

REDISHRED CAPITAL CORP – CORPORATE REVIEW KUT-V

October 2017



Kairos Capital
info@kairoscapital.ca

Company Overview:

RediShred Capital Corp. manages and operates the Proshred brand and business platform (system). The Company operates the Proshred system under three business models: franchising in the United States; through direct ownership of shredding trucks and facilities in over six locations in the United States, and licensing internationally.

It operates through three segments: the granting and managing of shredding business franchises under the Proshred trademark (Franchising and licensing); the operation of corporately owned shredding businesses (Corporate locations), and supporting the franchises and corporately owned shredding businesses (Corporate Overhead).

It operates over six Proshred locations directly, including Syracuse, Albany, Milwaukee, New York City, Charlotte and Miami. It operates over seven Proshred locations in the Middle East, including Doha, Qatar; Dubai and Abu Dhabi, the United Arab Emirates; Riyadh and Jeddah, Saudi Arabia; Beirut, Lebanon, and Muscat, Oman.

Redishred’s mission in delivering profitability and growth to its shareholders is to establish a national footprint of approximately 80 locations across the United States. The market development strategy is centered on growth through corporate acquisitions, continued franchising, and joint venture partnerships.

Directors and Officers:

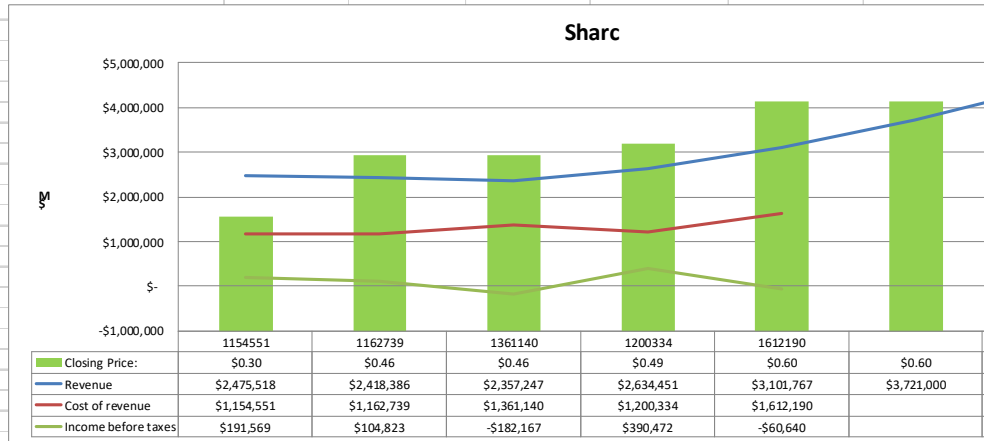
Jeffrey I. Hasham	Chief Executive Officer, Secretary, Director
Kasia Pawluk	Chief Financial Officer
Mark J. MacMillan	Director
John C. Prittie	Director
Robert M. Crozier	Independent Director
Brad E. Foster	Independent Director
Philip D. Fraser	Independent Director



Redishred meets the Kairos model in that it has established successful execution while still trading at a discount to both sector and general multiples on valuation for a continued growth outlook.

Management has established the viability of the business plan while exhibiting operational prowess in execution and repeatability, key to generating continued greater returns to shareholders.

Kairos is of the opinion that there is sufficient upside based on recent operational results that Reshred should meet its investment parameters of 100% return within 12 to 18 months.



Price	Price					
Redishred talks sales, omits Q2 P&L from NR						0.7
Redishred closes \$4-million debt financing with BMO						0.59
Globe says Cematrix, others are worth consideration						0.56
Redishred talks revenues, omits P&L from Q1 NR					0.8	
Redishred hires Mackie for market-making services					0.55	
Redishred omits 2016 net P&L in NR, talks sales					0.52	
Redishred Capital completes Proshred N. Virginia buy				0.495		
Redishred Capital 2,140,258 shares for debt				0.445		
Redishred Capital 6,666,666-share private placement				0.445		
Redishred Capital 6,781,003-share private placement				0.445		
Redishred closes private placements, debt conversion				0.445		
Redishred receives \$2M lead subscription on placements			0.46			
Redishred arranges \$6-million in private placements			0.36			
Redishred Capital earns \$75,589 in Q3			0.36			
Redishred cancels \$5.25-million private placement			0.44			

Closing Price:	\$ 0.30	\$ 0.46	\$ 0.46	\$ 0.49	\$ 0.60	\$ 0.60
----------------	---------	---------	---------	---------	---------	---------

