

Kollekt on Demand Holding AB

INTERIM REPORT

JANUARY – MARCH 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, 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 reports quarterly revenues of SEK 13.1 million, up 47% on Q1 2020 and gross profit up 50% for the same comparative period.

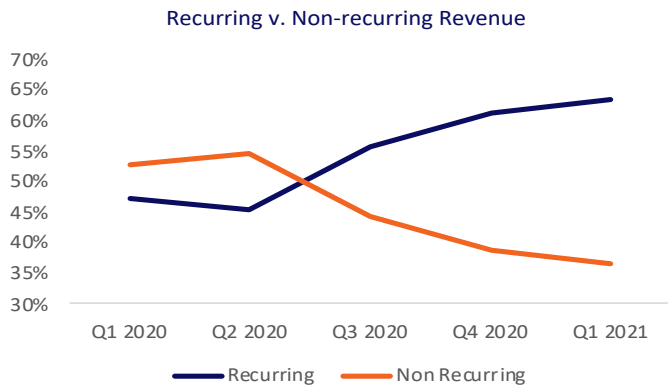
Waterford, Ireland – 26 May 2021, Kollect On Demand Holding AB (publ) (“Kollect” or the “Company”), (Nasdaq: KOLL), is pleased to publish its Interim Report for Q1 2021.

Highlights for the Quarter

- Revenue in Q1 2021 was SEK 13.1 million, up 47% on Q1 2020 revenue of SEK 8.9 million.
- Recurring revenue in Q1 2021 accounted for 63% of revenue, up 16 percentage points from 47% in Q1 2020, and up 2 percentage points from 61% in Q4 2020.
- Gross profit in Q1 2021 amounted to SEK 5.1 million, up 50% compared to SEK 3.4 million in Q1 2020.
- Gross margin for the Quarter was 40%, up from 38% in Q1 2020.
- Losses before tax amounted to SEK 4.0 million in Q1 2021, up from SEK 2.9 million in Q1 2020, and down 6.5% from SEK 4.4 million in Q4 2020.
- As a percentage of revenues, EBIDTA losses were down to 22% in Q1 2021 from 29% in Q1 2020.

CEO Comments

“The First Quarter saw a strong start to 2021 for Kollect, particularly given the challenging environment of a strict lockdown in our markets for the whole period. I’m delighted that we have have been able to continue with such strong growth, supported by strong gross margins. Further, it is particularly pleasing to have continued to execute on our strategy of increasing recurring revenues.



The growth of recurring revenue as a proportion of overall revenue is shown the graph across. This represents a fundamental shift in the structure of the Company’s revenue with recurring revenues now accounting for more than 60% of overall revenue, even as we have grown revenue by almost 50% in Q1 2021 compared to Q1 2020.

The growth in our recurring revenue business will be supported by the roll out of our new commercial app, which adds value to our commercial customers by managing the relationship in a seamless manner. It also

improves operating effectiveness for both our commercial customers and internally at Kollect. We had a soft launch of the new app in January 2021, and we have received positive feedback from its first users. As we grow into our commercial business both in Ireland and the UK, the roll out of the new features on the app is consistent with our mission: to make it simple to have waste collected and recycled. Making it simple helps to win customers, improves our relationship with them and leads to higher customer retention, whilst also delivering operational and logistical savings for us.

A large part in the growth of recurring revenue has also been from the increase in revenue from the BIGbin business, which is a key driver of our margin and plays an important role as a key strategic objective of the business. This was driven by organic growth, as we rolled out new sites in our partnership with Circle K, along with the acquisition of 12 new sites which was completed in Q4 2020. Further, the announcement in February 2021 of a new bank facility of SEK 4.8 million to fund the opening of up to 10 more BIGbin sites is a key step to continue to grow this vertical.

In addition to the focus on recurring revenue, within non-recurring revenue segments, we continue to deploy our advertising spend on higher margin business (such Domestic Junk Removal) to optimise the revenue mix as much as is within the control of the business. Further, the growth of the BIGbin business with its high gross margins, also has an impact on the overall gross margin of the business.

The graph below shows both the growth in total quarterly revenues over the last 9 quarters and the upward trend in gross margin, particularly over the past 6 quarters.”



Events in the Quarter

Trading in the period

Throughout Q1 2021, the Company continued to operate normally despite strict COVID-19 restrictions in Ireland and the UK.

Recurring revenues were up 98% on Q1 2020 and also saw strong growth compared to Q4 2020, reflecting the focus on growing commercial business and BIGbin revenues in the Quarter.

There was a smaller increase in non-recurring revenues of 1% versus prior year, driven by domestic skip collection and domestic junk removal and was also positive compared to Q4 2020.

During the Quarter, the Company continued to focus on maintaining gross margins and achieved 40% compared to 38% in Q1 2020.

