



# Company Presentation

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*YTD Q3 2022 Results*

*Date: November 30, 2022*

TSX.V **KUT**



## Cautionary Statement



This presentation may contain forward-looking statements with respect to Redishred Capital Corp. ("Redishred") and its operations, strategy, financial performance and condition. These statements generally can be identified by use of forward-looking words such as "may", "will", "expect", "estimate", "anticipate", "intends", "believe" or "continue", "maintain", "target" or the negative thereof or similar variations.

The actual results and performance of Redishred discussed herein could differ materially from those expressed or implied by such statements. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Important factors that could cause actual results to differ materially from expectations include, among other things, risks and uncertainties relating to the COVID-19 pandemic, general economic and market factors, competition, changes in government regulation and the factors described under "Risk Factors" in Redishred's Annual Information Form, Redishred's Management's Discussion and Analysis for the three and six months ended June 30, 2022, and other securities regulatory filings made by Redishred from time to time.

The cautionary statements qualify all forward-looking statements attributable to Redishred and persons acting on its behalf. All forward-looking statements in this presentation speak only as of the date to which this presentation refers, and Redishred does not intend to update or revise any such statements, unless otherwise required by applicable securities laws.

## Stock Statistics

As of November 29, 2022 – pre-earnings release.

### REDISHRED CAPITAL CORP

Stock symbol:	TSXV: KUT
Shares outstanding:	18.2 million
Price (November 29, 2022 Closing):	\$4.00
52 week low / high:	\$3.10/\$5.00
Market capitalization:	\$72.9 million

*Note all per share amounts in this presentation are post stock consolidation that occurred on August 23, 2022.*

# Overview and Strategy



## Consolidating the US On-site Document and Data Protection Industry

### VALUE PROPOSITION

For over 30 years, businesses and consumers have put their trust in **PROSHRED®** to maintain information security, legislative compliance, and personal privacy. **PROSHRED®** is a service-driven company dedicated to on-site shredding.



Protecting Customers Identity  
Is Our Core Competency



Industry-Leading Certified  
Shredding Company



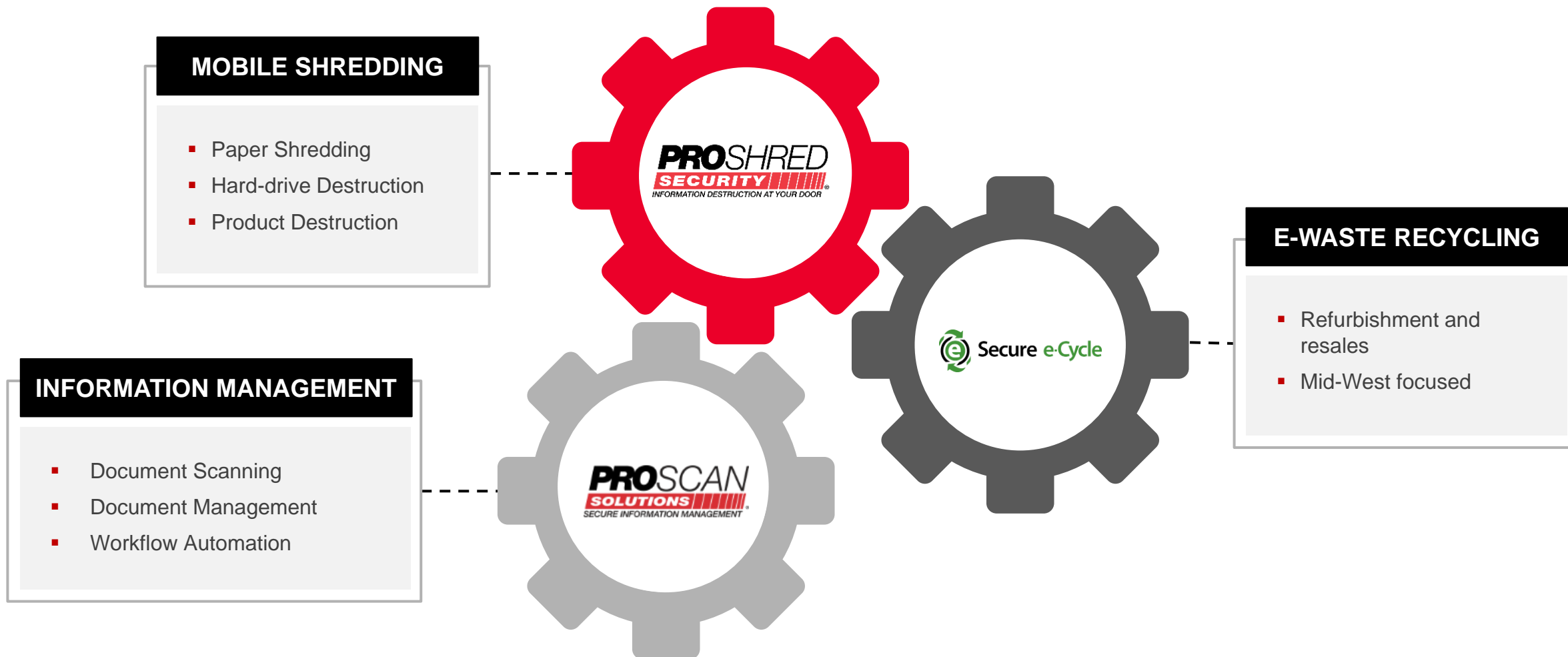
Locally Serviced and  
Nationally Operated



