

Kollect on Demand Holding AB announces upcoming shareholder votes for expansion of its Irish strategy and change of name to Mashup Ireland AB

Following its recent share-for-share acquisition of Mashup plc for SEK 87.7m (€7.6m), Kollect on Demand Holding AB (publ) (the "Group"), now has a range of commercial interests in recycling, waste, technology, property and renewables projects, which are at various stages of development and all focused in Ireland.

On 24 April 2024, the Group announced that the Board of Directors had started to explore the possibility of expanding its Irish strategy to also invest in and support small and medium sized businesses ("SMEs") that are in industries other than recycling, waste, technology, property and renewables both through direct investment and via new business incubation.

Following positive feedback from exploratory discussions with potential investors, lenders, operating partners, entrepreneurs and SME business owners, the Board has resolved to expand the Group's Irish strategy. The expansion is subject to the approval of the Board's proposal to make relevant changes to the articles of association by shareholders at the Group's upcoming annual general meeting on 20 June 2024 (the "AGM").

If the proposal to make relevant changes to the articles is approved, the Board believe that the company should change its name to reflect its commitment to this expanded Irish strategy. At the AGM, shareholders will also therefore be asked to vote on the proposal to change the Group's name to 'Mashup Ireland AB'.

Shareholders representing 86.5% of the votes in the Group have confirmed that they will be voting in favour of both proposals at the AGM.

Description of the proposed expansion to the Group's Irish strategy

The Group currently owns a range of commercial interests in recycling, waste, technology, property and renewables projects, which are at various stages of development and all focused in Ireland (together the "**Irish Projects**").

It is proposed that the Group will drive its growth in Ireland by (a) expanding its portfolio of Irish Projects into a range of other industries and sectors, where it will acquire both controlling and non-controlling stakes and (c) working constructively with its project operating partners to increase the profitability and value of its Irish Projects over time.

If the Irish strategy expansion is approved by shareholders on 20 June 2024, the Group will seek to create value by:

1. **Attracting opportunities, talent and capital** and managing the 'mashup' of these three elements into the creation of value that can be monetized in a variety of ways.
2. **Setting up new businesses** in partnership with suitable operating partners / management teams.
3. **Acquiring stakes in existing SMEs** and working constructively with their management teams to support them to create value.
4. **Acquiring more property assets** that offer very attractive risk / return characteristics, especially through the design and implementation of active value-enhancement strategies.
5. Identifying opportunities for portfolio businesses to work together on projects for **mutually beneficial value-creation and synergies**.
6. Introducing and developing **selective shared services**, aimed at enabling the Group's portfolio SME businesses to avail of some of the advantages of being part of a larger listed group, without having to incur the costs of being listed themselves.
7. Adopting a dynamic approach to effective **capital allocation**, combined with effective asset-backed strategies to drive down the Group's **blended cost of non-dilutive capital** over time.

Summary of rationale for expanded strategy in Ireland

1. **Large market opportunity:** Ireland has more than 350k SMEs, generating a turnover more than €420bn per annum. SMEs (<250 persons employed) account for 99.8% of all enterprises and 69.2% of people employed in Ireland.
2. **Ability to solve SME pain:** the Group has the resources needed to support Irish SMEs, business owners and founders with a range of challenges and pain points that they face including access to capital, succession planning, attracting talent, utilization of technology for advancement and green transition.
3. **Irish SME investor competition is low:** no other listed companies are targeting investing and supporting Irish SMEs. Only 3.3% of the assets of Irish banks are advances to SMEs.
4. **Irish SME entry valuations are low:** valuation multiples of 2-6 times EBITDA are common for controlling interests. There are extremely limited options for owners of minority stakes in Irish SMEs to sell to third parties.
5. **Potential to develop competitive advantage and scale:** numerous opportunities exist to develop competitive advantage for the Group and its portfolio of SME companies within this €420bn market.
6. **Favorable tax treatment:** investing in stakes in Irish SMEs is mainly a tax-free business (i.e. no capital gains tax on gains and no corporation tax on dividends received). In addition, Irish SMEs are subject to a low 12.5% rate of tax on their trading profits.
7. **Strong policy support for Irish SMEs from the Irish government:** 80% government guarantees available for certain SME loans; attractive tax-incentives to encourage retail investing in SMEs; low-cost insolvency restructuring scheme for SMEs in place and a host of other supports available.

