

**PRESS RELEASE**  
**REDISHRED CAPITAL CORP. TSXV: KUT**  
Mississauga, Ontario  
April 20, 2022

**REDISHRED CAPITAL CORP. (“REDISHRED”, OR THE “COMPANY”) ANNOUNCES Q4 AND FISCAL 2021 RESULTS, HIGHLIGHTING IMPRESSIVE Q4 ORGANIC GROWTH IN SAME CORPORATE LOCATION EBITDA OF 40% AND CONSOLIDATED EBITDA OF 44%**

**Quarterly Earnings Call:**

8:30am EST, April 21, 2022, Participant call in number is 1-800-319-4610

**Annual Highlights:**

*Consolidated Highlights:*

- Consolidated EBITDA for 2021 was \$9.2 million CAD, growing 55% versus 2020.
- The growth in consolidated EBITDA was driven by:
  - the acquisitions of the Massachusetts, Richmond and Atlanta franchises, and the acquisition of American Shredding in the New York City market;
  - 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 \$36.2 million CAD, growing 42% versus 2020 (52% constant currency growth – US Dollars is the constant currency).

*Corporate Locations Highlights:*

- Corporate location revenue for 2021 grew 47% versus 2020 to \$34.2 million CAD (58% constant currency growth).
- As of December 31, 2021, corporate location clients had largely resumed their shredding services, with the remaining clients, particularly in the downtown office cores, expected to return in the first quarter of 2022.
- Corporate location EBITDA grew 73% versus 2020 to \$12.4 million CAD (85% constant currency growth).
- Same corporate location EBITDA was \$9.2 million CAD, growing 28% versus 2020 (37% constant currency growth).
- Same corporate location EBITDA margin improved 400 basis points to 35% in 2021.

*Acquisitions*

- The Company completed \$14 million CAD, based on the purchase price paid, in acquisitions with the purchase of the Proshred Richmond business on May 1, 2021, the Proshred Atlanta business on July 30, 2021, and the American Security Shredding Corp. (“American Shredding”) business on December 1, 2021.

*Capital Management:*

- The Company generated \$8.4 million *CAD* in cash from operations during 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.
- The Company drew \$6.3 million *CAD* from its non-revolving term loan and used \$0.2 million *CAD* in cash reserves for the purchase of the American Shredding business.
- On December 23, 2021, the Company closed on a public offering for gross proceeds of \$8.6M *CAD*.
- On December 31, 2021, total debt to total assets improved 100 basis points from December 31, 2020.
- As of December 31, 2021, the Company has \$9.7 million *CAD* in cash, \$1 million *CAD* available on its operating line of credit, and \$2.8 million *CAD* available on its non-revolving term loan.

**Fourth Quarter Highlights:**

*Consolidated Highlights:*

- Consolidated EBITDA for Q4-2021 was \$1.7 million *CAD*, growing 44% versus Q4-2020.
- Corporate location revenue for Q4-2021 grew 78% versus Q4-2020 to \$9.9 million *CAD* (86% constant currency growth).
- Corporate location EBITDA grew 96% versus Q4-2020 to \$3.0 million *CAD* (102% constant currency growth).
- Same corporate location EBITDA was \$2.1 million *CAD*, growing 40% versus Q4-2020 (44% constant currency growth).

**Management's Comments on Q4-2021**

Jeffrey Hasham, the Company's Chief Executive Officer, noted

"The fourth quarter of 2021 built on the positive momentum we saw during the course of the year. Redishred continued to see sales gains in all of our locations driven by many of our clients returning to their offices and facilities, both restoring regular scheduled services and initiating some one-time shredding. Redishred's PROSCAN business also continues to grow and is well positioned as we head into 2022. The fourth quarter of 2021 also saw us acquiring the American Shredding business, an acquisition that gives us an even stronger footprint in the large metropolitan markets of New York and New Jersey. I would like to commend the Redishred team for their continued unwavering commitment and excellence in client service. This led us to achieve Q4 2021 Corporate location EBITDA of \$3.0 million Canadian, an increase of 97% from Q4 2020."