Key Figures

Key Figures (SEK '000s)	Q1 2021	Q1 2020	Q4 2020
Total Revenue	13,062	8,897	12,944
Cash	6,916	2,315	2,351
Profit/(loss) before tax	(4,019)	(2,910)	(4,398)
Gross Profit	5,123	3,420	5,534
Total Gross Margin	40%	38%	43%

Revenue for Q1 2021 was up 47% compared with Q1 2020 (prior year) and 1% compared with Q4 2020 (prior quarter). In operational currency terms, however, revenue increased by 57% compared to the prior year as the Company was negatively impacted by exchange rate movements for reporting purposes. The Company's primary operating currency is EUR, whilst it reports in SEK.

Gross Profit was up 50% in Q1 2021 compared to Q1 2020 as a result of revenue growth and improvement in the gross margin. In operational currency terms, Gross Profit increased by 60% compared to Q1 2020.

The Loss Before Tax in Q1 2021 of SEK 4.0 million was SEK 1.1 million higher compared to Q1 2020 losses of SEK 2.9 million, but was lower than the prior Quarter losses of SEK 4.4 million.

In terms of EBIDTA, however, losses were SEK 2.9 million in Q1 2021 compared to SEK 2.6 million in Q1 2020. As a percentage of revenues, EBIDTA losses were down to 22% in Q1 2021 from 29% in Q1 2020. The increase in depreciation, amortization and finance costs from Q1 2020 are largely attributable to more than doubling the size of the BIGbin business, as well as the loans which were procured from Formue Nord in August 2020 and in Q1 2021.

Reduction in proportion of revenues from lower margin sales activities

The positive impact of diverting sales resources and advertising spend away from lower gross margin activities continued to come through as gross margin increased from 38% in Q1 2020 to 40% in Q1 2021 and also in the increase in the proportion of recurring revenue versus non-recurring revenue.

Waste Drop-Off

In the Quarter, the Company consolidated the integration of an Irish-based company operating within the compactor bin business space acquired in Q4 2020. This was reflected in the increase in revenue from BIGbin Waste Technology Limited ('BWTL') the operating subsidiary for the waste drop-off business, which was up by 90% in Q1 2021 compared to Q1 2020.

BWTL, arranged a 7-year amortising loan for EUR 475 thousand (approximately SEK 4.8 million) from Ulster Bank Limited (part of the NatWest Group) at a variable rate of 3.34%.

The loan, which is backed by the Strategic Banking Corporation of Ireland, is to finance further expansion of the waste drop-off business. The loan will be used primarily to purchase additional BIGbins for new sites as they become operational over the next couple of quarters. BWTL has already placed a bulk order for 10 bins with state-of-the-art technology to be delivered in Q3 2021 for new sites. The order was placed with a new supplier at a discount of approx. 15% to previous purchases.

The agreement with Circle K was renewed for two years with effect from October 1, 2020, and added an additional 260 potential sites from the Circle K dealer network, in addition to the 160 sites which Circle K owns and operates. The agreement provided for a finder's fee to be paid to Circle K where it introduces retail dealer partners leading to them installing BIGbins on their Circle K forecourts. This increases the pipeline of potential sites to all 420 Circle K forecourts in the country.

BWTL also trialed a contactless payment solution on a BIGbin in Dublin and approximately 20% of all transactions going through this bin were contactless. In view of the success of this trial, BWTL is incorporating a contactless payment solution into all new compactor bins.

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 191,000 km.

Irish Government COVID-19 employment support payments

The Company continues in discussion 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.

As stated in the Q4 2020 Report however, in line with the Company's prudent approach to accounting policies a provision has been included in the financial statements for 2020.

Working Capital

Kollect reached agreement with Formue Nord Fokus A/S ("Formue Nord") to increase the bridge loan facility announced on August 26, 2020 by SEK 3.5 million from SEK 3 million to SEK 6.5 million. The terms of the loan were unchanged, except that there will be no issue of new warrants to Formue Nord. The net proceeds of the loan were applied for working capital purposes.

The Company had SEK 6.9 million cash on hand at the end of Q1 2021, which was up from SEK 2.3 million at the end of Q4 2020.

Exchange Rate

The Company has also been negatively impacted by exchange rates between Swedish Krona and the Euro in the year from Q1 2020 to Q1 2021.

Changes to the Board

Two of the Co-Founders, John Hegarty and Robbie Skuse, stepped down from the Board of Directors with effect from February 15, 2021.

Since the Quarter End

Covid-19 restrictions

Since the start of Q2 2021, the Irish Government has been easing the Covid-19 restrictions gradually starting 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 outdoor catering and hospitality businesses from 7 June 2021.

Kollect Recycling and Waste Collection Limited

Kollect also announced a new wholly-owned subsidiary, Kollect Recycling and Waste Collection Limited, which is the new operating company for its bin collection business. This move follows the successful segmentation of the BIGbin business into its own legal entity last July and the subsequent acquisition and fundraise for that business.

