

# Kollec on Demand Holding AB

INTERIM REPORT

JANUARY - SEPTEMBER 2021





## 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](mailto:CA@mangold.se), [www.mangold.se](http://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](http://www.kollect.ie).



Kollect On Demand Holding AB (publ) (“Kollect”) reports quarterly revenues of SEK 19.2 million, up 58% on Q3 2020 and gross profit up 59% for the same comparative period.

Waterford, Ireland – Nov 8 2021, Kollect On Demand Holding AB (publ) (“Kollect” or the “Company”), (Nasdaq: KOLL), is pleased to publish its Interim Report for Q3 2021.

## Highlights for the Quarter

- Revenue in Q3 2021 was SEK 19.2 million, up 58% on Q3 2020 revenue of SEK 12.1 million and up 14% compared to Q2 2021 revenues of SEK 16.9 million. In operational currency terms, these increases were 62% and 11% respectively.
- Recurring revenue of SEK 11.2 million in Q3 2021 was up 66% compared to SEK 6.7 million in Q3 2020 and up 18% compared to SEK 9 million in Q2 2021.
- Gross profit in Q3 2021 amounted to SEK 6.9 million, up 59% compared to SEK 4.3 million in Q3 2020 and increased by 10% compared to SEK 6.3 million in Q2 2021.
- Gross margin for the Q3 2021 was 36%, compared to 36% in Q3 2020 and 37% in Q2 2021.
- The EBITDA loss was reduced from SEK 3.6 million in Q3 2020 to SEK 2.9 million in Q3 2021. As a percentage of revenue, the EBITDA loss was 15% in Q3 2021 which was lower than Q3 2020 when the EBITDA loss was 30% of revenue.
- The Company successfully executed its T01 warrant programme with a 99% subscription rate, raising more than SEK 30 million in gross proceeds.
- The Company paid down short term debt of more than SEK 7 million to Formue Nord and made an early repayment of €250 thousand against its term loan with InvoiceFair.

# CEO Comments

## Operational and financial performance

“The Company continued the strong operational and financial performance through Q3 2021, as we maintained our track record of consistent quarterly revenue growth (see Figure 1 below), at both a quarter-on-quarter level, but also significantly compared to the prior year.

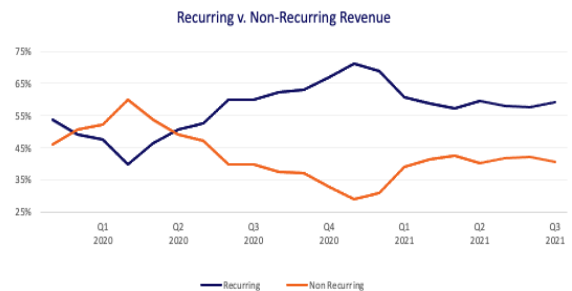


To have grown revenues at 58%, and to have done so in a cost efficient manner, is something in which I take particular pride. At the same time, we retained strong gross margins and executed on our strategy with a consistent focus on increasing recurring revenue (see Figure 2 below).

As a business, we continued to keep costs under control and seek efficiencies constantly across the business as we scale. An important part of this is the continuous investment in technology, both front and back end, that we believe will continue to

support the growth of the business in an efficient manner.

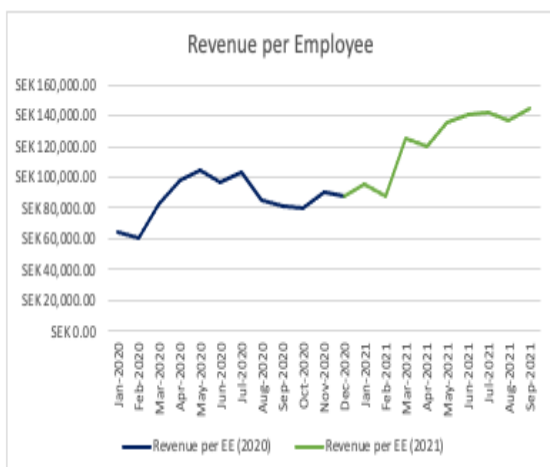
In the last quarter, we have also implemented new IT systems unique to our business which have allowed us to automate manual or routine tasks and implement smarter workflows, including integrations with the suppliers on our platform. Further to the operational benefits of the new systems, they also allow for better reporting tools with real-time information.