Mr. Hasham further noted that “the strong performances were across all locations, corporate and franchised, and the result was another strong quarter with consolidated EBITDA of \$1.7 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, and the American Shredding acquisition. This was that much more impressive, considering the resurgence of COVID-19 and the Omicron variant in the latter half of December, which impacted our operations and financial results. 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. Our performance in 2021 was strong, thanks to their efforts, and puts us on strong footing as we move into 2022.”

## Financial Highlights:

In \$000's	Three months ended December 31,			Year ended December 31,		
	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	\$14,150	\$10,006	41%	\$51,193	\$40,398	27%
<i>% of scheduled sales</i>	47%	53%		51%	51%	
<b>Consolidated Operating Growth – in CAD</b>						
Revenue	\$10,424	\$6,144	70%	\$36,199	\$25,437	42%
EBITDA	\$1,658	\$1,148	44%	\$9,191	\$5,939	55%
<i>EBITDA margin</i>	16%	19%	(300) bps	25%	23%	200 bps
Operating income	\$412	\$212	94%	\$4,687	\$2,238	110%
<i>Operating income margin</i>	4%	3%	100 bps	13%	9%	400 bps
Operating income per weighted average share fully diluted	\$0.005	\$0.003	88%	\$0.059	\$0.028	109%
Government assistance not included in the above <sup>(2)</sup>	–	\$153	(100)%	\$1,348	\$1,909	(29)%
<b>Corporate Location Growth – in CAD</b>						
Revenue	\$9,946	\$5,572	78%	\$34,201	\$23,202	47%
EBITDA	\$3,003	\$1,528	97%	\$12,362	\$7,159	73%
<i>EBITDA margin</i>	30%	27%	300 bps	36%	31%	500 bps
Operating income	\$1,780	\$634	181%	\$7,949	\$3,572	123%
<i>Operating income margin</i>	18%	11%	700 bps	23%	15%	800 bps
Operating income less recycling	\$220	\$203	7%	\$3,531	\$1,097	222%
<b>Capital Management – in CAD:</b> (In \$000's)						
As at December 31,				2021	2020	Change <sup>(1)</sup>
Working capital				\$3,977	\$(2,548)	256%
Debt to total assets ratio				0.49	0.48	2%
Normalized Fixed Charge Coverage ratio – rolling 12 months				1.57	1.19	32%
Normalized Total Funded Debt to EBITDA ratio – rolling 12 months				2.39	2.95	19%

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

(2) During Q1-2021, the Company qualified for the second round of the United States Paycheck Protection Program (“PPP”) forgivable loans which were 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 Q4-2021

The Company achieved 70% total revenue growth and 75% total revenue growth in constant currency during Q4-2021 versus Q4-2020 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 and the easing of COVID-19 restrictions; and
  - b. the addition of new client accounts.

### Q4-2021 System Sales above pre-COVID 19 Levels

Shredding system sales in Q4-2021 grew 23% and 14% versus Q4-2020 and Q4-2019, respectively, as an increasing number of non-essential businesses have returned to their offices and facilities and have resumed or increased their shredding services.

Scheduled system sales grew 25% in Q4-2021 versus Q4-2020 and 14% versus Q4-2019.

Unscheduled system sales grew 20% in Q4-2021 versus Q4-2020 and 13% versus Q4-2019.

Recycling system sales grew by 177% in Q4-2021 versus Q4-2020 as paper tonnage increased by 10% and the average paper price in the Proshred system increased by 145% over this period.

### Franchise Operations

During Q4-2021, 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 December 31,		
	2021	2020	% Change
Total same locations	16	19	(16)%
Total same location system sales	\$5,705	\$5,498	4%
Total same location scheduled service sales	\$3,061	\$3,104	(1)%
Total same location unscheduled service sales	\$1,621	\$1,934	(16)%
Total same location recycling sales	\$1,023	\$460	122%

### Corporate Locations

Total corporate location revenue and EBITDA grew by 78% and 96%, respectively, in Q4-2021 versus Q4-2020 due to the acquisitions conducted over the past twelve months and the organic growth from same locations. Total EBITDA margin improved by 300 basis points over this period to 30% in Q4-2021.

