

PRESS RELEASE
REDISHRED CAPITAL CORP. TSXV: KUT
Mississauga, Ontario
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REDISHRED CAPITAL CORP. (“REDISHRED”) ANNOUNCES RECORD Q1 2021 RESULTS HIGHLIGHTING: 51% GROWTH IN CONSOLIDATED EBITDA

Quarterly Earnings Call:

8:15am EST, May 27, 2021, Participant call in number is 1-800-319-4610

First Quarter Highlights:

Consolidated Highlights:

- Consolidated EBITDA for Q1-2021 was \$2.1 million *CAD*, growing 51% versus Q1-2020, *not including government assistance*.
- Consolidated EBITDA margin (excluding government assistance) for Q1-2021 was 28%, growing 700 basis points versus Q1-2020.
- The Company qualified for \$1.3 million *CAD* in government assistance during Q1-2021.
- The growth in consolidated EBITDA was driven by the acquisitions in Connecticut and Massachusetts over the last 12 months and from both routing efficiencies found and cost reductions taken to mitigate the negative impacts of COVID-19 on sales.
- The Company generated revenue of \$7.3 million *CAD* during Q1-2021, growing 11% versus Q1-2020 (16% constant currency growth – US Dollars is constant currency).

Corporate Locations Highlights:

- Corporate location revenue in Q1-2021 grew 13% versus Q1-2020 to \$6.8 million *CAD* (18% constant currency growth).
- Corporate location EBITDA (excluding government assistance) in Q1-2021 grew 35% versus Q1-2020 to \$2.4 million *CAD* (41% constant currency growth).
- Same corporate location EBITDA in Q1-2021 was \$1.9 million *CAD*, growing 7% versus Q1-2020 (11% constant currency growth).
- The Company mitigated against the same corporate location revenue decline by reducing costs which led to an EBITDA margin for same corporate locations of 35% in Q1-2021, growing 500 basis points versus Q1-2020 prior to the inclusion of government assistance.

Acquisitions

- Subsequent to Q1-2021, the Company completed the acquisition of the Proshred Richmond business from its franchisee. The acquired location earned a total of \$1.0 million *USD* in revenue for the year 2019 and operates 4 shredding trucks as of closing.

Capital Management:

- The Company increased its cash balance by \$641,000 in Q1-2021 over the prior quarter.
- On March 31, 2021, total debt to total assets improved 400 basis points from December 31, 2020.
- As of March 31, 2021, the Company has \$1 million CAD available on its operating line of credit.

Management’s Comments on Q1-2021

Jeffrey Hasham, the Company’s Chief Executive Officer, noted “The first quarter of 2021 started off with a COVID19 resurgence in January 2021 and as a result, increasing restrictions in most US states, impacting us in both January and February. The good news was during that time and into March 2021 the US government rolled out the various vaccines at lightning pace and just as quickly COVID19 cases fell and so did the restrictions and our sales levels began to increase. During the first two months our team continued to be agile, they managed routes, took care of our clients, and planted the sales seeds for further growth. The result was a very strong first quarter, we had our best EBITDA quarter to date, over \$2M CAD, and strong EBITDA margin of 28% consolidated. This result is evidence that during the pandemic and right into the first quarter of 2021 the management team took the right actions and made the right decisions. Most critically our front-line teams, our drivers continued to do the right things every day, they operated safely, they operated with care and character and we are very proud of their efforts from the start of the pandemic, they are the reason we are rebounding so well.”

Mr. Hasham further noted that “we are looking forward to a great 2021, not only are we seeing a rebound in same location sales and results, we are also seeing the positive impact of our two newest acquisitions, Proshred and Proscan in Massachusetts and most recently the acquisition of Proshred Richmond, VA. Lastly, as we look forward to June, Proshred will be hosting our annual Shred Cancer events once again. These events raise funds for the American Institute for Cancer Research (“AICR”). Over the last 7 years we have raised well over \$200,000 USD for this worthy cause. 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 has started off promising and we will remain focused on doing the right thing every day to drive a better tomorrow for Redishred.”