## Improved efficiency

As mentioned above, the Company is always looking to become ever more efficient. A key indicator by which we measure the improvement is the revenue per employee as shown in Figure 3 below. That we are able to improve this metric without sacrificing growth or the quality of our team positions us well for the future. Indeed, we are continuing to invest in our staff to bring expertise inhouse and to execute our digital strategy.

The roll out of our technology to our customers through the commercial app and automation with suppliers and internally through our new systems will support us as we continue to grow in an efficient manner.



## T01 Warrant program

My commentary on Q3 would not be complete without discussing the success of the T01 Warrant Program in August 2021. The subscription rate of 99% shows the belief in our mission and team from both Irish and Nordic investors. I am pleased to welcome a number of new investors to the Company, and was delighted that a number of existing investors increased their holdings. The success of the warrant program provides us with a diversified capital base, bringing in a range of new shareholders, and also provides the capital to execute on our 2024 strategy.

## 2024 Strategy

As set out in the Q2 2021 report, the 2024 strategy is built around 4 main pillars. These are:

<b>Growth</b> Organic growth through geographic expansion and new products, supported by an M&A strategy	<b>Online</b> Driving business online and self-service for all customers and suppliers	<b>Technology</b> Making sure technology is at the source of each process and customer relationship	<b>Efficiency</b> Constantly improving cost effectiveness across the business
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## Events in the Quarter

### Trading in the period

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

Recurring revenues were up 66% on Q3 2020 and also saw strong growth of 18% compared to Q2 2021, reflecting the focus on growing commercial business and BIGbin revenues in the Quarter.

There was a lower increase in non-recurring revenues of 48% versus prior year, driven by domestic skip collection and domestic junk removal and was also up 9% compared to Q2 2021.

During the Quarter, the Company continued to focus on maintaining gross margins and achieved 36%, which was on par with 36% in Q3 2020. This outcome was largely attributable to the revenue mix.



## Key Figures

Key Figures (SEK '000s)	Q3 2021	Q3 2020	Q2 2021	YTD 2021	YTD 2020
Total Revenue	19,217	12,167	16,881	49,160	33,196
Cash	16,173	10,147	2,391	1,705	10,147
EBITDA	(2,906)	(3,641)	(1,837)	(7,630)	(7,346)
Gross Profit	6,927	4,350	6,273	18,323	12,073
Total Gross Margin	36%	36%	37%	37%	36%

Revenue for Q3 2021 was up 58% compared with Q3 2020 (prior year) and 14% compared with Q2 2021 (prior quarter). In operational currency terms, however, revenue increased by 62% compared to the prior year.

Gross Profit was up 59% in Q3 2021 compared to Q3 2020 as a result of revenue growth and consistently strong gross margins. In operational currency terms, Gross Profit increased by 63% compared to Q3 2020.

The EBITDA loss, however, also reduced from SEK 3.6 million in Q3 2020 to SEK 2.9 million in Q3 2021. As a percentage of revenue, the EBITDA loss was 15%, which was lower than Q3 2020 when the EBITDA loss was 30% of revenue.

### Junk removal and skip (container) hire

In the Q2 2021 report, the Company announced that, following successful pilot projects with franchises in two areas, that one of those franchisees had been awarded a second area. The Company has continued to build successfully on the franchise programme, and has now awarded seven territories in total to a number of new franchisees with a strong pipeline of vetted parties to follow.

The Company's Junk Franchise programme brings a number of advantages to the Company within its primary market of Ireland, where supply in the market is less competitive than in the UK market. These include:

- growth of brand awareness with junk vans and trucks branded with Kollect livery;
- retention of pricing power;
- more control over the customer journey and operating procedures to ensure a smooth customer experience;
- recruitment, retention and management of drivers, employees, staffing etc. outsourced to franchise owners;
- reliable service from trained partners; and
- an ability to recharge Kollect software costs to franchisees, opening up new revenue streams.

