Kollect on Demand Holding AB

INTERIM REPORT

APRIL - JUNE 2021

www.kollect.ie

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About Kollect

Founded in Waterford, Ireland, Kollect is an innovator and disruptor in the waste industry listed on the Nasdaq First North Growth Market (symbol: KOLL). Mangold Fondkommission AB is the Company's acting Certified Adviser (Tel. + 46 8 5030 1550, CA@mangold.se, www.mangold.se).

The Company services two types of customers: those who arrange to have waste collected (bins, skips and skip bags or junk removal) via the online Kollect booking engine; and those who use BIGbin smart compactor bins for waste drop-off.

The services include domestic door-to-door bin collection, commercial bin collection, skip (container) hire, skip bags and junk removal such as furniture and other large objects.

For more information, visit www.kollect.ie.

Kollect On Demand Holding AB ("Kollect") reports quarterly revenues of SEK 16.9 million, up 39% on Q2 2020 and gross profit up 46% for the same comparative period.

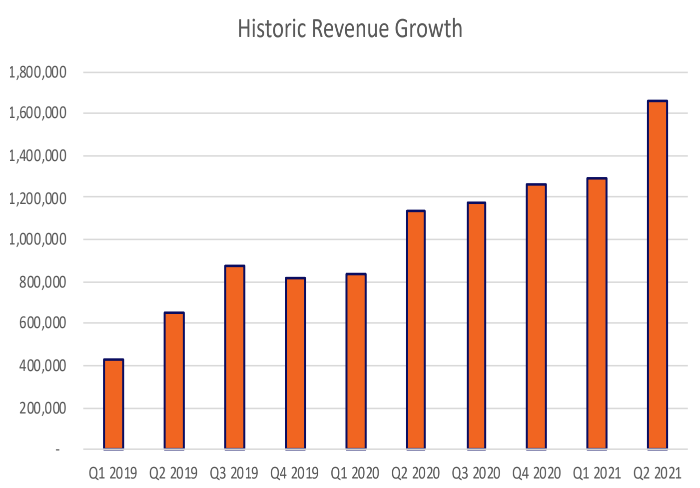
Waterford, Ireland – 10 Aug 2021, Kollect On Demand Holding AB (publ) ("Kollect" or the "Company"), (Nasdaq: KOLL), is pleased to publish its Interim Report for Q2 2021.

Highlights for the Quarter from 1 Apr 2021 to 30 Jun 2021

- Revenue in Q2 2021 was SEK 16.9 million, up 39% on Q2 2020 revenue of SEK 12.1 million and up 29% compared to Q1 2021 revenues of SEK 13.1 million. In operational currency terms, these increases were 46% and 29% respectively.
- Recurring revenue of SEK 9.5 million in Q2 2021 was up 73% compared to SEK 5.5 million in Q2 2020 and up 15% compared to SEK 8.3 million in Q1 2021.
- Gross profit in Q2 2021 amounted to SEK 6.3 million, up 46% compared to SEK 4.3 million in Q2 2020 and increased by 22% compared to SEK 5.1 million in Q1 2021.
- Gross margin for the Q2 2021 was 37%, compared to 38% in Q2 2020 and 39% in Q1 2021.
- Losses before tax amounted to SEK 2.8 million in Q2 2021, up from SEK 2.0 million in Q2 2020 and down from SEK 4.1 million in Q1 2021.
- The EBIDTA loss was SEK 1.9 million in Q2 2021 which was 11% of total revenue. This compared to SEK 1.3 million in Q2 2020, also 11% of revenue and SEK 2.9 million in Q1 2021, which was 22% of revenue.

