



Kollekt on Demand Holding AB

Interim Report January – March 2020



Kollect records continued year-on-year growth in Q1 2020 with quarterly revenues of SEK 8.9 million

Waterford, Ireland – 27 May 2020, Kollect On Demand Holding AB (publ) (“Kollect” or the “Company”), (Nasdaq: KOLL), is pleased to publish its Q1 2020 Interim Report.

Highlights

- Revenue for continuing operations in Q1 2020 amounted to SEK 8.9 million, corresponding to an increase of 98% compared to Q1 2019 which amounted to SEK 4.5 million.
- Gross profit for continuing operations in Q1 2020 amounted to SEK 3.4 million, which is an increase of 63% compared to SEK 2.1 million in Q1 2019.
- Gross margin for the quarter amounted to 38%, compared to a gross margin of 41% in Q1 2019, the decrease is due to a change in the mix of revenues with a greater proportion of non-recurring revenues.
- Losses before tax amounted to SEK 2.8 million in Q1 2020 in contrast to the losses before tax of SEK 0.12 million in Q1 2019, reflecting the increased expenditure on growth during 2020.
- In January 2020, the Company repaid SEK 3.0 million bridge financing through the IPO in December 2019.

Events in the Quarter

Trading in the period

The quarter started as expected with revenues across all business verticals broadly on target in January and February 2020. By mid-March 2020, however, the economic disruption caused by the arrival of COVID-19 in Ireland and the United Kingdom started to impact on the wider economy and the Company’s customers.

Impact of COVID-19 pandemic

As explained in the press release on 17th April 2020, the Irish Government started implementing public health measures in response to the Coronavirus 19 pandemic from 9th March 2020 (e.g. closing schools and public buildings). By 28th March 2020, all non-essential workers were required to stay at home (except for certain essential activities e.g. shopping for food, exercise within 2km of home etc.) and people over the age of 70 to remain in their homes.

Unsurprisingly, economic activity in the Company’s markets reduced dramatically and has remained depressed while the public health measures have stayed in place. In response, the Company implemented a plan to cut all costs where possible, conserve cash and achieve profitability. A number of employees were temporarily laid-off; work-from-home arrangements were implemented for the remaining employees and management team; operations in the UK were suspended; and voluntary reductions taken in management salaries for a time. The Company also availed of Irish State financial supports (i.e. the Irish Government’s COVID 19 Wage Subsidy Scheme) to maintain employment.

As waste removal is regarded as an ‘essential business’, however, the Company was able to continue operations. Revenues from Domestic Bin collection, Waste Drop-off (BIGbin) and Junk removal were

above target for March. Revenues from Commercial Bin collections and Skip (container) hire, however, were impacted somewhat as construction and hospitality businesses were closed.

Key Figures

SEK '000	Q1 2020	Q1 2019	2020 YTD	2019 YTD
Revenue from Continuing Operations	8,897,075	4,503,492	8,897,075	4,503,492
Total Revenue	8,897,075	6,375,857	8,897,075	6,375,857
Cash	2,255,564	962,951	2,255,564	962,951
Profit/(loss) before tax	(2,750,180)	(115,441)	(2,750,180)	(115,441)
Gross Profit from Continuing Operations	3,420,119	2,086,516	3,420,119	2,086,516
Total Gross Margin	38%	41%	38%	41%

Rolling finance facility

The Company paid down an additional month of a rolling finance facility in March 2020 of SEK 1.7 million resulting in a cash balance at 31st March 2020 of SEK 2.3 million, which was lower than expected due to the timing of the pay down.

Waste drop-off

The Company added a new BIGbin site in Enniscorthy, County Wexford in January 2020, bringing the number of operational sites in Q1 2020 to 14.

Enterprise Ireland grant

The Company received a grant from the Irish Government enterprise development agency, Enterprise Ireland, for SEK 0.016 million which was used specifically to develop its UK growth strategy.

Sustainability

In February, the Company stepped up its commitment to sustainability by being one of the first businesses in Ireland to sign up to the "Irish Tech goes Carbon Neutral". Under this program, all collections made by Kollect are now carbon neutral.

Since the Quarter End

Since the end of the first quarter, the Company has continued to minimise expenditure on growth activities and conserve cash where possible.

Recurring revenue activities

There was an increase in recurring revenues from Domestic and Commercial Bins and BIGbin activities in April 2020 by approximately 20% compared to April 2019. These revenues were on a par with recurring revenues in the prior month of March 2020 (following the introduction of lockdown).