## Waste Drop-Off

During the Quarter, the Company's wholly-owned subsidiary for waste drop-off operations, BIGbin Waste Technology Limited ("BIGbin") launched new sites in Newport (Co. Tipperary), Ardmore Camp Site (Co. Waterford) and in Newcastle, Galway. This brought the number of operational sites up to 34 and extended waste drop-off operations into another Irish city.

In September 2021, BIGbin placed an order for an additional 10 new compactor bins with the most up-to-date technology installed in them. The new compactor bins, which will be funded from existing cash resources, will be delivered in time to support the roll out of new BIGbin sites in Q1 2022.

In the trading update for September 2021, the Company stated that while revenues for the month were up 82% from September 2020, they were down 25% compared to August 2021 as the holiday season came to an end and holiday homes were vacated.

In relation to the month-on-month movement in revenues, the Company would point out that:

(i) BIGbin acquired 12 additional sites in November 2020 (following the acquisition of another compactor bin business) that weren't included in the BIGbin revenues for September 2020. A number of these (such as Fethard-on-Sea and Gorey), are located in areas with large numbers of holiday rental and second homes;

(ii) BIGbin also opened a new location in Ardara, Co. Donegal, which also catered for many holiday rental and second homes in that area; and

(iii) BIGbin trialled a bin on a camping site in Ardmore, Co Waterford, for July, August and September 2021.

While these additional sites accounted for much of the 82% increase in revenues between September 2020 and September 2021, they have also increased the exposure of BIGbin to the seasonal effects of business from holiday-makers renting holiday homes, in camper vans and on mobile home sites, as well as second home owners.

The expected decline in waste drop-off from holiday-makers and second homes in these locations accounts for the decline in gross revenues from BIGbin sites between August and September 2021.

It should also be said that Covid-19 restrictions had little or no impact on trading at these sites or on revenue comparables in recent months, as those restrictions were lifted early in the holiday season.

## 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 226,000 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.



## Balance Sheet and working capital

The Company took a number of important steps to strengthen the balance sheet and improve its working capital requirements during the Quarter.

First, the Company moved to refinance relatively expensive debt with a lower cost facility in the form of a new fixed-term loan of €750 thousand from InvoiceFair in early July. In addition to cheaper and increased financing from InvoiceFair, it gives the Company an exit from the debt arrangements with them in a gradual and measured way over two years.

The new facility replaced the Company's previous facility of revolving 4 monthly invoice trading facilities of €125 thousand each (totalling €500 thousand) with a two-year amortising term loan for €750 thousand. It has an Annual Equivalent Rate ('AER') of 6.75%, which is 2.25 percentage points lower than the AER of 9% on the previous facility.

Secondly, Kollect strengthened the balance sheet by raising new equity in late August with completion of the T01 Series warrant program. In total, 3,645,812 warrants were exercised, corresponding to approx. 98.7% of the total number of outstanding warrants of series T01, at a subscription price of SEK 8.28 per share. Kollect received approximately SEK 30.2 million before issuing costs. The share capital increased by 911,453.00, from SEK 1,471,402.50 to SEK 2,382,855.50. For existing shareholders who did not exercise warrants, the dilution was approx. 38.3%.

Finally, the Company used some of the proceeds to reduce debt levels. First, the Company repaid SEK 7 million of debt financing from Formue Nord. Secondly, as there are no penalties for early repayment of the InvoiceFair loan, the Company opted to pay down €250 thousand in a bullet repayment before the end of the Quarter. These repayments further strengthened the balance sheet by reducing the level of indebtedness significantly.

The Company intends to use the balance of the proceeds of the capital raise to execute on its 2024 strategy.

## Exchange Rate

The Company has also been negatively impacted by exchange rates between Swedish Krona and the Euro in the year from Q3 2020 to Q3 2021. For example, in operational currency terms, revenues for Q1-Q3 2021 are 54% higher than the same period in 2020, while in SEK terms, revenues are 48% higher for the same period.

