

**PRESS RELEASE**  
**REDISHRED CAPITAL CORP.**  
Mississauga, Ontario  
August 26, 2016

## **REDISHRED CAPITAL CORP. (“REDISHRED”) ANNOUNCES Q2-2016 RESULTS**

### **Second Quarter Highlights:**

- Total system sales <sup>(1)</sup> in the **PROSHRED**<sup>®</sup> system were a record \$7.6 million *USD* in the second quarter of 2016, growing 19% over the comparative period in 2015.
  - Scheduled (recurring) system sales for the second quarter reached a record of \$3.6 million *USD*, growing 19% over the second quarter of 2015;
  - Unscheduled system sales for the second quarter reached a record of \$2.8 million *USD*, growing 26% over the second quarter of 2015 and;
  - Recycling system sales for the second quarter were \$1.2M *USD*, growing 4% over the second quarter of 2015.
  - The **PROSHRED**<sup>®</sup> system shred and recycled a record of 10,850 tons of paper during the second quarter of 2016, an increase of 12% over the second quarter of 2015.
- Total operating income for the second quarter of \$614,000 was 26% higher than the second quarter of 2015 as a result of increased royalty revenue, franchise fee awards and consistent corporate store performance.
- Franchise and license revenue for the second quarter of 2016 was \$632,000 *CDN*, growing 66% over the second quarter of 2015. This category of revenue is generated by franchisees and licensees of the **PROSHRED**<sup>®</sup> system, originally denominated in US dollars.
- Redishred awarded three new franchise locations in the second quarter of 2016; St. Louis, MO and Orlando, FL have commenced operations in the third quarter of 2016, and Jacksonville, FL is scheduled to commence operations in late 2016.

### **Management’s Comments on the Second Quarter of 2016**

Jeffrey Hasham, the Company’s CEO, had the following comments, “**PROSHRED**<sup>®</sup> continues to see record system sales results. This is proof positive that our unwavering focus for on-site information destruction has resonated with our clients. It is our view that the on-site solution for destroying paper, hard drives and products is the most secure method of destruction. Proshred’s mandate is to continue to provide peace of mind for our client’s that their information will be shred on-site, immediately reducing the risk of information breach.” Mr. Hasham further noted “it is exciting to see our foot print cross over the 30 location mark in the United States, with the addition of St. Louis, Orlando and Jacksonville. We will be deploying the finest on-site shredding equipment to those markets allowing us to offer the full breadth of on-site destruction services. The Company’s plan is to continue to invest in new trucks and human resources to further drive results in 2016 and beyond. I would like to thank our franchisees, employees and vendor partners for their tireless efforts and our shareholders for their continued support of our Company.”

(1) System sales are revenues generated from franchisees, licensees and corporate owned locations. Redishred Capital Corp. derives its royalty and service fee revenues based on a percentage of system sales from franchisees and licensees. Redishred Capital Corp. derives revenues from corporate location system sales.

**Financial Highlights:**

<i>(in CDN except where noted)</i>	<i>3 months ended June 30</i>			<i>6 months ended June 30</i>		
	<b>2016</b>	2015	%	<b>2016</b>	2015	%
	<b>\$</b>	\$	Change	<b>\$</b>	\$	Change
<b>System sales (USD)</b>	<b>7,579,784</b>	6,391,020	19%	<b>14,445,903</b>	<b>12,140,266</b>	19%
<b>Total revenue</b>	<b>2,475,518</b>	1,824,583	36%	<b>4,823,670</b>	3,597,534	34%
<b>Corporate location financial results:</b>						
Corporate location revenue	<b>1,842,693</b>	1,443,384	28%	<b>3,734,717</b>	2,817,445	33%
Corporate location operating costs	<b>(1,154,551)</b>	(764,529)	(51)%	<b>(2,350,061)</b>	(1,563,056)	(50)%
<b>Corporate location EBITDA</b>	<b>688,142</b>	678,855	1%	<b>1,384,656</b>	1,254,389	10%
Depreciation – tangible assets	<b>(138,883)</b>	(119,418)	(16)%	<b>(283,040)</b>	(240,196)	(18)%
<b>Operating income from corporate locations</b>	<b>549,259</b>	559,437	(2)%	<b>1,101,616</b>	1,014,193	9%
<b>Franchise and license sales:</b>						
Franchise and license fees	<b>175,006</b>	2,210	7800%	<b>177,642</b>	29,109	510%
Royalties and service fees	<b>457,819</b>	378,989	21%	<b>911,311</b>	750,980	21%
<b>Franchise related revenue</b>	<b>632,825</b>	381,199	66%	<b>1,088,953</b>	780,089	40%
<b>Operating income</b>	<b>614,473</b>	486,889	26%	<b>1,086,920</b>	935,256	16%
<b>Net income</b>	<b>188,267</b>	35,710	427%	<b>115,685</b>	641,550	(82)%
<b>Income per share</b>	<b>0.01</b>	0.00		<b>0.00</b>	0.02	

