

Due Diligence and Valuation Report

Arrowhead Code:	64-02-01
Coverage initiated:	August 08, 2022
This document:	August 08, 2022
Fair share value bracket-DCF:	CAD 0.80 – CAD 0.91
Share price (August 08, 2022):	CAD 0.7

Analysts

Ayushi Saraswat ayushi.saraswat@arrowheadbid.com	Natasha Agarwal natasha.agarwal@arrowheadbid.com
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Market Data

52-Week Range:	CAD 0.63 – CAD 0.99 ⁱ
Average Daily Volume (3M Avg.):	37,558 ⁱⁱ
Market Cap (August 08, 2022):	CAD 63.8 million (mn) ⁱⁱⁱ

Financial Forecast (in CAD) (FY Ending – Dec)

CAD	'22E	'23E	'24E	'25E	'26E
High NI (mn)	2.2	3.9	5.3	7.0	8.8
High EPS	0.0	0.0	0.1	0.1	0.1
Low NI (mn)	1.6	3.1	3.8	5.1	6.2
Low EPS	0.0	0.0	0.0	0.1	0.1

Company Overview: RediShred Capital Corp. (RediShred) (Ticker: KUT), headquartered in Canada and founded in 2006, owns and operates the Proshred (Document Shredding) brand. The company's services include Information destruction, Document management and Scanning and electronic waste recycling, to provide end-to-end solutions, starting from inception to destruction, to a wide range of industries.

The company is looking to grow organically and inorganically. The inorganic, growth is primarily driven via M&A strategy, where the company look to purchase franchisees when they are ready to exit, and by purchasing of independents in existing and new markets.

The company operates through Corporate Locations and Franchising & Licensing, offering both on-site and off-site services. The company operates in 40 markets in the U.S. via 30 offices.

2021 Financial Overview: RediShred reported 42.3% YoY revenue growth to CAD 36.2 mn in FY 2021, thanks to increased demand as the macroeconomic situation around the COVID-19 pandemic scenario improved. Acquisitions contributed CAD 6.3 mn to revenue. EBITDA improved by 54.8% YoY to CAD 9.2 mn in FY 2021 as EBITDA margins grew to 25.4% (from 23.3% in FY 2020) and sales were significantly higher. The company's raised CAD 18.8 mn through equity issues and borrowing, and generated CAD 8.4 mn cash inflow from operating activities, which led to cash resources of CAD 9.6 mn (up CAD 6.8 mn), including acquisitions of CAD 10.2 mn.



Company:	RediShred Capital Corp.
Ticker:	TSXV: KUT
Headquarters:	Ontario, Canada
CEO:	Jeffrey Hasham
CFO:	Harjit Brar
Website:	https://www.proshred.com/

Key Highlights: (1) Management forecasts like-for-like growth of 10% YoY in same location shredding system sales in FY 2022, and average growth of 8% in the long term; (2) The company's recurring revenue base made up 59.9% of total shredding system sales in FY 2021, which increased to 60.8% in Q1 2022, with plans to increase it to 65% by 2024; (3) Despite of scaling its size significantly in the last decade, KUT has managed to optimize its cost structure in the last 10 years by way of G&A expenses reduction (as a % of revenue) from 41.0% in FY 2012 to 13.0% in FY 2021 and EBITDA margin expansion to 25.4% in FY 2021 from (12.0%) in FY 2012; (4) RediShred Capital's strategy is to expand its location footprint in North America, increase route density and drive same location sales and margins growth; (5) Accretive acquisitions form a big part of the company's strategy, with plans to add USD 4-5 mn in sales through synergistic acquisitions in FY 2022; (6) In line with its strategy, KUT acquired the assets of Safeguard Document Destruction (SDD), a provider of on-site services with revenue of more than USD 1.5 mn and an EBITDA margin of ~30%, in June 2022. This follows the acquisition of Mobile Document Destruction (MDD), a provider of premier shredding services, in March 2022; (7) The USD 3.6 bn Information Security and Data Destruction market might complement the growth in Document Scanning and Recycling activities, two diverse services the company already offers (which contributed CAD 2.0 mn and CAD 4.4 mn to revenue in FY 2021); (8) Strong management who are highly experienced in the field with the ability to execute the targets they set.

Key Risks: (a) The uncertain macro environment related to COVID-19 could weigh on the business and slow down its activities in the short term. (b) Input cost inflation due to supply chain disruption poses a threat. (c) With highly competitive industry, low barriers to entry, high margins and good returns on capital may attract new entrants with deep pockets and may prove to be disruptive.

Valuation and Assumptions: Given the due diligence and valuation estimates, Arrowhead believes that RediShred Capital's fair share value lies in the CAD 0.80 to CAD 0.91 range, which we derive by using a discounted cash flow methodology.

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1. Investment Thesis

Arrowhead is initiating coverage on RediShred (KUT) with a fair value of CAD 0.80 per share in the low bracket scenario and CAD 0.91 per share in the high bracket scenario, using Discounted Cash Flow methodology.

Founded in 2006, RediShred is a TSXV listed company that offers information destruction, document management and scanning, and e-waste recycling services. The company, which mainly operates under the PROSHRED brand, owns, and operates Proshred Security, Proscan Solutions and Secure e-cycle, providing its clients with information management solutions from inception to destruction. RediShred operates in 40 markets in the United States via 30 offices.

Huge market size and opportunity due to growing concerns about identity theft and corporate espionage leading to tighter regulations provide significant tailwinds.

Information Security and Destruction is a highly fragmented market that is estimated to be worth USD 3.6 bn^{iv}, of which 50% (CAD 1.8 bn) currently employs data destruction service providers. In recent years, the market has seen participants transition to providing off-site services, which has created a gap for on-site service providers. RediShred Capital, through its emphasis on on-site services, is well positioned to exploit this gap, in our view. In addition, stricter legal requirements for data protection across several industries and the steep financial/commercial costs of data breaches are driving adoption in the market and could even open up the other 50% of the market (non-users) as a potential route for expansion.

Acquisition-led strategy is paying dividends in a highly fragmented market

Led by a few players like Iron Mountain, Shred-it, Access Corp., Vital Records Control (VRC) the market comprises around 750 independents which cater to around CAD 760.0 mn of the CAD 3.6 bn market. In the last decade, RediShred Capital has adopted an acquisition-oriented strategy to gain market share, by expanding its footprint across North America, improving route density with bolt-in acquisitions of independent players or by acquiring its own franchises. As an acquisition led strategy followed by the company, since 2018, it has spent CAD 68.2 mn on a YTD basis. In H1 2022, the company has already completed 2 acquisitions and is on course to generate another CAD 4-5 mn of revenue through inorganic growth measures and plans to stick to its proven strategy.

Solid, sustainable recurring revenue mix targeted at SMEs is expected to grow further given industry trends

The company generates revenue from shredding services, which clients usually require to be performed on a regular basis (weekly or monthly). These scheduled sales make up a substantial portion of the revenue mix and provide RediShred Capital with a reliable, sustainable, recurring revenue base. Scheduled sales (from Corporate Locations and Franchises & Licensing segments) accounted for 59.0% of the company's shredding system sales in FY 2020, which increased to 59.9% in FY 2021 (as it saw growth of 20.0% YoY to CAD 24.7 mn), and then to 60.8% in Q1 2022. This recurring revenue base, which enables the company to maintain stable, sustainable, and predictable sales, is expected to grow in the long term, driven by the company's focus on SMEs and industry trends. Management target to achieve Scheduled system sales of 65% by 2024.

Strategic acquisition led shift in paper recycling to boost the average price of paper

The average price of paper in 2021 stood at USD 121 per ton, 32.0% higher than 2020 mainly on the second half of the year where the growth in average paper price in Q3 2021 and Q4 2021 stood at 44.4% and 145% higher than Q3 2020 and Q4 2020, respectively. The same trend is visible in Q1 2022, where the average price of paper grew by 186.0% to USD 226 per ton. This growth in average paper price per ton is primarily driven by the gradual shift from loose paper recycling to baling paper. Previously, as most of the company's locations did not bale paper, the average price per ton was reduced. However, the company's corporate portfolio currently has four locations that bale paper. Hence, the weighted average paper price is rising as the company shifts its operational focus from recycling to bailing paper.

Diversified sources of revenue

RediShred Capital generates revenue from four sources: shredding services, scanning sales, electronic waste disposal and recycling activities. While shredding services make up most of the sales (73.4% in FY 2021), the sales mix is expected to become more balanced. Additionally, the company has a diverse customer base as none of the company's

customers contributes more than 10.0% of revenue. The diversification in revenue in terms of services rendered and customers ensures that the company is not reliant on any one source which provides a level of stability to the business.

Certain risks could impede its growth plans though

Fluctuations in the price of paper could lead to revenue headwinds

The company's recycling activities are dependent on the volume of paper shredded and the price of paper. The latter, unlike the former, the company has no control of. Over the past 12 months, the price of paper increased from USD 79 per ton in Q1 2021 to USD 226 per ton in Q1 2022, which is indicative of the volatility. If the price of paper plummets, the company's revenue from its second largest source could face significant headwinds.

With high spending on accretive acquisition comes financing risks

Acquisitions are an important pillar of the company's strategy. To pursue acquisitions, the company raises funds through equity financing or borrowing and will have to do so until it reaches a certain level of sales and margins. Inability to secure sufficient funds for acquisitions would postpone/hamper the company's growth plans.

Vying for market share in a market led by big players

The market is led by two players, Iron Mountain, and Stericycle, which make up 58% of the market share together and generated USD 435.4 mn and USD 792.9 mn from Data Destruction activities in FY 2021. The two leaders, which have established brand names and possess plenty of cash resources, are direct competitors of RediShred Capital. To gain market share, the company will have to compete with the two much larger and well-known players in the market which could prevent it from achieving its growth targets and cementing its position in the market.

Investment thesis conclusion

We think RediShred (KUT) has a huge opportunity to target a highly underpenetrated, fragmented market through its diverse sources of revenue. The company is focused on growing both organically and inorganically (M&A), thereby driving both revenue and profitability, while building a recurring revenue base. However, its ability to finance its acquisitions, compete with market leaders and deal with commodity price volatility could pose a threat.

2. Business Overview^v

Headquartered in Canada, RediShred is a TSXV-listed company which offers information destruction, document management and scanning and waste recycling services under the Proshred brand.

The company was founded in 2006 as an investment company to focus on the information destruction and downstream recycling industry and it acquired Professional Shredding Corporation in 2008. RediShred operates its brand in the information management industry and provides services in 40 major markets in the US.

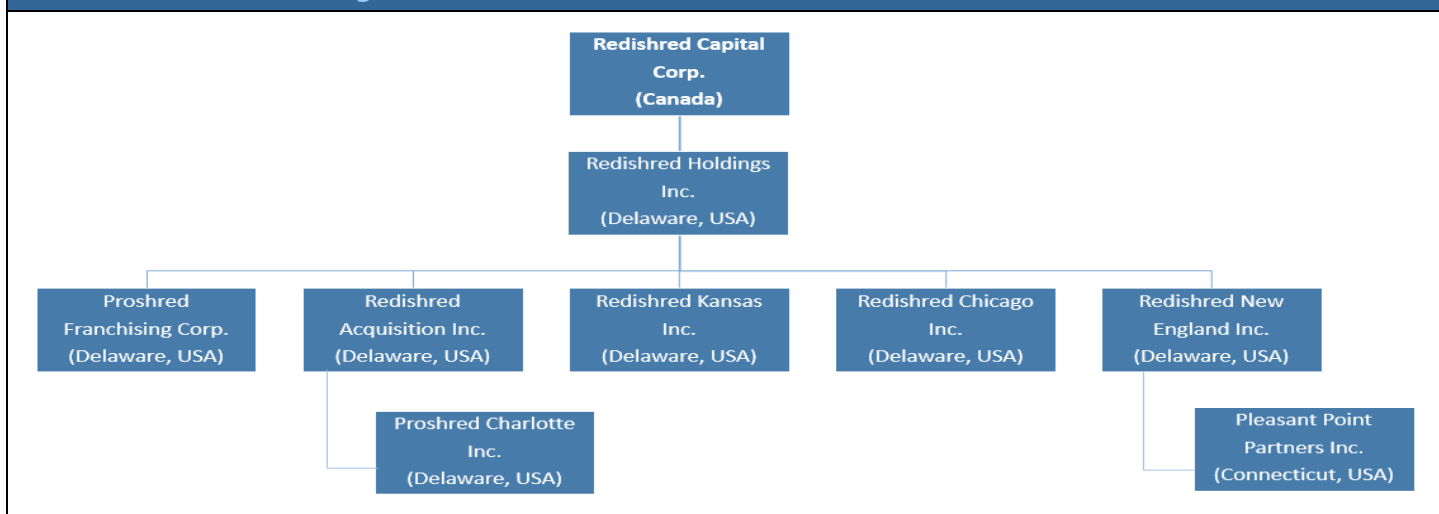
The company has operations in North America, focusing on the East Coast. It has a master license in the United Arab Emirates (UAE), through which it can expand its geographical footprint to the Middle East and North Africa region.

Exhibit 1: RediShred Capital’s geographic coverage^{vi}



RediShred Capital Corp. is the parent company, headquartered in Ontario, Canada, which directly owns RediShred Holdings Inc. (Delaware, US), which further directly owns Proshred Franchising Corp. (Delaware), RediShred Acquisition Inc. (Delaware), RediShred Kansas Inc. (Delaware), RediShred Chicago Inc. (Delaware) and RediShred New England Inc. (Delaware). RediShred Holding also indirectly owns Proshred Charlotte Inc. (Delaware) through RediShred Acquisition Inc. and Pleasant Point Partner’s Inc. (Delaware) through RediShred New England Inc. Each subsidiary is directly or indirectly wholly owned by the parent.

Exhibit 2: RediShred’s organizational structure^{vii}



The company offers on-site and off-site services to clients in various industries including SMEs, Healthcare, Financial Services, Legal Services, Manufacturing, Education, Insurance, Real Estate, Hotels and Automotive.

