



Kollekt on Demand Holding AB

INTERIM REPORT

JANUARY - DECEMBER 2022



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 (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.

For more information, visit www.kollect.ie.



Kollect On Demand Holding AB (publ) (“Kollect”) reports revenues of SEK 16.2 million, an increase of 25% compared to Q4 2022, with EBITDA losses from continuing operations reduced by 64% year-on-year.

Waterford, Ireland – March 15, 2023, Kollect On Demand Holding AB (publ) (“Kollect” or the “Company”) (Nasdaq: KOLL), is pleased to publish its Interim Report for Q4 2022.

Highlights for the Quarter

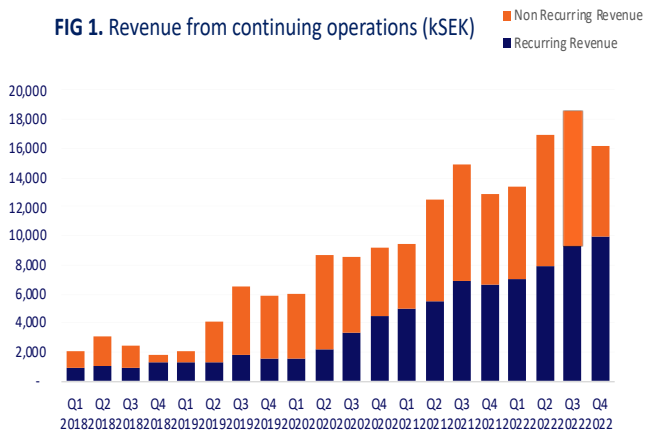
- Revenue for continuing operations in Q4 2022 was SEK 16.2 million, up 25% on Q4 2021 revenue of SEK 12.9 million,
- Recurring revenue from continuing operations of SEK 9.9 million in Q4 2022 which was up 51% compared to SEK 6.6 million in Q4 2021
- Gross profit from continuing operations in Q4 2022 amounted to SEK 4.6 million, up 23% compared to SEK 3.7 million in Q4 2021
- Gross margin from continuing operations for Q4 2022 was 29%, compared to 26% in Q4 2021.
- Operating expenses for Q3 2022 were SEK 9.6 million, down 31% on Q4 2022 expenses of SEK 13.9 million.
- Adjusted EBITDA from continuing operations for the period was negative SEK 2.4 million, an improvement of 64% compared to the prior year of negative SEK 6.7 million.

CEO Comments

Operational and financial performance

John O'Connor, CEO, stated: "This was the second quarter in a row where we posted significant EBITDA year-on-year improvement. Over the past number of quarters our management team has relentlessly focused on cost cutting – with expenses down 31% year on year this is evident. To have maintained this focus whilst still growing revenue 25% compared to the same period, is a testament to the hard work which our team has put in, and how important the payoff in internal technological infrastructure has been.

FIG 1. Revenue from continuing operations (kSEK)



There has been a reduction in headcount in the business as part of this transformation, and in March we sit with fewer than half of the employees which we had in the business a year ago, as we have shifted our focus from maximising revenue growth, to a more balanced growth strategy which always maintains the path to profitability which we see before us.

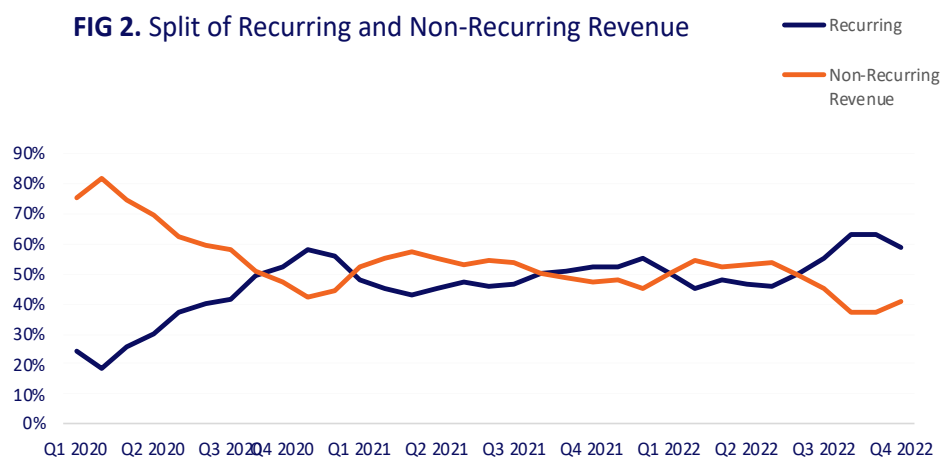
The investment in technology has also meant an improvement in our management information and business information (MI / BI), which in turn has improved our awareness of our digital marketing spend and allowed us to optimise across various channels to ensure maximum returns. As a result of this, the blended digital CAC improved 15% in Q4

2022 compared to Q4 2021, whilst the blended return on ad spend improved 20% for the same comparative period.

