

PRESS RELEASE
REDISHRED CAPITAL CORP. TSXV: KUT
Mississauga, Ontario
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REDISHRED CAPITAL CORP. (“REDISHRED”) ANNOUNCES ANOTHER RECORD QUARTER: Q2 2021 WITH 68% GROWTH IN CONSOLIDATED EBITDA

Quarterly Earnings Call:

8:30am EST, August 26, 2021, Participant call in number is 1-800-319-4610

Second Quarter Highlights:

Consolidated Highlights:

- Consolidated EBITDA for Q2-2021 was \$2.6 million *CAD*, growing 68% versus Q2-2020, *not including government assistance*.
- Consolidated EBITDA margin (excluding government assistance) for Q2-2021 was 30%, growing 400 basis points versus Q2-2020 and 200 basis points ahead of Q1-2021.
- The growth in consolidated EBITDA was driven by:
 - the acquisitions in Massachusetts and Richmond over the last 12 months,
 - increased booking of new business in all locations,
 - continued return of clients to their facilities driven by easing COVID19 restrictions; and
 - efficiency gains driven by stronger route density and some regional cost sharing.
- The Company generated record revenue of \$8.7 million *CAD* during Q2-2021, growing 44% versus Q2-2020 (58% constant currency growth – US Dollars is constant currency).

Corporate Locations Highlights:

- Corporate location revenue in Q2-2021 grew 48% versus Q2-2020 to \$8.2 million *CAD* (53% constant currency growth).
- As of June 30, 2021, the corporate locations still had clients that have yet to resume their shredding services, specifically in the downtown cores. The Company expects the return of these clients in the second half of 2021 and first quarter of 2022 which would further increase revenue.
- Corporate location EBITDA (excluding government assistance) in Q2-2021 grew 86% versus Q2-2020 to \$3.2 million *CAD* (151% constant currency growth).
- Same corporate location EBITDA in Q2-2021 was \$2.5 million *CAD*, growing 41% versus Q2-2020 (63% constant currency growth).
- Same corporate location EBITDA margin improved 500 basis points to 37% in Q2-2021.

Acquisitions

- On December 31, 2020, the Company completed the acquisition of the Proshred and Proscan Massachusetts businesses from its franchisee. The acquired location earned a total of \$3 million *USD* in revenue during 2020 and currently operates 10 shredding trucks.
- On May 1, 2021, the Company completed the acquisition of the Proshred Richmond business from its franchisee. The acquired location earned a total of \$870,000 *USD* in revenue for the year 2020 and operates 4 shredding trucks as of closing.
- Subsequent to June 30, 2021, the Company completed the acquisition of the Proshred Atlanta business from its franchisee on July 30, 2021. The acquired location earned a total of \$1.3 million *USD* in revenue during 2020 and currently operates 5 shredding trucks and 1 hard-drive destruction truck.
- The acquisitions conducted during 2020 and the first half of 2021 have been accretive to the Company's cash flows in the first six months of 2021.

Capital Management:

- The Company generated \$1.8 million *CAD* in cash from operations during Q2-2021.
- The Company used \$1.3 million *CAD* in cash reserves for the purchase of the Proshred Richmond business on May 1, 2021.
- On June 30, 2021, total debt to total assets improved 200 basis points from December 31, 2020.
- As of June 30, 2021, the Company has \$1 million *CAD* available on its operating line of credit and \$1.4 million *CAD* available on its non-revolving term loan.

Management's Comments on Q2-2021

Jeffrey Hasham, the Company's Chief Executive Officer, noted "The second quarter of 2021 continued the momentum we saw in March of 2021. The sales gains seen in all locations were driven by many of our clients returning to their offices and facilities and both restoring regular scheduled services and initiating some one-time shredding. Additionally, Redishred's PROSCAN business also saw a strong increase in bookings and earnings, with many scanning projects that were pending pre-COVID being resumed. With the increased business, the operations team was ready to provide the excellent client service that our clients have come to rely upon. This led us to achieve 37% EBITDA margins from same location corporate stores, a 200 bps increase from Q1-2021 and a 500 bps increase from Q2-2020. Our client-facing client service team responded last year when COVID hit and reduced their hours and incomes, and they responded this year by going the extra mile to ensure all of our clients received the service they needed, and they did it safely, efficiently and with great care and character."