RediShred achieved revenue CAGR of 35.2% from 2018 to 2021. It reported revenue of CAD 36.2 mn in 2021, a 42.3% increase on 2020. The company also had a healthy EBITDA margin of 25.4% and EBITDA of CAD 9.2 mn in 2021, compared with a margin of 23.3% and EBITDA of CAD 5.9 mn in FY 2020.

2.1 Business Model^{viii}

The company operates mainly through two types of locations:

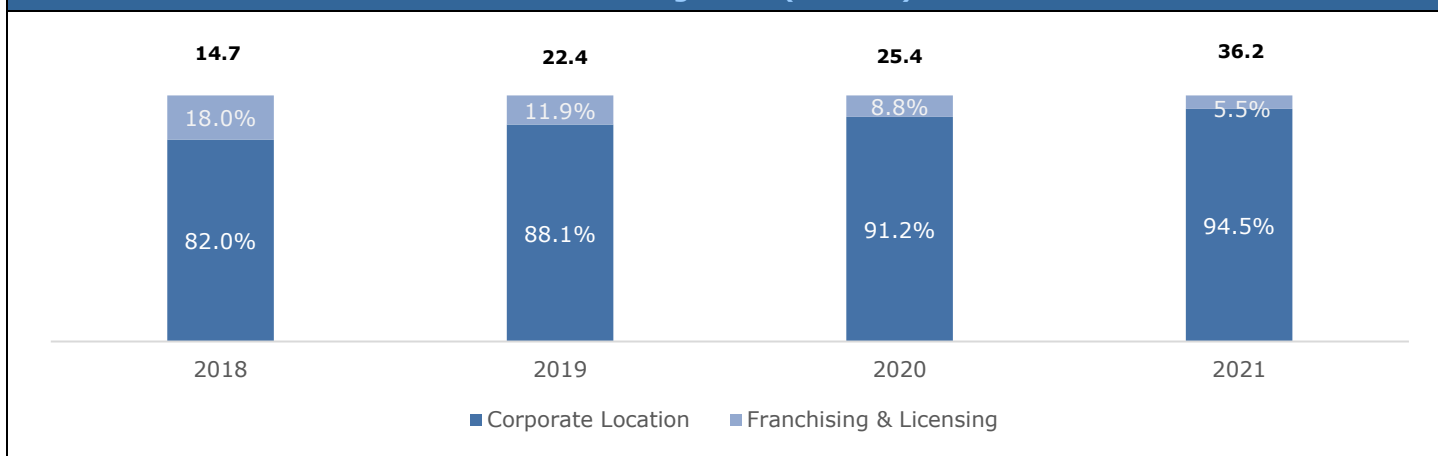
- Corporate Locations
- Franchised & Licensed locations

In 2021, total reported revenue was CAD 36.2 mn, where Corporate Locations contributed 94.5% of revenue and stood at CAD 34.2 mn, 47.4% up on 2020. Total Corporate Locations in 2021 stood at 14 compared with 11 in 2020.

Franchised & Licensed locations contributed 5.5% at c. CAD 2.0 mn. Total Franchised & Licensed locations in 2021 stood at 16 compared with 19 in 2020.

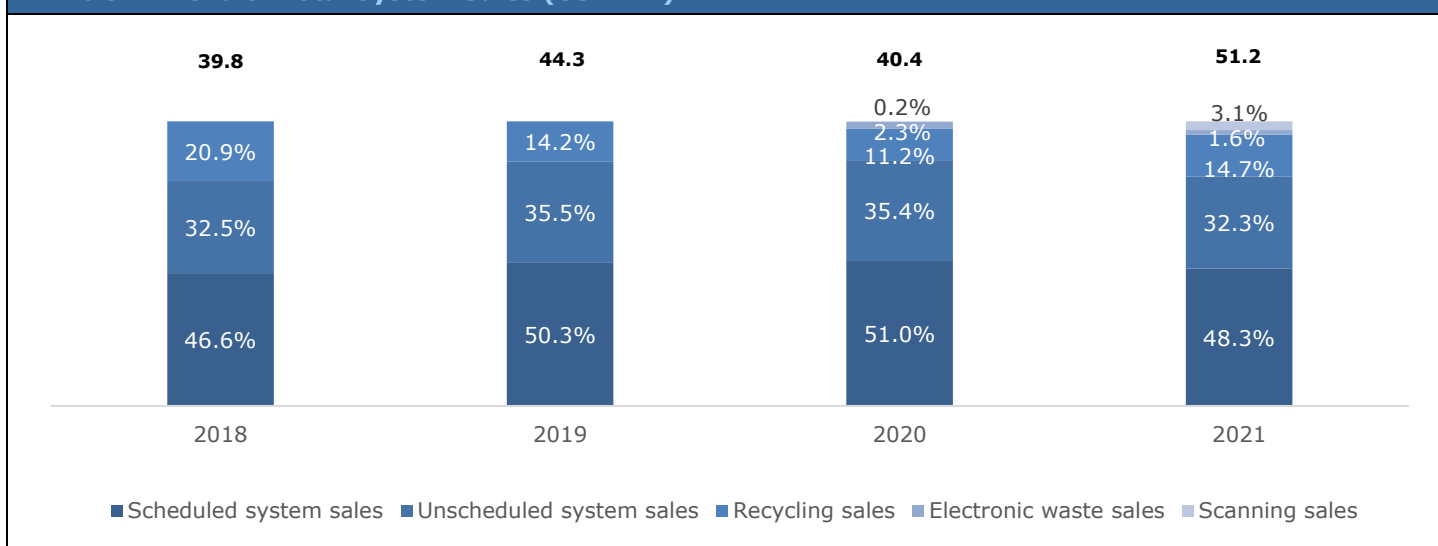
The company earns an initial license/royalty fee and an additional royalty/license fee (as a percentage of monthly sales of Franchises) from the Franchise owners for allowing them to use the company’s brand, while the Corporate Locations owned by the company allow it to record and consolidate 100% of the revenue earned from these locations.

Exhibit 3: Trend of revenue contribution from segments (CAD mn)^{ix}



In 2021, Total System Sales stood at USD 51.2 mn vs USD 40.4 mn a year earlier, growth of 26.7%. Revenue CAGR between 2018 and 2021 stood at 8.7%. Total System Sales are divided into five categories: Scheduled system sales, Unscheduled system sales, Recycling sales, electronic waste sales and Scanning sales.

Exhibit 4: Trend of Total System Sales (USD mn)^x



Scheduled system sales (from Corporate Locations and Franchises) accounted for 48.3% of the company's Total System Sales (including 100% of the revenue earned from Corporate Locations and Franchises) in FY 2021, while Unscheduled system sales accounted for 32.3%. Other segments such as Recycling sales, electronic waste sales and Scanning sales contributed 14.7%, 1.6% and 3.1% respectively.

The company operates through three brands to provide a holistic set of services that cover all aspects of information management:

- Proshred Security
- Proscan Solutions
- Secure e-cycle

Proshred Security (Proshred) provides document and hard-drive destruction services, primarily on-site. The segment accounts for most of the revenue, contributing c. 90% of total revenue in 2021 compared with 95% in 2020. In 2021, within the Proshred segment (comprising Scheduled system sales, Unscheduled system sales & Recycled system sales), Scheduled system sales accounted for 50.7% of revenue, while event-based/ Unscheduled system sales and Recycled system sales contributed 33.9% and 15.4%, respectively.

Proscan Solutions also provides digital imaging and document management services. In Secure e-cycle services, electronics recycling and refurbishment services are offered. In 2021, 10.0% of total revenue came from Proscan & Secure e-cycle brands compared with 5.0% of total revenue in 2020.

Management expects that, long term, the contribution of event-based/Unscheduled shredding will shift significantly toward Scheduled shredding. The company also expects that both Proscan & Secure e-cycle brands, which provide services such as digital imaging & digital storage space, hard-drive destruction, product destruction and computer refurbishment recycle, will continue to see good traction in the near term as people move from the physical to electronic form. This will help the company's three main brands, i.e., Proshred, Proscan & Secure E-cycle, to complement each other and thereby provide an end-to-end solution to the customer.

2.2 Services offered^{xi}

RediShred offers the following range of services under the Proshred brand:

- Information Destruction: This involves the destruction of physical (paper) and digital information
- Information Management Services: This involves information scanning, management, and storage services
- Recycling services: This involves recycling shredded paper
- E-Waste Services: This involves the disposal/resale of e-waste

2.2.1 Information Destruction

The Information Destruction service is the company's major revenue source, contributing 78.3% (Shredding revenue as a % of revenue from Corporate Location) to the top line in 2021. It destroys paper documents and electronically saved information to ensure security, privacy, and legal compliance. Revenue from the paper shredding and electronic document destruction process generated by the services from the Corporate Locations totaled CAD 26.8 mn in 2021, 38.1% higher than the previous year.

Paper document destruction is done by shredding documents in state-of-the-art shredding trucks, which can cater to different quantities of documents and service a diverse range of industry needs.

Electronic document destruction involves the destruction of hard drives which contain confidential information, including invoices, emails, and budgets to avoid cyber security attacks.

While the company offers off-site shredding services in a small number of locations on-site document destruction services through mobile trucks are its key focus area. On-site document destruction enables clients to:

- Go through the destruction process, which builds trust and ensures a stress-free process
- Complete the destruction process without travelling, which might be a constraint for many businesses

Information Destruction services are usually provided to clients on a regular basis (weekly, monthly, bi-monthly), as necessitated by business and compliance requirements. This is done through Scheduled destruction activities, which enable the company to build a base of recurring revenue, reported under the name 'Scheduled sales.'

Some businesses/residents that do not require regular destruction of information, may opt for the services on a one-off basis. Sales generated from such services are known as 'Unscheduled sales.'

2.2.2 Information Management Services

The company offers a comprehensive range of Information Management Services, from digital imaging to digital archiving under the Proscan Solutions .

Digital Imaging enables clients scan and digitize their physical documents into high-quality PDFs, with optical character recognition (OCR) systems to search through and edit the documents. This service also helps the company win additional clients for the physical document destruction service as, after completing the digitization process, clients can destroy the physical documents.

Given the amount of information flow that occurs daily in business, managing documents can be a tedious task which can consumes a lot of time. The company’s document management services are based on software such as SmartSearch Professional Edition and Work xChange, Global Forms, Automated Extraction and Global Search. These enable it to create a structured document workflow, manage different versions of the same document and maintain an audit history to comply with requirements.

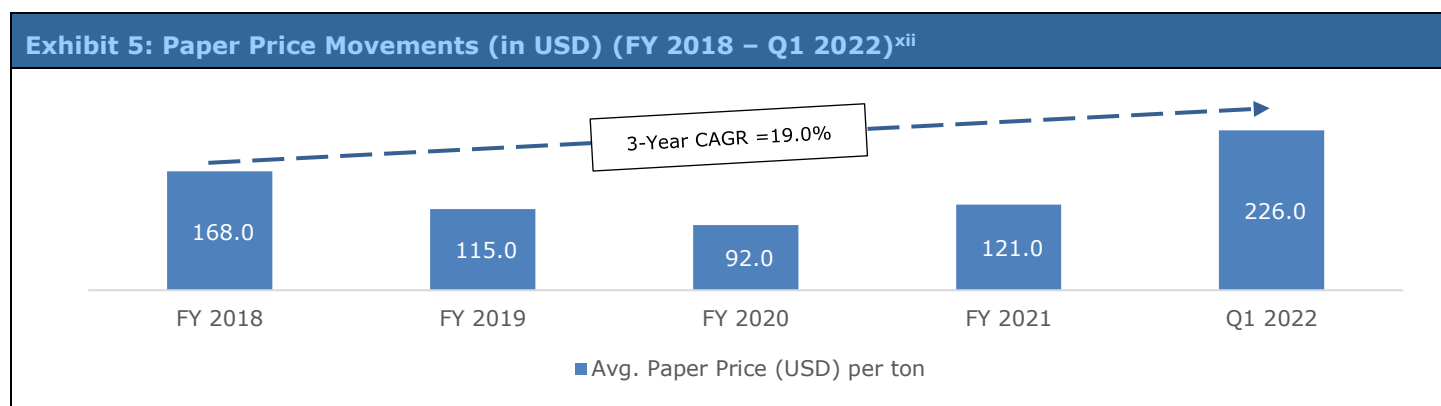
The company does not store physical documents long term, only as it relates to the digital imaging process. RediShred does store documents digitally, it is not a material part of the business, it is a growing revenue stream.

In 2021, Scanning Services registered revenue of CAD 1.9 mn compared with CAD 0.082 mn in 2020.

2.2.3 Recycling Services

Recycling Services involve the recycling of shredded paper and other materials sold to recycling companies. In 2021, paper prices increased by 31.5% year-on-year (YoY) per ton in USD terms, which drove the revenue from recycling services to CAD 4.4 mn in 2021, 78.4% higher than in 2020. The increase was during the second half of the year where the growth in average paper price per ton in both Q3 2021 and Q4 2021 stood at 44.4% and 145% higher than Q3 2020 and Q4 2020 respectively. The same trend is visible in Q1 2022, where the average price of paper grew by 186.0% to USD 226 per ton.