## Share register

Name	Country	Holding(s)	Holding (%)	Votes (%)
JOHN O'CONNOR	IRELAND	2,086,062	22%	22%
ENTREPRENEUR SUPPLIES LIMITED	IRELAND	1,489,880	16%	16%
JOHN PHILIP HEGARTY	IRELAND	473,421	5%	5%
CLEARSTREAM BANKING S.A.	LUXEMBOURG	450,600	5%	5%
ROBBIE WILLIAM SKUSE	IRELAND	428,508	4%	4%
FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	SWEDEN	363,346	4%	4%
JAN NUTZMAN	SWEDEN	336,957	4%	4%
FORMUE NORD FOKUS A/S	DENMARK	266,319	3%	3%
ROBERT MICHAEL O'KEEFFE	IRELAND	222,318	2%	2%
FRANK OLOF ASCHBERG	SWEDEN	220,000	2%	2%

Entrepreneur Supplies Limited ("ESL") is now the second largest shareholder in Kollect. The beneficial owner of ESL is a strong supporter of the Company's management, having initially invested in the Company during the IPO and subsequently increased the position in the Company significantly by purchasing and exercising warrants as part of the TO1 Warrant Program.

## Since the Quarter End

### Trading since the Quarter

In line with previous months, trading in October 2021 has continued to be strong and show year-on-year increases.

### Covid-19 restrictions

Since the start of Q3 2021, the Irish Government has been easing the Covid-19 restriction gradually, with practically all restrictions lifted at this point.

### Waste drop-off

Since the end of the Quarter, BIGbin has brought two new bins into operation in October with eight more due to be delivered over the rest of Q4 2021. These new bins have gone to existing sites to replace older bins that will now be re-conditioned and put back out on sites as recycling bins.

For further information, please contact:

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## Recurring and non-recurring revenue breakdown

- Recurring revenue in Q3 2021 was 66% up on Q3 2020, which reflected the Company's strategic focus on recurring revenue ahead of non-recurring revenue.
- Non-recurring revenue increased 48% for the same comparative period.
- In the operational currency, the variances for Recurring revenue and Non-recurring revenue are 66% and 49% respectively.

Revenue Breakdown (SEK '000s)	Q3 2021	Q3 2020	
Recurring	11,217	6,789	+66%
Non-Recurring	8,000	5,398	+48%
Total Revenue	19,217	12,167	+58%

## Costs

- The Company incurred expenses of SEK 10.7 million in Q3 2021, which compared to SEK 9.1 million in Q2 2021 and SEK 8.5 million in Q3 2020.
- The Company incurred one-off transactional costs in the Quarter relating to the T01 Warrant Program and also re-financing the InvoiceFair loan facility.
- The Company continued to invest in its digital marketing and advertising spend, though continues to optimize these for higher margin verticals.
- As the Company doubled the size of its Waste Drop-Off business in Q4 2020, this has had an impact by increasing the depreciation charge for the Company (though this is a non-cash cost).
- 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 September 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 Q4 2021 on 14th February 2022.

## Income Statement

SEK '000	Q3 2021	Q3 2020	YTD 2021	YTD 2020	FY 2020
Revenue	19,217	12,167	49,160	33,196	46,141
Cost of Sales	(12,289)	(7,817)	(30,835)	(21,123)	(28,534)
Gross Profit	6,927	4,350	18,324	12,073	17,607
Operating Expenses	(10,715)	(8,464)	(28,991)	(21,143)	(30,909)
Other Income	0	62	99	238	1,266
Other Expenses	-	-	-	-	-
Loss for the period before tax	(3,787)	(4,052)	(10,567)	(8,832)	(12,036)
Tax expense	-	-	-	-	-
Total Loss for the period	(3,787)	(4,052)	(10,567)	(8,832)	(12,036)
Number of shares outstanding at period close	9,531,422	5,885,610	9,531,422	5,885,610	5,885,610
Earnings per share at the end of period (SEK)	(0.40)	(0.69)	(1.11)	(1.50)	(2.04)
Number of shares outstanding after dilution impact (SEK)	9,531,422	9,578,415	9,531,422	9,578,415	9,578,415
Earnings per share after dilution impact of warrants (SEK)	(0.40)	(0.42)	(1.11)	(0.92)	(1.26)
Average number of shares during the period	6,717,806	5,885,610	6,166,057	5,885,610	5,885,610
Earnings per average number of shares (SEK)	(0.56)	(0.69)	(1.71)	(1.50)	(2.04)

