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# Presentation to Kollect shareholders re: their warrants

Disclaimer; This is only a presentation. We kindly ask you to familiarise yourselves with the terms and conditions of the warrants before making any investment decisions. The terms and condition of the warrants and more information about Kollect can be found on [www.kollect.ie/pages/to1-warrants](http://www.kollect.ie/pages/to1-warrants)

## Introduction

- Thanks for joining this webinar
- Maoiliosa O’Culachain, Director of Kollect on Demand Holding AB, will shortly be taking you through a presentation on the warrant program
- At the end of the presentation, there will be time for Questions & Answers (please use the Q&A functionality)
- We also recommend that you sign up to receive the Company’s press releases if you have not already done so

## Why is this presentation important to me?

- This presentation has important financial information for shareholders in Kollect who received warrants in September 2020
- You should know that these warrants have value and you have a decision to make with respect to your warrants
- In this presentation, we aim to give you enough information to understand your choices and help you form a decision

## What is the background?

- In Aug 2020, Kollect raised SEK 9 million in funds by issuing new shares in the Company to certain investors in a 'directed issue'
- These new shares were issued at SEK 10 per share
- The main reason for the fund raise was to expand the BIGbin business by acquiring a similar compactor bin business

## What is the background? (cont'd)

- At the same time, the Company raised a bridge loan of SEK 3 million from Formue Nord for working capital purposes
- As part of the fundraise transaction, Kollect issued warrants (series TO1) to:
  - each of investors in the directed issue in the ratio of one warrant for each new share subscribed for; and
  - Formue Nord in the ratio of 1 warrant for every SEK 10 loaned to Kollect

## What is the background? (cont'd)

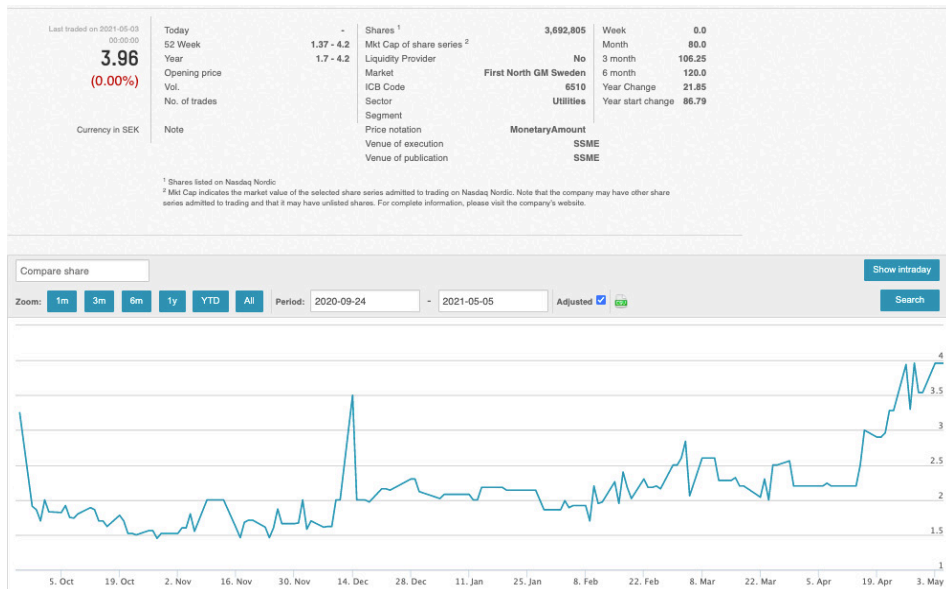
- You should note that warrants from series TO1 were also issued to all shareholders free of charge
- The ratio of warrants issued was one for every two shares held on a certain date (called the 'record date') which was 11 Sep 2020
- Kollect issued these warrants to compensate existing shareholders – to some extent – for the dilution caused by the directed issue and are designed to deliver value to shareholders

## What is a warrant?

- An equity warrant is a financial instrument issued by a company
- A warrant gives the holder the right to subscribe for a new share in the company at a certain price on a specific date in the future
- When the holder of the warrant uses the right to subscribe for a new share, they are said to 'exercise' the warrant
- Warrants can be private or listed; Kollect's are listed and, therefore, tradable on the Nasdaq First North Growth Market in the same way as the Company's shares



## Can I see the trading history for the warrants?



- Yes - here you can see the trading history of warrants from date of first trading up to 5 May
- The closing price on Wednesday 5 May was SEK 3.96

## Why did Kollect issue the warrants?

- Issuing warrants is a way for a company to raise new equity capital at a point in the future by issuing new shares to the warrant holders
- This is called a warrant program and - in many ways - is similar in effect to a rights issue as the warrants are a source of future capital for the company that issues them

## Why did Kollect issue the warrants? (cont'd)

- If all the warrants of series TO1 are exercised, Kollect has the opportunity to raise up to SEK 55.4 million (with a maximum subscription price of SEK 15)
- It is key for the Company that as many warrants as possible are exercised (and minimise the number that lapse)