Responsive and Quality  
Service For Any Industry

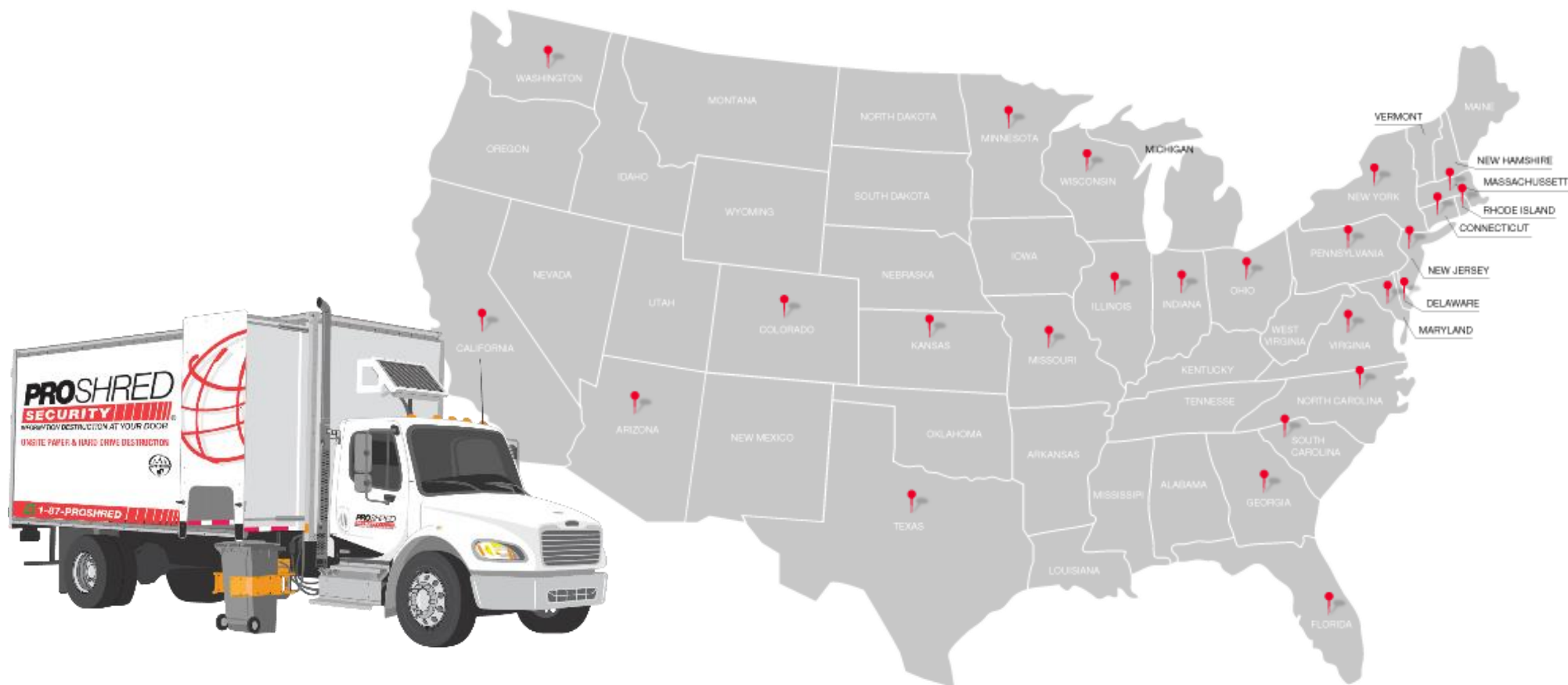






## OVER 30 LOCATIONS ACROSS THE US

Corporate and Franchised locations serving **41 metropolitan markets in 25 states**.  
We provide secure on-site mobile shredding services with a fleet of **over 170 trucks**.



## THREE-PRONGED STRATEGY



### BUILD WHAT WE OWN

- Drive Same location revenue and EBITDA growth, focusing on recurring revenue streams, directed at the Small Medium Enterprise market
- Sticky clients provide for a durable base to grow from



### ACCRETIVE ACQUISITIONS

- Conduct accretive acquisitions, purchasing franchisees as they retire/wish to exit; independents in existing and new markets
- Real Synergies from routing, back office and marketing



