Company achieved growth in consolidated EBITDA in Q4-2020 and fiscal year 2020 as compared to the prior comparative periods due to:

- (1) The acquisitions conducted in the last 18 months; and
- (2) The cost reduction initiatives taken and the routing enhancements made to mitigate against the negative impacts of COVID-19 on sales.

In addition to the growth in consolidated EBITDA, the Company qualified for and received \$1.9 million from the government assistance programs in Canada and the US during 2020 which has been recorded in other income.

Franchise Operations

During 2020, the Company supported 19 franchisees across the United States. The franchise system's high-level sales results are as follows:

In USD, In \$000's	<i>For the year ended December 31,</i>		
	2020	2019	<i>% Change</i>
Total same locations	19	19	0%
Total same location system sales	\$22,442	\$23,913	(6)%
Total same location scheduled service sales	\$12,149	\$12,500	(3)%
Total same location unscheduled service sales	\$7,838	\$7,970	(2)%
Total same location recycling sales	\$2,455	\$3,443	(29)%

Corporate Locations

As of December 31, 2020, the Company operated eleven locations in Syracuse, Albany, Milwaukee, New York City, Charlotte, Miami, Northern Virginia, North New Jersey, Kansas, Chicago and Connecticut. On December 31, 2020, the Company acquired the Proshred and Proscan Massachusetts franchise which will be included in the corporate location results beginning January 1, 2021. Same corporate location results include all locations apart from the Connecticut location which was acquired on March 1, 2021.

Total corporate location revenues declined by 3% in Q4-2020 versus Q4-2019 because of the negative impacts related to the COVID-19 pandemic. The Company mitigated against the decline in revenues by reducing its total costs resulting in EBITDA growth of 11% in Q4-2020 versus Q4-2019. EBITDA margin improved by 300 basis points over this period, resulting in an EBITDA margin of 27%. The corporate locations continued to optimize routes using new routing software implemented in late 2019 coupled with continued execution of cost mitigation programs.

Several corporate locations in the North East region have seen stricter economic restrictions as a result of the pandemic as compared to other regions in the US. The majority of franchisees are in regions where the economic restrictions have been milder than those in the North East.

In Q4-2020 versus Q4-2019, same corporate location shredding revenue was negatively impacted by COVID-19 resulting in a 7% decline. In response to the decline in revenue, the Company reduced same location costs by 14% in Q4-2020 versus Q4-2019. EBITDA margin from same corporate locations in Q4-2020 was 25%, improving 100 basis points over the same comparative period.

In CAD, in \$000's For the three months ended December 31,	Total Corporate Locations			Same Corporate Locations			Non-same Corporate Locations	
	2020	2019	% Change	2020	2019	% Change	2020	2019
	\$	\$		\$	\$		\$	\$
Revenue:								
Shredding sales	5,141	5,198	(1)%	4,624	5,198	(11)%	517	-
Recycling sales	431	536	(20)%	404	536	(25)%	27	-
Total sales	5,572	5,734	(3)%	5,028	5,734	(12)%	544	-
Operating costs (note 1)	4,044	4,358	7%	3,754	4,358	14%	290	-
EBITDA	1,528	1,376	11%	1,274	1,376	(7)%	254	-
<i>% of revenue</i>	27%	24%	300 bps	25%	24%	100 bps	47%	-
Depreciation – tangible assets	894	756	(18)%	831	756	(10)%	63	-
Operating income	634	620	2%	443	620	(28)%	191	-
<i>% of revenue</i>	11%	11%	- bps	9%	11%	(200) bps	35%	-
Operating income less recycling	203	84	141%	39	84	(53)%	164	-
<i>% of revenue</i>	4%	2%	200 bps	1%	2%	(100) bps	32%	-
EBITDA – in USD	1,178	1,047	13%	976	1,047	(7)%	123	-
<i>% of revenue</i>	28%	24%	400 bps	25%	24%	100 bps	30%	-

Note 1: During Q4-2020, acquisition/vendor-related consulting fees of \$23,677 are included in the total and non-same operating costs.

Corporate Locations Trend:

In CAD, in \$000's	2020				2019				2018
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue (\$)	5,572	6,093	5,532	6,003	5,734	4,661	4,833	4,507	3,608
<i>Quarter over quarter % change</i>	(9)%	10%	(8)%	5%	23%	(4)%	7%	25%	21%
EBITDA (\$)	1,528	2,102	1,744	1,782	1,376	1,432	1,704	1,723	1,170
<i>Quarter over quarter % change</i>	(27)%	21%	(2)%	30%	(4)%	(16)%	(1)%	47%	12%

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. Our annual national Shred Cancer event was held in the fall of 2020. These events are held to raise research funds for the American Institute for Cancer Research ("AICR"). It is our goal as a Company and Franchise System to support AICR in their endeavor to prevent cancer and possibly cure this disease. So far, **PROSHRED**[®] has raised almost USD\$200,000 for this cause. Please visit www.proshred.com/aicr for more information on this effort.

Financial Statements

Redishred's December 31, 2020 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 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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