Waste Drop-Off

BWTL opened a new site in Portlaoise, Co Laois on May 3, 2021. As another site (Bunclody) has closed for renovation and the compactor bins removed for refurbishment, the total number of sites hasn't changed.

As mentioned above, BWTL placed an order for 10 new BIGbins on advantageous terms for delivery in Q3 2021.

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Recurring and non-recurring revenue breakdown

- Recurring revenue is made up of revenue from Domestic and Commercial Bins, Commercial Skip Hire, Commercial Junk Removal and BIGbin in Ireland. Recurring revenue in Q1 2021 was 98% up on Q1 2020.
- Non-recurring revenue comes from Domestic Skip Hire, Skip Bags and Domestic Junk Removal in Ireland and the UK. Non-recurring revenue increased 1% for the same comparative period.
- In the operational currency (Euro), the variances for Recurring revenue and Non-recurring revenue are 109% and 6% respectively.

Revenue Breakdown (SEK '000s)	Q1 2021	Q1 2020
Recurring	8,290	4,180
Non-Recurring	4,772	4,718
Total Revenue	13,062	8,897

Costs

- The Company incurred expenses of SEK 9.1 million in Q1 2021, which compared to SEK 6.3 million in Q1 2020 and SEK 8.9 million in Q4 2020.
- 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.
- During Q1 2021, the Company increased its loans from Formue Nord and incurred associated costs.
- The Company continued its policy of investing in developing its technology, the expenses of which are not capitalized, but instead are recorded on the income statement.



Financial Information

Accounting policies

Kollet On Demand Holding AB (publ)'s consolidated financial statements as of and for the three month period ended 31 March 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 10th August 2021.

Income Statement

SEK '000	Q1 2021	Q1 2020	2020
Revenue	13,062	8,897	46,141
Cost of Sales	(7,939)	(5,477)	(28,534)
Gross Profit	5,123	3,420	17,607
Operating Expenses	(9,143)	(6,330)	(30,859)
Other Income	-	-	1,266
Other Expenses	-	-	-
Loss for the period before tax	(4,019)	(2,910)	(12,035)
Tax expense	0	0	0
Total Loss for the period	(4,019)	(2,910)	(12,035)
Number of shares outstanding at period close	5,885,610	4,923,290	5,885,610
Earnings per share at the end of period (SEK)	(0.68)	(0.59)	(2.04)
Number of shares outstanding after the dilution impact of warrants	9,578,415	4,923,290	9,578,415
Earnings per share after dilution impact of warrants (SEK)	(0.42)	(0.59)	(1.26)

Balance Sheet

SEK '000	Mar 2021	Mar 2020	Dec 2020
Fixed Assets	12,497	7,026	12,415
Trade and other receivables	5,646	3,318	4,335
Bank and Cash	6,916	2,315	2,351
Total Current Assets	12,562	5,453	6,686
Trade and other payables	30,245	11,994	19,178
Long Term Liabilities	2,359	2,619	3,134
Total Liabilities	32,604	14,613	22,312
Net Assets	(7,545)	(2,135)	(3,211)
Equity	(7,545)	(2,135)	(3,211)

Cash Flow

SEK '000	Q1 2021	Q1 2020	2020
Loss after Tax	(4,019)	(2,910)	(12,035)
Finance costs	682	31	1,164
Depreciation	491	140	1,146
Amortization	40	42	208
Trade & Other receivables	(1,300)	711	2,071
Trade & other payables	1,066	(3,785)	10,247
Net Cash from Operating Activities	(3,040)	(5,943)	2,802
Payment for intangible assets	(24)	(1,543)	(155)
Payment for PPE	(99)	(35)	(8,963)
Net Cash Flows from Investing Activities	(123)	(1,578)	(9,118)
Proceeds from Issue of Share Capital	-	15,201	8,734
Movement in finance leases	177	(269)	256
Movement in bank loans	8,449	(120)	(3,642)
Movement in other loans	(49)	(3,156)	2,972
Movement in rolling finance facility	259	(2,604)	471
Interest paid	(682)	(31)	(1,034)
Net Cash Flows from Financing Activities	7,890	9,114	7,756
Differences relating to Foreign Exchange	(162)	(195)	(4)
Net increase/(decrease)	4,565	1,400	1,436
Opening Cash	2,351	915	915
Closing Cash	6,916	2,315	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	1,225	10,743	(11,562)	406
Registration of additional shares	210			210
Total Group Loss			(2,910)	(2,910)
Ending Balance at 31 March 2020	1,435	10,743	(14,312)	(2,135)
Ending Balance as of 31 December 2020	1,471	26,954	(31,637)	(3,211)
Total Group Loss			(4,019)	(4,019)
Ending Balance as of 31 March 2021	1,471	26,954	(35,656)	(7,545)

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
- 3 <https://www.circlek.ie/business/retail-dealer-business/>
- 4 <https://www.circlek.ie/service-station/site-locator/>