

PRESS RELEASE
REDISHRED CAPITAL CORP.
Mississauga, Ontario
April 26, 2017

REDISHRED CAPITAL CORP. (“REDISHRED”) ANNOUNCES Q4-2016 RESULTS, HIGHLIGHTING RECORD RECURRING SYSTEM SALES

Annual Highlights:

- Total annual **PROSHRED**[®] system sales⁽¹⁾ were \$29.6 million *USD* in 2016, growing 19% over 2015. (Same location system sales also grew at 19% in 2016 when compared to 2015).
 - Scheduled (recurring) system sales were \$14.3 million *USD*, growing 18% over 2015;
 - Unscheduled system sales were \$10.3 million *USD*, growing 22% over 2015 and;
 - Recycling system sales were \$5 million *USD*, growing 16% over 2015.
- The Company recognized \$245,000 *CDN* in franchise and license fees.
- Operations commenced in the following new cities: Minneapolis, MN, St. Louis, MO and Orlando, FL.
- The Company’s corporate locations produced \$7.5 million *CDN* in revenues during 2016, growing 26% over 2015. The Company’s same corporate locations produced \$6.7 million *CDN*, growing 14% over 2015.
- The Company generated \$2.4 million *CDN* in EBITDA during 2016, growing 3% over 2015.
- Consolidated Normalized Operating Income for 2016 was \$1.9M *CDN* increasing 5% over 2015.

Fourth Quarter Highlights:

- Total system sales⁽¹⁾ in the **PROSHRED**[®] system were \$7.7 million *USD* in the fourth quarter of 2016, growing 24% over the comparative period in 2015. (Same location system sales also grew at 22% in 2016 when compared to 2015).
 - Scheduled (recurring) system sales for the fourth quarter reached a record of \$3.8 million *USD*, growing 20% over the fourth quarter of 2015;
 - Unscheduled system sales for the fourth quarter were \$2.5 million *USD*, growing 16% over the fourth quarter of 2015 and;
 - Recycling system sales for the fourth quarter were \$1.45 million *USD*, growing 54% over the fourth quarter of 2015.
 - The **PROSHRED**[®] system shred and recycled 9,600 tons of paper during the fourth quarter of 2016, an increase of 6% over the fourth quarter of 2015.
- Royalties and service fee revenue for the fourth quarter of 2016 was \$481,000 *CDN*, growing 11% over the fourth quarter of 2015. This category of revenue is generated by franchisees and licensees of the **PROSHRED**[®] system, originally denominated in US dollars.
- The Company generated \$420,000 *CDN* in normalized EBITDA during the fourth quarter of 2016 which excludes one-time costs related to non-capitalized financing costs, accounting and consulting costs and stock based compensation expense.

(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 Fourth Quarter of 2016

Jeffrey Hasham, the Company’s CEO, had the following comments, “**PROSHRED**® continued to attain record system sales results in the final quarter of 2016. This was driven by both strong increases in our recurring scheduled service and due to increased demand for our one-time unscheduled or ‘purge’ service. Our clients continue to ask for our on-site information destruction solutions, and we continue to provide our destruction services primarily on-site. Our clients have increasing risks related to the information they possess, and our on-site service provides them with the peace of mind that they have taken logical measures to safeguard their information and reputation.” Mr. Hasham further noted that “there is further opportunity to add more **PROSHRED**® locations by way of franchising and acquisition, and we are now well equipped to do both given the equity raise that injected an incremental \$4.1M into the Company on January 23, 2017. Senior management has commenced working on initiatives that will continue to drive organic revenue growth while expanding our footprint in North America. We would like to send our congratulations to our Franchisees for another successful year and our thanks to our Shareholders who continue to support and invest in our efforts.”