The rollout of our BIGbins programme also continued in the Quarter, and we took delivery of a number of new bins. At the end of the quarter, we finished with 42 live sites, up from 34 at the end of Q4 2021.

The revenue growth in Q4 is driven by the increase in recurring revenue (up 51% year-on-year) – a pattern which we have seen continue for a number of years following our strategic decision to invest in the commercial side of our platform business.

FIG 2. Split of Recurring and Non-Recurring Revenue



New Services

During the Quarter, we also launched a number of new services. These services are "Home services" and are complimentary to the existing waste services which we offer to households. These services are window cleaning, garden services, pressure washing, gutter and fascia cleaning and septic tank removal. This follows our existing strategy of targeting industries with a fragmented supplier base, where suppliers do not have the experience or resource to acquire customers digitally, when the customers themselves are online struggling to find these services.

In Q1 2023, we will also be launching new partnerships with small retailers to offer home and waste services for sale over the counter. We will use a specially designed in-store stand which advertises the services, and also advertises the Kollect brand for the footfall of all of the stores customers.

Extension of existing loan

In Q1 2023, the Company also announced the extension of its SBCI term loan from long term finance partner Invoice-Fair. This loan, of approximately SEK 560K will support the financing of the company on its path to profitability.



Events in the Quarter

Trading in the period

Recurring revenues from continuing operations were up 51% on Q4 2022 reflecting the strong investment which the Company has made in its commercial team in the past number of years.

Non-recurring revenues were nearly flat with the prior year (-2%). This was acceptable given the company's focus on commercial revenue and that domestic households have been exposed to inflationary pressures during the cost of living crisis since the start of the year. The company's improved management information system has also allowed it to focus advertising spending more profitably on a per-job basis.

During the Quarter, the Company continued to focus on maintaining gross margins achieving a gross margin of 29% from its continuing operations, which was an improvement on the Q4 2021 gross margin of 26%. This outcome was largely attributable to the revenue mix and a continued focus on maintaining gross margins on a vertical basis.

The Company also completed a detailed cost review earlier in 2022 and as a result of this, operating expenses were 31% lower in Q4 2022 compared to Q4 2021. The main driver was across wages and salaries and the company has been able to benefit from the efficiencies from its investment in backend technology.

Key Figures

Key Figures (SEK '000s)	Q4 2022	Q4 2021
Revenue from continuing operations	SEK 16,208	SEK 12,910
Cash	3,823	8,608
EBITDA (loss) before tax from continuing operations	(SEK 2,426)	(SEK 6,764)
Gross Profit	SEK 4,611	SEK 3,343
Gross Margin	28%	26%

Costs

Total costs in the fourth quarter of 2022 were 31% lower than in Q4 2021, despite growth in revenue of 25% and an increase in Gross Profit of 23% in the same period. The Company had previously announced a cost saving plan which has been delivered in the fourth quarter.

The Company continued to invest in its sales and marketing through digital and social channels which contributed to the very strong sales performance during the period. The company continued its strategy to focus on more intent based lead generation which proved to be more cost effective. The company also retained its commitment to a strong commercial team to support the continued growth of its B2B business. The Company also continued to benefit from strong SEO performance, driving organic traffic to the website and supporting the growth of the brand.

The growing number of BIGbins also has an impact on the depreciation charge which the company faced.

Waste Drop-Off

During the Quarter, BIGbin Waste Technology Limited ("BIGbin") continued to develop its business, with the total number of operational sites remaining at 42.

The Company also continued to invest in the BIGbin technology project which will create a robust backend solution to provide the technological foundation for a larger organisation, will allow improved remote responsiveness without which entry into new markets is more challenging, and will also allow the Company to introduce innovative new pricing models.