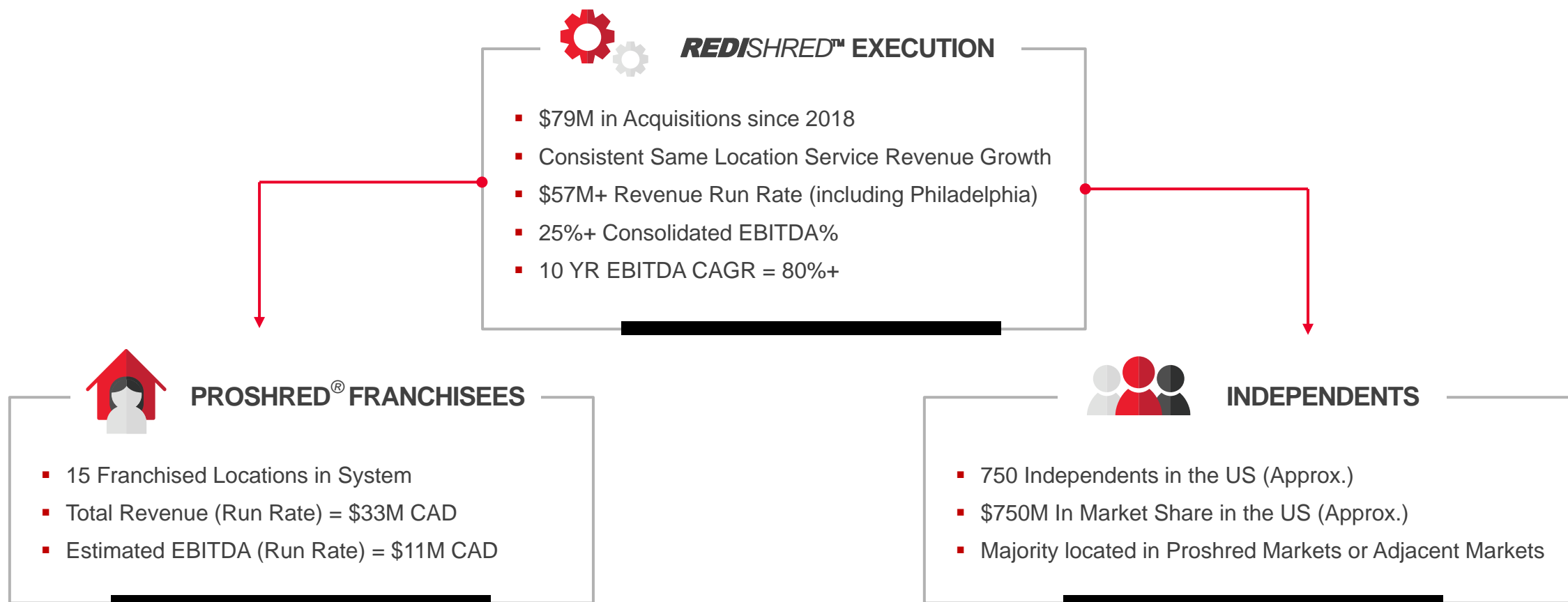
### FRANCHISE SUPPORT

- Support franchisees to help them grow durable and sustainable revenue and EBITDA streams
- Provide a win-win-win exit for the franchisee, their employees and Redishred



## MULTIPLE ACQUISITION MARKETS

Opportunity to Capture Market Share via Proven M&A and Growth Platform



# Performance



## SYSTEM

Drive same location shredding sales – systemwide

- 2022 Target: 10% to U\$D \$45M
- 2022 Performance to date: 19%
- *Exceeding target*

## GROWTH

Grow same location EBITDA for Corporate locations

- 2022 Target: 8% to \$13.4M
- 2022 Performance to date: 38%
- *Exceeding target*

## EXPAND

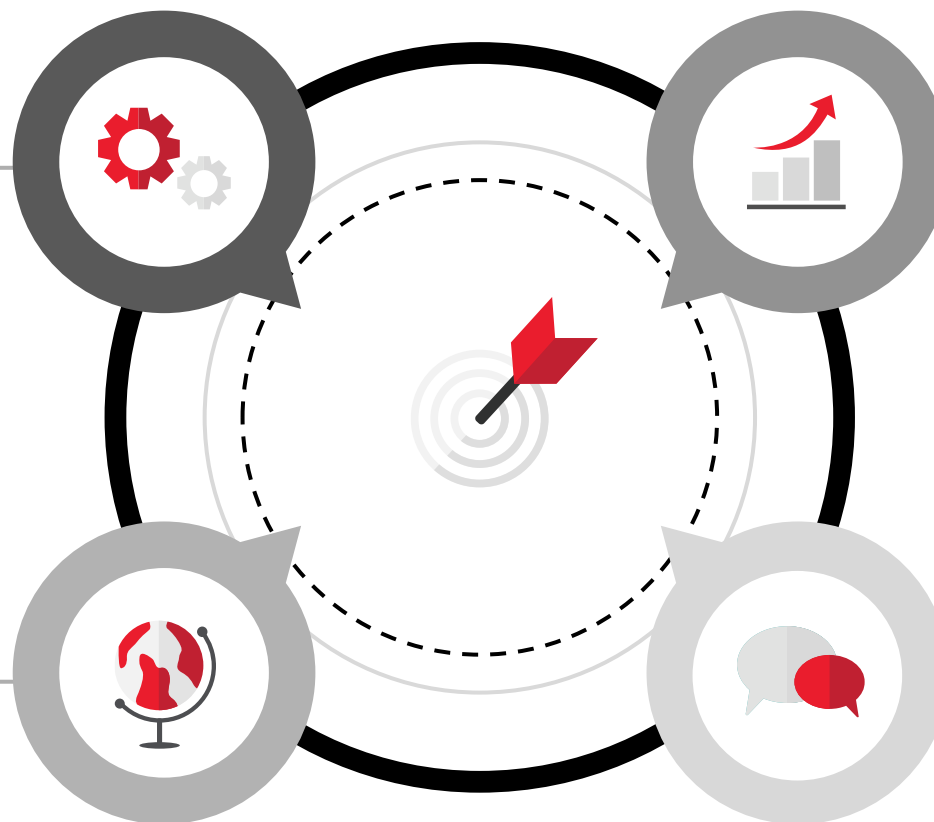
Expand via accretive acquisitions

- 2022 Target: \$4M to \$5M in acquired revenue
- 2022 Performance to date: \$6M in acquired revenue
- *Exceeded annual target*

## LEVERAGE

Improve operating leverage

- 2022 Target: G&A 12% of revenue
- 2022 Performance to date: 11%
- *Ahead of target*



## Q3-2022 Financial Highlights

**\$3.6M**  
EBITDA<sup>1</sup>

EBITDA<sup>1</sup> was up 27% from Q3-2021

**\$0.20**  
EBITDA<sup>1</sup> per Share

An 11% increase from \$0.18 per share in Q3-2021

**33%**  
Same Corporate Location  
EBITDA<sup>2</sup> Growth

Growth from Q3-2021 driven by 38% growth in sales.