CEO Comments

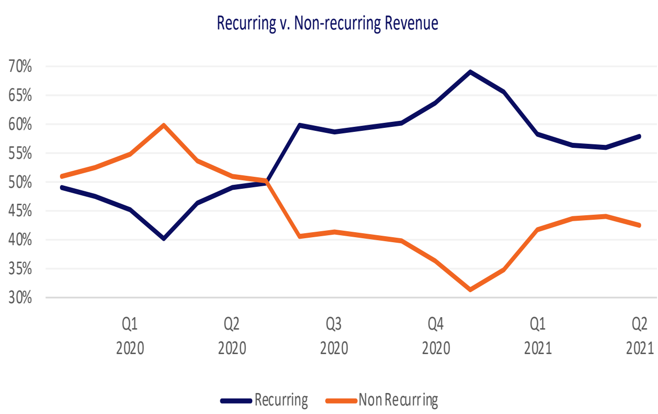
"The Second Quarter continued the strong start to 2021 and we maintained our track record of **consistent quarterly revenue growth**, (see Figure 1 below), which was particularly pleasing as we continued to **drive efficiencies across the business**. I am particularly pleased to present these figures given the challenging conditions presented to businesses and individuals worldwide throughout the past 18 months. We have been able to continue to grow whilst maintaining strong gross margins, and also to execute on our strategy which involves a high degree of focus on increasing recurring revenue, as can be seen in Figure 2 below.



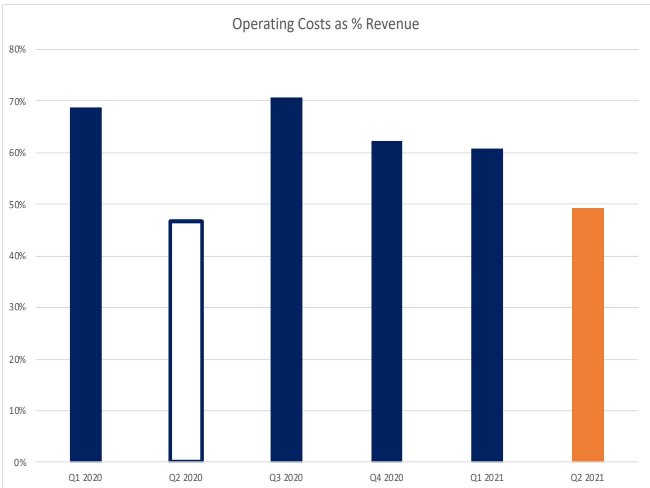
The increase in recurring revenue will be driven by BIGbin growth and our commercial customers.

I was understandably pleased that we were able to place an order for 10 new BIGbins during the Quarter, which we expect to take delivery of in H2 2021. This will support our growth in the future, as our acquisition in 2020 has accelerated our growth this year.

I am also thrilled that we have been able to continue to grow our offering to commercial clients who avail of our best-in-class reporting, centralised billing, single point of contact, and commercial app for ease of ordering. The investments that we have made, and will continue to make, in our commercial team and technology continue to pay dividends as we grow our customer base, and our offering to customers.

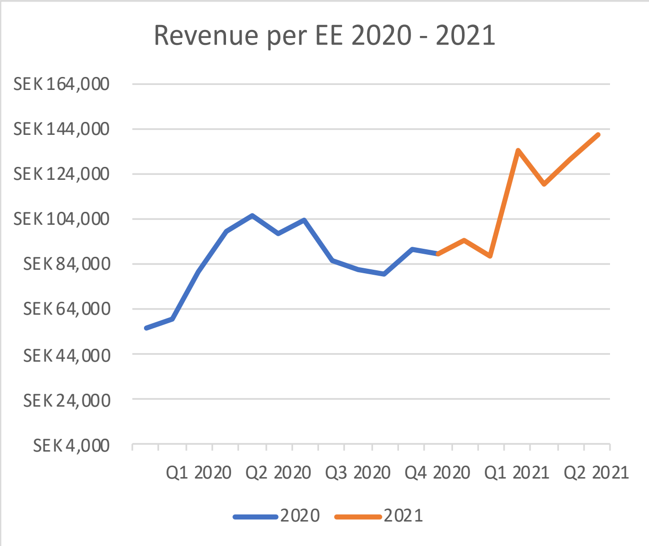


As a business, we keep a close eye on our costs constantly and seek efficiencies across the business as we scale. An important part of this is the optimization of digital advertising spend that we direct towards higher margin revenue streams. It can, however, be the case that our investments in driving customers to our platform organically (for example through Search Engine Optimization or 'SEO') are more successful than we would otherwise anticipate. This has a dual impact in that it can reduce our gross margin while improving our net margin. The gross margin is lower than anticipated because of the revenue mix where a higher proportion of our sales now come from low margin verticals. The net margin improves, however, as there is more gross profit which to contribute to overheads.