## Balance Sheet

SEK '000	Sep -21	Sep- 20	Dec-20
Fixed Assets	12,366	8,193	12,415
Trade and other receivables	8,566	7,113	4,335
Bank and Cash	16,173	10,147	2,351
Total Current Assets	24,758	17,260	6,686
Trade and other payables	15,339	20,077	19,164
Long Term Liabilities	6,957	3,404	3,148
Total Liabilities	22,295	23,481	22,312
Net Assets	14,829	1,972	(3,211)
Equity	14,829	1,972	(3,211)

## Cash Flow

SEK '000	Q3 2021	Q3 2020	YTD 2021	YTD 2020	FY 2020
Loss after Tax	(3,788)	(4,052)	(10,568)	(8,832)	(12,035)
Finance costs	517	301	1,580	745	1,164
Depreciation	504	110	1,497	741	1,146
Amortization	40	41	120	168	208
Trade & Other receivables	(1,715)	(248)	(4,065)	767	2,071
Trade & other payables	(1,413)	(908)	291	(2,797)	10,247
<b>Net Cash from Operating Activities</b>	<b>(5,855)</b>	<b>(4,756)</b>	<b>(11,145)</b>	<b>(9,208)</b>	<b>2,801</b>
Payment for intangible assets	-	-	(25)	(35)	(155)
Payment for PPE	(356)	(1,248)	(870)	(2,988)	(8,963)
<b>Net Cash Flows from Investing Activities</b>	<b>(356)</b>	<b>(1,248)</b>	<b>(895)</b>	<b>(3,023)</b>	<b>(9,118)</b>
Proceeds from Issue of Share Capital	28,609	8,504	28,609	23,705	8,734
Movement in finance leases	(408)	1,038	(903)	488	256
Movement in bank loans	(3,138)	(160)	5,403	(3,565)	(3,642)
Movement in other loans	(42)	2,850	(42)	2,850	2,972
Movement in rolling finance facility	(3,923)	254	(5,078)	(784)	471
Interest paid	(517)	(301)	(1,580)	(745)	(1,034)
<b>Net Cash Flows from Financing Activities</b>	<b>20,581</b>	<b>12,185</b>	<b>26,409</b>	<b>21,949</b>	<b>7,757</b>
Differences relating to Foreign Exchange	(588)	(81)	(547)	486	(4)
<b>Net increase/(decrease)</b>	<b>13,782</b>	<b>6,101</b>	<b>13,822</b>	<b>9,232</b>	<b>1,436</b>
Opening Cash	2,391	4,046	2,351	915	915
Closing Cash	16,173	10,147	16,173	10,147	2,351

## Statement of Changes in Equity

SEK '000s	Share Capital	Share Premium	Retained Earnings	Total Shareholder Equity
Ending Balance as of 31 December 2019	1,230	10,740	(11,570)	400
Registration of additional shares	241	8,969		9,210
Total Group Loss			(7,637)	(7,637)
Ending Balance at 30 September 2020	1,471	19,709	(19,207)	1,973
Ending Balance as of 31 December 2020	1,471	26,954	(31,637)	(3,212)
Registration of shares	911	27,698		28,609
Total Group Loss			(10,568)	(10,568)
Ending Balance as of 30 September 2021	2,382	54,652	(42,205)	14,829

## Endnotes

- 1 Recurring Revenue include the business areas of Domestic and Commercial Bins, Commercial Skip Hire, Commercial Junk Removal and BIGbin
- 2 Non Recurring revenue include the business areas of Domestic Skip Hire, Skip Bags and Domestic Junk Removal in Ireland and the UK