**\$3.3M**  
Cash provided from  
Operations

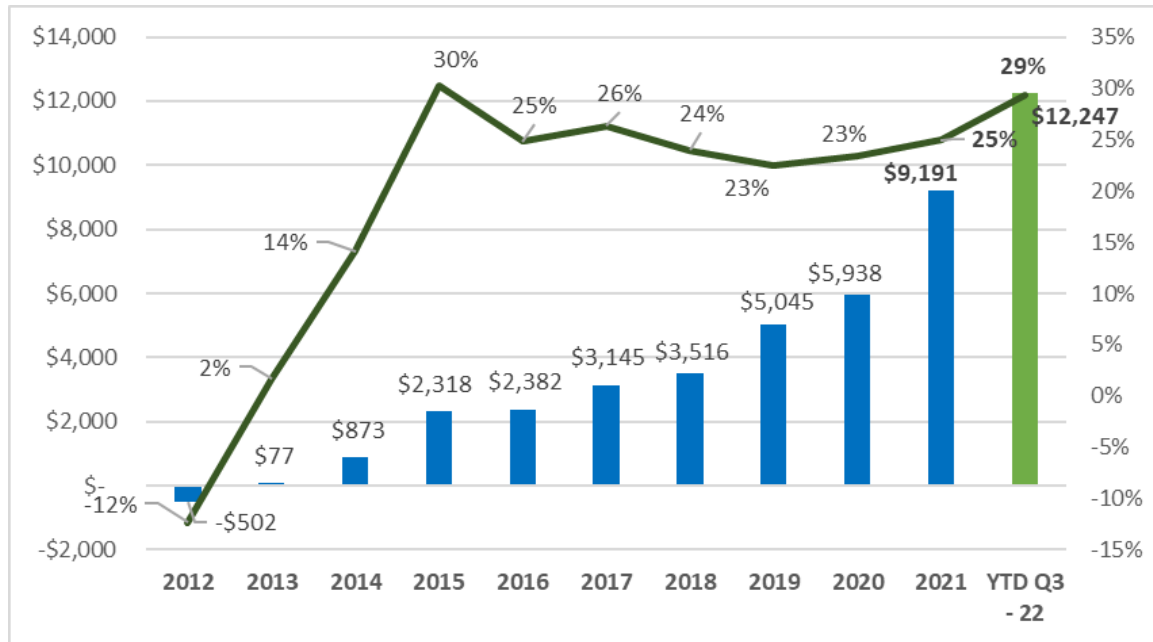
Cash from operation grew by 37% from Q3-2021

**47%**  
Debt as a % of Total  
Assets<sup>3</sup>

Deploying debt prudently and conservatively

1. Consolidated Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA") is a non-IFRS measurement. For a full description of this non-IFRS measure, see Redishred's Management, Discussion and Analysis for the three and nine months ended September 30, 2022.
2. Same Corporate Location EBITDA is a supplementary non-IFRS measurement. For a full description of this non-IFRS measure, see Redishred's Management, Discussion and Analysis for the three and nine months ended September 30, 2022.
3. Debt as a percentage of total assets is a capital management measure that is non-IFRS. For a full description of this non-IFRS measure, see Redishred's Management, Discussion and Analysis for the three and nine months ended September 30, 2022.

## TEN YEAR CONSOLIDATED EBITDA TREND – 000's CAD



**CAGR = 81%**  
(YTD Q3-22 Extrapolated – does not include government subsidies)

## OPERATIONAL PERFORMANCE

Focus on Driver Retention

Focus on Route Density and Routing Economics

Continued Acquisitions

## Q3-22 EBITDA HIGHLIGHTS (CAD)

### Key Drivers vs Q3-21:

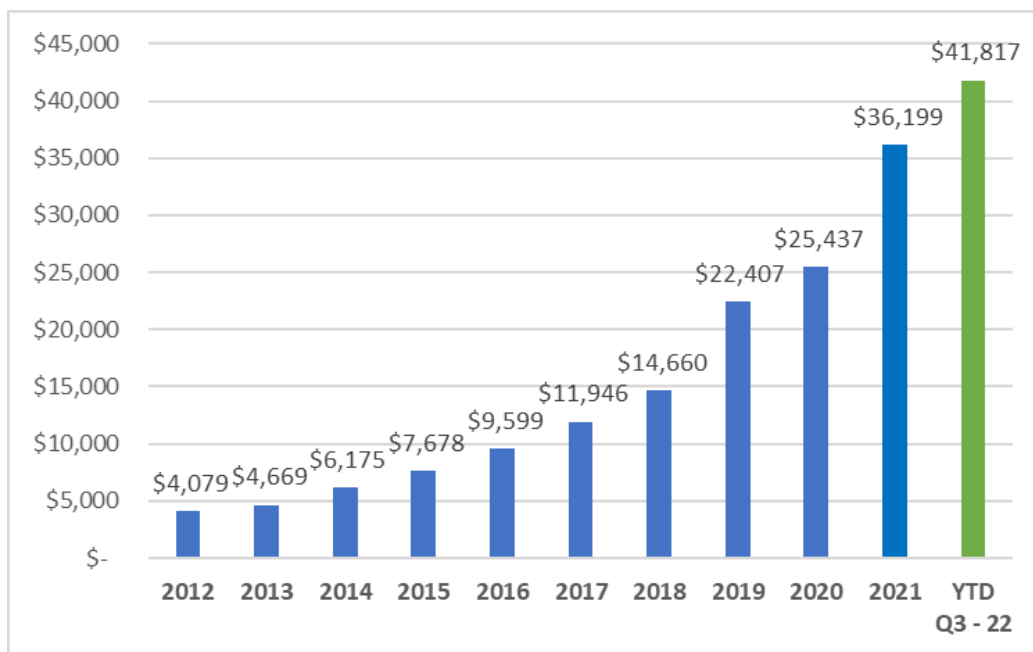
- Same location service revenue +\$1.1M
- Same location recycling revenue +\$1.2M
- Same location costs +\$1.8M
- Acquired EBITDA +\$0.7M
- G&A +\$0.5M