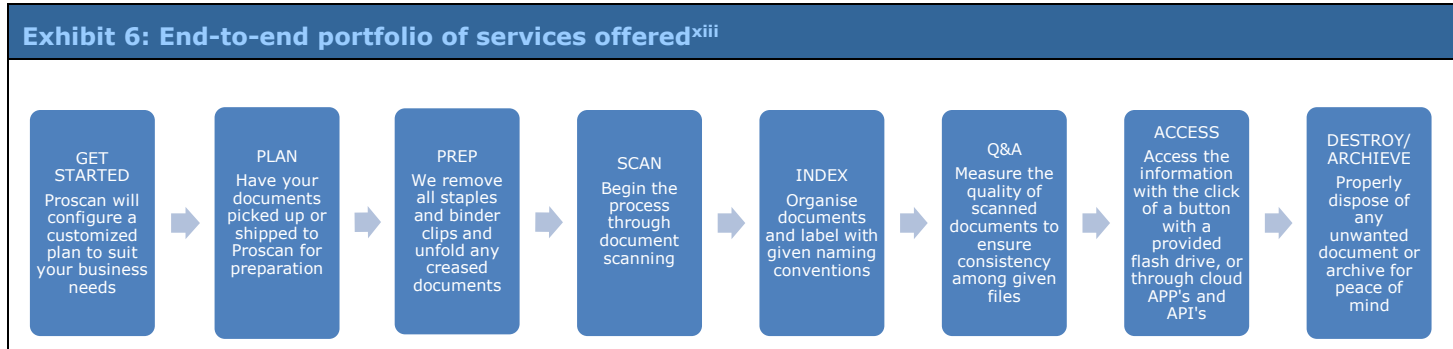
Revenue from Recycling Services is linked to and depends on the volume of shredded paper recycled (in tons) and the price of paper (per ton). The price of paper, determined by global supply and demand factors, is prone to fluctuations and can influence significantly the revenue generated from these services.



2.2.4 E-Waste Services

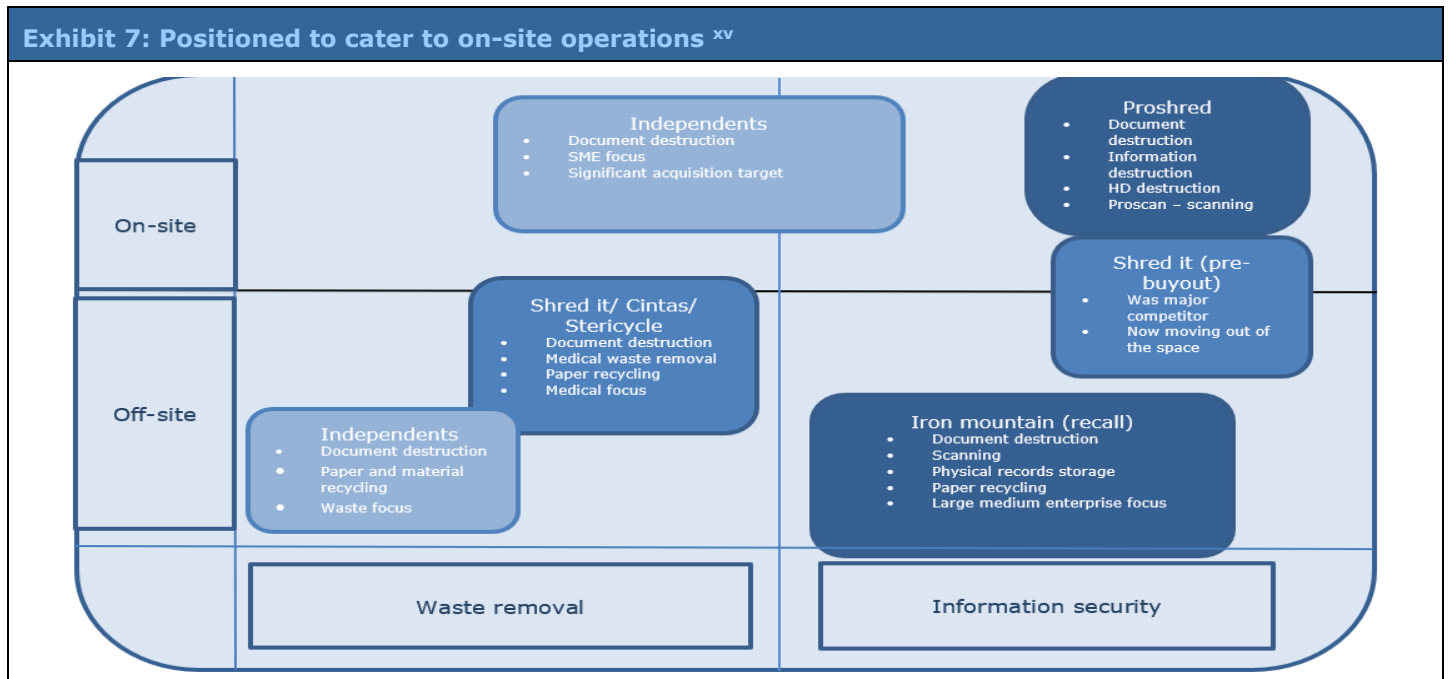
RediShred E-Waste Services involve the destruction of unwanted hard drives and other electronic products, followed by the disposal and resale of such waste to federal and state recycling companies which comply with the required e-waste regulations. The company’s E-Waste recycling activities suffered a setback during the COVID-19 pandemic as the company delayed the replacement of existing electronics owing to the unavailability of new electronics. In FY 2021, total revenue from electronic waste sales stood at CAD 1.0 mn, 19.9% lower than in FY 2020.

Combining the three Information Management services with the Information Destruction services and Waste Recycling services (Paper and e-waste) enables RediShred to be an end-to-end provider for all clients' information management and destruction needs.



2.3 Market Positioning^{xiv}

In recent years, the highly fragmented Information Destruction and Management industry has seen leading players transition towards off-site services, focusing on larger clients to target higher-value contracts. This change has created a gap in the market for on-site service providers. RediShred's strategic execution over the years has positioned it to grow and consolidate market share through on-site operations, placing it in the optimal place to capitalize on this opportunity. Additionally, as the larger players are focused on larger clients, the company's acquisition-oriented strategy focuses on independent players to secure client wins across SMEs, thereby creating a strong, durable base to grow.



2.4 Growth Strategy^{xvi}

The company’s growth strategy has three key pillars:

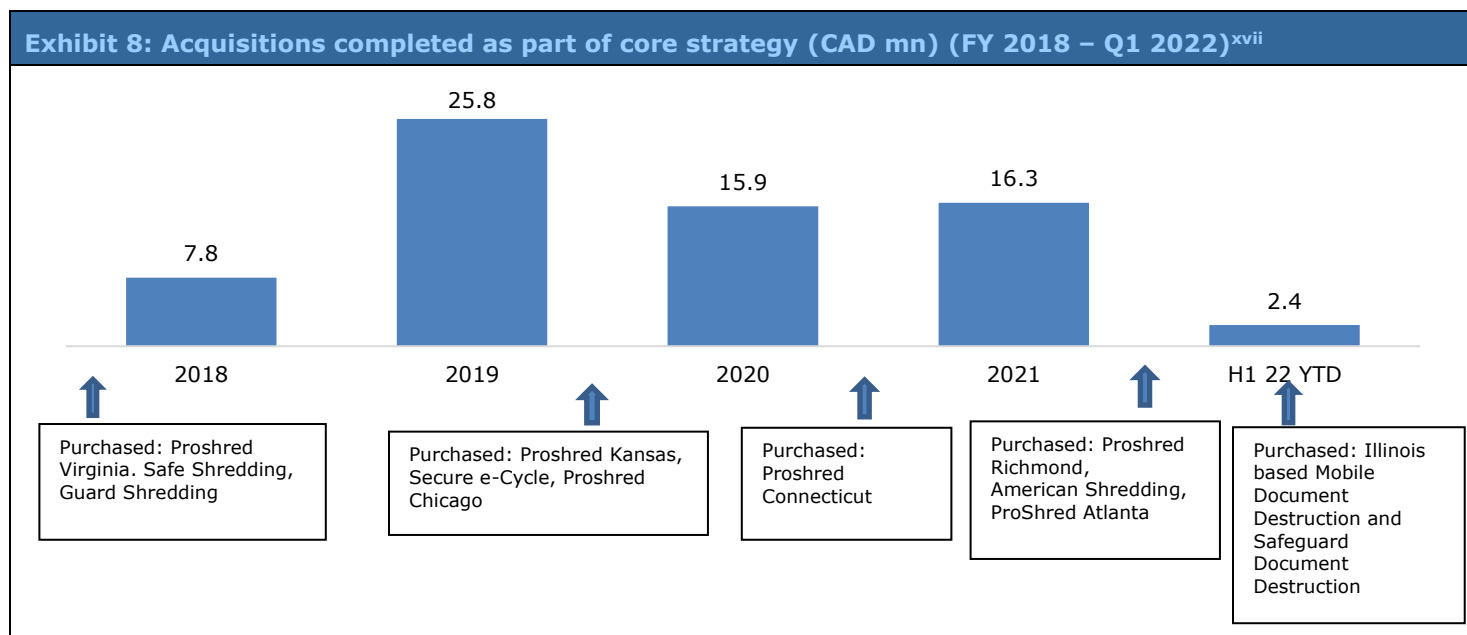
- Expand the location footprint in North America through accretive acquisitions
- Accelerate Same Location growth

Drive depth of service and earnings in existing locations by accretive acquisitions

2.4.1 Expanding market share and increasing market penetration

The company’s strategy of growing its addressable market in the U.S. will necessitate it covering more locations and more areas in the region and capturing of a big chunk of existing markets. The company has been employing this strategy in the past decade successfully through:

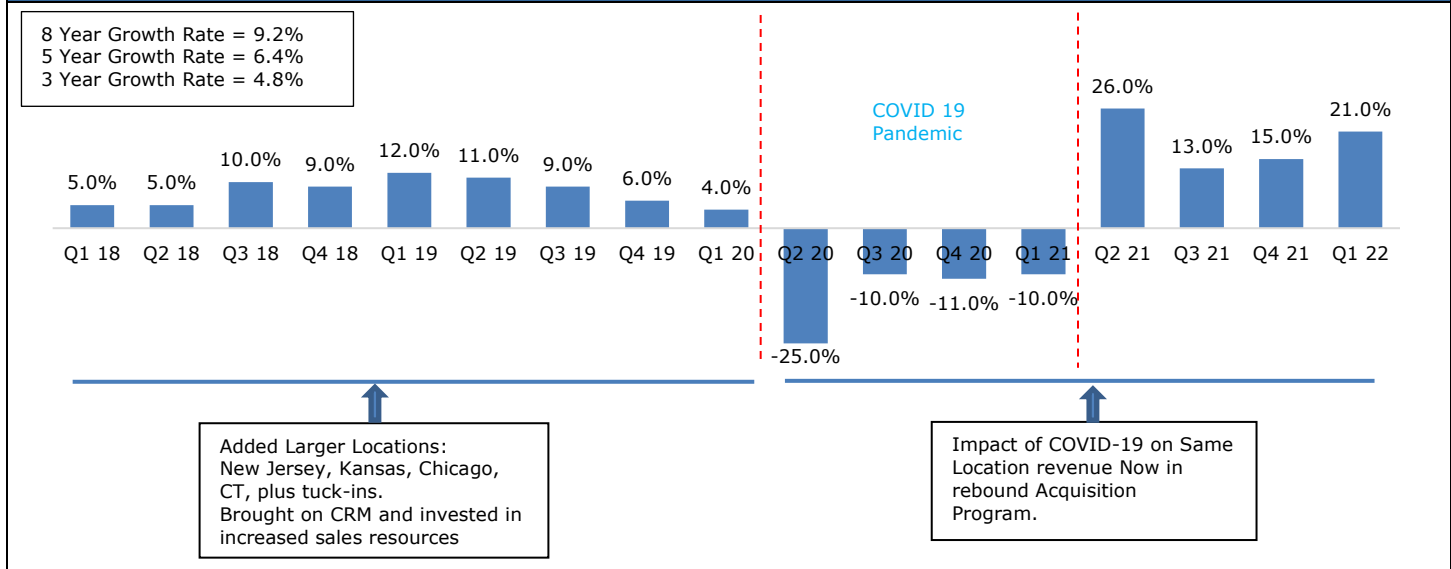
- **Issuing licensing rights to franchisees:** The franchising model is a key area of emphasis for the company as it provides access to a new market, through which it generates a licensing/service-based revenue. RediShred has a total of 16 franchises. The company provides various support programs to its franchisees to drive their revenues and earnings.
- **Acquiring independent players:** The company has looked to capitalize on inorganic growth opportunities in the past decade and carried out a well-rounded M&A strategy which has enabled it to expand its footprint to 30 locations and consolidate its share in a fragmented market. The company considers its own franchises and independent players as potential M&A targets. In FY 2021, it acquired the assets of American Shredding, and the Proshred Atlanta and the Proshred Richmond Franchises. Since 2018, the company has spent CAD 68.2 mn on a YTD basis on growing its addressable market share or bolstering its existing presence through inorganic means.



2.4.2 Accelerating Same Location growth

RediShred focuses on delivering organic growth to maximize the potential of its existing Corporate Locations and Franchises in terms of revenue and earnings. The company’s growth in the past decade was delivered with a focus on the importance of ensuring same-location growth (like-for-like growth), which enabled it to achieve 21 consecutive quarters of revenue growth from Q1 2015 until Q2 2020 (when the pandemic started impacting the business) from its Corporate Locations alone. The chart below shows the same-location growth rate achieved in the last three years.