8. **Domestic savings are high in Ireland and options very low for retail:** Irish retail savers currently have more than €161 billion of cash on deposit / in cash savings products at very low interest rates. This backdrop presents the Group with numerous opportunities to support the Group's strategy of driving its blended cost of non-dilutive capital down over time.
9. **Ireland is an attractive location for investment:** business-friendly environment, skilled workforce, proximity to EU markets, strong economic performance, government support and incentives, innovation ecosystem, high quality of life and stable political environment.
10. **Public equity market investors have very limited access to invest in Ireland's domestic economy:** of the 31 ordinary shares that are listed on the Irish stock market, only 10 of these are in domestic-focused companies.
11. **No investment opportunities currently exist for public equity market investors to gain exposure to Irish SMEs.**
12. **Potential to replicate in other countries:** the learnings from the Group's experiences in Ireland's SME market could potentially be used to develop a playbook to replicate this success in other countries where similarly attractive SME investment dynamics exist.

Potential benefits to the Group and its shareholders arising from the expanded strategy

- **Scale can be developed much faster:** attracting more opportunities, talent and capital
- **Profitability and financial resources** increase faster
- **Reduction in risk** arising from the benefits of diversification across a multi-industry portfolio of SMEs, which reduces risk to lenders and helps Group to **reduce cost of capital** over time
- **Increased news flow** as a result of an increased portfolio of SMEs, each with their own development opportunities
- **Network effect** increases, especially in relation to the Group's relationships and those of its portfolio of SMEs
- **Asset-backing** arising from the Group's property projects, which further reduces risk and supports the Group's strategy of reducing its cost of capital over time
- **Increased public awareness** of the Group in Ireland will be supportive of increased investor interest in the Group's shares
- Increased scale will help to develop **competitive advantages** for both the Group and its portfolio of SMEs
- The Group can provide its SME portfolio companies with some of the **benefits of listing without the costs**, such as a strong balance sheet that can support SMEs to secure opportunities that would not ordinarily be available to them
- **Increased access to industry-specific skills and experience:** investing in and partnering with Irish SMEs will also open-up opportunities to attract and execute various **capital markets transactions** (e.g. enabling an Irish SME to list in a low cost and strategic manner via a reverse takeover)

About the Management Team

Including Kollect, over the last twelve years the Group's management team have started-up / acquired / grown / invested in 14 Irish SMEs, with combined revenues of €26.5m in 2023 including Autofulfil.com, Schoolbooks.ie, Fettle.ie, DessertFirst.ie, Yung.ie and Adhknow.ie.

In addition, over the last 10 years Management has also generated approximately €15.1m of unrealized gains in Ireland by acquiring a small number of unloved commercial property assets and enhancing their value by improving their legal, financial and physical profiles. This has been achieved with almost no starting capital.

Our diverse team has skills and experience in a wide range of relevant areas including technology, recycling, waste, logistics, property, structuring, capital-raising, construction, deal-making, transaction execution, risk management, operational management, M&A, corporate finance and capital markets.

Comment from the Board of Directors

"We believe the Group is uniquely positioned to create value by acquiring stakes and supporting Irish SMEs, entrepreneurs and business owners across a wide range of industries in addition to the recycling, waste, technology, property and renewables sectors that the Group is already active in.

We strongly believe that this strategy will enable the Group to develop scale and competitive advantages in the Irish SME sector (which accounts for 99.8% of all companies in Ireland and 69.2% of Irish jobs).

In addition to attracting talent, opportunities and capital, we also believe that the Group's increased size and scale, that will result from the successful implementation of this expanded strategy, will enable it to better absorb the costs of being listed and reduce its blended cost of non-dilutive capital over time, two key strategic objectives of the Group.

With this in mind, we are delighted to recommend this expansion of the Group's Irish growth strategy to shareholders at the Group's AGM on 20 June 2024, together with a proposed change of name to Mashup Ireland AB to reflect our commitment to this strategy expansion."

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Kollect on Demand Holding AB's Certified Adviser is Mangold Fondkommission AB.

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Attachments

[Kollect on Demand Holding AB announces upcoming shareholder votes for expansion of its Irish strategy and change of name to Mashup Ireland AB](#)