### Key Events:

- +Paper prices at historical highs (over \$250/t)
- +Strong same location growth (38%)
- Fuel costs at record highs during Q3 driving same location costs upwards
- Driver shortages caused wages inflation in Q3, driving same location costs upwards
- Truck and truck part shortages causing capacity issues and increased repair and labour costs (Deliveries late Q3-2022/Early Q4-2022)

## TEN YEAR CONSOLIDATED REVENUE TREND – 000's CAD

Revenue Growth – Driven By New Client Acquisitions and Acquired Locations



CAGR = 33%

## NORMALIZED GROWTH DRIVEN BY:

Investing in Sales,  
Marketing and New  
Trucks

Targeting of SMEs  
Recurring Monthly  
Service

Continued  
Acquisitions

## TOTAL REVENUE HIGHLIGHTS (CAD)

### Revenue Breakdown Q3-2022:

- Corporate Location revenue (\$14.1M) accounted for 96% of Total Revenue
- Royalties and franchise fees (\$0.6M) accounted for 4% of Total Revenue

### Revenue Analysis For Q3-2022 vs Q3-2021:

- Same Corporate Location shredding service revenue were up 15% = \$1.1M
- Same Corporate Location scanning revenue was down 9% = (\$0.05M)
- Same Corporate Locations recycling sales was up 90% = \$1.2M
- Acquired revenue was \$2.6M



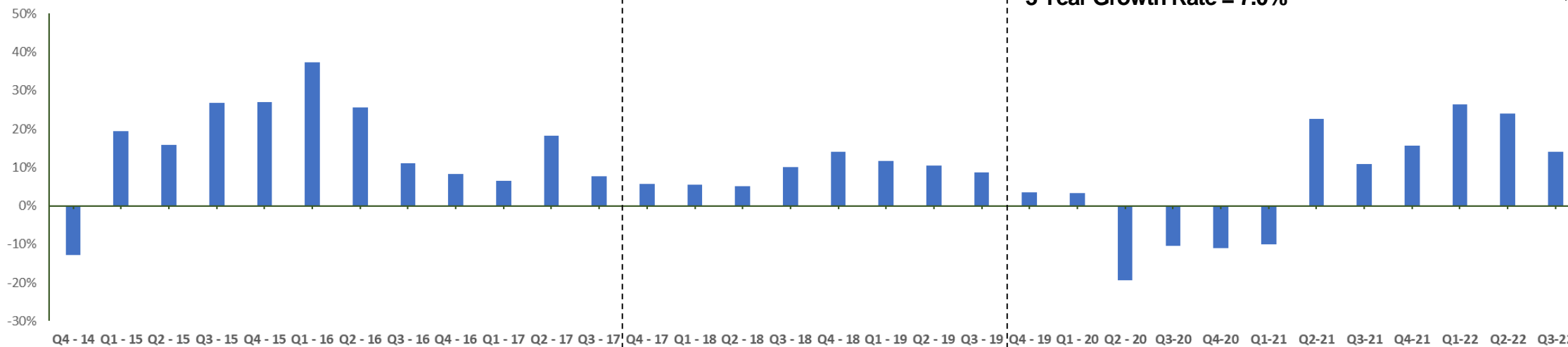
## Same Location Service Revenue *(excludes paper revenue)*

### GROWTH 27 FROM LAST 35 QUARTERS

8 Year Growth Rate = 10.4%<sup>1</sup>

5 Year Growth Rate = 7.0%<sup>1</sup>

3 Year Growth Rate = 7.0%<sup>1</sup>



Operated 6 Corporate Locations:  
Syracuse, Albany, Wisconsin, NYC, Miami, Charlotte

Focused on enhancing sales and marketing platforms, centralized inside sales, hired stronger management. Added N. Virginia location.

Added Larger Locations:  
New Jersey, Kansas, Chicago, CT, plus tuck-ins.  
Increased sales resources.

Impact of COVID 19 on Same Location revenue  
**Now in rebound. Acquisition Program↑.**