Exhibit 9: Same Corporate Location shredding service revenue growth (excluding paper revenue)^{xviii}

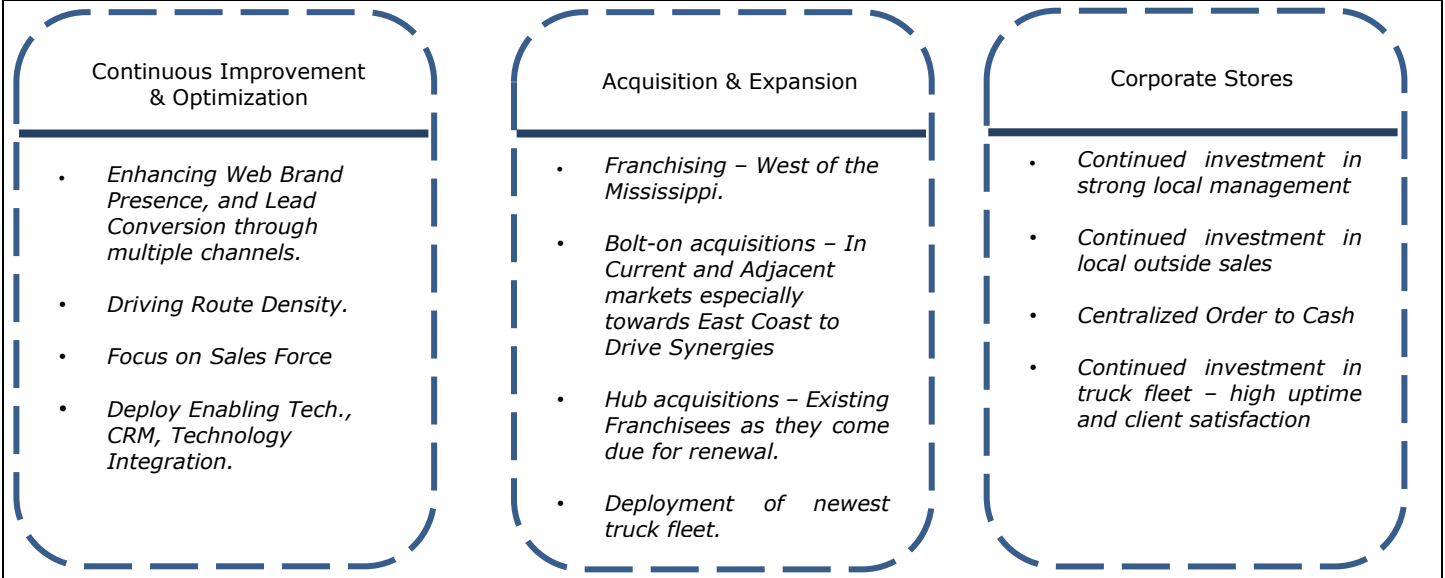


Management will focus on three key areas to drive same location revenue and earnings:

- Building a more sustainable, recurring revenue, generated through Scheduled sales. Long term, the company aims to maximize shredding system sales and earnings for both Franchisees and Corporate Locations on existing routes by achieving a shredding system sales mix of 65% of Scheduled sales by 2024.
- Enhancing inbound and outbound marketing and sales processes.
- To drive operational excellence in terms of revenue and margins from the same locations, the company will look to invest in its sales force, build out its digital presence and incorporate technologies and software into its operations, thereby reducing administrative tasks and driving strong route profitability.

RediShred and its franchisees continue to invest in trucks, marketing, and sales initiatives, as well as human resources to maximize the outcome in these three aforementioned key performance areas.

Exhibit 10: Operational Growth Strategy^{xix}



2.4.3 Drive depth of service and earnings in existing locations by making smaller, accretive acquisitions (bolt-ons).

RediShred plans to acquire shredding businesses in existing and adjacent markets. This will increase its market share in existing Corporate Locations, thereby generating strong route densities and driving higher route operating income which inherently will minimize the risk of client service issues by having increased access to trucks in nearby markets and thus maximizing synergies. The acquisitions depend on valuations as the acquisition of franchises garners a higher multiple, i.e., 5.0x to 6.0x of EBITDA, due to their asset value and established business processes, whereas small independents, which tend to have two trucks or fewer, command a lower valuation multiple given their lower EBITDA. Currently, the company is focused on acquiring independents, which can be useful for their assets. They can be easily tucked into existing routes, thereby providing route densities and increased opportunities for cross-selling.

Exhibit 11: Acquisition Opportunities^{xx}

KPI	Franchisee (remaining)	Independents
Revenue range	USD 1.5M to USD 2.5M	USD 100K to USD 1M
Scheduled revenue mix	50.0% plus	30.0% to 60%
Trucks	4 to 10	1 to 3
EBITDA% range	30.0% to 40.0%	0.0% to 30.0%
Multiple range (of EBITDA)	5.0X to 6.5X	Asset based to 4.0X

Hub locations for the foundations for tuck-in opportunities

Post-acquisition, tuck-in provides stronger route density with significant cost elimination

2.5 Outlook^{xxi}

RediShred Capital has a positive outlook as it anticipates demand for shredding services to increase significantly driven by Scheduled sales. The efforts of the sales team have already resulted in encouraging leads and a return to normality, marked by a return to offices, which will further contribute to growth.

Scanning sales are also expected to increase, driven by demand related to digitization, and repeat sales from government and traditional clients.

The price of paper in Q1 2022 (USD 226 per ton) exceeded management expectations (USD 186 per ton). For Q2 2022, RediShred expects the price to increase to USD 230 per ton as the market price of paper continues to increase and the company transitions to baling paper from delivering loose paper, which will lead to growth in its recycling activities.

The company increased prices by 2-3% in Q1 2022 and is looking to further increase prices by 5-10% in Q3, which are its seasonally strong quarters, to manage the rise in input costs due to inflation.

In addition to the segment-wise sentiments, the company aims to achieve the following strategic targets in FY 2022:

Exhibit 12: RediShred's outlook			
Segment	2021 target and performance	2022 target	Long term target
Same Location Shredding system sales	The company overachieved its same location shredding sales target in FY 2021 after achieving growth of 17.0% to USD 41.0 mn, compared to its targeted growth of 5.0% to USD 38.0 mn due to offices reopening.	The company is targeting sales growth of 10.0% to USD 45.0 mn in FY 2022. As of Q1 2022, it had overachieved its target as it showed YoY growth of 24.0%, amounting to USD 11.5 mn.	The company targets growing at a run rate above 8.0% per year.
Growth in same location EBITDA and operating profit	The company overachieved its target for same location EBITDA and operating profit growth in FY 2021 after achieving growth of 28.0% to CAD 9.2 mn and 66.0% to CAD 6.0 mn respectively compared to targeted growth of 10% and 22%.	The company targets same location EBITDA growth of 8.0% to CAD 13.4 mn and same location operating income growth of 11.0% to CAD 8.8 mn. In Q1 2022, the company overachieved its target as EBITDA grew by 66.0% YoY to CAD 4.0 mn and operating profit rose by 115.0% YoY to CAD 3.0 mn	The company targets its same location EBITDA and same location operating income to grow by 10% per year.
EBITDA and operating income from acquired operation	The company overachieved its target for EBITDA margin and operating income margin from acquired operations in FY 2021 as margins stood at 40.0% and 25.0% respectively compared to the target of 30.0% and 20.0%.	The company targets EBITDA margin and operating margin from acquired operations of at least 30.0% and 20.0% respectively in FY 2022. As of Q1 2022 it has overachieved its targets as the EBITDA and operating income margins stood at 39.0% and 25.0% respectively.	The company plans to maintain the EBITDA margin and operating income margin from acquired operations at 30.0% and 20.0% respectively.
Expand by the way of Accretive Acquisitions	The company planned to add USD 3.0-4.0 mn in revenue through accretive acquisitions. However, the company overachieved its target as it added approximately USD 6.3 mn of revenues YoY through accretive acquisitions in FY 2021.	The company plans to add USD 4.0-5.0 mn of revenues by way of accretive acquisitions in FY 2022. It has performed in line with this target as it generated revenue of CAD 0.3 mn in Q1 2022 by the way of accretive acquisitions.	The company plans to add USD 4.0-5.0 mn to revenue by way of accretive acquisitions of both existing franchise locations and independent shredding and scanning businesses, as it continues to actively seek acquisition opportunities in the US.

Improve Operating leverage	The company planned to maintain or reduce general and administrative costs (G&A) at 13.0% of total revenue in FY 2021. The company's performance was in line with the target as G&A costs were 13% of total revenue.	The company aims to reduce G&A costs further to 12.0% in FY 2022. As of Q1 2022, it had overachieved the target as the G&A expenses were 10.0% of total revenue.	The company plans to maintain G&A expenses at 10% of total revenue per year.
Franchise Development	The company aimed to open one new market in the U.S. by way of Franchising in FY 2021 but missed its target as it did not award any franchises in the market.	The company plans to primarily grow by the way of accretive acquisitions in FY 2022.	

2.6 Financial Overview^{xxii}

Q1 2022

Revenue growth experienced in all five sources

RediShred Capital reported 71.2% YoY revenue growth to CAD 12.5 mn in Q1 2022. Growth in the quarter was driven by a strong performance from the four sources of revenue (that form part of the Corporate Locations segment) and from the Franchising & Licensing segment.

The Corporate Locations segment saw its revenue reach CAD 12.0 mn, up 76.3% YoY, as shredding services, scanning sales and recycling activities continued to grow, while electronic waste sales recovered from the COVID-19 pandemic related headwinds to report growth as well.

The Franchising and Licensing segment reported 18.0% YoY revenue growth to CAD 367k in Q1 2022.

Twofold EBITDA growth underpinned by same location EBITDA

The company's same corporate locations' EBITDA grew by 65.6% YoY as it focused on SMEs and sought to increase scheduled sales. This, coupled with the high margin from acquired locations (38.8%) and the increase in the price of paper, offset the impact of the increase in the price of fuel, leading to consolidated EBITDA growth of 98.0% YoY to CAD 4.1 mn, as the margin rose to 32.5% from 28.1% a year ago.

Despite this, net income fell by 71.5% YoY to CAD 273k as the government assistance offered in Q1 2021 was not available in in Q1 2022.

FY 2021 Performance Updates:

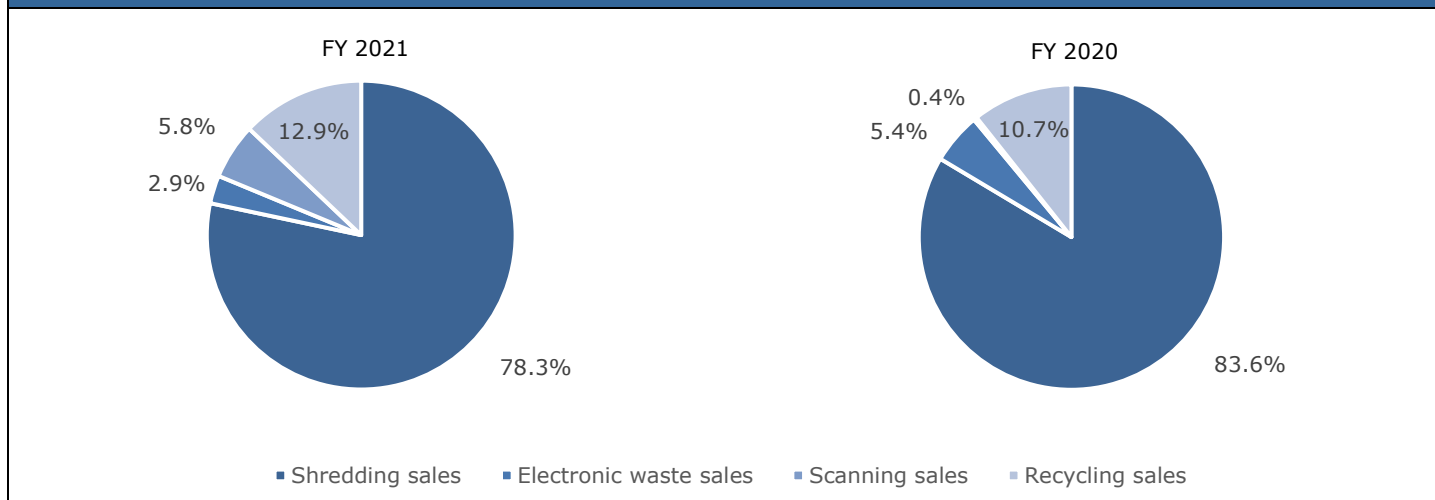
Continued top-line growth

In FY 2021, the company's revenue totaled CAD 36.2 mn, 42.3% up on FY 2020 and a CAGR of 35.2% since FY 2018. The growth was due to both new acquisitions and like-for-like growth through new client wins and the easing of COVID-19 related restrictions.

Revenue from Corporate Locations segment stood at CAD 34.2 mn, a 47.4% rise on the last year, owing to the addition of new locations, increased demand for scheduled and unscheduled services, and a hike in the price of paper per ton. Revenue from Corporate Locations included that from Shredding Services grew by 38.1% YoY to CAD 26.8 mn owing to a return to office activity; that from Scanning Sales increased by 2329.3% YoY to CAD 2.0 mn off a small base; that from Electronic sales amounted to CAD 1.0 mn (down 19.9% YoY) due to a delay in the disposal of electronics (as prices of new ones have increased); and that from Recycling activities which totaled CAD 4.4 mn (up 78.4% YoY) as the price of paper has increased significantly, in addition to growth in volume.

Franchising & Licensing revenue stood at CAD 1.8 mn, down 12.7% YoY, as the number of franchises decreased by three (acquired by RediShred Capital to become part of the Corporate Locations segment)

Exhibit 13: Corporate Locations Sales Mix^{xxiii}

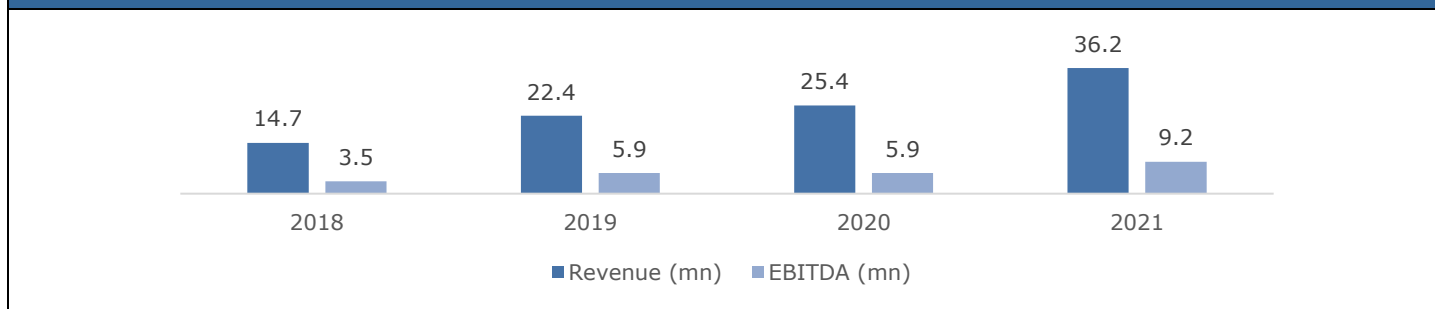


Higher margins driven by sales growth and operational efficiency

EBITDA in FY 2021 stood at CAD 9.2 mn, a 54.7% increase on FY 2020, with the margin increasing to 25.4% compared with 23.3% in FY 2020, as the company reported strong sales growth.

