

**PRESS RELEASE**  
**REDISHRED CAPITAL CORP. TSXV: KUT**  
Mississauga, Ontario  
November 24, 2021

**REDISHRED CAPITAL CORP. (“REDISHRED”, OR THE “COMPANY”) ANNOUNCES 53% GROWTH IN CONSOLIDATED EBITDA INCLUDING AN IMPRESSIVE 27% GROWTH IN SAME CORPORATE LOCATION EBITDA**

**Quarterly Earnings Call:**

8:30am EST, November 25, 2021, Participant call in number is 1-800-319-4610

**Third Quarter Highlights:**

*Consolidated Highlights:*

- Consolidated EBITDA for Q3-2021 was \$2.9 million *CAD*, growing 53% versus Q3-2020.
- Consolidated EBITDA margin for Q3-2021 was 29%, growing 100 basis points versus Q3-2020.
- The growth in consolidated EBITDA was driven by:
  - the acquisitions in Massachusetts, Richmond, and Atlanta over the last 12 months;
  - increased bookings for 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 \$9.8 million *CAD* during Q3-2021, growing 47% versus Q3-2020 (55% constant currency growth – US Dollars is constant currency).

*Corporate Locations Highlights:*

- Corporate location revenue in Q3-2021 grew 52% versus Q3-2020 to \$9.3 million *CAD* (60% constant currency growth).
- As of September 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 fourth quarter of 2021 and first quarter of 2022, which will further increase revenue.
- Corporate location EBITDA in Q3-2021 grew 76% versus Q3-2020 to \$3.7 million *CAD* (86% constant currency growth).
- Same corporate location EBITDA in Q3-2021 was \$2.7 million *CAD*, growing 27% versus Q3-2020 (35% constant currency growth).
- Same corporate location EBITDA margin improved 300 basis points to 38% in Q3-2021.

*Acquisitions*

- On July 30, 2021, the Company completed the acquisition of the Proshred Atlanta business from its franchisee. The acquired location generated a total of \$1.3 million *USD* in revenue during 2020 and currently operates 5 shredding trucks and 1 hard-drive destruction truck.

- On May 1, 2021, the Company completed the acquisition of the Proshred Richmond business from its franchisee. The acquired location generated a total of \$870,000 *USD* in revenue for the year 2020 and currently operates 5 shredding trucks.
- On December 31, 2020, the Company completed the acquisition of the Proshred and Proscan Massachusetts businesses from its franchisee. The acquired location generated a total of \$3 million *USD* in revenue during 2020 and currently operates 10 shredding trucks.
- The acquisitions conducted during 2020 and 2021 have been accretive to the Company's cash flows in the first nine months of 2021.

*Capital Management:*

- The Company generated \$2.4 million *CAD* in cash from operations during Q3-2021.
- The Company used \$1.3 million *CAD* in cash reserves for the purchase of the Proshred Richmond business.
- The Company drew \$0.9 million *CAD* from its non-revolving term loan and used \$1.5 million *CAD* in cash reserves for the purchase of the Proshred Atlanta business.
- On September 30, 2021, total debt to total assets improved 200 basis points from December 31, 2020.
- As of September 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 Q3-2021**