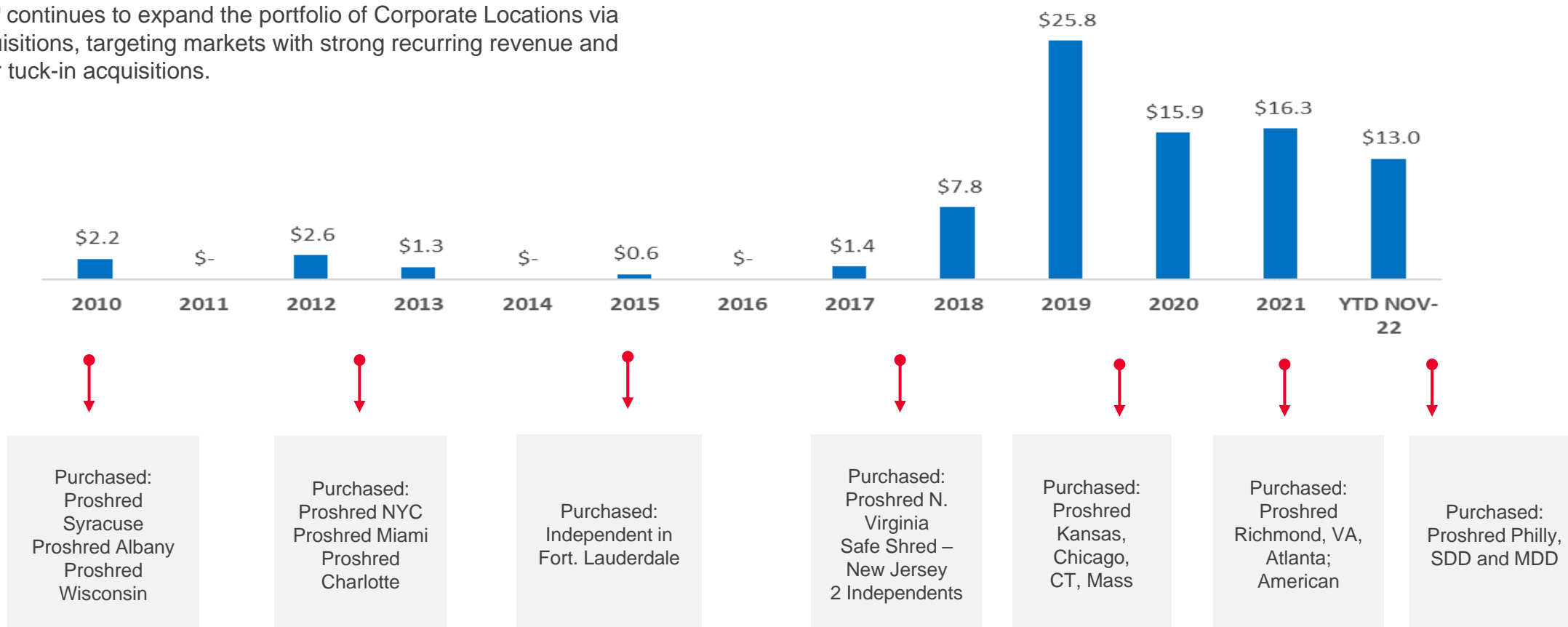
1.The results for 2020 and Q1-2021 were significantly impacted by the COVID19 pandemic. We have now included the 4 quarters impacted by the pandemic, the Company continues to show positive growth both short and long term.

## Accelerating Acquisitions

### ANNUAL ACQUISITIONS (\$ millions CAD)

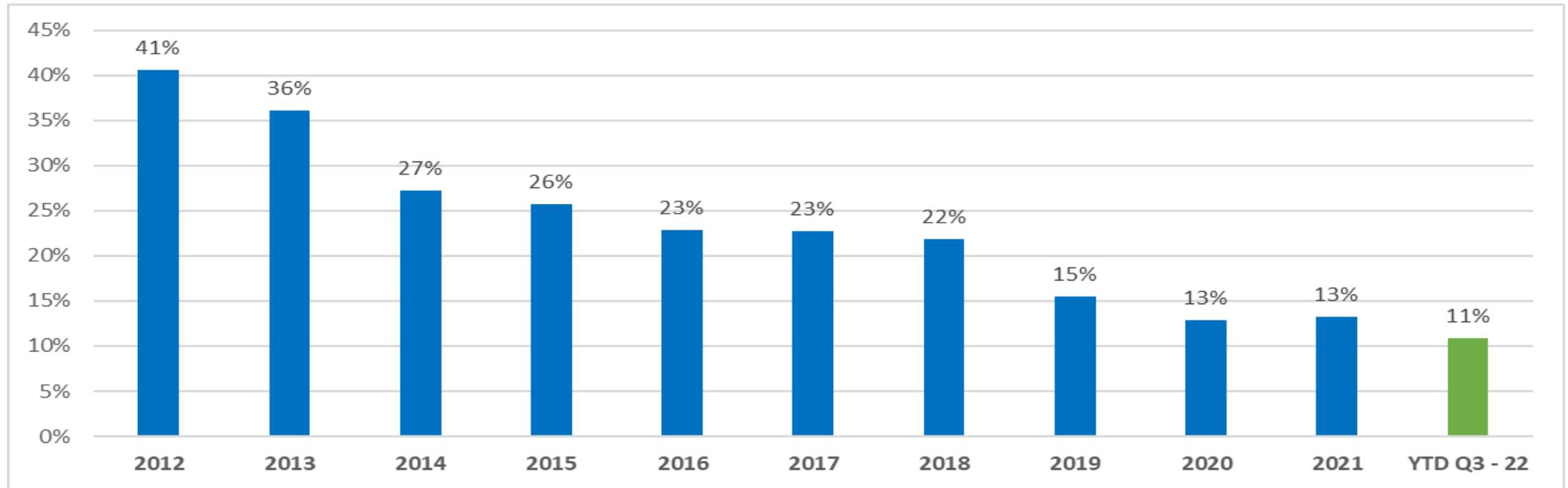
Since Late 2018 have conducted \$78.8M in Accretive Acquisitions

**REDISHRED**<sup>TM</sup> continues to expand the portfolio of Corporate Locations via accretive acquisitions, targeting markets with strong recurring revenue and opportunity for tuck-in acquisitions.



**TEN YEAR CONSOLIDATED G&A TREND – % of Revenue**

Operating Leverage Continues to be Improved, G&A costs well managed



Centralization of Key Back Office Functions

Use of Enabling Technology

Continued Centralization of Tasks

**TEN YEAR CONSOLIDATED KPI TRENDS**
**Stronger Profitability (Operating Income Less Interest), Stronger Balance Sheet**

Key Performance Indicators In Canadian Dollars (000's)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	YTD Q3-2022
<b>Profitability KPI's</b>											
Revenue	\$ 4,079	\$ 4,669	\$ 6,175	\$ 7,678	\$ 9,599	\$ 11,946	\$ 14,660	\$ 22,407	\$ 25,437	\$ 36,199	\$ 41,817
EBITDA	-\$ 502	\$ 77	\$ 873	\$ 2,318	\$ 2,382	\$ 3,145	\$ 3,516	\$ 5,045	\$ 5,938	\$ 9,191	\$ 12,247
EBITDA%	-12%	2%	14%	30%	25%	26%	24%	23%	23%	25%	29%
EBITDA/Share <sup>1</sup>	-\$ 0.087	\$ 0.013	\$ 0.151	\$ 0.384	\$ 0.401	\$ 0.334	\$ 0.236	\$ 0.318	\$ 0.369	\$ 0.577	\$ 0.671
Operating Income less Interest ("OILI")	-\$ 987	-\$ 318	\$ 487	\$ 1,041	\$ 1,028	\$ 1,829	\$ 2,130	\$ 1,862	\$ 1,323	\$ 3,464	\$ 6,714

