

PRESS RELEASE
REDISHRED CAPITAL CORP. TSXV: KUT
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REDISHRED CAPITAL CORP. (“REDISHRED”) ANNOUNCES Q1-2017 RESULTS, HIGHLIGHTING 31% EBITDA GROWTH AND STRONGER BALANCE SHEET

First Quarter Highlights – in Canadian Dollars except where noted:

- The Company generated \$807,000 in EBITDA during the first quarter of 2017, growing 31% over the prior 2016 comparative period.
- Operating income in the first quarter of 2017 grew 31% over the first quarter of 2016, to \$620,000.
- On January 23, 2017, Redishred closed its private placements and debt conversions, raising \$4.03 million in cash before transaction costs. The Company also converted \$1 million of debt held by insiders of the Company into equity.
- In February 2017, the Company made a discretionary \$3 million repayment on its line of credit, further enhancing the balance sheet.
- On March 31, 2017, the Company purchased the Northern Virginia Proshred business from a retiring franchisee, marking the Company’s 7th corporately operated location.
- Total system sales ⁽¹⁾ in the **PROSHRED**[®] system were \$8.4 million *USD* in the first quarter of 2017, growing 23% over the comparative period in 2016. (Same location system sales also grew at 22% in Q1-2017 when compared to Q1-2016).
 - Scheduled (recurring) system sales for the first quarter reached a record of \$3.9 million *USD*, growing 17% over the first quarter of 2016;
 - Unscheduled system sales for the first quarter were \$2.8 million *USD*, growing 11% over the first quarter of 2016 and;
 - Recycling system sales for the first quarter were \$1.7 million *USD*, growing 70% over the first quarter of 2016.
 - The **PROSHRED**[®] system shred and recycled 11,000 tons of paper during the first quarter of 2017, an increase of 11% over the first quarter of 2016.
- Royalties and service fee revenue for the first quarter of 2017 was \$528,000, growing 16% over the first quarter of 2016. This category of revenue is generated by franchisees and licensees of the **PROSHRED**[®] system, originally denominated in US dollars.

(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.

Management’s Comments on the First Quarter of 2017

Jeffrey Hasham, the Company's CEO, had the following comments, “The investments made by the Company in people, process and capital have started to produce the anticipated outcomes. Given our goals to increase same location system sales and operating income, it was imperative that the Company re-invest in creating a scalable and replicable platform. Attaining 31% growth in Operating Income over the prior year exceeded our initial goals, and this result is due to the effort of my fellow management team, our dedicated franchisees and wonderful employees.” Mr. Hasham further noted, “We are very grateful for the continued investment from our shareholders, which will allow the Company to continue its acquisition and franchising program as well as allow us to drive new marketing initiatives. We continue to focus on educating the market on the advantages of our on-site information destruction solutions versus the alternatives.”

Q1 Financial Highlights:

(in 000’s except as noted)

For the three months ended March 31,	2017	2016	% change
System Sales Performance – in US Currency			
Total locations in the United States	29	27	7%
System sales	\$8,420	\$6,866	23%
<i>Percentage scheduled</i>	47%	49%	
System sales – same location	\$8,351	\$6,866	22%
<i>Percentage scheduled</i>	47%	49%	
Consolidated Operating Performance – in Canadian Currency			
Revenue	\$2,634	\$2,348	12%
EBITDA ⁽¹⁾	\$807	\$617	31%
Operating Income ⁽²⁾	\$620	\$472	31%
As a percentage of revenue	24%	20%	
Operating Income per share fully diluted	\$0.014	\$0.015	(7)%
Corporate Location Performance – in Canadian Currency			
Revenue	\$2,106	\$1,893	11%
EBITDA ⁽¹⁾	\$906	\$697	30%
Operating income ⁽²⁾	\$721	\$553	31%
As a percentage of revenue	34%	29%	
As at March 31 and December 31,	2017	2016	% change
Capital Management – in Canadian Currency			
Working capital (Normalized) ⁽³⁾	\$431	\$116	272%
Debt to total assets ratio	0.50	0.95	47%
Fixed Charge Coverage ratio (Normalized) – rolling 12 months ⁽⁴⁾	1.36	1.18	15%
Total Funded Debt to EBITDA ratio – rolling 12 months	1.69	3.39	50%

(1) EBITDA is determined as revenue less operating costs.

(2) Operating income is determined as revenue less operating costs less depreciation related to the tangible assets.

(3) As at December 31, 2016, working capital has been increased by \$4.5M for this calculation as the Line of Credit that was due to expire on November 27, 2017 was extended by 2 years shortly after year end. Under IFRS the Line of Credit was fully classified as current.