Mr. Hasham further noted that "the strong performances were across all locations, corporate and franchised, and the result was another record quarter a consolidated EBITDA of \$2.6M. This result was driven by increased royalties, increased same location EBITDA and from our newest corporate locations in Massachusetts and Richmond, VA. 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. The first half of 2021 has been strong and we remain focused on doing the right thing every day to drive a better tomorrow for Redishred."

Financial Highlights:

In \$000's	Three months ended June 30,			Six months ended June 30,		
	2021	2020	Change ⁽¹⁾	2021	2020	Change ⁽¹⁾
System Sales Growth – in USD						
Total locations in the United States	30	30	0%	30	30	0%
Total system sales	\$12,817	\$8,726	47%	\$23,500	\$19,715	19%
<i>% of scheduled sales</i>	48%	48%		49%	51%	

Consolidated Operating Growth – in CAD						
Revenue	\$8,677	\$6,034	44%	\$15,991	\$12,628	27%
EBITDA	\$2,622	\$1,564	68%	\$4,676	\$2,924	60%
<i>EBITDA margin</i>	30%	26%	400 bps	29%	23%	600 bps
Operating income	\$1,544	\$572	170%	\$2,565	\$1,086	136%
<i>Operating income margin</i>	18%	9%	900 bps	16%	9%	700bps
Operating income per weighted average share fully diluted	\$0.019	\$0.008	142%	\$0.032	\$0.014	130%
Government assistance not included in the above ⁽²⁾	\$ -	\$1,070	(100)%	\$1,317	\$1,262	4%

Corporate Location Growth – in CAD						
Revenue	\$8,177	\$5,533	48%	\$14,982	\$11,536	30%
EBITDA	\$3,249	\$1,745	86%	\$5,651	\$3,528	60%
<i>EBITDA margin</i>	40%	32%	800 bps	38%	31%	700 bps
Operating income	\$2,195	\$776	183%	\$3,588	1,740	106%
<i>Operating income margin</i>	27%	14%	1300 bps	24%	15%	900 bps
Operating income less recycling	\$1,258	\$(39)	3126%	\$2,031	\$392	418%

Capital Management:

In \$000's, in CAD

As of June 30, and December 31,	2021	2020	Change ⁽¹⁾
Working capital	\$(1,724)	\$(2,548)	32%
Debt to total assets ratio	0.47	0.48	2%
Normalized Fixed Charge Coverage ratio – rolling 12 months	1.64	1.19	37%
Normalized Total Funded Debt to EBITDA ratio – rolling 12 months	2.07	2.95	30%

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

(2) During Q1-2021, 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 Q2-2021

The Company achieved 44% total revenue growth and 58% total revenue growth in constant currency during Q2-2021 versus Q2-2020 primarily due to the following:

- (1) the acquisitions conducted during the last 12 months;
- (2) the organic sales growth due to:
 - a. the recovery of the economy with the easing of COVID restrictions; and
 - b. the addition of new client accounts.

Q2-2021 System Sales Fully Recovered from COVID-19 Impacts

Shredding system sales grew 47% in Q2-2021 versus Q2-2020, as an increasing number of non-essential clients have returned to their offices and facilities, who have resumed or increased their shredding services.

Shredding system sales grew versus pre-COVID sales levels during Q2-2021; increasing 7% versus Q2-2019 (pre-COVID sales comparative).

Scheduled system sales grew 45% in Q2-2021 versus Q2-2020 and 9% versus Q2-2019.

Unscheduled system sales grew 50% in Q2-2021 versus Q2-2020 and 5% versus Q2-2019.

Recycling system sales grew by 27% in Q2-2021 versus Q2-2020 as paper tonnage increased by 50% over the same period which is consistent with the increase in shredding system sales. The average paper price in the Proshred system for Q2-2021 decreased by 21% versus Q2-2020 as the Proshred system saw a temporary surge in the price of our recycled paper in Q2-2020 led by COVID19 paper product shortages.

Strong Same Corporate Location EBITDA Growth

The Company achieved 41% growth in same corporate location EBITDA and a 500-bps improvement in EBITDA margin during the quarter. Constant currency EBITDA growth was 63% during the quarter. This improvement was driven by the growth in revenue as COVID restrictions eased and many non-essential shredding clients have returned to their offices and resumed services since the depths of the economic shutdowns driven by the pandemic in Q2-2020. Furthermore, the sales teams have continued to add new clients monthly versus the last twelve months and costs continue to be well managed through route efficiencies and regional cost sharing.