In the last quarter we have also implemented new IT systems, unique to our business which have allowed us to automate manual or routine tasks and implement smarter workflows. We will continue over the next year to optimise and improve our technology at the source of each process, driving self-service for all customers, reduced administrative and manual activities and increasing automation across the value chain. These systems also allow for better reporting tools, with real-time information. This investment in technology will help to support the Company's drive for cost control, an important measure of which is operating costs as a percentage of revenue. The historic performance of this metric, on a quarterly basis, can be seen above in Figure 3[1], and shows the improvement we are making. Revenue per employee ("EE") is another key indicator that we are growing in a sustainable way and is shown in Figure 4[2]. Whilst we expect invest further in our staff following the TO1 warrant raise in August as we execute our digital strategy, we expect to continue to improve our efficiencies on a per employee basis.

The TO1 Warrant Programme, which will complete on **Aug 20, 2021** when the subscription period closes, will further diversify our shareholder base and provide the capital to execute on our **2024 strategy.**



The next three years will include with large scale growth projects and go to market activities, supported by an M&A strategy. The team is capable of delivering on this plan and has demonstrated our ability to execute in the past.

Our 2024 strategy is built around 4 pillars, which will allow us to execute on our mission. These are:

Growth	Online	Technology	Efficiency
Organic growth through geograpic expansion and new products, supported by an M&A strategy	Driving business online and self-service for all customers and suppliers	Making sure technology is at the source of each process and customer relationship	Constantly improving cost effecitveness across the business

I am excited about what the future holds, and proud to lead the Company as we execute on this strategy.

Events in the Quarter

Trading in the period

The Company continued to operate normally throughout the Second Quarter as the strict COVID-19 restrictions in Ireland and the UK were gradually lifted.

Recurring revenues[3] were up 73% on Q2 2020 and also saw strong growth of 15% compared to Q1 2021, reflecting the focus on growing commercial business and BIGbin revenues in the quarter.

There was a lower increase in non-recurring revenues[4] of 11% versus prior year, driven by domestic skip collection and domestic junk removal and was also positive compared to Q1 2021.

During the quarter, the Company continued to focus on maintaining gross margins and achieved 37% compared to 38% in Q2 2020. This movement was largely attributable to the revenue mix, with higher than anticipated sales in low margin, non-recurring revenue verticals which lowered the overall gross margin, but increased top line revenue.

Key Figures

Key Figures (SEK '000s)	Q2 2021	Q2 2020	Q1 2021	H1 2021	H1 2020
Total Revenue	16,881	12,131	13,062	29,943	21,029
Cash	2,391	4,046	6,916	2,391	4,046
Profit/(loss) before tax	-2,761	-2,030	-4,019	-6,781	-4,780
Gross Profit	6,273	4,303	5,123	11,396	7,723
Total Gross Margin	37%	38%	39%	38%	37%

Revenue for Q2 2021 was up 39% compared with Q2 2020 and 29% compared with Q1 2021. In operational currency terms, however, revenue increased by 46% compared to the prior year.

Gross Profit was up 46% in Q2 2021 compared to Q2 2020 as a result of revenue growth and consistently, strong, gross margins. In operational currency terms, Gross Profit increased by 53% compared to Q2 2020.

The Loss Before Tax in Q2 2021 of SEK 2.8 million was up by SEK 0.8 million compared to Q2 2020. The EBITDA loss, however, increased from SEK 1.3 million in Q2 2021 to SEK 1.9 million in Q2 2021. As a percentage of revenues, EBITDA losses were flat at 11% on the prior year. However, there was a significant improvement compared to Q1 2021, during which period EBITDA losses were 22% of revenue.

Junk removal and skip (container) hire

In May, the Company started to provide a commercial nationwide Junk Removal service to Coillte, the State-owned commercial forestry company, removing rubbish that has been illegally dumped on its land, which aligns with the Kollect's ESG strategy of reducing the problem of illegal dumping.

