

Kollect on Demand Holding AB enters into an agreement to acquire Mashup Plc. and resolves on an issue in kind

Kollect on Demand Holding AB (publ) (the "Company" or "Kollect") has today entered into an agreement to acquire all the shares in Mashup Plc ("Mashup") by making payment in the form of newly issued shares in the Company (the "Transaction"). Mashup owns a 78-acre property in Ireland with planning permission for a recycling facility for up to 25,000 tonnes per annum and planning permission for a 4MW solar farm that could be utilized to power the recycling facility. The board of directors of Kollect has today resolved on an issue in kind directed to the shareholders of Mashup with payment in the form of non-cash consideration consisting of all the shares in Mashup. The resolution on the share issue is conditional on the approval by an extraordinary general meeting of the Company and the Transaction is conditional on the (i) completion of a satisfactory due diligence, (ii) an extraordinary general meeting in the Company approving the Transaction, and on (iii) Longford Acquisition Limited and VE Energy Limited, sellers of Mashup (the "Sellers") and both controlled by Andrew Byrne, board member of Kollect, receiving conditional exemption from the obligation to submit a public takeover offer for all shares in the Company from the Swedish Securities Council. Notice of the extraordinary general meeting will be published through a separate press release.

The Transaction in brief

- Kollect has entered into an agreement to acquire all the shares in Mashup for a purchase price of approximately SEK 87.7 million. The purchase price is to be paid with a total of 50,113,986 newly issued shares in the Company (the "Consideration Shares") for which payment shall be made in the form of non-cash consideration consisting of all the shares in Mashup. The board of directors' resolution on the share issue is conditional upon approval by an extraordinary general meeting in the Company.
- The number of Consideration Shares has been calculated using a share price of SEK 1.75 per share, which represents an approximate 25 per cent premium in relation to the closing share price on Thursday 22 February 2024 (SEK 1.40) and a premium of 24 per cent over the VWAP for the 10 trading days ending on Thursday 22 February 2024 (SEK 1.41).
- Following the issue of the Consideration Shares at the extraordinary general meeting, Kollect's existing shareholders will hold approximately 16 per cent of the shares in the Company and the Sellers will hold approximately 84 per cent in the Company.
- The Transaction is conditional on the completion of a satisfactory due diligence, the extraordinary general meeting of Kollect resolving to carry out the Transaction, and on the Sellers receiving conditional exemption from the obligation to submit a public takeover offer for all shares in the Company from the Swedish Securities Council.
- The extraordinary general meeting to resolve the Transaction is expected to be held on 27 March 2024. The largest shareholder of Kollect, John O'Connor, who holds 22 per cent of the votes has agreed to enter into customary voting undertakings regarding the proposals to be put forward in connection with the Transaction.

- The Company has received consent on the Transaction from its lender Beach Point Capital, which also confirms that the debt financing condition to delist from the Nasdaq First North Growth Market, which was announced through the Company's press release on 4 September 2023, shall be waived upon completion of the Transaction.
- The Company has engaged with Nasdaq to confirm that the Transaction does not trigger any relisting process requirements at this time.
- Upon completion of the Transaction, the Sellers have agreed to enter into a 12 month lock up agreement for the Consideration Shares received.

Information about Mashup

Mashup owns a 78-acre property in Ireland that has planning permission for a recycling facility of 25,000 tonnes per annum and planning permission for a 4MW solar farm on 19-acres of its land. In addition, the property also has planning permission for a 40MW battery farm, a 38kv electrical substation, 7.5-acres of industrial warehousing, a 2-acre truck park and two large man-made lagoons of approximately 0.5 acres each. There are no staff in Mashup.

The property has been independently valued at EUR 10.4 million by Kroll, LLC. in April 2023 (kroll.com) and is financed by a secured property loan with a net amount outstanding of EUR 2.8 million. No repayments are due on the secured property loan until October 2025. The net assets of Mashup are approximately EUR 7.8 million (SEK 87.7 million). The cash balance in Mashup is currently EUR 320 thousand.

Mashup is currently beneficially majority-owned by Andrew Byrne who has been a director of Kollect since May 2022 and the second largest shareholder in the Company since August 2021. Andrew Byrne has recused himself from any discussions with the board of directors in relation to the proposed Transaction and has not voted in the board meeting to approve this Transaction proceeding to a shareholder vote.

Description of the Transaction

The Company has been looking for opportunities in the physical recycling and waste industry. The acquisition of Mashup will provide the Company with a very substantial freehold property that has the necessary planning permissions to support this expansion.

In addition to creating new opportunities for the Company, the Transaction will also result in the Company's net assets increasing by approximately SEK 87.7 million. The directors expect this significant improvement to the Company's balance sheet will reduce the Company's financial risk and will position the Company to secure lower cost financing in the future.