Corporate Footprint Growth from Acquisitions

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\$870,000 in revenue during 2020 and currently operates a total of 4 trucks. Subsequent to June 30, 2021, the Company completed the acquisition of the Proshred Atlanta business from its franchisee on July 30, 2021. The acquired location earned a total of USD\$1.3 million in revenue during 2020 and currently operates a total of 5 shredding trucks and 1 hard-drive truck. The acquisitions conducted during 2020 and year to date 2021 have been accretive to the Company's cash flows for the first half of 2021.

Franchise Operations

During Q2-2021, the Company supported 17 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 June 30		
	2021	2020	% Change
Total same locations	17	17	0%
Total same location system sales	\$5,700	\$4,075	40%
Total same location scheduled service sales	\$2,911	\$2,055	42%
Total same location unscheduled service sales	\$2,014	\$1,408	43%
Total same location recycling sales	\$776	\$612	27%

Corporate Locations

As of June 30, 2021, the Company operated thirteen corporate locations. Same corporate location results include all locations except for: Connecticut for the months of January and February as it was acquired on March 1, 2020, the Massachusetts location that was acquired on December 31, 2020, and the Richmond location that was acquired on May 1, 2021.

Total corporate location revenues and EBITDA grew by 48% and 86% in Q2-2021 versus Q2-2020 due to the acquisitions conducted over the last 12 months and the organic growth from same locations. Total EBITDA margin improved by 800 basis points over this period to 40% in Q2-2021.

During Q2-2021, same corporate location shredding revenue recovered from the depths of the pandemic in Q2-2020 resulting in a 26% increase year over year. The Company also managed its same location costs well resulting in EBITDA growth of 41% in Q2-2021 versus Q2-2020 with 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 Q2-2021 versus Q2-2020, from 1.37 to 1.25 (average rates for the periods). The table below shows the corporate locations growth in Canadian Dollars and the constant currency (USD) growth year over year:

For the three months ended June 30, 2021	Constant currency year-over-year growth	Year-over-year growth
Same Corporate Locations:		
Total sales	39%	20%
EBITDA	63%	41%
Operating income	144%	109%
Total Corporate Locations:		
Total sales	53%	48%
EBITDA	151%	86%
Operating income	274%	182%

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 June 30,	\$	\$		\$	\$		\$	\$
Revenue:								
Shredding sales	6,518	4,357	50%	5,505	4,357	26%	1,013	-
Electronic waste sales	251	351	(28)%	251	351	(28)%	-	-
Scanning sales	473	8	5156%	28	8	21%	445	-
Recycling sales	935	816	14%	829	816	2%	106	-
Total sales	8,177	5,532	48%	6,613	5,532	20%	1,564	-
Operating costs (note 1)	4,928	3,788	30%	4,149	3,788	10%	779	-
EBITDA	3,249	1,744	86%	2,464	1,744	41%	785	-
<i>% of revenue</i>	40%	32%	800 bps	37%	32%	500 bps	50%	-
Depreciation – tangible assets	1,054	968	9%	836	968	(14)%	218	-
Operating income	2,195	776	182%	1,628	776	110%	567	-
<i>% of revenue</i>	27%	14%	1300 bps	25%	14%	1100 bps	36%	-
Operating income less recycling	1,260	(39)	31050%	799	(39)	2104%	461	-
<i>% of revenue</i>	17%	(1)%	1800 bps	14%	(1)%	1300 bps	32%	-
EBITDA including government assistance	3,249	2,814	15%	2,462	2,814	(13)%	785	-
<i>% of revenue</i>	40%	51%	(1100) bps	37%	51%	(1400) bps	50%	-
EBITDA – in USD	2,633	1,047	151%	1,998	1,224	63%	635	-
<i>% of revenue</i>	40%	24%	1600 bps	37%	32%	500 bps	50%	-

Note 1: During Q2-2021, acquisition/vendor-related costs of \$37,445 are included in the total and non-same operating costs.

Corporate Locations Trend:

In \$000's, in CAD	2021		2020				2019		
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue (\$)	8,177	6,805	5,572	6,093	5,532	6,003	5,734	4,662	4,833
<i>Quarter over quarter % change</i>	20%	22%	(9)%	10%	(8)%	5%	23%	(4)%	7%
EBITDA (\$)	3,249	2,403	1,528	2,103	1,744	1,783	1,376	1,432	1,704
<i>Quarter over quarter % change</i>	35%	57%	(27)%	21%	(2)%	30%	(4)%	(16)%	(1)%

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 June of 2021 in various Proshred locations. 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 June 30, 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.

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