



CASCADE
ASSET MANAGEMENT

Technology Equipment Retirement Specialists

ANNUAL REPORT

2020



Taking care during
the pandemic



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Cascade and the Global Pandemic

The year 2020 profoundly impacted everyone across the globe, Cascade being no exception. We started the year with strong growth momentum and the implementation of an ambitious five-year Strategic Plan. Then, we were quickly confronted head on with the tragedy and trials of a global pandemic and economic downturn. Everything changed and we needed to adapt like everyone else.

For the first time ever, Cascade implemented a business continuity plan using the risk assessment and mitigation tools we developed over the years. We quickly responded to the threat of the virus by implementing engineering controls, deploying PPE, implementing hygiene systems, altering work schedules, supporting remote access, training staff, and adjusting business processes.

Cascade identified three goals as we responded to the impact of COVID-19:

- Protect the safety of our staff and community;
- Provide critical products and services to essential businesses and individuals working from home; and,
- Maintain the viability of our business and the livelihood of our employees.

On all three goals, we were successful. While almost eight of our employees tested positive for COVID-19 at some period during the year, none became seriously ill. There were also no instances of a transmission exposure at work among our staff or with any customers or vendors during 2020.

As an “essential business,” Cascade continued operating throughout the pandemic. We redirected a significant portion of refurbished computer equipment from global markets to local clients requesting computers for employee work-at-home needs and to schools and non-profit organizations providing refurbished laptops to low-income families. We were called in to clear out computer equipment from healthcare clients that reallocated these storage areas to stage essential medical supplies. We also paid out over \$3.4 million in rebates to clients from the resale of their equipment to help bridge their economic hardships.

While we helped others suffering worse than us during this pandemic, we also put in place strategies to keep our company and staff strong. Cascade qualified for federal PPP funding and used the money to retain all staff, avoid any layoffs, and fund safety protocols. We also invested the money into new strategic initiatives that created value in this environment, including launching a new Enterprise Mobile Disposition solution.

While the volume of equipment Cascade collected was down by 20% in 2020 (like the rest of our industry) our resale revenues grew by 4% in 2020. By the end of 2020, Cascade’s financial position was stronger than when we started the year, our enterprise client base grew, and our staff was more dedicated than ever to our cause. The pandemic will have a lasting impact on Cascade, but it also made us more resilient and adept.

2020 By the Numbers

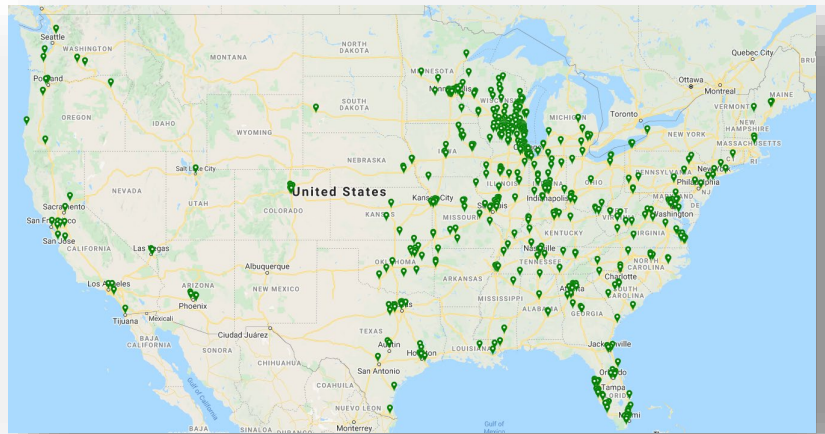
Number of Jobs	1,983
Assets inventoried	245,698
Pounds of equipment received	3,122,655
Number of successful wipe passes.....	80,876
Terabytes of data wiped.....	13,091
Assets resold.....	98,232
Unique Clients serviced	309

Cascade's Service Reach

Cascade collected IT assets from 309 unique businesses and organizational clients in 41 states across 591 different zip codes in 2020.

Most pickups and onsite services are conducted by Cascade's own professional, secure, and friendly staff, allowing us to provide a direct chain of custody of equipment from our clients' sites directly to one of our processing facilities.

Customer locations serviced by Cascade in 2020



State of Origin	Total Jobs	% of Total
Wisconsin	1,148	57.9%
Illinois	136	6.9%
Minnesota	106	5.4%
Indiana	95	4.8%
Florida	80	4.0%
All other states	419	21.0%
Total number of states serviced: 41		

Cascade also expanded our small volume pickups to client sites across the country using vetted third-party white glove pickup services or box return programs. These additional service options were increasingly utilized by clients with remote work needs during the pandemic.