The purchase price is to be paid with a total of 50,113,986 Consideration Shares for which payment shall be made in the form of non-cash consideration consisting of all the shares in Mashup. The board of directors has today, subject to the approval of a subsequent extraordinary general meeting, resolved on the issue of the Consideration Shares directed to Longford Acquisitions Limited and VE Energy Limited (both controlled by Andrew Byrne), the sellers of Mashup. The Consideration Shares shall be subscribed for at a price of SEK 1.75 per share, corresponding to a value of SEK 87,699,475. The subscription price corresponds to a premium of approximately 25

per cent in relation to the closing price of the Company's share on Nasdaq First North Growth Market on 22 February 2024, and a premium of approximately 24 per cent in relation to the volume-weighted average price (VWAP) for the Company's share on Nasdaq First North Growth Market during a period of ten trading days up until 22 February 2024.

The Sellers have agreed to enter into a lockup undertaking regarding the Consideration Shares received as a result of the Transaction for a period of 12 months following completion of the Transaction.

The Transaction is conditional on the completion of a satisfactory due diligence, the extraordinary general meeting of Kollect resolving to carry out the Transaction, and on the Sellers receiving conditional exemption from the obligation to submit a public takeover offer for all shares in the Company from the Swedish Securities Council.

The Company has received consent on the Transaction from its lender Beach Point Capital, which also confirms that the debt financing condition to delist from the Nasdaq First North Growth Market, which was announced through the Company's press release on 4 September 2023, shall be waived upon completion of the Transaction.

It is the board of directors' assessment that the terms and conditions of the acquisition are on market terms, which is also motivated by the independent valuation prepared by Kroll, LLC. on behalf of the board of directors, which confirms that the consideration paid by the Company is fair from a financial perspective for the Company and its shareholders. The acquisition is expected to close in the end of March 2024.

Comment from the CEO

I am delighted to present this acquisition opportunity to the shareholders of Kollect. Whilst we have fundamentally been a technology business, the acquisition of Mashup PLC provides additional security through the physical assets acquired whilst improving the financial strength of the company through its net asset position.

Furthermore, I believe that the transaction provides a strong upside for shareholders. In addition to the benefits outlined above, the transaction has been completed at a more than 20% premium to our share price. The requirement to delist, which was a part of our debt financing raised in Q3 2023, will also be removed from the debt financing arrangement, upon completion of the Transaction.

As the largest single shareholder in the Company at the moment, I strongly support this transaction and hope my fellow shareholders will do the same at the EGM.

John O'Connor, Founder and CEO of Kollect

Ownership structure following the Transaction and changes in the amount of shares and share capital

The proposed Transaction will significantly increase the number of shares outstanding in the Company as payment for all the shares in Mashup will be made through a non-cash issue of new shares in Kollect on Demand Holding AB to the Sellers. Following the Transaction, the Sellers will hold approximately 86 per cent of the shares and votes in the Company and the current shareholders of the Company will hold approximately 14 per cent of the shares and votes of the Company.

Exemption from mandatory bid requirements

Through the Transaction, the Sellers, will acquire an ownership stake in the Company equivalent to at least 30 percent of the total voting rights for the total number of shares in the Company. The Sellers will be applying for conditional exemption from the Swedish Securities Council regarding the obligation to submit a public takeover offer for all shares in the Company, which the Sellers would otherwise be subject to, pursuant to applicable takeover rules for certain trading platforms. The exemption from the mandatory bid requirement will be conditional on the Transaction being approved by a shareholders' meeting in the Company with a two-thirds majority.

Extraordinary general meeting

The Company's acquisition of Mashup will be subject to the approval of the extraordinary general meeting of the Company expected to be held on 27 March 2024. This includes an approval on the board of directors' resolution to issue the Consideration Shares issue as well as a resolution on changes to the articles of association that are necessary to facilitate the issue of the Consideration Shares.

Shares, share capital and dilution

Provided that the extraordinary general meeting resolves to approve the Transaction, the share capital will increase by approximately SEK 12,528,497 from SEK 2,382,855.5 to SEK 14,911,352.5, increasing the number of shares from 9,531,422 to 59,645,408. The dilution effect for existing shareholders amounts to approximately 84 per cent.

Advisors

Eversheds Sutherland Advokatbyrå AB has acted as legal advisor to the Company in connection with the Transaction in Sweden and Kiely Solicitors has acted as legal advisor to the Company in Ireland. Bird & Bird Advokat KB has acted as legal advisor to Mashup in connection with the Transaction in Sweden and O'Connor Solicitors has acted as legal advisor to Mashup in Ireland.

For additional information, please contact

Jamie Walsh, CFO
Phone: [+353] 85 871 9756
E-mail: jamie@kollect.ie

Kollect on Demand Holding AB's Certified Adviser is Mangold

This information is information that Kollect on Demand is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2024-02-23 18:31 CET.

Attachments

[Kollect on Demand Holding AB enters into an agreement to acquire Mashup Plc. and resolves on an issue in kind](#)