REDISHRED CAPITAL CORP (KUT) CashFlowFlag INCOME STATEMENT						
Fiscal year ends in December.	2016-06	2016-09	2016-12	2017-03	2017-06	2017-09
Revenue	\$ 2,475,518	\$ 2,418,386	\$ 2,357,247	\$ 2,634,451	\$ 3,101,767	\$ 3,721,000
Cost of revenue	\$ 1,154,551	\$ 1,162,739	\$ 1,361,140	\$ 1,200,334	\$ 1,612,190	
Gross profit	\$ 1,320,967	\$ 1,255,647	\$ 996,107	\$ 1,434,117	\$ 1,489,577	\$ 2,232,600

Closing Price:	\$ 0.30	\$ 0.46	\$ 0.46	\$ 0.49	\$ 0.60	\$ 0.60
----------------	---------	---------	---------	---------	---------	---------

REDISHRED CAPITAL CORP (KUT) CashFlowFlag INCOME STATEMENT						
Fiscal year ends in December.	2016-06	2016-09	2016-12	2017-03	2017-06	2017-09
Revenue	\$ 2,475,518	\$ 2,418,386	\$ 2,357,247	\$ 2,634,451	\$ 3,101,767	\$ 3,721,000
Cost of revenue	\$ 1,154,551	\$ 1,162,739	\$ 1,361,140	\$ 1,200,334	\$ 1,612,190	
Gross profit	\$ 1,320,967	\$ 1,255,647	\$ 996,107	\$ 1,434,117	\$ 1,489,577	\$ 2,232,600
Operating expenses						
Sales, general and administrative	\$ 565,769	\$ 471,542	\$ 728,540	\$ 626,637	\$ 790,985	
Other operating expenses	\$ 140,725	\$ 203,427	\$ 167,350	\$ 187,828	\$ 264,391	
Total operating expenses	\$ 706,494	\$ 674,969	\$ 895,890	\$ 814,465	\$ 1,055,376	
Operating income	\$ 614,473	\$ 580,678	\$ 100,217	\$ 619,652	\$ 434,201	
Interest expense	\$ 172,490	\$ 207,704	\$ 193,429	\$ 120,284	\$ 86,049	
Other income (expense)	-\$ 250,414	-\$ 268,151	\$ 88,955	-\$ 108,896	-\$ 408,792	
Income before taxes	\$ 191,569	\$ 104,823	-\$ 182,167	\$ 390,472	-\$ 60,640	
Provision for income taxes	\$ 3,302	\$ 29,234	-\$ 164,781	\$ 3,602	\$ 47,471	
Net income from continuing operations	\$ 188,267	\$ 75,589	-\$ 17,386	\$ 386,870	-\$ 108,111	
Net income	\$ 188,267	\$ 75,589	-\$ 17,386	\$ 386,870	-\$ 108,111	
Earnings per share						
Basic	\$ 0.01	\$ -	\$ -	\$ 0.01	\$ -	
Diluted	\$ 0.01	\$ -	\$ -	\$ 0.01	\$ -	
Weighted average shares outstanding						
Basic	28884658	28886941	28884660	42260482	46990169	
Diluted	29480050	29579222	30040729	42808460	47738369	

REDISHRED CAPITAL CORP (KUT) Statement of CASH FLOW					
Fiscal year ends in December. CAD.	2016-06	2016-09	2016-12	2017-03	2017-06
Cash Flows From Operating Activities					
Cash used in operating activities	\$ 222,878	\$ 105,757	-\$ 324,863	\$ 299,228	\$ 319,473
Depreciation & amortization	\$ 360,950	\$ 391,158	\$ 419,984	\$ 483,413	\$ 529,084
Net changes in working capital	-\$ 336,764	\$ 156,756	\$ 323,657	-\$ 38,630	-\$ 416,708
Net cash provided by operating activities	\$ 247,064	\$ 653,671	\$ 418,778	\$ 744,011	\$ 431,849