Financial Highlights:

For the three months ended March 31,	2021	2020	Change ⁽¹⁾
System Sales Performance – in USD, in \$000's			
Total locations in the United States	30	30	0%
Total system sales	\$10,682	\$10,989	(3)%
<i>% of scheduled sales</i>	52%	54%	

Consolidated Operating Growth – in CAD, in \$000's			
Revenue	\$7,313	\$6,594	11%
EBITDA	\$2,054	\$1,359	51%
<i>EBITDA margin</i>	28%	21%	700 bps
Operating income	\$1,021	\$515	98%
<i>Operating income margin</i>	14%	8%	600 bps
Operating income per weighted average share fully diluted	\$0.013	\$0.006	117%
Government assistance not included in the above ⁽²⁾	\$1,320	-	100%

Corporate Location Performance – in CAD, in \$000's			
Revenue	\$6,805	\$6,003	13%
EBITDA	\$2,403	\$1,782	35%
<i>EBITDA margin</i>	35%	30%	500 bps
Operating income	\$1,395	\$962	45%
<i>Operating income margin</i>	20%	16%	400 bps
Operating income less recycling	\$773	\$430	79%

Capital Management:

In \$000's, in CAD

As of March 31 and December 31,	2021	2020	Change ⁽¹⁾
Working capital	\$(799)	\$(2,548)	69%
Debt to total assets ratio	0.46	0.48	4%
Normalized Fixed Charge Coverage ratio – rolling 12 months	1.41	1.19	18%
Normalized Total Funded Debt to EBITDA ratio – rolling 12 months	2.57	2.95	13%

(1) Change expressed as a percentage or basis point (“bps”).

(2) The Company qualified for the second round of 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 Company expects the full amount to be forgiven. The Company also qualified for the Canadian Emergency Wage Subsidy (“CEWS”) in Canada.

Revenue Growth in Q1-2021

The Company achieved 11% total revenue growth and 16% constant currency total revenue growth during Q1-2021 versus Q1-2020 primarily because of the acquisitions conducted during the last 12 months.

Q1-2021 System Sales Recovering from COVID-19 Impacts

Shredding system sales achieved 95% of pre-COVID sales levels, declining by 5% in Q1-2021 versus Q1-2020 due to the impacts of the COVID-19 pandemic.

Scheduled system sales achieved 94% of pre-COVID sales levels, declining by 6% in Q1-2021 versus Q1-2020 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 temporary suspension of services.

Unscheduled system sales achieved 96% of pre-COVID sales levels, declining by 4% in Q1-2021 over Q1-2020.

Recycling system sales grew by 12% in Q1-2021 versus Q1-2020 as the average paper price in the Proshred system for Q1-2021 increased by 18% versus Q1-2020 partially offset by a decrease in tonnage of 7%.

Same Corporate Location EBITDA Growth

The Company achieved 7% growth in same corporate location EBITDA and a 500-bps improvement in its EBITDA margin during the quarter. Constant currency EBITDA growth was 11% during the quarter. This improvement was driven by continued routing enhancements, cost containment and by sharing resources amongst adjacent and nearby locations. The Company will continue to move to a regional management model in 2021 and 2022. Despite sales declining by 9% during Q1-2021 versus Q1-2020 the Company achieved 35% EBITDA margin.

Corporate Footprint Growth from Acquisitions

The acquisitions conducted in 2020, Proshred Connecticut and Proshred/Proscan Massachusetts have been accretive to the Company's cash flows during the first quarter of 2021. On May 1, 2021, the Company completed the acquisition of the Proshred Richmond, Virginia business from its franchisee. The acquired location earned a total of USD\$1.0 million in revenue for the year 2019 and currently operates a total of 4 trucks. The Richmond, Virginia location is in close proximity to the Company's Northern Virginia corporate location allowing for fleet and management sharing moving forward.

Franchise Operations

During Q1-2021, the Company supported 18 franchisees across the United States. The franchise system's high-level sales results are as follows:

In USD, In \$000's	For the three months ended March 31		
	2021	2020	% Change
Total same locations	18	18	0%
Total same location system sales	\$5,190	\$5,360	(3)%
Total same location scheduled service sales	\$2,808	\$2,934	(4)%
Total same location unscheduled service sales	\$1,860	\$1,926	(3)%
Total same location recycling sales	\$523	\$501	4%

Corporate Locations

As of March 31, 2021, the Company operated twelve locations in Syracuse, Albany, Milwaukee, New York City, Charlotte, Miami, Northern Virginia, North New Jersey, Kansas, Chicago, Connecticut and Massachusetts. Subsequent to March 31, 2021, the Company acquired the Richmond, Virginia franchisee. Same corporate location results include all locations apart from January and February results from the Connecticut location as it was acquired on March 1, 2020 and the Massachusetts location acquired on December 31, 2020.