Financial Highlights:

(in 000’s except as noted)

| | 12 months ended December 31 | | | 3 months ended December 31 | | |
|--|-----------------------------|--------|----------|----------------------------|-------|----------|
| | 2016 | 2015 | % change | 2016 | 2015 | % change |
| | \$ | \$ | | \$ | \$ | |
| System Sales Performance – in US Currency | | | | | | |
| Total locations | 36 | 34 | 6% | 36 | 34 | 6% |
| System sales | 29,673 | 24,883 | 19% | 7,719 | 6,246 | 24% |
| <i>Percentage scheduled</i> | 48% | 49% | | 49% | 51% | |
| System sales – same location | 29,498 | 24,726 | 19% | 7,594 | 6,216 | 22% |
| <i>Percentage scheduled</i> | 48% | 49% | | 49% | 51% | |

Operating Performance – in Canadian Currency

Consolidated results:

| | | | | | | |
|--|-------|-------|------|-------|-------|-------|
| Revenue | 9,599 | 7,678 | 25% | 2,357 | 2,106 | 12% |
| EBITDA ⁽¹⁾ | 2,382 | 2,318 | 3% | 271 | 494 | (45)% |
| Normalized EBITDA ⁽²⁾ | 2,530 | 2,318 | 9% | 420 | 494 | (15)% |
| Operating Income ⁽³⁾ | 1,768 | 1,820 | (3)% | 100 | 356 | (72)% |
| As a percentage of revenue | 18% | 24% | | 4% | 17% | |
| Normalized Operating Income ⁽²⁾ | 1,916 | 1,820 | 5% | 249 | 356 | (30)% |

Corporate location results:

| | | | | | | |
|---------------------------------|-------|-------|------|-------|-------|-------|
| Revenue | 7,481 | 5,921 | 26% | 1,876 | 1,549 | 21% |
| Revenue before acquired revenue | 6,739 | 5,921 | 14% | 1,682 | 1,549 | 9% |
| EBITDA ⁽¹⁾ | 2,608 | 2,537 | 3% | 515 | 636 | (19)% |
| Operating income ⁽³⁾ | 2,003 | 2,038 | (2)% | 353 | 499 | (29)% |
| As a percentage of revenue | 27% | 35% | | 19% | 32% | |

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

(2) One-time costs relate to non-capitalized financing costs related to the financing process that commenced in the fourth quarter, accounting and consulting costs related to the corporate structure and stock based compensation expense for the issuance of options to technical advisors.

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

Stronger System Sales driving both Royalty and Corporate Location Revenue

Redishred achieved 19% growth in total and same location system sales during 2016 versus 2015. The increased system sales drove royalty revenues up by 17% year over year. System sales were driven upwards 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 un-scheduled revenue.

Our corporate store location revenues grew by 26% during 2016 versus in 2015. The growth included \$742,765 in acquired revenue, when adjusted for yielded a growth rate of 14%.

Franchise Activity contributes to Short Term and Long Term Franchise Revenue Growth

In 2016, new franchise awards significantly increased over both 2015 and 2014. New franchise fees in 2016 equated to \$238,000 versus \$156,000 in 2015. The new locations have contributed to short term revenue growth by way of new franchise fees and will lead to future growth in royalty revenue while concurrently expanding the Company's footprint in the United States. New franchisees have been attracted to the Company's improved financial position both at the franchisor level and at the unit franchisee level.

Corporate Location Investments and Centralization Plan

During 2016, corporate location revenue has grown 26% over 2015, while corporate location operating income declined by 4% over the same period in 2015 as the Company invested in the following areas:

- (1) enhancing corporate location management with a view to driving increased revenue and enhanced efficiency allowing for sustainable growth in the longer term;
- (2) the centralization of the inside sales functions in Mississauga with a view to enhancing sales performance and allowing for scalability as new acquisitions are added, and
- (3) the centralization of the invoicing and accounts receivables team in Mississauga, which will contribute to shorter accounts receivable cycles and further enhance scalability as the Company conducts further acquisitions.

The centralization of processes such as inside sales and administration functions was initiated to allow for increased cash flow margins as the Company executes on its acquisition plans in 2017 and beyond. During the second half of 2016, the Company initiated the transitioning of human resources from the local branches to the Toronto head office which caused some duplication in tasks and costs which will ensure a smooth transition of these functions. Management believes that this investment will allow for enhanced sales, economies of scale and cost savings to commence in the second quarter of 2017. The Company also made continued investments in replacing and refurbishing older trucks in 2016 in order to maximize truck utilization and ensure that client service standards are maintained at the highest possible levels.

Debt Reduction and Improving Balance Sheet

Over the last twenty-four months, the Company has used a significant portion of its excess cash flow to reduce the amount owing on its line of credit. During the year ended December 31, 2016 the Company has paid down its line of credit by \$500,000 (2015 - \$250,000) and over the last twenty-four months by \$750,000. As a result of this, the Company's rolling twelve-month fixed charge coverage ratio has decreased by 13% and its total funded debt to EBITDA ratio has decreased by 4% since December 31, 2015. The Company's normalized working capital has improved to \$116,000 as at December 31, 2016 when compared to December 31, 2015 which was \$22,000. Management will continue to balance investment in human resources, trucks and technology with continued management of its debt balances.