## How can I check if I received warrants?

- If you were a shareholder on 11 Sep 2020, you should have received one warrant for every two shares you held on that date
- If the number of shares held by you is not divisible by two, however, then the number of warrants issued to you was rounded down
- You can confirm receipt of your warrants by checking your broker account
- If you are having difficulty confirming receipt of warrants, please send an email to [IR@kollect.ie](mailto:IR@kollect.ie)

## What right do I have

- As a warrant holder, you have the right to subscribe for one new share in Kollet during the exercise period from 9 and 20 Aug 2021
- The subscription price will be set at 70% of a certain average share price over a period of time\* or SEK 15, whichever is the lower price
- This means that you can purchase one new share at a discount of at least 30% to the price at which the shares traded during a two week period from 26 Jul and 6 Aug 2021

*\*The share price will be calculated as the average volume-weighted share price over the period based on the official share trading stastics on the Nasdaq First North Growth Market between 26 July and 6 Aug 2021*

## How do the warrants have value for me?

- The warrants deliver value to you in one of two ways, either:
  - you can subscribe for new shares at a discount to the share price of at least 30%; or
  - you can sell the warrants in the market for a price

## Can I have an example?

- Say - for illustration purposes - Patricia was holding 4,000 shares in Kollect on 11 Sep 2020
- She was then issued 2,000 warrants free of charge, now in her broker account
- If the subscription price is set at SEK 10, then she can subscribe for 2,000 new shares at a price of SEK 20,000 (approx. €2,000)
- If the warrants are trading at SEK 3, she has the option to sell them and receive SEK 6,000 (approx. €600) before broker fees

## What decision do I need to make?

- If you are a warrant holder, your decision is whether:
  - to exercise the warrants and subscribe for new shares. If you decide to do this, you will need have sufficient funds in your broker account to pay for the new shares;
  - to sell the warrants and take the net proceeds (after broker fees and tax); or
  - to let the warrants lapse (this the default option if you don't exercise or sell your warrants in time). If you do this, you will lose the value of the warrants by not buying new shares at a discount or selling the warrants on the market



## What are the tax consequences?

- If you are an Irish resident investor and:
  - opt to Exercise your warrants and subscribe for new shares, there are no tax issues until such time that you sell or transfer those shares to someone else
  - opt to sell your warrants, the net proceeds will be chargeable to Capital Gains Tax. In these circumstances, you are advised to seek independent tax advice
  - let the warrants lapse, you will have no tax to pay

## What should I do next?

- If you decide to exercise the warrants and acquire new shares, you will need to:
  - ensure there are adequate funds in your broker account no later than 9 August to meet the cost of the new shares; and
  - instruct the broker to exercise the warrants before the exercise period
  - If you are minded to sell the warrants, you can do so online through your broker account at any time before they lapse on 20 Aug (probably advisable not to leave it until the end)

## How much are the warrants worth

- You can find the price of the warrants on your broker website or on <http://www.nasdaqomxnordic.com/shares/microsite?Instrument=SSE203868>
- The price of the warrants tends to trade roughly in line with the share price
- This is because it reflects the value of the discount to the share price (which is a percentage of the share price) and a discount for the time left to conversion

## What are the Co-Founders doing?

- As the main shareholder in Kollect, CEO & Co-Founder, John O'Connor holds 1,980,000 shares (33.6% of the Company)
- He received 990,000 warrants in Sep 2020
- It would cost SEK 14.85 million (approx. €1.5 million) to exercise his total holding of warrants at the maximum price of SEK 15
- Clearly, this is an amount which is beyond his personal means

## What are the Co-Founders doing?

- Since it is in the Company's best interests to maximise the percentage of warrants being exercised, it's best that the Co-Founders sell a portion of their warrants - as a purchaser is more likely to exercise them - than to let them lapse
- As a current director, John O'Connor is restricted as to when he can sell warrants (e.g. he is precluded in the 30 day period prior to the release of an Interim Report or if he has insider information)

## What are the Co-Founders doing?

- He has taken the chance, therefore, in the period after publication of the Q4 2020 report and before the Q1 2021 Interim Report to sell 690,923 warrants (i.e. just over 2/3s of the holding)
- The other Co-Founders have also sold some of their warrants for the same reason
- The Co-Founders may or may not sell more warrants in the period following the publication of the Q1 2021 results

## What happens next?

- During July 2021, the Company or its advisers will inform you specifically on the process for exercising the warrants
- The subscription price will be announced after the market closes on 6 Aug and before the exercise period opens on 9 Aug
- Warrant holders will need to instruct their brokers in good time to exercise the warrants during the exercise period which closes on 20 Aug

## What if I have further questions?

- We are happy to take questions now or later by email
- Alternatively, if you have further questions or would like to clarify any of the information in this presentation, please send an email to [IR@kollect.ie](mailto:IR@kollect.ie) and we can respond in writing or set up a call with you



**Thank you for your time and  
attention.**

**We shall now take any questions.**

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