Gross margins on Domestic and Commercial Bin collection activities in April 2020 increased over April 2019 and prior month of March 2020, while those for BIGbin were down slightly (which was due to timing differences as to when bins were emptied).

Non-recurring revenues

Non-recurring revenues from Skip (container) hire and Junk removal increased by approximately 186% over April 2019 revenues and by approximately 25% over prior month revenues. This was due to a strong performance in Skip hire and slight weakness in Junk removal sales.

Kollect has extended its Skip hire offering by including skip bags, which has met with demand at a more accessible price point.

The Company has now refocused sales on construction sites and certain commercial premises with the first stage of reopening the Irish economy with effect from 18th May 2020.

Rolling finance facility

The Company utilised the rolling finance facility to draw down SEK 2.5 million in April 2020 for working capital purposes.

CEO Comments

On the Q1 Report, CEO John O'Connor stated: "The arrival of the Coronavirus in Ireland in March, caused an economic shock of epic proportions. As soon as the Irish Government closed all non-essential businesses, Kollect implemented an emergency plan to rightsize the business and preserve our cash resources.

The Company is fortunate in that it is considered an 'essential service' and has been able to continue to provide services to our customers who have a waste disposal need. We are most grateful to our staff who have continued their hard work throughout these challenging times and also to our customers for their understanding and for respecting the new safety measures that we have implemented.

Under the plan, the Company applied immediately for funding under the Irish Government's Wage Subsidy Scheme, to protect as many jobs within Kollect as possible, which was the purpose of this financial support.

As part of the cost control measures, the Company has scaled back all spending on growth and suspended our UK business until we have greater visibility of the market there.

We're pleased to report that in January and February, we continued to see significant year-on-year growth in our continuing Irish business, particularly in the Junk and Container (Skip) verticals.

The Company continues to keep a tight control of costs, while seeking to take advantage of growth opportunities as they arise. Where we have options, we continue to focus on the higher margin business."

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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 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 and junk removal such as furniture and other large objects. For more information, visit www.kollect.ie.

Recurring and non-recurring revenue breakdown

SEK '000s	Q1 2020	Q1 2019
Recurring	4,180	3,709
Non Recurring	4,718	795
Discontinued	-	1,872

- Recurring revenue is made up of revenue from Domestic and Commercial Bins and BIGbin in Ireland, while non-recurring revenues come from Skip (Container) hire and Junk removal in Ireland and the UK.
- Revenues from Domestic Bins collections (Waterford) saw a moderate increase in the quarter, particularly with people being confined to home in the last two weeks of March. The growth was driven both by an innovative Pay-As-You-Go product and new customers acquisition due to digital marketing and brand awareness in the market.
- There was also growth in revenues from Commercial Bin collections overall in the quarter. The increase was driven by providing a competitively priced offering and strong relationship management with customers. The growth came despite a decline in business in the second half of March as pubs, bars and restaurants started to close. As revenues from Commercial Bins is the smallest stream, the impact of the decline was more than offset by the increase in revenues from Domestic Bins.
- BIGbin revenue was relatively stable in the period when compared to prior year, however it did show growth following the introduction of the lockdown.
- Growth in revenue from Skips (Container) and Junk was very satisfactory, up almost fivefold compared to the same period in 2019.
- The increase in revenue from Skip hire was due to a greater geographical coverage than last year and Kollect now offers collection effectively nationwide throughout Ireland. Also, the Company was able to price our offering more competitively due to an improved understanding of customer needs and also because of deepening relationships with suppliers.
- This all builds on the good work of our digital marketing and sales teams, in which we had invested ahead of the IPO in 2019. The hiring of new business development managers was a

key contributor to the growth of both the Junk and Skip verticals in Q1 2020 compared to Q1 2019.

Costs

- The Company incurred expenses of SEK 6.3 million in continuing operations in Q1 2020, which compared to SEK 2.7 million in Q1 2019, leading to an increase in losses from SEK 0.099 million to SEK 0.255 million in Q1 2020.
- The main increase was in staff costs as the Company prepared for significant growth following the IPO in December 2019. These new hires included a number of senior positions in the Company, such as a full-time Chief Financial Officer and Sales Director as well as additions to the Sales and the Digital Marketing teams.
- The Company also continued to invest significantly in digital marketing and advertising, and saw a corresponding increase in revenue. Furthermore, the Company continued to invest in the development of its technology platform, expenses of which are not capitalized, but instead are recorded on the income statement.