During Q4-2021, same corporate location shredding revenue grew 15% over Q4-2020, recovering well from the pandemic. The Omicron variant did impact revenue growth slightly in the 4<sup>th</sup> quarter as many clients were forced to temporarily close during the last 2 weeks of December, and a significant number of our client facing employees contracted the variant forcing a reduction of route capacity. The Company also continued to manage its same location direct and administrative costs resulting in same corporate location EBITDA growth of 40% compared to Q4-2020.

The corporate location results were negatively impacted by the US dollar depreciation versus the Canadian dollar during the year ended December 31, 2021 versus the same comparative period in 2020. The average exchange rate moved from 1.34 Canadian dollars to US dollars in 2020 to 1.25 in 2021. The table below shows the corporate locations growth in Canadian Dollars and in the constant currency (USD):

<i>For the three months ended December 31, 2021</i>	<b>Year-over-year growth</b>	<b>Constant currency year-over-year growth</b>
<b>Same Corporate Locations:</b>		
Total sales	28%	32%
EBITDA	40%	44%
Operating income	109%	113%
<b>Total Corporate Locations:</b>		
Total sales	78%	86%
EBITDA	96%	103%
Operating income	180%	188%

<b>In \$000's, in CAD</b>	<b>Total Corporate Locations</b>			<b>Same Corporate Locations</b>			<b>Non-same Corporate Locations</b>	
	<b>2021</b>	<b>2020</b>	<b>% Change</b>	<b>2021</b>	<b>2020</b>	<b>% Change</b>	<b>2021</b>	<b>2020</b>
<i>For the three months ended December 31,</i>	<b>\$</b>	<b>\$</b>		<b>\$</b>	<b>\$</b>		<b>\$</b>	<b>\$</b>
Revenue:								
Shredding sales	<b>7,491</b>	4,851	54%	<b>5,578</b>	4,851	15%	<b>1,913</b>	-
Electronic waste sales	<b>251</b>	256	(2)%	<b>251</b>	256	(2)%	-	-
Scanning sales	<b>644</b>	34	1799%	<b>118</b>	34	247%	<b>526</b>	-
Recycling sales	<b>1,560</b>	431	268%	<b>1,161</b>	431	169%	<b>399</b>	-
Total sales	<b>9,946</b>	5,572	78%	<b>7,108</b>	5,572	28%	<b>2,838</b>	-
Operating costs <sup>(1),(2)</sup>	<b>6,943</b>	4,044	72%	<b>4,970</b>	4,044	23%	<b>1,973</b>	-
EBITDA	<b>3,003</b>	1,528	96%	<b>2,138</b>	1,528	40%	<b>865</b>	-
<i>% of revenue</i>	<b>30%</b>	27%	300 bps	<b>30%</b>	27%	300 bps	<b>30%</b>	-
Depreciation – tangible assets	<b>1,223</b>	894	37%	<b>810</b>	894	(9)%	<b>413</b>	-
Operating income	<b>1,780</b>	634	181%	<b>1,328</b>	634	110%	<b>452</b>	-
<i>% of revenue</i>	<b>18%</b>	11%	700 bps	<b>19%</b>	11%	200 bps	<b>16%</b>	-
Operating income less recycling	<b>220</b>	202	8%	<b>167</b>	202	(18)%	<b>53</b>	-
<i>% of revenue</i>	<b>3%</b>	4%	(100) bps	<b>3%</b>	4%	(100) bps	<b>2%</b>	-
EBITDA – in USD	<b>2,380</b>	1,178	103%	<b>1,697</b>	1,178	44%	<b>683</b>	-
<i>% of revenue</i>	<b>30%</b>	28%	200 bps	<b>30%</b>	28%	200 bps	<b>31%</b>	-

1) During Q4-2021, acquisition/vendor-related consulting fees of \$167 are included in the total and non-same corporate location operating costs.