As announced in the Q4 2020 report, the Company started to explore the potential for junk removal franchises in the Irish market to improve the supply-side. Kollect initially launched two pilot projects with franchisees towards the end of 2020 for Waterford and Carlow to assess feasibility. Given that these pilots went relatively well, Kollect awarded a second territory to one of the current franchisees, which was for Wexford.

In June, the Company announced its support for leading Irish children's' charity, Barnardos, by providing commercial services at a discounted rate. Kollect is providing waste removal and recycling services to Barnardos across the network of charity shops which they operate in Ireland. The charity shops also provide environmental benefits by reusing and recycling unwanted goods, which is aligned with Kollect's mission and business.

Since the Covid-19 restrictions have started to be lifted, the Company noticed some supply-side shortages due to higher demand and a shortage of drivers. The roll out of the Junk franchisees (see below) is expected to have a positive impact, however, on the supply of Junk services.

Waste Drop-Off

It was a relatively quiet operational quarter for the waste drop-off business as it continued to assimilate the sites acquired in Q3 2020. The growth through the acquistion was reflected in the increase in revenue from the BIGbin business, which was up by 50% in Q2 2021 compared to Q2 2020.

We opened a new BIGbin site in Portlaoise, Co Laois on May 3, 2021. As another site (Bunclody) closed for renovation and the compactor bins removed for refurbishment, however, the total number of sites was unchanged.

The Company also ordered 10 new BIGbins at a discount of approximately 15% to the list price. These bins are expected to be delivered later this year and will support the future growth of the BIGbin vertical.

Reorganisation of the bin collection business

In April, Kollect announced that it had set up a separate wholly-owned Irish subsidiary called Kollect Recycling and Waste Collection Limited ("KRWC"), which acquired the domestic and commercial bin collection business from Kollect On Demand Limited at book value.

KRWC became the operational company for the bin collection business in Ireland with effect from March 1, 2021. Kollect provides domestic and commercial bin collection services to over 5,000 customers in the Waterford City area. It offers domestic customers an annual contract or Pay-As-You-Go arrangement. Kollect has seen continued growth in its bin collection business in Ireland, with revenues up 29% in the twelve-month period from March 1, 2020 to February 29, 2021 compared to the prior twelve month period.

This growth was supported by high gross margins, in line with industry expectations. As with the successful re-organisation of the 'waste drop-off' business into BIGbin Waste Technology Limited in July 2020, the purpose of this re-organisation is to bring increased focus on and transparency to the economics of the bin collection business. It will also make it easier to raise funding specifically to support continued growth in this business by acquiring new customers and to grow the business by acquisition.

Sustainability

Under the "Irish Tech goes Carbon Neutral" programme, all collections made by Kollect are carbon neutral. The total kilometers of travel that were offset during the Quarter was 205,000 kms

Irish Government COVID-19 employment support payments

The Company continues discussions with the Revenue Commissioners regarding eligibility for Government employment support payments during Q2 and Q3 2020. While it is possible that the Revenue Commissioners will rule that Kollect was ineligible for some or all of these payments and seek repayment, the Company believes that it was eligible and is making its case.

Working Capital

The Company had also successfuly paid down €125K of its €500K rolling facility with InvoiceFair by the end of the Quarter. After the Quarter end, the Company received a new, fixed term loan of €750K from InvoiceFair, and paid down the €375K balance of the rolling facility.

Exchange Rate

The Company has also been negatively impacted for reporting purposes by exchange rates between Swedish Krona and the Euro in the year from Q2 2020 to Q2 2021.

Since the Quarter End

Covid-19 restrictions

Since the start of Q3 2021, the Irish Government has continued to ease the Covid-19 restrictions which had gradually started with the opening of all residential construction on April 12, 2021 followed by all other construction sites on May 4, 2021 along with many non-essential businesses. This easing should be extended to indoor catering and hospitality businesses in August.