Jeffrey Hasham, the Company's Chief Executive Officer, noted "The third quarter of 2021 continued the momentum we saw in the first half of 2021. Redishred saw sales gains in all of our locations 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 38% EBITDA margins from same location corporate stores, a 100 bps increase from Q2-2021 and a 300 bps increase from Q3-2020. Our client-facing client service team responded last year when COVID hit and reduced their hours and incomes, and they have 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 with consolidated EBITDA of \$2.9 million Canadian. This result was driven by both higher EBITDA from our existing corporate store locations and from our newest corporate locations in Springfield, Massachusetts, Richmond, Virginia, and Atlanta, Georgia. I would like to take this moment to thank all our employees, franchisees, management and board members for their continuing unwavering support and contributions during these unprecedented times. The first nine months of 2021 have 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 September 30,			Nine months ended September 30,		
	2021	2020	Change <sup>(1)</sup>	2021	2020	Change <sup>(1)</sup>
<b>System Sales Growth – in USD</b>						
Total locations in the United States	30	30	0%	30	30	0%
Total system sales	\$13,538	\$10,694	27%	\$37,037	\$30,409	22%
<i>% of scheduled sales</i>	48%	48%		49%	50%	
<b>Consolidated Operating Growth – in CAD</b>						
Revenue	\$9,784	\$6,665	47%	\$25,775	\$19,293	34%
EBITDA	\$2,857	\$1,866	53%	\$7,533	\$4,790	57%
<i>EBITDA margin</i>	29%	28%	100 bps	29%	25%	400 bps
Operating income	\$1,709	\$938	82%	\$4,274	\$2,025	111%
<i>Operating income margin</i>	17%	14%	300 bps	17%	10%	700bps
Operating income per weighted average share fully diluted	\$0.021	\$0.012	78%	\$0.053	\$0.026	104%
Government assistance not included in the above <sup>(2)</sup>	\$ 23	\$494	(95)%	\$1,341	\$1,757	(24)%
<b>Corporate Location Growth – in CAD</b>						
Revenue	\$9,274	\$6,093	52%	\$24,255	\$17,630	38%
EBITDA	\$3,709	\$2,103	76%	\$9,359	\$5,631	66%
<i>EBITDA margin</i>	40%	35%	500 bps	39%	32%	700 bps
Operating income	\$2,582	\$1,199	115%	\$6,169	\$2,938	148%
<i>Operating income margin</i>	28%	20%	800 bps	25%	17%	900 bps
Operating income less recycling	\$1,282	\$503	155%	\$3,313	\$894	271%
<b>Capital Management – in CAD:</b> (In \$000's)						
As of September 30, and December 31,				2021	2020	Change <sup>(1)</sup>
Working capital				\$(3,845)	\$(2,548)	(51)%
Debt to total assets ratio				0.47	0.48	2%
Normalized Fixed Charge Coverage ratio – rolling 12 months				1.61	1.19	35%
Normalized Total Funded Debt to EBITDA ratio – rolling 12 months				1.95	2.95	34%

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

(2) During Q1-2021, the Company qualified for the second round of the Paycheck Protection Program forgiveness loan (“PPP”) in the United States which has been made available to eligible US businesses that have been affected by the COVID-19 pandemic. Subsequent to Q3-2021, the full amount received was forgiven. The Company also qualified for the Canadian Emergency Wage Subsidy (“CEWS”) in Canada.

### ***Revenue Growth in Q3-2021***

The Company achieved 47% total revenue growth and 55% total revenue growth in constant currency during Q3-2021 versus Q3-2020 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.

### ***Q3-2021 System Sales Fully Recovered from COVID-19 Impact***

Shredding system sales grew 17% in Q3-2021 versus Q3-2020, as an increasing number of non-essential clients have returned to their offices and facilities, and have resumed or increased their shredding services.

Shredding system sales grew versus pre-COVID sales levels during Q3-2021; increasing 9% versus Q3-2019 (pre-COVID sales comparative).

Scheduled system sales grew 25% in Q3-2021 versus Q3-2020 and 13% versus Q3-2019.

Unscheduled system sales grew 7% in Q3-2021 versus Q3-2020 and 4% versus Q3-2019.

Recycling system sales grew by 69% in Q3-2021 versus Q3-2020 as paper tonnage increased by 19% over the same period, which is slightly higher than the percentage increase in shredding system sales of 17%. The average paper price in the Proshred system for Q3-2021 increased by 44% versus Q3-2020 as the average paper price in the Proshred system continues to increase month over month.

### ***Strong Same Corporate Location EBITDA Growth***

The Company achieved 27% growth in same corporate location EBITDA and a 300-bps improvement in EBITDA margin in Q3-2021 versus Q3-2020. Constant currency EBITDA growth was 35% during the quarter. This improvement was driven by the growth in revenue as many of our remaining non-essential shredding clients have returned to their offices and resumed services. The sales teams have also continued to add new clients on a monthly basis over the last twelve months and costs continue to be managed through route efficiencies and regional cost sharing.

### ***Continued Corporate Footprint Growth from Acquisitions***

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

## Franchise Operations

During Q3-2021, the Company supported 16 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 September 30,		
	2021	2020	% Change
Total same locations	16	19	(16)%
Total same location system sales	\$5,763	\$4,523	27%
Total same location scheduled service sales	\$3,014	\$2,349	28%
Total same location unscheduled service sales	\$1,823	\$1,568	16%
Total same location recycling sales	\$925	\$607	52%

## Corporate Locations

As of September 30, 2021, the Company operated fourteen 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, the Richmond location that was acquired on May 1, 2021, and the Atlanta location that was acquired on July 30, 2021.