2) During Q4-2021, COVID-19 vaccination incentive program costs of \$32 and \$21 are included in same and non-same corporate location operating costs, respectively.

**Corporate Locations Trend:**

In \$000's, in CAD	2021				2020			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue (\$)	9,946	9,273	8,177	6,805	5,572	6,093	5,532	6,003
<i>Quarter over quarter % change</i>	7%	13%	20%	22%	(9)%	10%	(8)%	5%
EBITDA (\$)	3,003	3,707	3,249	2,403	1,528	2,103	1,744	1,783
<i>Quarter over quarter % change</i>	(19)%	14%	35%	57%	(27)%	21%	(2)%	30%

**Community and Social Commitment**

Our locations under the **PROSHRED**<sup>®</sup> banner conduct numerous 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\$150,000 for this cause. Please visit [www.proshred.com/aicr](http://www.proshred.com/aicr) for more information on this effort.

**Non-IFRS Measures**

There are measures included in this press release that do not have a standardized meaning under International Financial Reporting Standards ("IFRS") and therefore may not be comparable to similarly titled measures presented by other publicly traded companies. The Company includes these measures as a means of measuring financial performance of the Company.

- **Total System Sales** are sales generated by franchisees, licensees and corporately operated locations. The system sales generated by franchisees and licensees drive the Company's royalties. The system sales generated by corporate locations are included in the Company's revenue.
- **Shredding System Sales** are sales generated from customers with regular recurring service referred to as scheduled sales and sales generated from customers who have one-time requirements for information destruction referred to as unscheduled sales. Shredding system sales do not include recycling sales, electronic waste sales and scanning sales. Shredding system sales include sales generated by franchisees, licensees and corporately operated locations.
- **Same Location** for system sales, royalty fees and corporate operational results are indicators of performance of franchisees, licensees and corporately operated locations that have been in the system for equivalent periods in both the current period and the comparative period.
- **Consolidated EBITDA** is defined as earnings before interest, taxes, depreciation and amortization. Consolidated EBITDA also excludes government assistance, re-measurements of contingent consideration, foreign exchange gains and losses, and gains and losses on debt modifications. A reconciliation between net income and consolidated EBITDA is provided below.
- **Consolidated Operating Income** is defined as revenues less all operating expenses, including depreciation on tangible assets. Amortization for intangible assets has not been included in this calculation. A reconciliation between net income and consolidated operating income is provided below.

- **Corporate Location EBITDA** is defined as earnings for corporately operated locations before interest, taxes, depreciation and amortization and also excludes items identified under the definition of Consolidated EBITDA above.
- **Corporate Location Operating Income** is the income generated by corporately operated locations. The operating income generated is inclusive of depreciation on tangible assets, including trucks, right-of-use-assets and secure collection containers. It does not include amortization related to intangibles assets and interest expense.
- **Corporate Location Operating Income less Recycling** is the corporate location operating income excluding corporate location recycling sales.
- **Margin** is the percentage of revenue that has turned into EBITDA or Operating Income. Margin is defined as EBITDA or operating income divided by revenue.
- **Constant currency** is a measure of growth before foreign currency translation impacts. It is defined as the current period results in CAD currency using the foreign exchange rate in the equivalent prior year period. This allows for period over period comparisons of business performance excluding the impact of currency fluctuations.