The higher EBITDA margin was coupled with similar levels of non-operating expenses and resulted in 392% YoY growth in net income to CAD 1.4 mn.

Exhibit 14: Revenue and EBITDA Trend (in CAD mn)^{xxiv}



Acquisition-led growth funded through capital raising / borrowing

In FY 2021, RediShred Capital spent CAD 10.2 mn on completing acquisitions, adding CAD 6.3 mn to its top line and leading to a cash outflow from investing activities of CAD 15.0 mn.

To fund the acquisitions and the company’s day-to-day expenses, the company raised CAD 7.8 mn through share issuance and CAD 11.0 mn through borrowing (excluding repayment of CAD 4.3 mn). This resulted in a cash inflow of CAD 13.3 mn from financing activities.

The fund-raising, coupled with the strong operational performance (cash inflow of operating activities of CAD 8.4 mn), offset the capital expenditure, increasing the cash and cash equivalents by CAD 6.8 mn to CAD 9.7 mn.

The borrowing added to the company’s debt of CAD 20.0 mn in FY 2020 and increased it to CAD 26.6 mn in FY 2021, with a leverage ratio of 2.9 in FY 2021 compared with 3.3 in FY 2020.

2.7 Company Milestones^{xxv}

Exhibit 15: RediShred's Milestone Timelines^{xxvi}	
Year/Period	Event
2006	<ul style="list-style-type: none"> RediShred was founded in 2006
2008	<ul style="list-style-type: none"> RediShred acquired Professional Shredding Corporation and its primary assets, including the Proshred system and brand, including 16 Franchised locations.
2010	<ul style="list-style-type: none"> RediShred acquired Proshred Syracuse, a New York Franchise. RediShred acquired Proshred Albany, a New York Franchise. RediShred acquired San Diego, California, Franchise. RediShred entered into an agreement with Averda International FZ-LLC to operate the "Proshred" or "RediShred" shredding platform in 15 countries and four territories throughout the Middle East. RediShred acquired Proshred Milwaukee, a Wisconsin Franchise.
2011	<ul style="list-style-type: none"> Jeffrey Hasham was appointed CEO. RediShred opened its first international location, in Doha, Qatar, in the third quarter.
2012	<ul style="list-style-type: none"> RediShred completed two acquisitions in New York City and Miami. Opened four new locations in 2012, i.e., Atlanta, Phoenix, Dallas, Houston. It opened an additional location in Chicago. Opened international locations in Dubai, Abu Dhabi, Riyadh, and Jeddah. Modernized the truck fleet in New York City, to reduce repair costs and maximize customer service response times.
2013	<ul style="list-style-type: none"> RediShred acquired the Charlotte Franchise Location. Took out a c. CAD 1.0 mn loan to finance the acquisitions.
2014	<ul style="list-style-type: none"> RediShred began operating the Miami location directly as a Corporate Location. RediShred appointed Brian Samson Vice President of Performance & Operations. RediShred took out a c. CAD 1.2 mn loan to finance the acquisitions.
2015	<ul style="list-style-type: none"> RediShred appointed Ron Gable Senior Vice President of Performance & Operations. RediShred acquired the RecordShred Business in South Florida.
2016	<ul style="list-style-type: none"> RediShred appointed Francesco Marascia Vice President of Marketing & Proscan Solutions.
2017	<ul style="list-style-type: none"> RediShred raised CAD 5.0 mn in equity. RediShred purchased the Proshred Northern Virginia Franchise for CAD 1.4 mn. RediShred acquired a small Buffalo, New York business.
2018	<ul style="list-style-type: none"> RediShred completed a private placement of CAD 11.0 mn.

	<ul style="list-style-type: none"> • RediShred acquired the Shred Con business and on April 30 acquired Baling Green Recycling, LLC. • RediShred acquired the On Guard Shredding business. • RediShred acquired the Safe Shredding business located in North New Jersey.
2019	<ul style="list-style-type: none"> • Redishred acquired the Proshred Kansas and Secure E-Cycle operations • RediShred borrowed USD 6.0 mn to fund the Safe Shred and Proshred Kansas acquisitions • RediShred completed a private placement of CAD 11.25 mn and appointed Dave Knowles Vice President of Business Development. • Redishred acquired the Proshred Chicago operation • RediShred borrowed USD 6.7 mn to fund the Proshred Chicago acquisition.
2020	<ul style="list-style-type: none"> • RediShred borrowed USD 2.7 mn to fund the Proshred Connecticut acquisition. • RediShred borrowed USD 2.3 mn to fund the Proshred and Proscan Massachusetts acquisitions.
2021	<ul style="list-style-type: none"> • RediShred acquired Proshred Richmond, Virginia. • RediShred acquired the Proshred Franchisee in Atlanta. • RediShred borrowed CAD 0.9 mn to fund the Proshred of Georgia acquisition and on December 1, it acquired American Security Shredding • Redishred completed a prospectus offering of CAD 8.6 mn equity.
2022	<ul style="list-style-type: none"> • RediShred acquired Mobile Document Destruction. • RediShred acquired SafeGaurd Document Destruction ("SDD")

2.8 Company Premiums^{xxvii}

- a) Solid base of recurring revenue with focus on SME market penetration:** RediShred generates revenue from document destruction services, which clients require it to perform regularly as per an agreed schedule (weekly or monthly). Scheduled sales make up a substantial portion of the company's total revenue and provide it with a reliable, recurring revenue base, which it expects to grow further. Current trends show that the Unscheduled sales business portion is declining and growing much more slowly than Scheduled sales, which are exhibiting high double-digit growth. By 2024, the long-term vision of the company is to maximize shredding system sales and earnings for both Franchisees and Corporate Locations on existing routes by achieving a shredding system sales mix of 65.0% of Scheduled sales and helping further increase same-location growth (like-for-like growth). The focus is mainly on the SME market, which is much stickier in nature and therefore provides a durable base for growth with an enormous opportunity to cross-sell.
- b) Strong focus on accretive acquisition with proven business:** Company strategy is to expand the location network in North America, especially towards the East coast through accretive acquisitions by identifying suitable targets or by developing candidates or investment opportunities that meet its criteria and are compatible with its growth strategy. In the past decade, the company has looked to capitalize on inorganic growth opportunities and carried out a well-rounded M&A strategy, which has enabled it to expand its footprint to 30 locations and consolidate market share in a fragmented market. The company considers its own franchises and independent players as potential M&A targets also. In the long run, the company looks to convert the Franchise business in the next 3 to 5 years' time into Corporate Location and focus more on acquiring the independents.
- c) Gradual shift from loose paper recycling to baling paper:** The U.S. paper market is divided into regions, i.e., West Coast, Pacific North-West, Mid-West, North-East and South-East. So, there can be material differences in paper pricing by region and even within a region. Most of the company's locations do not bale paper. As a result, the average price per ton gets reduced. However, at present, the company, in its corporate portfolio, has

four locations that bale paper. Hence, the weighted average paper price is moving up as the company shifts its focus from recycling to baling paper.

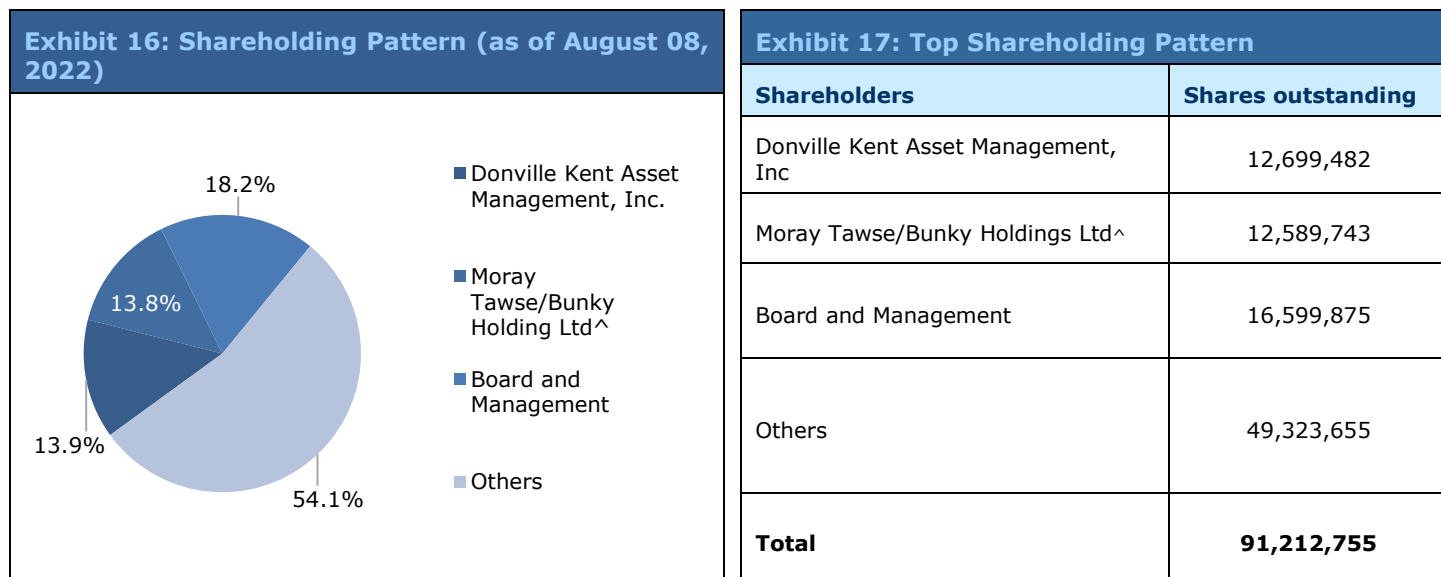
- d) No customer accounts for more than 10.0% of the Company's corporate store revenues:** The company follows the lowest cost-per-service metrics and deliberately does not offer bids or services to clients with large national accounts who do not fall under the company's cost revenue metrics. It generally does not provide services to clients who consume a lot of time without adding to profitability.

2.9 Company Risks^{xxviii}

- a) Risk Arising from fluctuations in paper price:** The company earns recycling revenue based on commodity paper prices, which may vary with market conditions both in the U.S. and internationally. The price of paper in Q1 2022 (USD 226 per ton) far exceeded the company's expectation of USD 186 per ton. Although the company mitigates the risk of volatile paper prices by diversifying its revenue streams, any sharp decline from the above level might negatively impact the revenue stream.
- b) Financing risk might impede growth:** RediShred's one of the main strategies for growth is to acquire business which are both revenue and EBITDA accretive. To achieve accretive acquisitions, the company raises funds through either equity financing or by borrowing. The company will have to do so until it reaches a certain level of sales and margins. Inability to secure sufficient funds for acquisitions would postpone/hamper the company's growth plans.
- c) Competition:** The Data Destruction market is led by two players (Iron Mountain and Stericycle) which make up more than 50% of market share. Gaining share in the market would necessitate competing with the two much larger players, which a known brand and abundant cash resources (allowing them to invest heavily in sales and marketing).

2.10 Shareholding Pattern^{xxix}

The company had 91,212,755 shares of common stock issued and outstanding as on August 08, 2022. The shareholding pattern is as follows:



[^]Mr. Moray Tawse owns 1,923,077 of shares through the 2006 Tawse Trust and 10,666,666 shares through Bunky Holdings Ltd. The consolidated shares outstanding of both Moray Tawse and Bunky Holdings stood at 12,589,743 shares.

2.11 Listing and Contact Details^{xxx}

RediShred is publicly listed on TSX Venture Exchange in Canada and is traded under the symbol 'KUT.'

Company Contacts

Home Office

Address: Redishred Capital Corp., 6505 Mississauga Road, Suite A, Mississauga, Ontario, Canada, L5N 1A6.