Investing now for Long-Term Sustainability

In 2016, the Company's senior management has:

1. Invested in attracting and retaining stronger senior management and in particular sales and marketing resources with a view to supporting higher growth in all locations in the short and medium term.
2. Invested in centralizing processes such as inside sales and the accounts receivables functions with the view to gaining economies of scale and cost savings in light of the Company's acquisition program.

- Continued to invest in modernizing its corporate location truck fleet with a view to maximizing client service standards and reducing costly repairs and downtime.

The investments have been funded primarily through current operating cash flows while simultaneously reducing the Company's most expensive debt class by \$500,000 in 2016. The Company's senior management believes these investments will yield stronger cash generation in 2017 and beyond.

Corporate Operations

During the year ended December 31, 2016, Redishred directly operated six shredding locations in Syracuse, NY, Albany, NY, Milwaukee, WI, New York City, NY, Charlotte, NC and Miami, FL.

The corporate location revenues grew by 26% year over year. The Company also increased EBITDA by 3% over the year ended December 31, 2015.

All Corporate Locations Results:

(In 000's)

| For the year ended December 31, | Total Corporate Locations | | | Same Corporate Locations | | | Non-same Corporate Locations | |
|------------------------------------|------------------------------|-------|-------------|-----------------------------|-------|-------------|------------------------------------|------|
| | 2016 | 2015 | % Change | 2016 | 2015 | % Change | 2016 | 2015 |
| Revenue: | | | | | | | | |
| Shredding service | 6,421 | 4,980 | 29% | 5,811 | 4,980 | 17% | 610 | - |
| Recycling | 1,061 | 941 | 13% | 929 | 942 | (1)% | 132 | - |
| Total revenue | 7,482 | 5,921 | 26% | 6,740 | 5,922 | 14% | 742 | - |
| Operating costs | 4,874 | 3,384 | 44% | 4,340 | 3,384 | 28% | 534 | - |
| EBITDA | 2,608 | 2,537 | 3% | 2,400 | 2,537 | (5)% | 208 | - |
| Depreciation - equipment | 604 | 499 | 21% | 560 | 499 | 12% | 44 | - |
| Corporate operating income | 2,004 | 2,038 | (2)% | 1,840 | 2,038 | (10)% | 164 | - |

Corporate Locations Trend:

| | 2016 | | | | 2015 | | | |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Corporate location revenue (\$) | 1,876,057 | 1,870,736 | 1,842,693 | 1,892,024 | 1,549,379 | 1,554,557 | 1,443,384 | 1,374,062 |
| Quarter over quarter % change | 0% | 1% | (3)% | 22% | (1)% | 7% | 5% | |
| Corporate location EBITDA (\$) | 514,917 | 707,997 | 688,142 | 696,514 | 676,130 | 646,108 | 678,855 | 575,535 |
| Quarter over quarter % change | (27)% | 3% | (1)% | 3% | 5% | (5)% | 18% | |

Community and Social Commitment

Our locations under the **PROSHRED**[®] banner conducted many community shredding events in 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**[®] 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 4, 2016, **PROSHRED**[®] held its' 3rd 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**[®] 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**[®] owner and all our collective employees for the time and effort put forth to these events. So far we have raised in excess of \$100,000 for this cause. Please join us on June 3, 2017 for our fourth Shred Cancer Nationwide event.” Please visit www.proshred.com/aicr for more information on this effort.

Financial Statements

Redishred's December 31, 2016 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.

FOR FURTHER INFORMATION PLEASE CONTACT:

Redishred Capital Corp. (TSX.V – KUT)
Jeffrey Hasham, MBA, CPA, CA
Chief Executive Officer
Jeffrey.hasham@redishred.com
www.redishred.com
Phone: (416) 849-3469 Fax: (905) 812-9448

or,

Redishred Capital Corp. (TSX.V – KUT)
Kasia Pawluk, CPA, CA
Chief Financial Officer
kasia.pawluk@redishred.com
www.redishred.com
Phone: (416) 204-0076 Fax: (905) 812-9448

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