### Reconciliation of EBITDA and Operating Income to Net Income

	For the three months ended			For the year ended		
	December 31,			December 31,		
	2021	2020	% Change	2021	2020	% Change
	\$	\$		\$	\$	
EBITDA	<b>1,658</b>	1,148	44%	<b>9,191</b>	5,939	55%
Less: depreciation – tangible assets	<b>(1,245)</b>	(936)	(33)%	<b>(4,504)</b>	(3,701)	(22)%
Operating income	<b>413</b>	212	95%	<b>4,687</b>	2,238	110%
Less: interest expense	<b>(463)</b>	(310)	(49)%	<b>(1,236)</b>	(1,003)	(23)%
Add: interest income	<b>2</b>	35	(94)%	<b>13</b>	89	(85)%
Operating income less net interest expense	<b>(48)</b>	(63)	(24)%	<b>3,464</b>	1,324	162%
Less: amortization – intangible assets	<b>(764)</b>	(562)	(36)%	<b>(2,708)</b>	(2,304)	(18)%
Less: impairment of goodwill	–	(586)	100%	–	(586)	100%
Add: other Income	<b>56</b>	–	100%	<b>56</b>	–	100%
Add: gain on disposition of tangible assets	<b>386</b>	–	100%	<b>394</b>	–	100%
Add: gain on debt modification	–	114	(100)%	–	114	(100)%
Add: remeasurement of contingent consideration	<b>26</b>	205	(87)%	<b>(227)</b>	397	(157)%
Add: government assistance	<b>7</b>	153	(96)%	<b>1,348</b>	1,909	(29)%
(Loss) income before foreign exchange and income tax	<b>(338)</b>	(739)	(54)%	<b>2,327</b>	854	173%
Less: foreign exchange loss	<b>(85)</b>	(3,106)	(97)%	<b>(200)</b>	(1,111)	(82)%
Less: income tax recovery (expense)	<b>(370)</b>	610	(161)%	<b>(769)</b>	533	(244)%
Net (loss) income	<b>(793)</b>	(3,235)	(75)%	<b>1,358</b>	276	392%

### Financial Statements

Redishred's December 31, 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 Capital Corp.

Redishred Capital Corp. (“**Redishred**”) is the owner of the **PROSHRED**<sup>®</sup>, **PROSCAN** and secure e-Cycle brands, trademarks and intellectual property in the United States. **Redishred** digitizes, secures, shreds and recycles confidential documents and proprietary materials for thousands of customers in the United States in all industry sectors. **Redishred** is a pioneer in the mobile document destruction and recycling industry and has the ISO 9001:2015 certification. It is **Redishred**'s vision to be the ‘system of choice’ in providing digital retention, secure shredding and recycling services on a global basis. Redishred Capital Corp. grants **PROSHRED** and **PROSCAN** franchise businesses in the United States and by way of license arrangement in the Middle East. Redishred Capital Corp. also operates fourteen corporate businesses directly. The Company’s plan is to grow its business by way of both franchising and the acquisition and operation of information security 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](mailto:Jeffrey.hasham@redishred.com)  
[www.redishred.com](http://www.redishred.com)  
Phone: (416) 849-3469 Fax: (905) 812-9448

or,

Redishred Capital Corp. (TSX.V – KUT)  
Harjit Brar, CPA, CA  
Senior Vice President and Chief Financial Officer  
[harjit.brar@redishred.com](mailto:harjit.brar@redishred.com)  
[www.redishred.com](http://www.redishred.com)  
Phone: (437) 328-6639 Fax: (905) 812-9448

*Note: Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

*This news release contains forward looking statements that reflect the current expectations of management of Redishred and Redishred's future results, performance, achievements, prospects and opportunities. Wherever possible, words such as "may", "will", "estimate", "believe", "expect", "intend" and similar expressions have been used to identify these forward looking statements. These statements reflect current beliefs and are based on information currently available to management of Redishred. Forward looking statements necessarily involve known and unknown risks, uncertainties and other factors including risks and uncertainties relating to the COVID-19 pandemic. A number of factors, including those discussed in Redishred's 2021 Management Discussion and Analysis under "Risk Factors", could cause actual results, performance, achievements, prospects or opportunities to differ materially from the results discussed or implied in the forward looking statements. These factors should be considered carefully and a reader should not place undue reliance on the forward looking statements. There can be no assurance that the expectations of management of Redishred will prove to be correct. Readers are cautioned that such forward looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from these statements. Redishred can give no assurance that actual results will be consistent with these forward-looking statements.*