Total corporate location revenues and EBITDA grew by 13% and 35% in Q1-2021 versus Q1-2020 driven by the acquisitions conducted over the last 12 months. Total EBITDA margin improved by 500 basis points over this period, resulting in an EBITDA margin of 35%.

During Q1-2021, same corporate location shredding revenue was negatively impacted by COVID-19 resulting in a 9% decline versus Q1-2020. In response to the decline in revenue, the Company reduced same location costs by 15% in Q1-2021 versus Q1-2020 resulting in EBITDA growth of 7% and an improvement in EBITDA margin of 500 basis points.

The corporate location results were negatively impacted as the US dollar weakened in relation to the Canadian dollar in Q1-2021 versus Q1-2020, from 1.32 to 1.27 (average rates for the periods). The table below shows the corporate locations growth in Canadian Dollars and the constant currency growth year over year:

For the three months ended March 31, 2021	Constant currency year-over-year growth	Year-over-year growth
Same Corporate Locations:		
Total sales	(5)%	(9)%
EBITDA	11%	7%
Operating income	25%	20%
Total Corporate Locations:		
Total sales	15%	13%
EBITDA	41%	35%
Operating income	51%	45%

In \$000's, in CAD	Total Corporate Locations			Same Corporate Locations			Non-same Corporate Locations	
	2021	2020	% Change	2021	2020	% Change	2021	2020
For the three months ended March 31,	\$	\$		\$	\$		\$	\$
Revenue:								
Shredding sales	5,665	5,149	10%	4,650	5,149	(10)%	1,015	-
Electronic waste sales	231	287	(20)%	231	287	(20)%	-	-
Scanning sales	287	36	697%	42	36	17%	245	-
Recycling sales	622	532	17%	550	532	3%	72	-
Total sales	6,805	6,003	13%	5,473	6,003	(9)%	1,332	-
Operating costs (note 1)	4,402	4,221	4%	3,568	4,221	15%	834	-
EBITDA	2,403	1,782	35%	1,905	1,782	7%	498	-
<i>% of revenue</i>	35%	30%	500 bps	35%	30%	500 bps	37%	-
Depreciation – tangible assets	1,008	820	23%	748	820	9%	260	-
Operating income	1,395	962	45%	1,157	962	20%	238	-
<i>% of revenue</i>	20%	16%	400 bps	21%	16%	500 bps	18%	-
Operating income less recycling	773	430	80%	607	430	41%	166	-
<i>% of revenue</i>	13%	8%	500 bps	12%	8%	500 bps	13%	-
Government assistance	1,320	-	100%	1,137	-	100%	183	-
EBITDA – in USD	1,873	1,352	39%	1,505	1,352	11%	393	-
<i>% of revenue</i>	35%	30%	500 bps	35%	30%	500 bps	37%	-

Note 1: During Q1-2021, acquisition/vendor-related costs of \$25,971 are included in the total and non-same operating costs.

Corporate Locations Trend:

In CAD, in \$000's	2021		2020			2019				
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	
Revenue (\$)	6,805	5,572	6,093	5,532	6,003	5,734	4,662	4,833	4,507	
<i>Quarter over quarter % change</i>	22%	(9)%	10%	(8)%	5%	23%	(4)%	7%	25%	
EBITDA (\$)	2,403	1,528	2,103	1,744	1,783	1,376	1,432	1,704	1,723	
<i>Quarter over quarter % change</i>	57%	(27)%	21%	(2)%	30%	(4)%	(16)%	(1)%	47%	

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 over USD\$200,000 for this cause. Please visit www.proshred.com/aicr for more information on this effort.

Financial Statements

Redishred's March 31, 2021 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 thirteen 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.

FOR FURTHER INFORMATION PLEASE CONTACT:

Redishred Capital Corp. (TSX.V – KUT)
Jeffrey Hasham, MBA, CPA, CA
Chief Executive Officer
Jeffrey.hasham@redishred.com
www.redishred.com
Phone: (416) 849-3469 Fax: (905) 812-9448

or,

Redishred Capital Corp. (TSX.V – KUT)
Kasia Pawluk, CPA, CA
Chief Financial Officer
kasia.pawluk@redishred.com
www.redishred.com
Phone: (416) 204-0076 Fax: (905) 812-9448

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