**System Sales**

Redishred’s management team continued to focus its efforts through its franchisees and its corporate locations on (1) building recurring service revenues, (2) maximizing route density and logistical efficiencies and (3) implementing dedicated hard drive destruction trucks/equipment throughout the system. The strong service system sales results are driven by Redishred’s sales and marketing programs that are aimed at educating clients on the legislative requirements to destroy confidential information utilizing a secure on-site solution. Additionally, an increasing number of clients are requiring their facilities to recycle all paper documents, by using on site shredding services. Clients are assured that documents are securely destroyed and the materials are recycled. Proshred also offers hard drive destruction services in almost all of its locations, and has been deploying high speed on-site hard drive destruction trucks. Currently 13 franchised locations have deployed high-speed on-site hard drive destruction trucks. These factors led to 22% growth in scheduled and unscheduled system sales in the second quarter of 2016 over the same quarter in 2015.

Recycling system sales increased by 4% during the three months ended June 30, 2016 in comparison to the same period in 2015. During the three months ended June 30, 2016, the **PROSHRED®** system shred and recycled 10,850 tons of paper, which equates to approximately 163,000 trees saved.

### Corporate Operations

During the six months ended June 30, 2016, Redishred directly operated six shredding locations in Syracuse, NY, Albany, NY, Milwaukee, WI, New York City, NY, Charlotte, NC and Miami, FL.

During the three months ended June 30, 2016, the corporate location revenue grew by 28% over the same comparative prior year period. EBITDA and operating income were flat compared to 2015. Operating costs have increased at a higher rate than sales growth as the Company has, in 2016, invested in its local human resource retention program in order to attract and retain strong local managers and client facing team members with a view to ensuring sustainable profitability and cash flow going forward. The Company also invested increased funds into (1) on-line marketing activities to attract new clients and (2) truck repairs and maintenance to ensure optimal truck uptime to service clients, both of these activities should yield enhanced cash flows in the last half of 2016.

### All Corporate Locations Results:

	3 months ended June 30				6 months ended June 30			
	2016	% of revenue	2015	% of revenue	2016	% of revenue	2015	% of revenue
	\$		\$		\$		\$	
Revenue:								
Shredding service	<b>1,588,125</b>	86%	1,198,858	83%	<b>3,230,640</b>	87%	2,335,531	83%
Recycling	<b>254,568</b>	14%	244,526	17%	<b>504,077</b>	13%	481,914	17%
Total revenue	<b>1,842,693</b>	100%	<b>1,443,384</b>	100%	<b>3,734,717</b>	100%	<b>2,817,445</b>	100%
Operating costs	<b>1,154,551</b>	63%	764,529	53%	<b>2,350,061</b>	63%	1,563,056	55%
EBITDA	<b>688,142</b>	37%	678,855	47%	<b>1,384,656</b>	37%	1,254,389	45%
Depreciation - equipment	<b>138,883</b>	7%	119,418	8%	<b>283,040</b>	8%	240,196	9%
Operating income	<b>549,259</b>	30%	559,437	39%	<b>1,101,616</b>	29%	1,014,193	36%

### Corporate Locations Trend:

	2016		2015				2014	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Corporate location revenue (\$)	1,842,693	1,892,024	1,549,379	1,554,557	1,443,384	1,374,062	1,257,312	1,247,349
Quarter over quarter % change	(3)%	22%	(1)%	7%	5%	9%	1%	(1)%
Corporate location EBITDA (\$)	688,142	696,514	626,711	646,108	678,855	575,535	533,728	527,868
Quarter over quarter % change	(1)%	11%	(3)%	(5)%	18%	8%	1%	(7)%

## Community and Social Commitment

Our locations under the **PROSHRED**<sup>®</sup> banner conducted numerous community shredding events in the first half of 2016. 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).

On June 4, 2016, **PROSHRED**<sup>®</sup> held its' 3<sup>rd</sup> annual Shred Cancer event at most of its locations, raising money for the American Institute for Cancer Research ("AICR"). It is our goal as a Company to support the AICR in their endeavor to conduct research to prevent and possibly cure this disease. Mr. Hasham commented that "all of us at **PROSHRED**<sup>®</sup> are committed to working with AICR on their goal to reduce the instances of cancer by preventing it. The research they do is crucial in the battle against this disease. I want to thank every **PROSHRED**<sup>®</sup> owner and all our collective employees for the time and effort put forth to these events." Please visit [www.proshred.com/aicr](http://www.proshred.com/aicr) for more information on this effort.

## Financial Statements

Redishred's June 30, 2016 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).

## Services

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 9001:2008 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**<sup>®</sup> franchise businesses in the United States and by way of license arrangement in the Middle East. Redishred Capital Corp. also operates six 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](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)  
Jack Pulkinen, CPA, CA  
Chief Financial Officer  
[jack.pulkinen@redishred.com](mailto:jack.pulkinen@redishred.com)  
[www.redishred.com](http://www.redishred.com)  
Phone: (416) 204-0076 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 and uncertainties. A number of factors, including those discussed in the 2014 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.*