Cascade concentrates on serving organizations in the

Midwest. Our focus and footprint demonstrate how we have aligned our resources to be the best ITAD provider in this region. In 2020, we began to expand our service reach and worked with several national enterprise clients on mobility and cleanout projects. That allowed us to collect equipment from 30% more states than in 2019. As part of our current Strategic Plan, we expect to continue that geographic expansion.

Selling Refurbished Products

Cascade's resale revenue grew by more than 4.6% last year, despite the pandemic and a decline in assets received by 23.2% compared to 2019. We sold refurbished gear to every state in the country, except Alaska. Our overall return rate on sold products was less than 0.20% of total resale value.

Cascade's online [Marketplace](#) saw total sales orders grow by 20% in 2020, and revenues increased by 4% compared to 2019. We saw a strong increase in orders of affordable laptop and desktop computer packages we listed on the site to help meet the increased need for work and school from home computers.

Cascade's resale program also achieved the impressive milestone of a **99.5% positive feedback** rating for eBay transactions over a 12-month period in 2020. Only 3.12% of eBay sales were returned (compared to 4.01% for peers.)

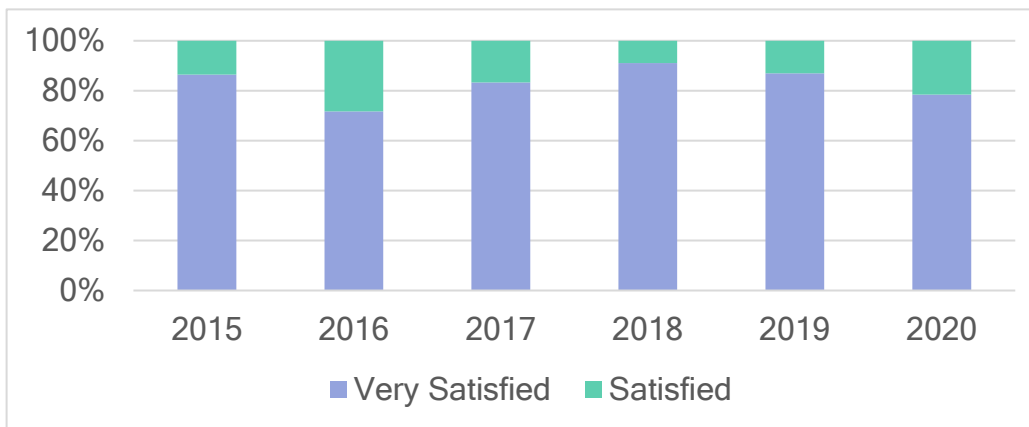


Satisfied Customers

We ask our ITAD customers to evaluate the performance of our services on several criteria. For example, whenever we go onsite to perform asset disposition and data security services, we invite our customers to rate us on a number of factors and give us feedback to help us improve. The number of surveys completed in 2020 was lower than usual, due to contact free pickups. Still, in every case in which a survey was completed, clients said they were “extremely satisfied” with our onsite service work.

In our annual survey of all clients performing work at Cascade in the previous two years, we again earned a 100% satisfaction rating for the 7th year in a row. Most clients say they are “very satisfied” with Cascade.

Annual Survey of Clients: How satisfied have you been with Cascade overall this year?



ITAD Benchmarking Report Published

Cascade published its sixth [annual benchmarking report](#) based primarily on information gathered from clients during our exhaustive annual survey. The report was published in January and included an evaluation of more than 500,000 assets processed by Cascade in 2018-19 and a review of related industry research.

The focus of this year’s report was mobile device disposition.

The report is one of Cascade’s primary educational and outreach tools. It includes guides on improving data security and environmental impacts. Industry trade groups, journals, and colleagues have come to rely on it for assessing trends by enterprises. Cascade also uses the findings to benchmark our clients’ ITAD programs to help them improve.



Operational Performance

Cascade maintains internal service level expectations for processing equipment within specified timeframes for our customers. We track our performance bi-weekly and report our metrics to our Leadership team to ensure timely review and reallocation of resources to stay on track for our clients.

While the first half of the year made it difficult to meet stated processing timelines (due to the pandemic and inconsistent schedules and staff availability), we were able to settle into a more consistent pattern beginning in August. In the last five months of 2020, Cascade achieved our processing targets (shaded green in the table below) 72% of the time. Cascade customers have come to rely on our consistent ability to process their equipment in a timely manner.