(4) The normalized fixed charge coverage ratio as at March 31, 2017 excludes the discretionary \$3M repayment on the line of credit made in February 2017.

Stronger System Sales driving both Royalty and Corporate Location Revenue

System Sales: Redishred achieved 23% growth in total system sales during Q1-2017 versus Q1-2016. System sales increased due to the Company's continued focus on providing recurring scheduled service to small and medium sized enterprise clients as well as by continued investment into marketing initiatives designed to capture one-time unscheduled revenue. Service revenue grew by 15% in Q1-2017 over Q1-2016. Additionally, paper prices increased on average by 46% with paper tonnage increasing by 11%. This resulted in recycling revenue growth of 70%.

Royalties: As a result of the increase in system sales, royalty revenues grew by 17% in the first quarter of 2017 over the first quarter of 2016.

Corporate Locations: Our corporate location revenues grew by 11% during Q1-2017 versus in Q1-2016.

Corporate Location Investments and Centralization Plan – creating a scalable platform

During Q1-2017, corporate location EBITDA has grown by 30% over Q1-2016 and operating income has also grown by 31% over the same periods. The Company's investments in the later part of 2016 and early into 2017 have allowed the Company to grow both its' sales and bottom line in Q1-2017. These investments included:

- (1) enhancing corporate location management;
- (2) centralizing inside sales functions, invoicing and accounts receivables; and
- (3) purchasing new shredding trucks and refurbishing older trucks.

The Company's centralization program will be completed during the first half of 2017.

Debt Reduction and Improving Balance Sheet

Over the last three years, the Company has reduced the amount owing on its line of credit by \$3.75 million. As a result of this, the Company's rolling twelve-month total funded debt to EBITDA ratio has decreased by 50% since December 31, 2016. As at March 31, 2017, the Company's working capital has improved by \$316,000 since December 31, 2016. Management will continue to balance investment in human resources, trucks and technology with continued management of its debt balances.

Equity Raise

On January 23, 2017, the Company closed its private placement raising \$4.03 million. In addition, 1,125,000 stock options were exercised for a total amount of \$207,500. The Company plans to use the funds to conduct accretive acquisitions.

The Company also converted three of its term loans and convertible debentures into equity, which were obtained from certain members of the Company's Board of Director's.

Corporate Operations

The Company operates seven shredding locations in Syracuse, Albany, Milwaukee, New York City, Charlotte, Miami and Northern Virginia. These locations represent the Company's corporately owned locations. The Company purchased the Northern Virginia franchise from a retiring franchisee on March 31, 2017.

During the three months ended March 31, 2017, the total corporate location revenues grew by 11% over the prior comparative period. The Company also increased EBITDA and operating income by 30% and 31%, respectively, over the 1st quarter of 2016.

Corporate Locations Results:

(In 000's)

For the three months ended March 31,	<u>2017</u>	<u>2016</u>	% Change
	\$	\$	
Revenue:			
Shredding service	1,750	1,643	7%
Recycling	356	250	42%
Total revenue	<u>2,106</u>	<u>1,893</u>	11%
Operating costs	<u>1,200</u>	<u>1,196</u>	0%
EBITDA	<u>906</u>	<u>697</u>	30%
Depreciation – tangible assets	<u>185</u>	<u>144</u>	28%
Corporate operating income	<u>721</u>	<u>553</u>	31%

Corporate Locations Trend:

	<u>2017</u>		<u>2016</u>			<u>2015</u>		
	<u>Q1</u>	<u>Q4</u>	<u>Q3</u>	<u>Q2</u>	<u>Q1</u>	<u>Q4</u>	<u>Q3</u>	<u>Q2</u>
Corporate location revenue (\$)	2,106,123	1,876,057	1,870,736	1,842,693	1,892,024	1,549,379	1,554,557	1,443,384
Quarter over quarter % change	12%	0%	1%	(3)%	22%	(1)%	7%	
Corporate location EBITDA (\$)	905,789	514,917	707,997	688,142	696,514	676,130	646,108	678,855
Quarter over quarter % change	76%	(27)%	3%	(1)%	3%	5%	(5)%	

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.

On June 3, 2017, **PROSHRED**[®] will hold its' 4th 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. So far, **PROSHRED**[®] has raised in excess of \$100,000 for this cause. Please visit www.proshred.com/aicr for more information on this effort.

Financial Statements

Redishred's March 31, 2017 Financial Statements, Notes and Management's Discussion and Analysis will be available at www.sedar.com and www.redishred.com.

Services

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 9001:2008 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 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.

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