The Company's culture of prudence continues and the Company, as mentioned earlier, has taken steps to address the costs following COVID-19 in Q2 2020.

Financial Information

Accounting policies

Kollect On Demand Holding AB (publ)'s consolidated financial statements as of and for the three month period ended 31st March 2020, have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

For the group this Interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. All amounts in this report are presented in SEK thousand, unless otherwise stated. Rounding differences may occur.

Pro Forma Information

As the Group was formed in August 2019, pro forma information has been compiled in order to provide comparative information and is presented in order to illustrate financial statements and information from a hypothetical perspective, given that some prerequisites, at a certain point in time, are not fulfilled. The Group was formed by the acquisition of Kollect On Demand Limited and there was no change to the shareholdings at the date of the formation.

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 2020. This report is due to be published on 17th August 2020.

Income Statement

SEK Million	Q1 2020	Q1 2019	FY 2019
Revenue	8.897	4.503	29.382
Cost of Sales	(5.477)	(2.417)	18.396
Gross Profit	3.420 38%	2.087 46%	10.986 38%
Operating Expenses	(6.330)	(2.724)	(22.014)
Other Operating Income	0.160	-	0.097
Other Expenses	-	-	0.393
	(6.170)	(2.724)	(22.311)
Loss for the period from continuing operations	(2.750)	(0.638)	(11.325)
Discontinued Operations Profit for the period from discontinued operations	-	0.522	1.859
Profit/(Loss) For the period	(2.750)	(0.115)	(9.467)
Number of Shares	4,923,290	4,923,290	4,923,290
Earnings per Share (SEK)	(0.56)	(0.02)	(1.92)

Balance Sheet

SEK Million	Q1 2020	Q1 2019	FY 2019
Fixed Assets	7.026	4.767	5.544
Trade and Other Receivables	3.138	1.395	17.715
Bank and Cash	2.315	0.963	0.915
Total Current Assets	5.452	2.358	18.630
Trade and Other Payables	11.994	6.327	18.174
Long Term Liabilities	2.619	2.338	5.595
Total Liabilities	14.613	8.665	23.769
Net Assets	(2.135)	(1.540)	0.405
Equity	(2.135)	(1.540)	0.405

Statement of Changes in Equity

	SEK Million	Share Capital	Share Premium	Retained Earnings	Total Shareholders Equity
Company formation through share issue in kind		0.50	-	-	0.50
Acquisition of Subsidiary		0.40	-	(2.10)	(1.70)
Issue of Shares		0.33	10.74	-	11.07
Total Group Loss for the year		-	-	(9.47)	(9.47)
		1.23	10.74	(11.56)	0.41
SEK '000					
Ending Balance as of 31 December 2019		1.23	10.74	(11.56)	0.41
Registration of additional shares		0.21	-	-	0.21
Profit/Loss for Period		-	-	(2.75)	(2.75)
		1.43	10.74	(14.31)	(2.13)

Cash Flow

	SEK Million	Q1 2020 Cashflow	Q1 2019	FY 2019
Loss before tax		(3.082)	(0.115)	(9.467)
Finance Costs		0.031	0.013	0.672
Depreciation		0.140	0.135	0.874
Amortiation		0.042	0.041	0.224
Movement in Debtors		0.711	(0.564)	(2.675)
Movement in Current Liabilities		(3.785)	0.836	9.020
Net Cash from operating activities		(5.943)	0.345	(1.352)
Investment in PPE		(1.541)	(0.424)	(2.044)
Investment in Intangibles		(0.035)	(0.014)	-
Net Cash from investing activities		(1.576)	(0.438)	(2.044)
Invoice Discounting		(2.604)	0.373	4.931
Proceeds from IPO unpaid at Year End		15.201	-	-
Finance Leases		(0.177)	(0.190)	(0.330)
Movement in Loans		(3.276)	(0.043)	5.156
Interest		(0.031)	(0.013)	(0.672)
Exceptional Items recognised in Equity				-5.703
Net Cash from financing activities		9.114	0.126	3.382
Differences relating to Foreign Exchange		(0.195)	-	-
Net Increase/Decrease		1.400	0.033	(0.014)
Opening Balance		0.915	0.930	0.929
Closing Balance		2.315	0.963	0.915