Metric Performance - past 2 weeks	8/7	8/21	9/4	9/18	10/2	10/16	10/30	11/13	11/27	12/11	12/25	12/31
Job Scheduling – able to schedule standard pickups within 2 weeks	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Inventory - % of jobs inventoried within 4 business days	88%	98%	96%	91%	97%	93%	79%	98%	95%	79%	85%	95%
Testing/Disassembly - % of assets processed within 30 days of receipt	97%	97%	98%	97%	95%	99%	93%	97%	96%	92%	92%	85%
Testing/Disassembly - % of assets processed within 60 days of receipt	100%	99%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Resale - % of tested/working assets sold within 45 days of receipt	66%	56%	70%	83%	78%	86%	81%	82%	64%	86%	37%	68%
Resale - % of tested/working assets sold within 90 days of receipt	96%	98%	98%	99%	99%	100%	97%	95%	99%	100%	97%	95%

Cascade improved refurbishment throughput efficiency and capacity by redesigning workflow processes at our facilities during 2020. In Madison, a set of pre-test workstations prepared laptops and desktops prior to mounting them on workbenches to complete their data wiping cycles. In Indiana, we doubled the capacity of devices able to be processed at once. These improvements were implemented to prepare for an expected resurgence in disposition activity in 2021.



Launching the Enterprise Mobile Disposition solution

To help enterprise clients reduce risk and enhance value recovery, Cascade launched a new solution suite in July to manage the retirement of smartphones and tablets. Cascade's Enterprise Mobile Disposition (EMD) program offers organizations services around logistics and device unlocking to maximize trade-in values. The service also provides a contract-backed erasure guarantee, something not offered by wireless carriers.

Designed with professional mobility asset managers, Cascade's wireless buyback program minimizes risk and maximizes reward from mobile disposition.



Unmet Need

- Enterprises lack the knowledge to mitigate risk and maximize value for mobile disposition. This forces use of consumer programs that leave legal liabilities exposed and reduces value recovery due to poor packaging and device locking features.
- Targets include Enterprises with mobile knowledge workers
- Primary stakeholder sits in Telecom Management
- Primary barrier is access to a solution. Secondary barrier is a perceived wealth gap to afford program.



Market Value

- Mobile Device Management 23% CAGR through 2027
- BYOD continues decline as Enterprise Security needs grow
- Estimated \$1.2 Billion North American market (all addressable by Cascade)



Alignment

- Cascade currently provides mobile device disposition
- Cascade's focus on data security and sound recycling ties to the Enterprise needs for reduced liability
- Cascade's North American geographic scope is within customer needs.
- Budget objections can be overcome by recovery values.
- Several customer segments have the need.



Talent to Build

- Cascade has the current talent necessary to scope a solution.
- The solution requires process standardization to be successful.

Cascade's solution includes a convenient box return program. We ship a client boxes with slot openings making packing quick and easy, while protecting the devices during transit. Once the phones or tablets arrive at Cascade, they are scanned and inventoried so that we can work with clients to remove any mobile device management agents or locks on the phones. Cascade then refurbishes and resells devices or responsibly recycles non-working or obsolete phones that cannot be economically repaired.