Waste Drop-Off

In mid-July, the Company started to trial a new product aimed at motorhome and camping parks in a park in Waterford. The compactor bin, which is a modified version of the BIGbin, takes a reduced amount of waste per drop at a lower price. If the pilot goes well, it is intended to launch a marketing campaign to roll these bins out across more parks in 2022.

New Franchise Partners

Since the start of Q3 2021, the franchisee with two territories has agreed to purchase an additional three territories, taking the total number of territories under his operations to 5.

In addition, the Company has also sold two territories to two new partners, taking the total territories sold to eight.

Repayment of Rolling Finance Facility and new Fixed Loan Agreement

In July, the Company repaid its rolling finance facility with InvoiceFair, having paid down €500K of debt. The Company also announced a new debt raise of €750K. The new facility has an Annual Equivalent Rate ('AER') which is 25% lower than the previous facility which has been repaid. It amortises over 24 months, with a monthly repayment of €36,000, and provides the Company with a structured exit from its obligations to InvoiceFair. The new facility also allows for early repayment with no penalty fees.

Block Sale of Warrants

On Jul 12, 2021 the Company announced that a syndicate of private investors, led out of Iceland, had acquired a block of 400,000 TO1 warrants at a price of 2 SEK per warrant, from a small group of sellers.

The block is equal to 10.83% of total warrants issued and, were all of the TO1 warrants in the programme to be exercised in August 2021, the aforementioned block would represent a 4.18% holding of the Company's total number of shares.

For further information, please contact:

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Recurring and non-recurring revenue breakdown

- Recurring revenue in Q2 2021 was 74% up on Q2 2020. The growth in recurring revenue reflects the Company's strategic focus on recurring revenue, ahead of non-recurring revenue, as well as the successful integration of the BIGbin acquisition, which was completed in Q4 2020.
- Non-recurring revenue increased 11% for the same comparative period.
- In the operational currency, the variances for Recurring revenue and Non-recurring revenue are 82% and 16% respectively.

Revenue Breakdown (SEK '000s)	Q2 2021	Q2 2020
Recurring	9,539	5,505
Non-Recurring	7,342	6,626
Total Revenue	16,881	12,131

Costs

- The Company incurred expenses of SEK 9.1 million in Q2 2021, which compared to SEK 9.1 million in Q1 2021 and SEK 6.3 million in Q2 2020. The Company's cost base in Q2 2020 was also suppressed because of extreme cost cutting, unsustainable in the long term, in response to the COVID pandemic.
- The Company continued to invest in its digital marketing and advertising spend, though continues to optimize these for higher margin verticals.
- The Company also doubled the size of its Waste Drop Off business in Q4 2020 which has an impact on the depreciation charge for the Company, though this is a non-cash cost. Further, during Q1, the Company also procured new loans from Formue Nord for which interest costs were applied in Q2 2021, which were not applied in Q2 2020.
- The Company continued its policy to invest in developing its technology, the expenses of which are not capitalized, but instead are recorded on the income statement.

Financial Information

Accounting policies

Kollect On Demand Holding AB (publ)'s consolidated financial statements as of and for the three month period ended 30 June 2021, have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

For the Company, this Interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. All amounts in this report are presented in SEK, unless otherwise stated. Rounding differences may occur.

Exchange Rates

The exchange rates used in this report are sourced from the European Central Bank. The primary operating currencies of the group companies are Euro for Irish operating entities and GBP for the UK operating entity. Figures in this report are reported in SEK. Movements in exchange rates may be favourable or unfavourable for reporting purposes, but as SEK is not the operational currency for the Company, foreign exchange movements do not have a material impact on the operations of the business.

Auditor Review

The figures in this report have not been audited by the Company's auditor, unless otherwise stated.

Next report

The next interim report that will be published will be for Q2 2021 on 8th November 2021.