Total corporate location revenue and EBITDA grew by 52% and 76%, respectively, in Q3-2021 versus Q3-2020 due to the acquisitions conducted over the last 12 months and the organic growth from same locations. Total EBITDA margin improved by 500 basis points over this period to 40% in Q3-2021.

During Q3-2021, same corporate location shredding revenue grew 13% over Q3-2020, recovering well from the pandemic. The Company also managed its same location costs, resulting in EBITDA growth of 27% in Q3-2021 versus Q3-2020.

The corporate location results were negatively impacted as the US dollar weakened in relation to the Canadian dollar during the nine months ended September 30, 2021 versus the same comparative period, from 1.35 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:

For the three months ended September 30, 2021	Year-over-year growth	Constant currency year-over-year growth
<b>Same Corporate Locations:</b>		
Total sales	16%	22%
EBITDA	27%	35%
Operating income	50%	59%
<b>Total Corporate Locations:</b>		
Total sales	52%	60%
EBITDA	76%	86%
Operating income	115%	128%

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 September 30,	\$	\$		\$	\$		\$	\$
Revenue:								
Shredding sales	7,112	5,034	41%	5,683	5,034	13%	1,429	-
Electronic waste sales	272	360	(24)%	272	360	(24)%	-	-
Scanning sales	589	4	14625%	24	4	500%	565	-
Recycling sales	1,299	696	87%	1,084	696	56%	215	-
Total sales	9,272	6,094	52%	7,063	6,093	16%	2,209	-
Operating costs (note 1)	5,565	3,991	39%	4,383	3,991	10%	1,182	-
EBITDA	3,707	2,103	76%	2,680	2,103	27%	1,027	-
<i>% of revenue</i>	40%	35%	500 bps	38%	35%	300 bps	46%	-
Depreciation – tangible assets	1,126	904	25%	886	904	(2)%	240	-
Operating income	2,581	1,199	115%	1,794	1,199	50%	787	-
<i>% of revenue</i>	28%	20%	800 bps	25%	20%	500 bps	36%	-
Operating income less recycling	1,282	503	155%	710	503	41%	572	-
<i>% of revenue</i>	18%	9%	900 bps	12%	9%	300 bps	29%	-
EBITDA – in USD	2,950	1,583	86%	2,132	1,583	35%	818	-
<i>% of revenue</i>	40%	34%	600 bps	38%	34%	400 bps	47%	-

(1) During Q3-2021, acquisition/vendor-related costs of \$100,083 are included in the total and non-same operating costs.

### Corporate Locations Trend:

In \$000's, in CAD	2021			2020			2019		
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue (\$)	9,272	8,177	6,805	5,572	6,093	5,532	6,003	5,734	4,662
<i>Quarter over quarter % change</i>	13%	20%	22%	(9)%	10%	(8)%	5%	23%	(4)%
EBITDA (\$)	3,707	3,249	2,403	1,528	2,103	1,744	1,783	1,376	1,432
<i>Quarter over quarter % change</i>	14%	35%	57%	(27)%	21%	(2)%	30%	(4)%	(16)%

### Community and Social Commitment

Our locations under the **PROSHRED**<sup>®</sup> 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**<sup>®</sup> 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](http://www.proshred.com). Our annual national Shred Cancer event was held in June of 2021 at 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**<sup>®</sup> has raised over USD\$200,000 for this cause. Please visit [www.proshred.com/aicr](http://www.proshred.com/aicr) for more information on this effort.

## Financial Statements

Redishred's September 30, 2021 Financial Statements, Notes and Management's Discussion and Analysis will be available at [www.sedar.com](http://www.sedar.com) and [www.redishred.com](http://www.redishred.com).

## About Redishred

Redishred Capital Corp. is the owner of the **PROSHRED**<sup>®</sup> trademarks and intellectual property in the United States. **PROSHRED**<sup>®</sup> shreds and recycles confidential documents and proprietary materials for thousands of customers in the United States in all industry sectors. **PROSHRED**<sup>®</sup> is a pioneer in the mobile document destruction and recycling industry and has the ISO 9001:2015 certification. It is **PROSHRED**<sup>®</sup>'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 fourteen 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:

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