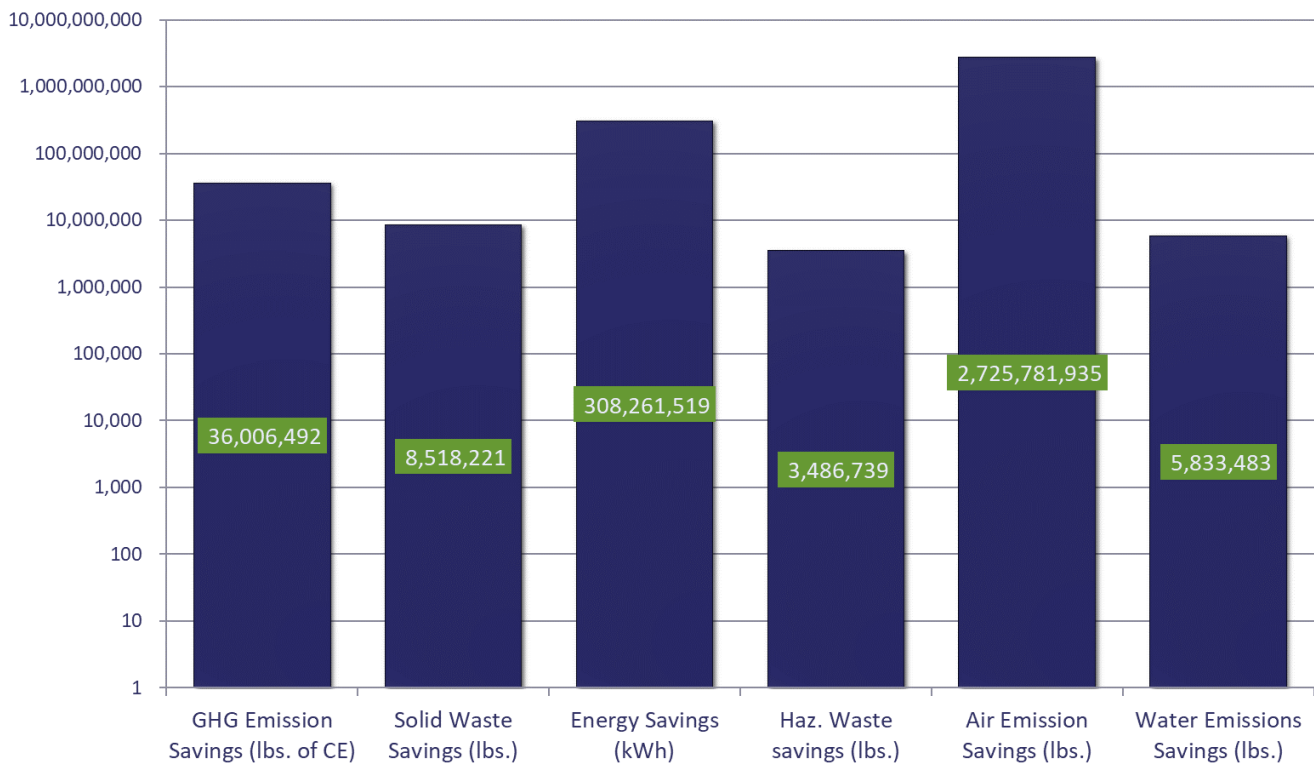
The EMD program is led by Ryan Laber at Cascade, who formerly launched and managed the mobile device return program for a major multi-national electronics distribution firm.

Environmental Stewardship

The collective environmental benefit of the electronic equipment reuse and recycling efforts by Cascade and our customers continues to have a positive impact. By reducing the need to manufacture new devices (due to reuse) or mine materials for production (due to recycling), we reduce waste and save resources. This has an impact on carbon emissions that contribute to climate change.

The charts below show the environmental impact of reusing and recycling more than 3.1 million pounds of electronics for our clients in 2020.

Environmental impact of electronics reuse and recycling by Cascade - 2020



Environmental Equivalents of Electronics Disposition Activity by Cascade in 2020



Save enough energy to power 25,764 typical US homes



Save the equivalent of primary materials used to manufacture 29,944 refrigerators



Equivalent to removing 10,966 passenger cars from the road for 1 year



Equivalent to reducing air emissions 1,236,182 metric tons



Equal to the amount of solid waste generated by 1,938 US households over the course of a year



Total Carbon Saved: 18,003 tons

Protecting our land – water runoff improvements in Madison

Nearly \$200,000 was invested to improve stormwater management at Cascade’s headquarters. The project sought to better manage drainage and keep a higher percentage of stormwater within the property. A new bioretention basin was built on the East end of the property (photo at right), which included vegetation to help take up runoff. As an added benefit, Cascade was able to redesign our parking lot (photo below) to increase capacity and support additional staff. Our metal recycling container was also redesigned to limit contamination during rain events.



Safety award shows leadership in Indiana

Cascade was again recognized by the Indiana Department of Labor with their INSHARP award. The Indiana Safety and Health Achievement Recognition Program (INSHARP) provides recognition, rewards and ongoing support to small Hoosier employers that operate exemplary safety and health management systems. Certification in INSHARP is an achievement of status that singles out employers among business peers as a model worksite for occupational safety and health.

The recognition was provided after Cascade successfully completed an onsite audit, maintained an exemplary safety record, and demonstrated innovation in health and safety programs.



Cascade’s General Manager in Indianapolis, James Ellison, spoke about Cascade’s programs at the annual safety conference hosted by the Indiana Department of Labor.

Helping our Community During the Pandemic

In response to the shock of the pandemic that upended work and schooling, Cascade partnered with clients on the largest refurbished equipment donation projects in our history. We worked together to direct refurbished computers, laptops, and iPads into a multitude of charities and low-income families.