Income Statement

SEK '000	Q2 2021	Q2 2020	H1 2021	H1 2020	FY 2020
Revenue	16,881	12,132	29,943	21,029	46,141
Cost of Sales	(10,607)	(7,829)	(18,546)	(13,306)	(28,534)
Gross Profit	6,273	4,303	11,396	7,723	17,607
Operating Expenses	(9,133)	(6,349)	(18,276)	(12,679)	(30,909)
Other Income	99	16	99	176	1,266
Other Expenses	-	-	-	-	-
Loss for the period before tax	(2,761)	(2,030)	(6,781)	(4,780)	(12,036)
Tax expense	-	-	-	-	-
Total Loss for the period	(2,761)	(2,030)	(6,781)	(4,780)	(12,036)
Number of shares outstanding at period close	5,885,610	4,985,610	5,885,610	4,985,610	5,885,610
Earnings per share at the end of period (SEK)	(0.47)	(0.41)	(1.150	(0.96)	(2.04)
Number of shares outstanding after the dilution impact of warrants	9,578,415	4,985,610	9,578,415	4,985,610	9,578,415
Earnings per share after dilution impact of warrants (SEK)	(0.29)	(0.41)	(0.71)	(0.96)	(1.26)

Balance Sheet

SEK '000	Jun -21	Jun- 20	Dec-20
Fixed Assets	12,483	6,674	12,415
Trade and other receivables	6,871	3,513	4,335
Bank and Cash	2,391	4,046	2,351
Total Current Assets	9,261	7,559	6,686
Trade and other payables	29,375	14,987	19,164
Long Term Liabilities	2,362	3,415	3,148
Total Liabilities	31,737	18,403	22,312
Net Assets	(9,993)	(4,170)	(3,211)
Equity	(9,993)	(4,170)	(3,211)

Cash Flow

SEK '000	Q2 2021	Q2 2020	H1 2021	H1 2020	FY 2020
Loss after Tax	(2,761)	(2,030)	(6,780)	(4,780)	(12,035)
Finance costs	381	413	1,063	444	1,164
Depreciation	502	491	993	631	1,146
Amortization	40	85	80	127	208
Trade & Other receivables	(1,050)	304	(2,350)	1,015	2,071
Trade & other payables	638	2,228	1,704	(4,279)	10,247
Net Cash from Operating Activities	(2,250)	1,490	(5,290)	(6,842)	2,801
Payment for intangible assets	-	-	(25)	(35)	(155)
Payment for PPE	(415)	(199)	(514)	(1,740)	(8,963)
Net Cash Flows from Investing Activities	(415)	(199)	(538)	(1,775)	(9,118)
Proceeds from Issue of Share Capital	-	-	-	15,201	8,734
Movement in finance leases	(408)	(373)	(495)	(550)	256
Movement in bank loans	140	(129)	8,541	(3,405)	(3,642)
Movement in other loans	-	-	-	-	2,972
Movement in rolling finance facility	(1,414)	1,566	(1,155)	(1,038)	471
Interest paid	(381)	(413)	(1,063)	(444)	(1,034)
Net Cash Flows from Financing Activities	(2,063)	651	5,827	9,764	7,757
Differences relating to Foregin Exchange	203	(225)	41	(405)	(4)
Net increase/(decrease)	(4,525)	1,717	40	3,131	1,436
Opening Cash	6,916	2,315	2,351	915	915
Closing Cash	2,391	4,032	2,391	4,046	2,351

Statement of Changes in Equity

SEK '000s	Share Capital	Share Premium	Retained Earnings	Total Shareholders Equity
Ending Balance as of 31 December 2019	1,230	10,740	(11,570)	400
Registration of additional shares	210			210
Total Group Loss			(4,780)	(4,780)
Ending Balance at 30 June 2020	1,440	10,740	(16,350)	(4,170)
Ending Balance as of 31 December 2020	1,471	26,954	(31,637)	(3,211)
Total Group Loss			(6,781)	(6,781)
Ending Balance as of 30 June 2021	1,471	26,954	(38,418)	(9,993)

Endnotes

1 The Q2 2020 figures are noticeable low as a result of the COmpany's immediate response to the Coronavirus pandemic and swift cost cutting which was implemented.

2 This is calculated by taking total operating costs less depreciation, amortization and finance costs. There has been no tax expense during these periods.

3 Domestic and Commercial Bins, Commercial Skip Hire, Commercial Junk Removal and BIGbin.

4 Domestic Skip Hire, Skip Bags and Domestic Junk Removal in Ireland and the UK