Contact No: 647-932-7928

Website: <http://www.redishred.com>

Email Id: jeffrey.hasham@proshred.com

3. News^{xxxi}

- **Announced acquisition of Safeguard Document Destruction:** On June 03, 2022, the company announced that it had acquired Safeguard Document Destruction's assets and clients in New Jersey and Fort Lauderdale, Florida. The deal is expected to bring in a per annum revenue of USD 1.5 mn with a pro-forma EBITDA margin in the range of 29% to 31%. The company made use of its cash reserves to fund the acquisition.
- **Proposed share consolidation:** On May 16, 2022, the company announced that an annual and special shareholder meeting would be held on May 26, 2022. One of the agendas of the meeting was to present the share consolidation structure before the shareholders, and, if found appropriate, pass a special resolution approving the consolidation. The number of issued shares amounted to 91.2 mn, and post-consolidation, the shares issued would be 18.2 mn. Post-consolidation, shareholders would receive one share for every five shares they held pre-consolidation. The consolidation would impact all shareholders uniformly and would be subject to approval by the shareholders and the TSX Venture exchange.
- **Acquired Illinois-Based Mobile Document Destruction:** On March 01, 2022, the company announced that it had completed the acquisition of Mobile Document Destruction based out of Illinois. This acquisition is expected to bring in USD 0.2 mn per annum in revenues based on the prior year's results.
- **Update on Senior Management Team:** On January 13, 2022, the company provided an update on the senior management team. Chief Financial Officer, Kasia Pawluk, would be on maternity leave. During her absence, Harjit Brar would take on the role of Senior Vice President and Chief Financial Officer of RediShred.
- **Announced closing of the bought deal equity financing:** On December 23, 2021, the company announced that it had closed the previously announced bought deal equity financing deal where the underwriters, led by Acumen Capital Finance Partners Limited and Echelon Capital Markets, agreed to purchase 9.8 mn shares at a price of USD 0.88 per share for the gross proceeds of USD 8.6 mn.
- **Announced USD 7.5 mn bought deal equity financing:** On December 07, 2021, the company announced that it had reached an agreement with Acumen Capital Finance Partners Limited as Sole bookrunner and Co-Lead Underwriter and Echelon Capital Markets as the Co-Lead underwriter, where the underwriters would purchase 8.5 mn common shares of RediShred at a price of USD 0.88 per share amounting to a total of USD 7.5 mn. The company had additionally allowed the underwriters to purchase another 1.3 mn shares at the same offering price within 30 days of the deal.
- **Acquired American Security Shredding Corp:** On December 03, 2021, the company announced the acquisition of American Security Shredding Corp., whose service offerings include paper and hard-drive shredding, product destruction and electronic-waste recycling services. American Security Shredding Corp reported a revenue of USD 4.1 mn in FY 2020 and the deal was closed for USD 5.2 mn, which was paid on closing with an earn-out consideration of USD 3.4 mn, and the rest to be paid over three years.
- **Announcement to present at SNN Network:** On November 30, 2021, the company announced that it would present at the SNN Network Canada Virtual Event 2021 on December 09, 2021. The Chief Financial Officer of RediShred, Kasia Pawluk, would be the host of the event. SNN Network is a multimedia financial news platform.
- **Announced filing of a final base shelf prospectus:** On November 05, 2021, the company announced that it had obtained a final short form base shelf prospectus, which would enable it to issue common shares, preferred shares, debt securities, warrants and subscription receipts separately or together. The offering would amount up to CAD 25 mn during the 25 months during which the prospectus would be effective.
- **Completed acquisition of Proshred Atlanta:** On August 03, 2021, the company announced the acquisition of Proshred Atlanta from its Franchisee. In FY 2020, Proshred Atlanta registered a revenue of USD 1.3 mn. It was acquired with a targeted payout of between USD 2 mn and USD 2.9 mn based on the performance of the company's operations over three years from the deal closing date. USD 2 mn was paid in cash, and the remaining amount was in the form of earn-out provisions based on the financial metrics.
- **Announced acquisition of Proshred Richmond:** On May 03, 2021, the company announced that it had acquired Proshred Richmond from its Franchisee. In FY 2021, Proshred Richmond reported a revenue of USD 0.9 mn. The deal was closed for an amount of USD 1.5 mn, of which USD 1.1 mn was paid in cash and the remaining amount in the form of earn-out provision tied to the attained financial metrics.

- **Provided additional information on the acquisition of Proshred and Proscan Massachusetts:** On January 06, 2021, the company provided additional information about the previously announced acquisition of Proshred and Proscan Massachusetts in Springfield, Massachusetts. The company drew CAD 2.3 mn from its non-revolving term loan facility with an interest of 3.3% for this acquisition. The total purchase price was USD 6.8 mn.
- **Acquired Proshred and Proscan Massachusetts:** On January 04, 2021, the company announced that it had acquired Proshred and Proscan Massachusetts business from its Franchisee in Springfield, Massachusetts. Proshred and Proscan Massachusetts registered a revenue of USD 3.4 mn in 2019 and were expected to be an important addition for improving RediShred's cash flows and earnings per share.
- **Set to present at LD Micro:** On August 31, 2020, LD micro released the final list of companies set to present at the upcoming LD 500, including RediShred. The event was to take place online on September 1-4, 2020.
- **Provided an update regarding the Covid-19 Pandemic:** On May 13, 2020, the company provided an update about its business operations. Since the lockdown order due to the pandemic in early April, the company continued to serve essential-service businesses and institutions. However, the company stopped providing services to non-essential businesses and institutions.
- **Completed acquisition of Proshred Connecticut:** On March 04, 2020, the company announced that it had acquired Proshred Connecticut from its Franchisee. Proshred Connecticut reported a revenue of USD 2 mn in 2019, and this acquisition was expected to help RediShred further improve its cashflows and earnings per share.
- **Completed acquisition of Proshred Chicago:** On October 1, 2019, the company announced that it had acquired Proshred Chicago from its Franchisee. Proshred Chicago registered revenue of approximately USD 4 mn in 2018, and this strategic acquisition was expected to help RediShred improve its cash flows and earnings per share.
- **Announcement of Closing of Bought Deal Private Placement:** On July 04, 2019, the company announced the completion of the previously announced bought deal private placement. A total of 11.8 mn shares were issued at a price of USD 0.95 in a deal worth USD 11.2 mn.
- **Announced increase to the Bought Deal Financing:** On June 19, 2019, the company announced that it had increased the size of the previously announced bought deal with Acumen Capital Finance Partners Limited. RediShred was to issue 11.8 mn common stocks at the price of USD 0.95, which would sum up to USD 11.2 mn.
- **Announced Bought Deal Private Placement Financing:** On June 18, 2019, the company announced that a syndicate of underwriters led by Acumen Capital Finance Partners Limited had agreed over a "bought deal" worth USD 8.5 mn, buying 8.9 mn common shares at a price of USD 0.95 each.
- **Closed additional Debt Financing:** On May 06, 2019, RediShred announced that it had obtained a senior credit facility of USD 9.5 mn with the Bank of Montreal. This credit facility would allow the company to have increased working capital and fund potential acquisitions in the future.
- **Completed acquisition of Proshred Kansas City and Secure e-Cycle:** On February 01, 2019, the company announced that it had acquired the Proshred Kansas City business and the Secure e-Cycle business from its Franchisee. The company paid USD 7.5 mn for this acquisition, including cash payment, earnout and vendor takeback.
- **Acquired Safe Shredding in North New Jersey:** On October 02, 2018, the company announced that it had acquired Safe shredding in North New Jersey for a price of USD 5.0 mn. The acquisition included on-site paper shredding trucks, clients, and other equipment.
- **Closed a Private Placement Financing deal:** On July 26, 2018, the company announced that it had closed a previously announced Private Placement Financing deal with Acumen Capital Finance Partners Limited. The company would issue 1.8 mn common shares at a purchase price of USD 0.6 per share for the gross proceeds of USD 11 mn.
- **Announced Private Placement Financing:** On July 05, 2018, the company announced that it had reached an agreement with Acumen Capital Finance Partners Limited, and an agent had agreed to place 1.7 mn common shares on a private placement basis at the price of USD 0.6 per share for the total amount of USD 10.0 mn. The agent had also been granted the right to purchase additional 1.7 mn common shares at the same offering price before the closing date of the offer. The shares were to be sold in all provinces and territories of Canada on a private placement.
- **Acquired On Guard Shredding:** On June 11, 2018, the company acquired On Guard Shredding in New York City. The purchase price of the acquisition was USD 0.5 mn, which was financed by utilizing the cash reserves of the company.

4. Management and Governance^{xxxii}

Exhibit 18: Management and governance		
Name	Position	Experience
Jeffrey I. Hasham	Chief Executive Officer (CEO)	<ul style="list-style-type: none"> • CEO at RediShred since 2011. • Former CFO and CEO at Mini-Tankers USA Inc • Holds a Master of Business Administration degree and is Chartered Professional Accountant (CPA)
Kasia Pawluk	Chief Financial Officer (CFO) (On Maternity leave)	<ul style="list-style-type: none"> • CFO at RediShred since 2011. • Qualifies as Chartered Professional Accountant in 2010 and obtained a Bachelor of Commerce degree in 2007. • Articled as Senior Accountant in the Audit and Assurance practice at Deloitte LLP.
Harjit Brar	Senior Vice President Finance and Chief Financial Officer	<ul style="list-style-type: none"> • Senior Vice President of Finance, serving as a CFO at RediShred since 2022, in absence of Kasia Pawluk. • Has held several senior roles in finance at various publicly listed companies. • Holds an undergraduate degree in business administration and is a Chartered Accountant and Chartered Professional Accountant.
Ron Gable	Senior Vice President of performance and operations	<ul style="list-style-type: none"> • Senior Vice President of Franchise Performance and Operations since 2015. • Former Principal Partner at APC Corporate Strategies Inc. • Has over 25 years of extensive experience as a business strategy and performance consultant.
Francesco Marascia	Vice President of Marketing & Proscan Solutions	<ul style="list-style-type: none"> • Joined RediShred in 2016. • Has over 15 years of experience in developing Omni-Channel strategies across range of industry sectors.
Brian Samson	Vice President of Technology and Systems	<ul style="list-style-type: none"> • Joined RediShred in 2014. • Has over 10 years of experience in operation and logistics, emphasizing technology and innovation. • Previously he was appointed as Vice President of Performance & Operations.
Dave Knowles	Vice President of Business Development	<ul style="list-style-type: none"> • Joined RediShred in 2019. • Has over 28 years of sales experience managing sales teams across North America, emphasizing coaching and technology adoption.

5. Industry Overview^{xxxiii}

Information Security and Destruction, also known as Data Destruction, is the digitization, storage and destruction of physical and digital information that may be confidential. All businesses create, store and process physical/digital data daily, which later needs to be destroyed, as it becomes obsolete, to store new information. This data, however, needs to be discarded and destroyed properly to protect confidential information, prevent a security breach, and comply with necessary statutory requirements. On average, 45% of the document's businesses created daily are destroyed, equating to a large quantum of unwanted, confidential data. As a result, the size of the Information and Security Industry is estimated to be around CAD 3.6 bn per annum in North America alone.

Half of the CAD 3.6 bn annual market comprises companies that do not engage data destruction companies and handle their paper and other document destruction needs internally or dispose of their data into the waste stream without proper destruction. The other half, representing a CAD 1.8 bn market, is vended by data destruction companies.

Geographically, North America also holds the largest market share and is expected to maintain that position in the global market, based on estimates until 2027. The U.S. is projected to dominate the North American market owing to the strict laws and regulations on businesses regarding document shredding. Europe has shown promise as a document shredding market and is expected to grow in the coming years. The Asia Pacific region is anticipated to be the fastest-growing regional document shredding services market owing to the growing number of businesses and SMEs in the region. South America and Middle East & Africa also have substantial potential growth opportunities for document shredding services in the near future.

5.1 Market Segments^{xxxiv}

The market for data destruction services can be segmented based on the Frequency (at which services are rendered), Service Location, Document Type, End-use Type:

- **By Service Type:** The global document shredding service market is bifurcated into Scheduled Shredding & One-Time Shredding/Unscheduled Shredding. Scheduled system sales are defined as the revenue generated from customers with regular service that may occur weekly, bi-weekly, or monthly. Unscheduled system sales are defined as the revenue generated from customers who have one-time requirements. An example of unscheduled sales is when an accounting firm is required to destroy an abundance of confidential working papers and documents after their tax season
- **By Service Location:** The global document shredding service market is bifurcated into On-site Shredding & Off-site Shredding. On-site Shredding services are a secure form of document shredding that destroys documents right at the client's facility as compared to Off-site shredding, where vendors transport the documents to their premises for shredding. Compared to Off-site Shredding, On-site Shredding is a much more cost-effective way to dispose of the data. Research shows that on-site shredding services cost at least 25% less than off-site shredding systems. With consoles installed at the client's facility at no charge and shredding carried out at the client's premises, on-site shredders provide total document destruction security, and thus a very economical security insurance policy.
- **By Document Type:** The global document shredding service market is further split into paper-based documents and electronic documents. In 2019, paper-based documents held the largest market share. Electronic documents are expected to show the fastest growth because of the increasing trend of using digitized documents to reduce the use of paper.
- **By End-use:** The market is further segmented into residential and commercial. More than half of identity theft in the U.S. takes place through non-digital means. Document destruction helps prevent "analog theft," which can involve any physical form of personal information, including paper utility bills, unused checks, old identity cards or even junk mail. Residential shredding services are far safer than using a personal home shredder, let alone placing private documents straight in the recycle bin. Over the years, people accumulate a variety of confidential, sensitive, or personal documents that they cannot just throw in the trash for anyone to see. With work-from-home culture, whether permanently or temporarily, it is also important to meet compliance requirements and avoid breaches of confidential work information. In the Commercial space, businesses of all sizes are affected by privacy legislation and must take reasonable measures to protect against unauthorized access to confidential information. Professional shredders provide some of the most secure, convenient, cost-effective, and environmentally friendly methods

available for destroying confidential documents to safeguard private information, maintain legislative compliance and avoid breaches of security.

5.2 Growth Drivers^{xxxv}

- **Sheer quantum of digital data:** The pace of growth of data created across platforms is expected to be one of the primary drivers of growth for the data destruction industry. Digital data is estimated to grow to 175 ZB in 2025 from 33 ZB in 2018 (1 ZB = 1 trillion GB). While cybersecurity measures protect most data, Unwanted data is excluded and needs to be destroyed to prevent the threat of theft. With data being the center of all advancements, the need for data destruction services is expected to grow.
- **Implications of data breach:** With data breaches becoming more common, data destruction services are gaining more attention. This is due to the likely impact of a data breach on the financials and brand of a company. Financially, data breaches, on average, cost USD 3.9 mn globally, while the cost in the U.S. averages USD 8.2 mn. Additionally, a data breach erodes the trust and credibility of the company in the minds of its customers (as evidenced by a survey by PCI Pal that stated that 83% of consumers in the U.S. would refrain from transacting with a company for months after a data breach.). This reputational loss could lead to further financial consequences, which can be avoided using data destruction services.
- **Stringent laws and regulations:** Stricter Regulations for identity theft and data breaches necessitate the use of destruction services to get rid of unwanted information. Many states have now enacted laws to prevent data leakage or theft by making companies responsible for effectively managing and dealing with information. Not adhering to the regulations and laws set up could lead to legal penalties and cases and land companies in trouble.
- **Recycling of shredded paper:** Growing awareness about the ill effects of producing more paper is leading the transition to paperless work culture. However, shredding of paper curbs the environmental impact of producing paper as it can then be recycled effectively. Creating awareness about the opportunities related to the recycling of shredded paper could drive growth for data destruction and shredding activities.