- Cascade refurbished and imaged about [100 iPads that were donated](#) to Milwaukee Public School families in partnership with Milwaukee Tech Hub Coalition (see photo).
- Cascade and American Family Insurance donated over 450 laptops to the [STEAM & Dream](#) project hosted by Sherman Phoenix in Milwaukee.
- U.S. Cellular, TDS, and Cascade teamed up to donate more than 100 laptops to residents at the Madison YWCA. The groups partnered with DANenet and the City of Madison to offer the recipients training and support for these devices.
- Other recipients of donated computer equipment include the Boys & Girls Club of Madison, Chrysalis, Madison Urban Ministry, YWCA of Rock County, DANenet, and the South Florida Digital Alliance.



Providing a service for household electronics recycling

One of the fallouts of the pandemic and the increase in work from home activity was the inability to partner with enterprise clients to collect used electronics from their employees. While some clients scaled back



collection events and invited their remote office staff to drive into a centralized location to drop off their old electronics for Cascade to recycle, others skipped their recycling drives this year.

In response, Cascade decided to revive its old service to accept drop-offs of household electronics at its Madison location. Between October to December, more than 52,000 pounds of old electronics were brought into Cascade by individuals for recycling.

Bringing Cascade to our Clients

Onsite visits to Cascade by clients were sharply curtailed during the pandemic. Instead of giving Cascade tours of our facilities, we brought in a professional video crew for two days of filming in a safe environment. The result was a [series of short videos](#) to help explain Cascade processes and business services.



Some of the videos also featured interviews with the Executive Director of the Basel Action Network and the CEO of the National Association for Information Destruction (NAID) who talked about Cascade's role in advancing environmental and data security stewardship.

Cascade was also featured in a video produced by [FreeThink Media](#) about the problems with e-Waste and how companies like Cascade are working to solve these problems.



Training and development resources

With more time available for professional development while people worked from home, Cascade partnered with AOTMP (the Association of Telecom Management Professionals) to produce two interactive training programs for the IT professional. One class, which includes animated slides and mastery questionnaires, provided a general introduction to IT Asset Disposition processes for IT professionals. A second course discusses best practices and resources for putting together Requests for Proposals (RFPs).

Other Significant 2020 Achievements

Cascade worked on several initiatives throughout 2020 to support our continual improvement goals.

- Reuse Initiative:** Cascade set a target to improve our reuse rate of retired client equipment by 3% over 2019 rates. We were successful in increasing reuse by over 5.1% in 2020 so that 30.21% of all weight received was refurbished and reused. The increased reuse rate was due to increasing capabilities to test and reuse processors and memory that otherwise would have been recycled; performing more repair activities on devices; and encouraging some clients to switch from a product destruction disposition requirement to one that allows for reuse.
- Driving Safety:** Recognizing that vehicle accidents are one of the greatest risks of injury or damage in our business, Cascade increased training and resources to help reduce the likelihood of accidents and injuries on the road. We targeted a 10% improvement in the Safety Management Score (SMS) assigned to Cascade by the Federal Motor Carrier Safety Administration. By the end of 2020, our SMS score improved by nearly 20%.
- Battery Safety:** As batteries become more prevalent in electronic devices, we encounter them more and more in our refurbishment and recycling activities. Damaged batteries pose a distinct risk of a thermal event or fire. Cascade invested in additional, innovative fire suppression supplies including fire blankets and CellBlock containment materials that can extinguish even lithium-ion battery fires.
- Human Resource improvements:** Cascade followed through on an initiative to consolidate our disparate Human Resource Information Systems into a single platform. The conversion was completed just in time when the pandemic forced many staff to work from home. The new cloud-based platform gives staff access to their personnel records and training content/records in one tool.
- Retirement savings investments:** Cascade implemented a new auto-enrollment feature for our 401-k retirement savings program and encouraged staff to invest more into their plans by offering a new investment match from the company.
- Gartner recognizes Cascade:** Cascade was once again listed as a representative vendor in Gartner's [2020 ITAD Market Guide](#) listing.
- Committing to Indiana:** Cascade extended our lease at our Indianapolis facility and completed an upgrade of the facility (see photo of lobby).
- Ergonomics improvements:** Cascade invested in new bin tippers to assist with unloading metal and rubbish from our disassembly areas, introduced more adjustable height workbenches, and added sit-stand stools in production areas.



