

Subject: old proformas

From: Dean Pisciotta <dpisciotta@brakesplus.com>

Date: 10/20/20, 9:20 PM

To: Gordon Pisciotta <gordonpisciotta@gmail.com>

— ForwardedMessage.eml —

Subject: Green Sheet ProForma v2

From: Craig Swiatek <craig.swiatek@gmail.com>

Date: 7/3/19, 1:01 PM

To: Dean Pisciotta <dean@racapitalinc.com>

Dean,

Here is the updated ProForma with the changes we discussed.

I separated the calc for recycling fees and paint sales out to the right of the spreadsheet so we can see them separately, and then combine them. I did this because Green Sheen gets paid on lbs coming in the door and then sells the paint they recover. I thought it was easier to see each one separately.

I only included CO, WA, OR and CA. I ramped up CA much slower than WA and OR (ramp up rates to the far right of ProForma sheet)

Green Sheet has two primary revenue sources:

1. Recycling Revenue - in lbs, \$0.38 / lb

-Recycling Revenue Method: I took 55% of the state recycling lbs, which in 2020 I estimate to be about 5.2M lbs that GS will take in (2019 est. is \$4.6-4.6M lbs).

-I don't think Green Sheen has any problem taking in the paint, any state will support them taking it in and \$0.38/lb seems like a standard rate.

-Green Sheens reputation and relationship with Paint Care could help them quickly get 50% or more of the market in Paint Care states I believe, for recycling the paint.

-Revenue from collection fees alone by 2024 would be \$20.86M with a Net Income of \$4.17M

2. Paint Sales - I input \$10/gal as a starting point like we discussed.

- Paint sales has been a challenge for Green Sheen because they have not focused on them.

- ReStore Paint sales today are about \$675 / month / store (12 months, 150 stores = \$1.2M or about 152,000 gallons of paint)

- Paint sales by 2024 @\$10/Gal \$46M (4.6M gallons of paint) with Net Income from paint sales at \$9.2M

Recycling revenue is actually a nice revenue stream, and states or anxious to get rid of it. The opportunity is selling the paint. Even at \$10/gallon, the revenue is more than twice the amount of taking in the paint, and if we can get an even higher price, the opportunity is even more. Because we are at most a wholesaler (not retail), I think \$15/Gallon is the high side. Even at \$10/gallon if we can prove the model works, then we even have more potential.

The risk we run of not going into New York and the surrounding states, is that someone else could get into that market.

If we can get a plant setup rather inexpensively, I think we can more than cover our expenses with the Recycling Revenue to start, and then increase revenue with paint sales. We might start discussions with some of the regional paint guys (not PPG) to take some of our paint for a new product. That could help them with a possible buyout someday which would ultimately help us too, just a thought.

Some Key Takeaways:

- Recycling Revenue is strong, but need an out let for the paint
- Sales of paint is crucial to incrementally growing sales and EBITDA for exit strategy
- Inventory / Invoicing / Systems needed to scale up and move into multiple states
- Paint Quality - if paint is as good as Kevin and others think, then sales at half the price should be reasonable

Enjoy your 4th, call me if you have any questions or want to discuss further.

Craig

— Attachments: —

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GreenSheen Analysis cls V2.xlsx	27 bytes
GreenSheen Analysis cls V2 A.xlsx	27 bytes
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