5.3 Key Trends^{xxxvi}

In recent years, numerous macro-level developments have shaped the industry and influenced its dynamics:

- **Emergence of new segments**

The COVID-19 pandemic led to a forced cultural shift, with employees having to work from home, rather than from the office. The confidential data created while working from home is subject to the same data protection laws, which has highlighted the residential segment of the industry and led to its growth. Employers/Companies usually assist employees in dealing with the data by footing the bill for the data destruction service required. As a result, the share of the residential segment has grown in the total market. Additionally, digitization and a shift toward a paperless culture have overseen an increase in scanning sales and recycling activities, a trend that is also likely to stay.

- **Moving towards off-site operations**

Established and upcoming players in the industry have started focusing on offering off-site services, with on-site operations becoming less popular. This has led to greater competition among off-site operators while creating a gap in the market for innovation in the on-site operations segment.

- **Acquisitive nature of the industry**

In a highly fragmented industry dominated by a few players, M&A activity, to strengthen or cement market position, is commonplace. The market has many independent players competing with each other for a share in the market. This encourages acquisitions, mergers, partnerships, and joint ventures involving large and small firms (as tuck-in acquisitions or to access certain markets) or two small firms to combine resources and expertise and consolidate market share.

- **An increasing trend towards scheduled services**

Orders from scheduled services have increased in recent years, while those from unscheduled services have declined. More and more businesses have now started adopting data destruction services as an essential process that needs to be conducted regularly, not as a one-time process that can be completed once every year or so. This bodes well for data destruction service providers as it allows them to build on a stable, recurring source of revenue.

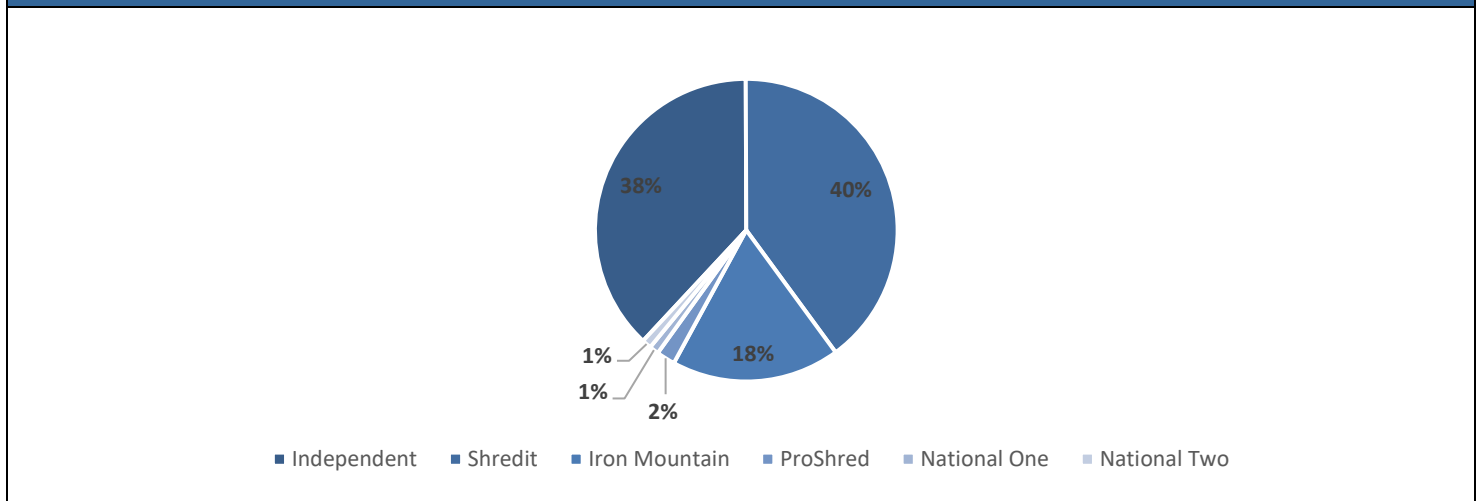
- **Focus on PII, not just paper**

Traditionally, the Information Security and Destruction industry has been dominated by services related to the destruction of physical documents. Digitization has, however, led to a change in this dynamic, with most of the PII now stored in an electronic format. The players in the industry must react accordingly and focus on becoming data and privacy experts rather than only focusing on shredding. The ability to adapt to the needs of the customer (focus on PII, not the medium it is stored on) will be crucial to ensure survival and development in an evolving industry.

5.4 Competitive Landscape^{xxxvii}

The market for Data Destruction services in the U.S. (where RediShred Capital operates) is a highly fragmented market, with two large players holding the majority of the share, while the rest is distributed between small-sized firms and independent players. The two large players account for 58% of the share, while the 750 independent players account for 38% of the share (or CAD 750 mn).

Exhibit 19: Market Share of key competitors in the vended segment^{xxxviii}



The large players usually cater to larger clients with high-ticket bills, while the rest of the market captures share by focusing on SMEs. The high level of fragmentation in the market in North America makes it conducive for M&A activities to consolidate market share and expand geographically.

5.4.1 Key Players in the market^{xxxixxlxlxlxlxl}

- **Iron Mountain Incorporated**

Founded in 1951, Iron Mountain Inc is a company headquartered in Boston, Massachusetts. Its service offerings include records management, information destruction and data backup and recovery services. It has a wide presence as it serves to more than 220,000 customers across 58 countries throughout North America, Europe, Latin America, Africa, Asia, and Australia. As of 2020, more than 94% of fortune 1000 companies used Iron Mountain’s service offerings. Iron Mountain’s revenue in FY 2021 amounted to USD 4.5 bn compared to USD 4.1 bn in FY 2020, showing a YoY growth of 8.3%.

- **Shred-it Inc**

Founded in 1988, Shred-it is an information security solution provider by Stericycle Inc. It is one of the leading document destruction service providers with presence across 13 countries worldwide. Shred-it provides services to small businesses, large organizations, and consumers across various industries. Its services offerings also include hard drive shredding and specialty item shredding. Stericycle's Secure Information Destruction Services revenue amounted USD 792.9 mn in FY 2021 compared to USD 745.3 mn in FY 2020, exhibiting a YoY growth of 6.4%.

- **Vital Records Control (VRC)**

VRC provides Records Management Services to the clients and has over 3 decades of experience in the same. It serves more than 70 markets worldwide and has over 1,500 employees. Its service offerings include Enterprise Content Management, Health Information Management, Offsite Storage, Secure Shredding across various industries.

- **Access Corp.**

Access Corp is a company based out of US which provides Records Management Services to their clients. Access Corp serves over 27,500 customers and has over 1,800 employees. Its service offerings include document storage and accessibility, retention policy optimization, digital document management, data governance and knowledge management, secure destruction, and disposition of records, as it serves to more than 10 industries.

5.4.2 Pricing Structure^{xlivxlv}

The price structure in the industry is dependent on several factors:

- Scheduled vs Unscheduled service
- Volume
- Geographical location
- Additional costs (for example, fuel surcharge or a recycling recovery surcharge)

Although there are multiple different pricing structures, the 2 broadly used models used by service providers (shredding services) are:

- **Per pound price:**

The national average for shredding a pound of paper is USD 1. Hence, this pricing structure is suitable when the volume of paper that needs to be shredded is little.

- **Per box price:**

Many local shredders and commercial shredding companies offer a per-box price for their services. The standard box used for such purposes is a box, which can hold up to 30 pounds of paper (100 sheets of A4 size = 1 pound). The average for this pricing structure ranges from USD 12-25.

Shredding companies generally provide more than one mode of delivery of their service. The price structure of two main types of services is:

- a. **On-Site Shredding:**

This method is also called mobile shredding. The process involves shredding the documents at the pickup location in a truck that is equipped with an industrial shredder. On an average, on-site shredding costs around USD 75-250/service.

b. Off-Site Shredding:

Off-Site shredding involves the service provider arriving at client’s location, picking up the documents and taking them back to their facility where the documents will then be securely shredded. This type of shredding is a lot less expensive than the former, although some service providers might have a minimum volume requirement to facilitate the pickup.

In the table below you will find the prices charged by some of the most popular companies in this field for the shredding service.

Exhibit 20: Price structure in the market	
Company	Average Price
UPS	USD 1 per pound
Staples	USD 1 per pound
Shred-It	USD 10 per box if you bring it to their location.
	USD 130 per bin if off-site
	USD 160 per bin if on-site
ProShred	USD 25 to USD 50 per container.
	USD 90 per bin and USD 40 per additional bin
Office Depot	USD 1 per pound
Iron Mountain	USD 10 per box – on-site with their own paper shredder, but keep in mind that there is a 300-pound minimum
	USD 100 per bin and USD 40 for each additional bin brought to their premises.
FedEx Kinkos	USD 0.79 per pound

5.5 End Users

Data Destruction services are applicable to various industries with each having their own set of rules and requirements for handling information. A few of the end-user industries for service providers are listed as follows:

a) Businesses

Nowadays, businesses are becoming more and more dependent on technology and are getting digital. There is a lot of sensitive data being stored due to digitization. This data is under a constant threat from fraudsters and hackers and can cause havoc if it falls into the wrong hands. To prevent this, Data destruction is the most effective way to ensure that the data does not fall into the wrong hands. Simply deleting it does not destroy it, and it can be retrieved and compromised. The more automated and digitized the business will become, the more the requirement for data destruction will be.

b) Healthcare Industry

Healthcare professionals provide the best services and care to their patients. However, the information about the patients' health records, which these professionals have access to, is extremely sensitive, and, if compromised, can put the lives of patients in danger. In any case, this information should be protected, and proper data destruction should be carried out by the healthcare professionals to ensure the safety of their patients.

c) Finance Industry

Financial institutions such as banks, investment firms, Non-Banking Financial Companies (NBFCs), mortgage brokers, ATM operators, professional tax preparers and credit rating agencies not only have access to the financial data of people but also have access to data of other businesses and multinational corporations. This financial data includes strategic reports, financials, and accounts. If this data is not handled properly, it can be misused. Therefore, proper disposal and destruction of this data is essential.

d) Law Firms

Legal records such as recordings, CDs, hard drives, and documents need proper destruction as these are extremely confidential and contain sensitive information related to people, businesses, and organizations. Law firms need to be extremely careful regarding these documents, and proper destruction must be done.

e) Educational institutions

Educational institutions have access to all kinds of information related to their students and teachers. Schools and universities should properly destroy this data after it is no longer needed, as it could be vulnerable if in the wrong hands.

f) Hotels and hospitality industry

Hotels and hospitality industries receive many high-profile clients, and often a lot of data is shared with the front-desk employees in the hotels. Data such as documents, boarding passes, itineraries, booking forms, credit card slips, conference room bookings and financial information is shared. The destruction of this kind of sensitive data is necessary once the hotels no longer need it as it can cause havoc for clients if in the wrong hands.

g) Automotive sector

The automotive industry usually receives personal information from the customers, including credit card numbers, important documents, and loan information. This confidential information needs proper disposal to ensure safety for the clients.

h) Government and public sector

Government databases contain all kinds of personal data related to people as well as data regarding the organizations and even extremely sensitive data regarding the country, which, if breached, can be misused in numerous ways, and the whole country could be jeopardized. To avoid such circumstances, on-site shredding is highly recommended, and proper destruction should be done.

i) Retail Industry

Retail companies receive data such as credit card numbers, emails, and personal documents. This could very well be misused if in the wrong hands. To avoid this, document destruction is necessary for this industry.

j) E-Commerce Industry

E-Commerce transactions and websites record extremely sensitive information such as log-in credentials, E-mail IDs and passwords, credit card numbers and personal documents. This data needs to be disposed of properly and care needs to be taken to maintain the trust of the customers. Database hacks and leaks of such sensitive data may prove to be detrimental to the customers.

5.6 Legal compliances and AAA certification^{liiiiivlv}

Businesses have strict data destruction, security, and breach requirements to comply with based on their industries.

In the U.S.,

- The Health Insurance Portability and Accountability Act (HIPAA) protects private medical information in the medical industry
- The Fair and Accurate Credit Transaction Act (FACTA) seeks to improve the accuracy of consumer reports and sets standards for management of consumer information
- Economic Espionage Act of 1996 protects trade secrets and confidential information, but only for companies that have taken reasonable action to protect themselves
- The Family Educational and Family Rights Act (FERPA) protects student records in the education industry
- The Gramm-Leach-Bliley Act (GLBA) requires companies to protect sensitive information in the financial services industry

Non-compliance with compliance standards and acts could result in legal trouble for the companies and makes it imperative for them to dispose of and destroy information effectively.

i-SIGMA, an industry trade association, sets standards for secure data destruction and information management. It was formed in 2018 with the merger of NAID and PRISM International. NAID set the standards for the secure data destruction industry. NAID, which now forms a part of i-SIGMA, offers an AAA certification which evaluates data destruction companies' services to see if they comply with data protection laws by way of audits. The data destruction companies are required to renew the certification each year through an audit for each location. The AAA certification requires companies to ensure due diligence of safety of information, through requirements that cover the those of various end-user compliances. Some of the requirements to receive an AAA certification are:

- Conduct background investigations and criminal record searches for every hire.
- Require employees to sign confidentiality agreements.
- Require all drivers to meet licensing requirements, all vehicles to have lockable cabs and cargo areas.
- Have hiring and random drug screening for employees.
- Maintain GPS tracking for all vehicles to manage fleet route details and transport customer materials properly.
- Maintain written policies and procedures.
- Maintain a shredder that meets certain specifications.
- Supervised media destruction
- Drivers must have two-way communication devices
- Secured area within building devoted to destroying media
- Closed circuit camera system monitoring all access points and operational, monitored alarm systems

6. Valuation

The fair market value for the company's shares stood between CAD 73.4 mn and CAD 83.0 mn on August 08, 2022. The fair market value for one of the company's publicly traded shares stood between CAD 0.80 and CAD 0.91 on August 08, 2022. The valuation approach followed is the DCF method.