Managing Through the Pandemic

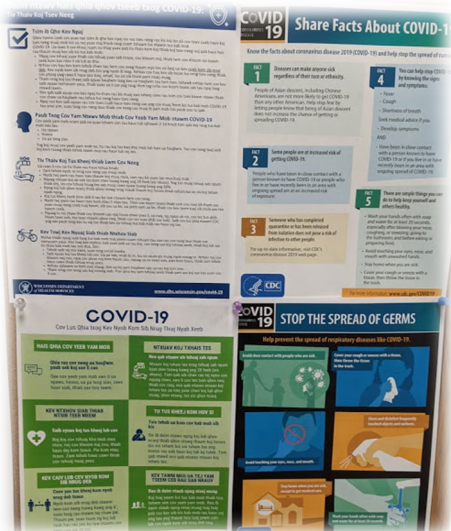
We weren't expecting to work through a pandemic when we started 2020 with a fresh five-year Strategic Plan, but when it became clear COVID-19 would impact our business and personal lives, we adapted.

Cascade's leaders consulted with outside experts and decided to initiate our Business Continuity Plan on March 9th. This introduced additional health and safety precautions and began a transition of office staff to start working from home. Within a week, all customer service, sales, and administrative support staff were set up with the technology and equipment to successfully and securely work remotely to support the business.

In addition, additional PPE was acquired and changes were made into how business was conducted to promote social distancing. We extended the amount of time our cleaning crew would spend at the facilities and conducted more deep cleaning and disinfecting of surfaces. Additional training and communication to supervisors, staff and customers about our response was provided that week.

On March 16th, as schools were beginning to close, Cascade introduced a special benefit (on top of our Paid Time Off program) to compensate staff who needed to stay home with their children or because of an illness. Additional pay for emergency sick leave became available on April 1st when the [Families First Coronavirus Response Act \("FFCRA"\)](#) took effect. These programs allowed us to keep a limited number of healthy workers at our facilities to perform necessary tasks while other employees could take care of their health and their families without using up all their PTO.

Cascade began restricting pickups to essential industries with critical needs starting March 19th. Our workload plummeted to 10% of the average volume we were handling earlier in the year.



On March 24th, Wisconsin and Indiana introduced their Stay at Home orders. Cascade contacted our government representatives to alert them about our activities and received assurances that we could still perform limited operations as an Essential Business. During that time, any staff member who could work remotely was working remotely. We also restricted the number of production staff in each facility initially to no more than ten people. We then expanded this to no more than 15 people once we felt they could operate safely and with adequate social distancing in our processing facilities. That was less than 25% of normal capacity.

In the first two weeks of April, after adding additional safety controls, we could respond to more pickup requests and our workload increased to 39% of our typical volumes – still a far cry away for a sustainable business level.

Fortunately, our testing and resale staff had plenty of inventory to work on for refurbishing and reuse. We prioritized the refurbishment of laptops and other mobile devices. This equipment was prioritized to clients and school families to fulfill the increase in work-from-home demands. These resale activities also generated

sufficient revenue to sustain Cascade and to allow us to maintain the payout of rebates needed by our customers to support their cash flow needs.

On April 13th, Cascade received funding through the federal [Payroll Protection Program](#) that allowed us to keep all of our employees on our payroll while we continue to support the critical needs of our clients. We are very grateful for this federal program to help us through this period of restricted business operations.

To keep our staff engaged as they were scattered about, we distributed Care Packages to them and their families with hand sanitizer (from a local distillery!), snacks and treats from other small businesses, educational resources to help employees make it through the crisis with their families, and other items to brighten their days. We all needed a little reminder that we are in this together and we'll make it through. And since our employees are also donating much of their time and own resources to help the community and their families respond to COVID-19, we wanted to thank them for their efforts and sacrifice.



Over the course of the year, Cascade ramped up business services as our clients resumed disposition activity. Onsite staff performed pickups while wearing masks and avoiding unnecessary contact with clients. At our facilities, plexiglass was installed between workstations and staff wore masks while working. Our Customer Service, Sales and administrative support staff continued to work remotely and respond to inquiries as efficiently as if they were in the office. All said, Cascade adapted to the new safety requirements and maintained essential business services to our clients.

With more than 21 years in the industry and the experience of weathering other major economic slowdowns, Cascade is prepared to make it through this challenge and continue to serve our clients and do right by our employees.

We sincerely appreciate all the healthcare workers on the front lines taking care of the sick as well as those people in supporting roles providing needed resources to our medical professionals. You are the heroes in this effort. In the meantime, we'll do our part to stay safe and support everyone's efforts to combat this virus.