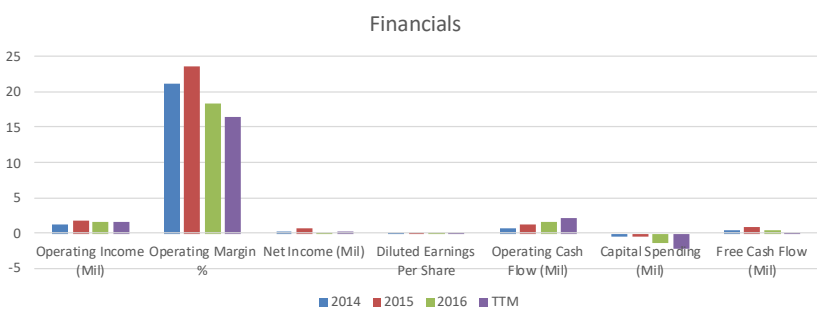
Corporate Performance

Financials	2014	2015	2016	TTM	YTD	5-Yr Avg	5-Yr Growth
Revenue (Mil)	6.17	7.68	9.6	10.51	5.74	6.63	23.22
Operating Income (Mil)	1.31	1.82	1.77	1.73	1.05	0.66	—
Operating Margin %	21.25	23.7	18.42	16.5	18.37	5.76	—
Net Income (Mil)	0.24	0.89	0.17	0.34	0.28	-0.15	—
Diluted Earnings Per Share	0.01	0.03	0.01	0.01	0.01	-0.01	—
Operating Cash Flow (Mil)	0.79	1.39	1.72	2.27	1.18	-0.31	—
Capital Spending (Mil)	-0.37	-0.44	-1.21	-2.19	-1.15	-0.97	—
Free Cash Flow (Mil)	0.42	0.95	0.51	0.08	0.03	-0.31	—
Average Shares Outstanding (Mil)	28.9	30.17	29.69	37.6	45.29	29.88	0.55

Financial Performance:

Redishred has shown steady operating income over the past 3 years with an average Operating Margin of 20%.

Operating cash flow continues to show strong growth while investments are made in acquisitions.



Valuation

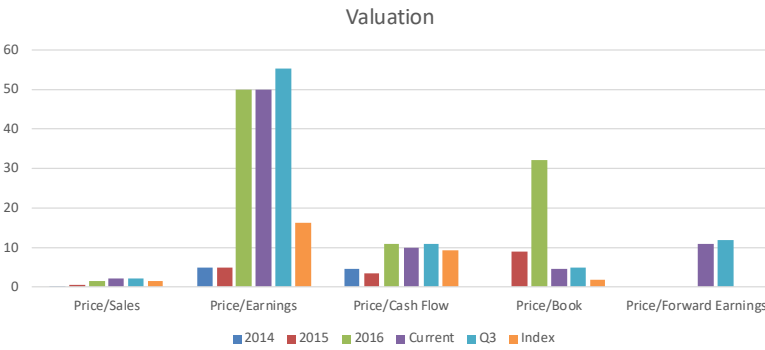
	2014	2015	2016	Current	Q3	Index
Price/Sales	0.5	0.81	1.52	2.15	2.36	1.73
Price/Earnings	5	5	50	50.28	55.31	16.45
Price/Cash Flow	4.8	3.6	11.05	9.94	10.94	9.33
Price/Book	—	9.26	32.29	4.69	5.16	1.8
Price/Forward Earnings	—	—	—	10.91	12	—
Earnings Yield %	20	20	0.43	1.99	1.81	—
Enterprise Value (Mil)	11.17	13.19	20.79	31.23	34.05	—
Enterprise Value/EBITDA	4.33	4.07	7.67	11.85	12.92	—

Valuation:

Price to sales and price to earnings and price to book are all at a premium to the related index. This indicates a premium valuation on existing earnings and assets.

Price to forward earnings shows a more reasonable 12x on Q3 numbers, and as such reflects a significant upside on forward earnings expectations.

As performance continues to impress and expand Redishred's valuation will garner further premiums while being supported by actual operating performance.



Operating Performance

	2014	2015	2016	Q2	TTM	Index
Return on Assets %	2.69	9.03	1.68	-0.92	3.13	3.58
Return on Equity %	—	1,089.92	33.17	-1.83	10.62	13.5
Return on Invested Capital %	—	17.07	8.04	-0.51	7.76	8.06
Financial Leverage	—	20.21	19.29	1.96	—	—

Operating Performance:

Returns on a TTM basis closely match the related Index.

During this expansion phase the ability to achieve immediate returns on assets, equity and capital is impressive.

Observations:

Redishred has established and begun executing on a consolidation plan for the fragmented operators across the US initially. Operational results exhibit the success the company is having in its execution in both the acquisition and operational integration of target companies for greater efficiencies generating above average returns for stakeholders.

As further acquisitions take place, these returns will continue to multiply.

Conclusion and Recommendation:

The market in the US is estimated at ---- with over --- operators across the country. Currently Redishred has acquired --- operators in the proving out of the model. The size of the opportunity actually extends beyond the US market to the international shredding business sector.

Redishred meets the Kairos model in that it has established successful execution while still trading at a discount to both sector and general multiples on valuation for a continued growth outlook.

Management has established the viability of the business plan while exhibiting operational prowess in execution and repeatability, key to generating continued greater returns to shareholders.

Kairos is of the opinion that there is sufficient upside based on recent operational results that Reshred should meet its investment parameters of 100% return within 12 to 18 months.

Variability Range of Factors and Risks:

Past results are no guarantee of future earnings.

Risks associated with any corporate entity include...

Risks associated specifically with any publicly traded entity include...

Representations made in this document are based on information believed to be true and accurate ...

Please consult And conduct your own due diligence before making any investment.