6.1 Discounted Cash Flow Method

Valuation	
Risk-free Rate (Rf) ^{vi}	3.3%
Beta ^{vii}	1.3%
Additional Premium	0.5%
Cost of Equity	11.6%
Terminal Growth Rate	2.0%
WACC (Discount Rate)	11.6%

Year Ending – Dec	2022E	2023E	2024E	2025E	2026E	2027E
FCFF (Low)						
Free Cash Flow to Firm	(2.7)	0.5	2.4	5.6	8.7	12.3
Discount Factor	1.0	0.9	0.8	0.7	0.6	0.6
Present Value of FCFF	(2.6)	0.4	1.9	3.9	5.4	6.8
FCFF (High)						
Free Cash Flow to Firm	(2.1)	0.3	2.9	6.5	9.3	13.6
Discount Factor	1.0	0.9	0.8	0.7	0.6	0.6
Present Value of FCFF	(2.0)	0.2	2.2	4.5	5.8	7.5

Arrowhead fair value bracket	Low	High
Terminal Value (TV)	131.2	144.2
Present Value of TV	72.6	79.8
Present Value of FCFF	15.8	18.2
Net Debt ^{viii}	15.0	15.0
Shares O/S (mn)	91.2	91.2
Fair Share Value Bracket (CAD)	0.8	0.9
Current Market Price (CAD) ^{ix}	0.7	0.7
Upside/(Downside)	15.0%	30.0%
Current Market Cap.	63.8	63.8
Target Market Cap. Bracket	73.4	83.0

All figures in CAD mn, unless stated differently

Sensitivity Analysis for DCF

Sensitivity Table - High		WACC (%)				
		10.6%	11.1%	11.6%	12.1%	12.6%
GROWTH RATE (%)	0.0%	0.9	0.8	0.7	0.7	0.6
	1.5%	1.0	0.9	0.9	0.8	0.7
	2.0%	1.1	1.0	0.9	0.8	0.8
	2.5%	1.1	1.0	1.0	0.9	0.8
	3.0%	1.2	1.1	1.0	0.9	0.9

Sensitivity Table - Low		WACC (%)				
		10.6%	11.1%	11.6%	12.1%	12.6%
GROWTH RATE (%)	0.0%	0.8	0.7	0.7	0.6	0.6
	1.5%	0.9	0.8	0.8	0.7	0.7
	2.0%	0.9	0.9	0.8	0.7	0.7
	2.5%	1.0	0.9	0.9	0.8	0.7
	3.0%	1.1	1.0	0.9	0.8	0.8

Approach for DCF Valuation

Time Horizon: The time period chosen for the valuation is 65 months.

Terminal Value: This is estimated using a terminal growth rate of 2.0%.

Prudential nature of valuation: It should be noted that Arrowhead's fair value bracket estimate is a relatively prudent estimate, as it discounts the eventuality of any new products being launched in the market or any significant change in the strategy.

Important information on Arrowhead methodology

The principles of the valuation methodology employed by Arrowhead BID are variable to a certain extent depending on the subsectors in which the research is conducted, but all Arrowhead valuation research possesses an underlying set of common principles and a generally common quantitative process.

With Arrowhead Commercial and Technical Due Diligence, Arrowhead extensively researches the fundamentals, assets, and liabilities of a company, and builds solid estimates for revenue and expenditure over a coherently determined forecast period.

Elements of past performance, such as price/earnings ratios, indicated as applicable, are present mainly for reference purposes. Still, elements of real-world past performance enter the valuation through their impact on the commercial and technical due diligence.

Elements of comparison, such as multiple analyses, may be to some limited extent integrated in the valuation on a project-by-project or asset-by-asset basis. In the case of this Hybrid Software Group report, there are no multiple analyses integrated in the valuation.

Arrowhead BID Fair Market Value Bracket

The Arrowhead Fair Market Value is given as a bracket. This is based on quantitative key variable analysis, such as key price analysis for revenue and cost drivers or analysis and discounts on revenue estimates for projects and is especially relevant to those projects estimated to provide revenue near the end of the chosen forecast period. Low and high estimates for key variables are produced as a tool for valuation. The high bracket DCF valuation is derived from the high bracket key variables, while the low bracket DCF valuation is based on the low bracket key variables.

In principle, an investor who is comfortable with the high brackets of our key variable analysis will align with the high bracket in the Arrowhead Fair Value Bracket, and likewise in terms of low estimates. The investor will also take into account the company intangibles, as presented in the first few pages of this document in the analysis on strengths and weaknesses and other essential company information. These intangibles serve as supplementary decision factors for adding or subtracting a premium in the investor's own analysis.

The bracket should be understood as a tool provided by Arrowhead BID for the reader of this report, and the reader should not solely rely on this information to make a decision on any particular security. The reader must also understand that, on the one hand, global capital markets contain inefficiencies, especially in terms of information, and that on the other hand, corporations and their commercial and technical positions evolve rapidly: this present edition of the Arrowhead valuation is for a short- to medium-term alignment analysis (1-12 months). The reader should refer to important disclosures on page 36 of this report.

7. Appendix

7.1 RediShred's Financial Summary

Exhibit 21: Financial Summary		<i>Low Bracket Estimates</i>				
<i>Year Ending Dec</i>	2022E	2023E	2024E	2025E	2026E	2027E
Revenue (CAD mn)	45.7	55.0	63.6	73.5	84.2	96.5
Operating Profit (CAD mn)	5.8	7.5	8.9	10.8	13.0	15.7
Net Income (CAD mn)	1.6	3.1	3.8	5.1	6.2	7.7
EPS	0.0	0.0	0.0	0.1	0.1	0.1
Growth rates (%)						
Revenue	26.3%	20.3%	15.6%	15.6%	14.6%	14.7%
Operating Profit	23.2%	29.1%	19.2%	21.3%	20.1%	21.1%
Net Income	23.1%	88.5%	24.1%	33.4%	21.6%	24.2%
EPS	5.6%	88.5%	24.1%	33.4%	21.6%	24.2%
EBITDA	28.4%	22.8%	17.7%	18.9%	17.1%	17.9%
Margins (%)						
Operating Profit Margin	12.6%	13.6%	14.0%	14.7%	15.4%	16.3%
Net Profit Margin	3.6%	5.6%	6.0%	6.9%	7.3%	7.9%
EBITDA Margins	25.8%	26.3%	26.8%	27.6%	28.2%	29.0%
Ratios (%)						
ROA	1.9%	3.6%	4.4%	5.7%	6.5%	7.5%
ROE	4.0%	7.3%	8.4%	10.3%	11.4%	12.7%
Debt/Equity	0.8x	0.7x	0.5x	0.4x	0.3x	0.3x

Exhibit 22: Financial Summary		<i>High Bracket Estimates</i>				
<i>Year Ending Dec</i>	2022E	2023E	2024E	2025E	2026E	2027E
Revenue	46.9	59.6	71.2	83.7	98.4	115.3
Operating Profit	6.3	8.6	10.7	13.2	16.2	19.9
Net Income	2.2	3.9	5.3	7.0	8.8	11.0
EPS (CAD)	0.0	0.0	0.1	0.1	0.1	0.1
Growth rates (%)						
Revenue	29.6%	27.0%	19.5%	17.6%	17.6%	17.1%
Operating Profit	33.8%	36.8%	24.8%	22.9%	23.2%	22.8%
Net Income	67.1%	77.0%	35.8%	32.6%	24.8%	24.9%
EPS	43.2%	77.0%	35.8%	32.6%	24.8%	24.9%
EBITDA	34.1%	28.0%	22.3%	21.2%	20.2%	20.3%
Margins (%)						
Operating Profit Margin	13.4%	14.4%	15.0%	15.7%	16.5%	17.3%
Net Profit Margin	4.7%	6.6%	7.4%	8.4%	8.9%	9.5%
EBITDA Margins	26.3%	26.5%	27.1%	27.9%	28.6%	29.3%
Ratios (%)						
ROA	2.6%	4.5%	5.9%	7.3%	8.4%	9.5%
ROE	5.5%	9.1%	11.3%	13.5%	14.8%	16.1%
Debt/Equity	0.8x	0.7x	0.5x	0.4x	0.3x	0.3x

Note: All figures in CAD mn, unless stated differently

7.2 RediShred's Balance Sheet Forecast

Exhibit 23: Consolidated Balance Sheet

All figures in CAD mn, unless stated differently

Low Bracket Estimates

Year Ending Dec	2022E	2023E	2024E	2025E	2026E	2027E
Total current assets	14.2	9.5	7.8	10.1	16.0	26.1
Total non-current assets	69.9	74.7	77.9	79.2	78.6	75.8
TOTAL ASSETS	84.1	84.2	85.7	89.3	94.6	101.9
Total current liabilities	13.1	13.8	14.6	15.7	17.0	18.6
Total non-current liabilities	28.9	25.1	22.0	19.4	17.2	15.3
TOTAL LIABILITIES	41.9	38.9	36.6	35.1	34.2	33.9
Total shareholder's equity	42.3	45.4	49.2	54.2	60.4	68.1
TOTAL LIABILITIES & EQUITY	84.2	84.2	85.7	89.4	94.6	102.0

Exhibit 24: Consolidated Balance Sheet

All figures in CAD mn, unless stated differently

High Bracket Estimates

Year Ending Dec	2022E	2023E	2024E	2025E	2026E	2027E
Total current assets	14.6	10.2	9.4	13.0	21.1	34.1
Total non-current assets	70.3	76.0	80.5	82.9	83.5	81.6
TOTAL ASSETS	84.9	86.2	89.9	96.0	104.5	115.7
Total current liabilities	13.2	14.3	15.7	17.3	19.1	21.2
Total non-current liabilities	28.9	25.2	22.2	19.7	17.6	15.7
TOTAL LIABILITIES	42.0	39.5	37.9	36.9	36.7	36.9
Total shareholder's equity	42.9	46.8	52.1	59.1	67.9	78.8
TOTAL LIABILITIES & EQUITY	84.9	86.3	89.9	96.0	104.6	115.8

8. Analyst Certifications

I, Ayushi Saraswat, certify that all the views expressed in this research report accurately reflect my personal views about the subject security and the subject Company, based on the collection and analysis of public information and public Company disclosures.

I, Natasha Agarwal, certify that all the views expressed in this research report accurately reflect my personal views about the subject security and the subject Company, based on the collection and analysis of public information and public Company disclosures.

Important disclosures

Arrowhead Business and Investment Decisions, LLC has received fees in 2022 and will receive fees in 2022 from RediShred Capital for researching and drafting this report and for a series of other services to RediShred Capital, including distribution of this report and networking services. Neither Arrowhead BID nor any of its principals or employees own any long or short positions in RediShred Capital. Arrowhead BID's principals intend to seek a mandate for investment banking services from RediShred Capital in 2022 or beyond and expect to receive compensation for investment banking activities from RediShred Capital in 2022 or beyond.

Aside from certain reports published on a periodic basis, the large majority of reports are published by Arrowhead BID at irregular intervals as appropriate in the analyst's judgment.

Any opinions expressed in this report are statements of Arrowhead BID's judgment to this date and are subject to change without notice.

This report was prepared for general circulation and does not provide investment recommendations specific to individual investors. As such, any of the financial or other money-management instruments linked to the company and company valuation described in this report, hereafter referred to as "the securities," may not be suitable for all investors

Investors must make their own investment decisions based upon their specific investment objectives and financial situation utilizing their own financial advisors as they deem necessary.

Investors are advised to gather and consult multiple sources of information while preparing their investment decisions. Recipients of this report are strongly advised to read the Information on Arrowhead Methodology section of this report to understand if and how the Arrowhead Due Diligence and Arrowhead Fair Value

Bracket integrate alongside the rest of their stream of information and within their decision-making process.

Past performance of securities described directly or indirectly in this report should not be taken as an indication or guarantee of future results. The price, value of, and income from any of the financial securities described in this report may rise as well as fall and may be affected by simple and complex changes in economic, financial and political factors.

Should a security described in this report be denominated in a currency other than the investor's home currency, a change in exchange rates may adversely affect the price of, value of, or income derived from the security.

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Arrowhead Business and Investment Decisions, LLC is not responsible for any loss, financial or other, directly or indirectly linked to any price movement or absence of price movement of the securities described in this report.

9. Notes and References

- ⁱ Source: Bloomberg: 52 weeks – August 08, 2021, to August 08, 2022
- ⁱⁱ Source: Bloomberg: 3 months – retrieved on August 08, 2022
- ⁱⁱⁱ Source: retrieved on August 08, 2022
- ^{iv} Source: Annual Information Form 2021.
- ^v Source: MDA FY 2021, Financial Statements FY 2021, AIF
- ^{vi} Source: Investor Presentation 2021.
- ^{vii} Source: AIF 2021
- ^{viii} Source: MDA FY 2021, Financial Statements FY 2021, AIF
- ^{ix} Source: MDA FY 2021 & 2019.
- ^x Source: MDA FY 2021 & 2019.
- ^{xi} Source: MDA FY 2021, Financial Statements FY 2021, AIF
- ^{xii} Source: MDA FY 2021 & 2019.
- ^{xiii} Source: MDA FY 2021, Financial Statements FY 2021, AIF
- ^{xiv} Source: Source: MDA FY 2021, Financial Statements FY 2021, AIF
- ^{xv} Source: Investor Presentation 2021.
- ^{xvi} Source: MDA FY 2021, Financial Statements FY 2021, AIF.
- ^{xvii} Source: Investor Presentation 2021.
- ^{xviii} Source: Investor Presentation 2021.
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