It is important to note that revenue from a new site ramps up over a period of at least 12 months to a level of revenue that is considered a sustainable level for that location going forward. It will take some quarters, therefore, to see the revenues from these new locations coming through the results.

ESG

Under the "Irish Tech goes Carbon Neutral" programme, launched by the Government of Ireland, all collections made by Kollect are carbon neutral. The total number of kilometres of travel that were offset during the Quarter was 252,000 kms.

The Company also identified a solution in Q2 for its customers themselves to be able to offset the carbon generated in the process of their collection which it continued this Quarter. We believe that we were the first waste company in Ireland to offer this to customers and again is indicative of both our ESG credentials and our commitment to providing an industry leading service to our customers.

The company continues to use its innovative routing technology as a preventative measure to limit emissions wherever possible from its collections.

Through its relationship with the Irish Forestry Service and private sector forestry clients, the Company is also committed to tackling illegal dumping.

Through the BIGbin waste drop off business, the Company has also committed to increasing recycling rates of its customers. % of recycling The company has fitted innovative grills to the BIGbins, and also has reduced the cost of recycling in order to encourage customers to recycle.

The Company has also launched a free-to-use affiliate website called recyclingcentresireland.ie. The mission of this site is to deliver the most convenient online platform to educate everyone in Ireland around recycling and sustainable waste disposal. The site shows all of the different ways in which households can recycle their household waste, electrical waste, the location of local clothes banks and lightbulb disposal. For customers who are interested in waste drop-off, there is also information on the BIGbins.

Irish Government COVID-19 employment support payments

During the Quarter, the Company has also successfully concluded its case with the Irish Revenue Commissioners for support payments during Q2 2022 and Q3 2023. As part of the settlement, Kollect have agreed to have the repayments will not fall due until at least May 2024 at the earliest, and then will be in the debt warehousing scheme which is expected to permit repayments over a period of 60 months.

Exchange Rate

The Company has also been impacted by exchange rates between the Swedish Krona and the Euro in the year from Q4 2021 to Q4 2022.

Since the Quarter End

Trading since the Quarter End

In line with previous months, trading in the first quarter of 2023 has been strong and shows year-on-year growth in line with projections, whilst maintaining strong gross margins and a strict cost discipline on the Company's path to profitability.

B2B2C

The Company continued to develop its relationship with the nationwide DIY and home improvement retailer, B&Q for in store waste services, which first launched in Q3 2022. .

For further information, please contact:

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Recurring and non-recurring revenue breakdown

- Recurring revenue from continuing operations in Q4 2022 was up 51% on Q4 2021 and reflects the strategic focus on recurring revenue and the strong performance of the commercial team.
- Non-recurring revenue from continuing operations were down slightly for the same comparative period which is attributable to the increased cost of living which households face, and the redirected advertising spend, at a more profitable level.

Revenue Breakdown (SEK '000s)	Q4 2022	Q4 2021	
Recurring	SEK 9,966	SEK 6,594	51%
Non-Recurring	SEK 6,159	SEK 6,316	-2%
Total Revenue	SEK 16,208	SEK 12,910	25%

Reconciliation of EBITDA, SEK '000s	Q4 2022	Q4 2021
Net Result	(SEK 3,910)	SEK (9,485)
Depreciation	SEK 797	SEK 465
Interest	SEK 90	SEK 482
FX	SEK 0	SEK 1,774
Share based payments	SEK 596	SEK 0
EBITDA	(SEK 2,426)	(SEK 6,764)



Financial Information

Accounting policies

Kollet On Demand Holding AB (publ)'s consolidated financial statements as of and for the three month period ended 31 December 2022, 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 for Q1 2023 on May 26, 2023

Annual Report

The Annual Report is scheduled to be published on 31 May 2021. This will be available at Kollet.ie

Q1 2023	16 May 2022
Annual Report	31 May 2022
Annual General Meeting	20 June 2023
Q2 2023 Report	10 August 2022
Q3 2023 Report	9 November 2022