**Balance Sheet KPI's**

Cash	\$ 532	\$ 349	\$ 366	\$ 848	\$ 1,047	\$ 2,246	\$ 8,831	\$ 10,064	\$ 2,844	\$ 9,660	\$ 10,980
Assets	\$ 7,308	\$ 8,984	\$ 9,050	\$ 10,714	\$ 10,001	\$ 11,506	\$ 27,943	\$ 53,770	\$ 58,687	\$ 79,334	\$ 91,700
Long Term Debt	\$ 7,043	\$ 8,127	\$ 7,820	\$ 8,043	\$ 8,287	\$ 2,569	\$ 4,505	\$ 15,714	\$ 20,232	\$ 27,650	\$ 29,360
Net Debt (LT Debt less cash)	\$ 6,511	\$ 7,778	\$ 7,454	\$ 7,195	\$ 7,240	\$ 323	-\$ 4,326	\$ 5,650	\$ 17,388	\$ 17,990	\$ 18,380
Equity	-\$ 475	-\$ 574	-\$ 366	\$ 530	\$ 519	\$ 6,690	\$ 19,948	\$ 29,900	\$ 30,408	\$ 40,360	\$ 48,291

Organic Growth

Accretive Acquisitions

Appropriate Leverage (2019 onwards)

**EBITDA PER SHARE RECONCILIATION**

Dilutive impacted of Dec 21 Equity Raise overcome by YTD Q3-2022 Performance and Acquisitions

EBITDA/Share Reconciliation (post consolidation - Aug 23, 2022)		YTD Q3-22
1	EBITDA/Share (YTD Q3-21) - diluted	\$ 0.466
<b><u>Keynote items</u></b>		
2	Change in same location revenue	\$ 0.512
3	Change in franchise related fees	\$ 0.008
4	Change in cost	-\$ 0.391
5	<b>Keynote impacts</b>	<b>\$ 0.130</b>
6	<b>Acquired EBITDA</b>	<b>\$ 0.162</b>
7	Dilution from Q4-2021 equity raise (1.96M shares)	-\$ 0.087
8	<b>EBITDA/Share (YTD Q3-21) - diluted</b>	<b>\$ 0.672</b>
10	<b>Percentage change (%)</b>	<b>44%</b>

Cash on Hand \$9.7M

Non-Truck Debt Capacity \$5.0M

Pipeline of Deals

# Acquisitions





## TARGETS ARE KEY

Franchisees = Hub, Smaller Independents = Tuck Ins

### TWO TYPICAL SCENARIOS

KPI	Franchisee (remaining)	Independents
Revenue range	\$1.5M to \$2.5M	\$100K to \$1M
Scheduled revenue mix	50% plus	30% to 60%
Trucks	4 to 10	1 to 3
EBITDA% range	30% to 40%	0% to 30%
Multiple range (of EBITDA)	5X to 6.5X	Asset based to 4X

Hub locations for the foundations for  
tuck-in opportunities

Post Acquisition, Tuck-in provide  
stronger route density with significant  
cost elimination

## Contact Us



**PLEASE DIRECT YOUR INVESTOR INQUIRIES TO:**

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# Appendices



## CORE COMMITMENTS

Easily, the most secure information destruction and protection services Company



### Durable and Sustainable:

- Focus is on Scheduled and Recurring Revenue Generation for our Franchisees and Corporate locations

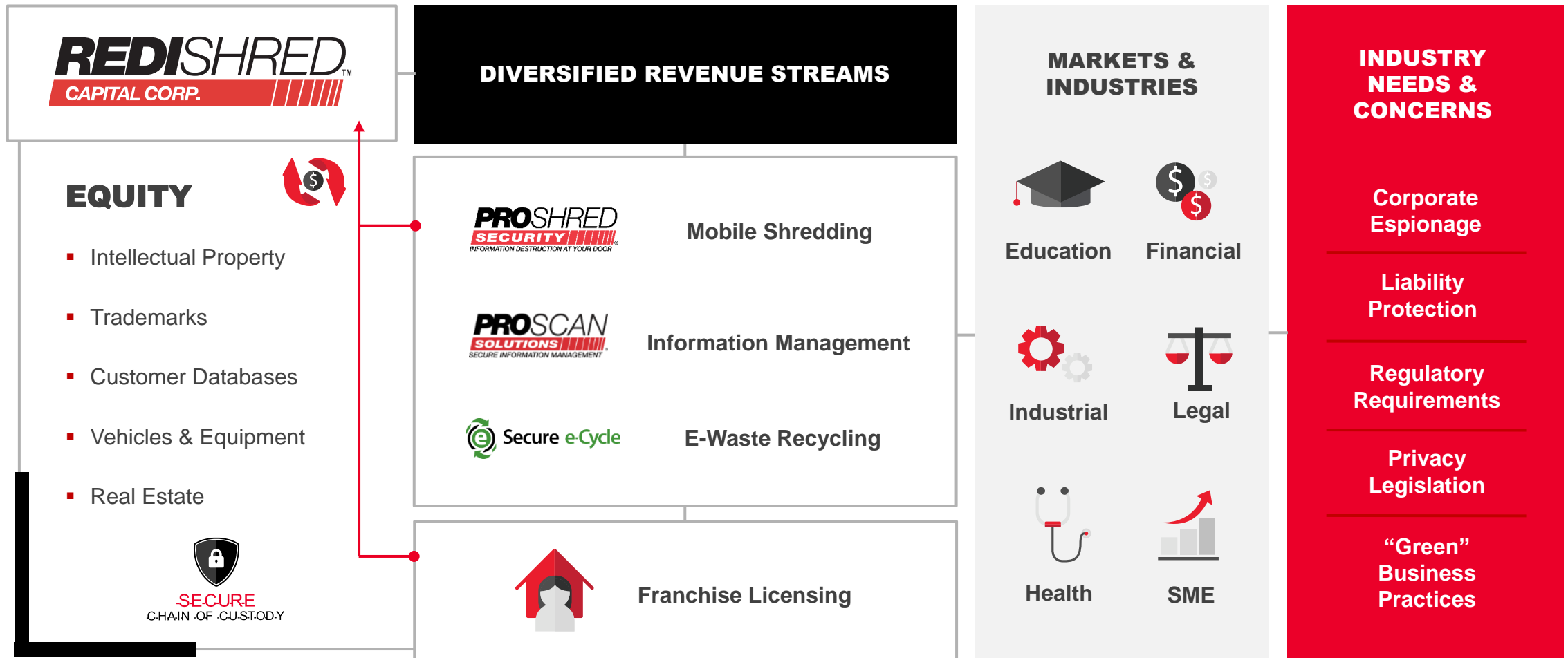
### Easy:

- Make it easy for our clients to transact business with us

### Empowerment:

- Hire great people and give them the tools and ability to make sound decisions

## DRIVING SHAREHOLDER VALUE



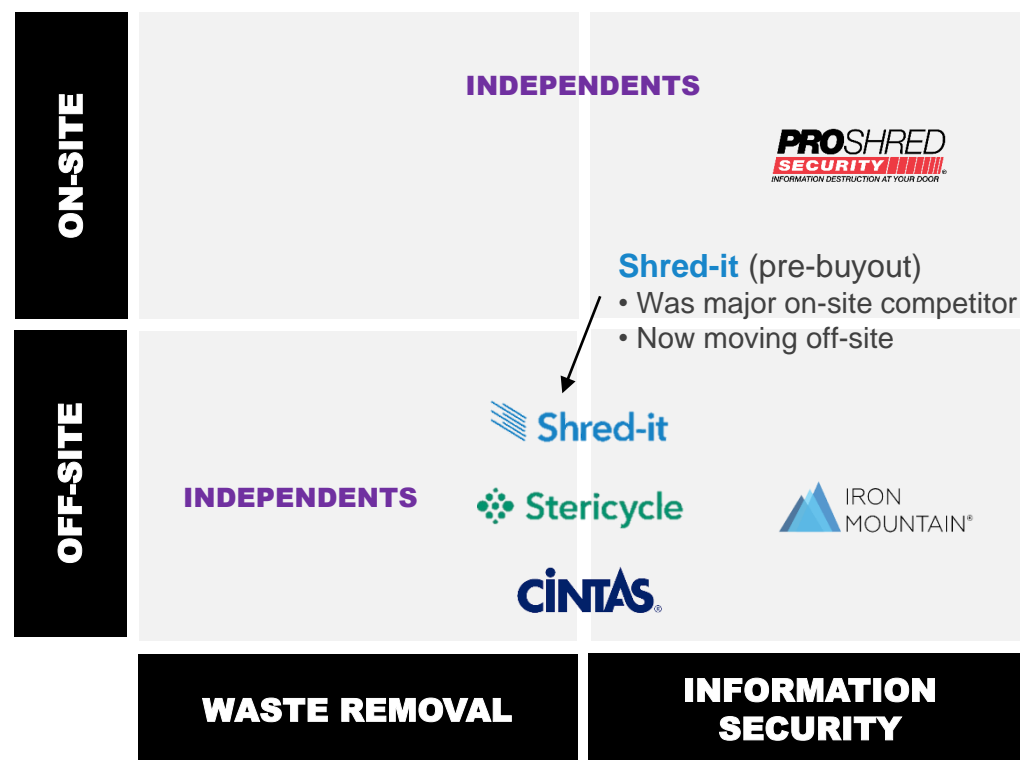
### WELL RESEARCHED AND WELL UNDERSTOOD MARKETPLACE

- US\$3.6 billion per year
- U.S. market highly fragmented with many independents and only a handful of large providers
- Robust Market Drivers
  - concern about identity theft and corporate espionage
  - concern about liability protection and transference
  - tighter regulatory requirements, legislation and enforcement
  - massive push towards “green” business practices
- Trending demand for “on-site service” – the largest players moving to off-site
- SMEs typically under served by larger national competitors which tend to target large contract clients



## FOCUSED ON OUR STRENGTHS IN THE MARKETPLACE

*PROSHRED® is positioned to provide secure material destruction through on-site operations*



### 1. Independents

- Document Destruction
- Paper and Materials Recycling
- Waste Focus

### 2. Independents

- Document Destruction
- SME Focus
- Significant acquisition target

### 3. Shred-it / Stericycle / Cintas

- Document Destruction
- Medical Waste Removal
- Paper Recycling
- Medical Focus

### 4. PROSHRED®

- Document Destruction
- Information Destruction
- HD Destruction
- PROSCAN® – Scanning
- SME Focus

### 5. Iron Mountain

- Document Destruction
- Scanning
- Physical Records Storage
- Paper Recycling
- Large/Medium Enterprise Focus

## BUY SMART AND GROW IT

Investment in People, Trucks and Process will continue to drive cash production