Income Statement

SEK '000	Q4 2022	Q4 2021	Full year 2022	Full Year 2021
Revenue	16,208	12,910	64,944	50,289
COS	(11,597)	(9,567)	(46,554)	(34,830)
Gross Profit	4,611	3,343	18,390	15,459
Operating costs	(9,578)	(13,855)	(45,285)	(39,894)
Other income	1,057	616	24,867	685
Other Expenses	-	-	-	-
Operating profit (+)/ Loss (-)	(3,910)	(9,896)	(2,028)	(23,750)
Financial income	-	-	456	
Financial costs	-	-	(642)	(2,952)
Profit (+)/Loss (-) for the period before tax	(3,910)	(9,896)	(2,214)	(26,702)
Tax expense	-	-	-	-
Net result for the period	(3,910)	(9,896)	(2,214)	(26,702)
Result from discontinued operations, net after tax	-	2,730	1,638	8,940
Net Result	(3,910)	(7,166)	(576)	(17,762)
Translation differences	-	-	(1,522)	(239)
Total comprehensive income for the period	(3,910)	(7,166)	(2,098)	(18,001)
Number of shares outstanding at period close	9,531,422	9,531,422	9,531,422	9,531,422
Earnings per share at the end of the period	(0.41)	(0.27)	(0.27)	(0.75)
Average number of shares	9,531,422	9,531,422	9,531,422	9,531,422
Net result per average number of shares	(0.41)	(0.27)	(0.27)	(0.56)

Balance Sheet

	SEK '000	31.12.2023	31.12.2022
Fixed Assets		20,658	16,995
Trade and other receivables		7,801	5,738
Bank and Cash		3,822	8,608
Total Current Assets		11,623	14,475
Trade and other payables		17,688	20,427
Long Term Liabilities		8,697	3,517
Total Liabilities		26,385	23,944
Net Assets		5,896	7,397
Equity		5,896	7,397

Statement of Changes in Equity

	Share Capital	Other contributed capital	Reserve	Retained earnings including the result for the year	Total Shareholders Equity
01/01/2021	1,471	21,424	486	-26,592	-3,211
Rights issue	911	29,276			30,187
Issue costs		-1,578			-1,578
Other comprehensive income items			-239		-239
Net result				-17,762	-17,762
31/12/2021	2,382	49,122	247	-44,354	7,397
01/01/2022	2,382	49,122	247	-44,354	7,397
Other comprehensive income items			-1,522		-1,522
Share based payments		597			597
Loss of the period				-576	-1,087
31/12/2022	2,382	49,719	-1,275	-44,930	5,896

Cash Flow

SEK '000	Q4 2022	Q4 2021	2022	2021
Operating result	(4,421)	(9,484)	-391	-14,810
Financial income			456	0
Financial expenses		482	-641	-1,178
Net adjustment for non cashflow items	1,484	345	2,372	1,962
FX effects		1,774		
Trade and Other receivables	5,439	1,919	-81	-2,095
Trade & other payables	(7,267)	1,696	-6,775	2,066
Net cash from Operating activities	(4,765)	(3,268)	-5,060	-14,055
Net investments in intangible assets	(183)	(1,395)	7,715	-1,255
Net investments in tangible assets	(755)	(3,142)	-13,774	-5,432
Net Cash Flows from Investing Activities	(938)	(4,537)	-6,059	-6,687
Proceeds from Issue of Share Capital	-	-	0	28,609
Movement in finance leases	(284)	(197)	-1,869	0
Movement in bank loans	(727)	(2,386)	7,999	-1,633
Net Cash Flows from Financing Activities	(1,011)	(2,583)	6,130	26,976
Differences relating to Foreign Exchange	27	505	203	23
Net increase/(decrease)	(6,714)	(7,564)	-4,989	6,234
Opening Cash	10,563	16,173	8,608	2,351
Closing Cash	3,822	8,608	3,822	8,608
Net cash flows from discontinued operations				
Cashflow from operating activities		2,319	1,638	8,940
Cashflow from Investing activities			0	0
Cashflow from Financing activities			0	0
Net cash flows from discontinued operations		2,319	1,638	8,940

Proposed Dividend

The Company does not propose to pay a dividend and there are no profits to distribute.

Endnotes

1 Blended Digital CAC is calculated by taking the total revenue from domestic customers on the Kollect platform divided by the total digital marketing spend for the period.

2 Blended return on ad spend is calculated by taking the total digital marketing spend divided by the total number of jobs performed for domestic customers on the Kollect platform

3 Recurring Revenue include the business areas of Domestic and Commercial Bins, Commercial Skip Hire, Commercial Junk Removal and BIGbin

4 Non Recurring revenue include the business areas of Domestic Skip Hire, Skip Bags and Domestic Junk Removal in Ireland and the UK