



Kollect on Demand Holding AB

Interim Report October – December 2019



Q4 - October to December 2019

- Revenue for continuing operations in Q4 2019 amounted to 8,725k SEK, which was up 100% on Q4 2018 revenue of 4,357k SEK;
- Overall revenue increased to 9,121k SEK in Q4 2019 compared to 6,404k SEK in Q4 2018. This represents an increase of 52%.
- Losses before tax amounted to 5,317k SEK in contrast to profit before tax of 742k SEK in Q4 2018;
- Gross margin for the quarter remained strong at 30%, which compared to a gross margin of 43% in Q4 2018; and
- In the quarter the Company borrowed SEK 3,000,000 as bridge financing through the IPO in December 2019

Full year (January to December 2019)

- Overall revenue growth year on year of 54%;
- Revenue for continuing operations increased by 68%;
- Overall gross margin improved from 28% for the full year in 2018 to 38% for the full year 2019; and
- Continued investment in staffing with headcount from 25 at December 2018 to 40 at end of December 2019.

Events during the Quarter

The Company listed on the Nasdaq First North Growth Market on 19 December 2019 raising 18.4m SEK in total. As a result of the administration of the share registration and banking holidays at the end of the year, proceeds were not received into the bank account until after the quarter end which gives rise to the cash balance below. In anticipation of the IPO, the Company arranged a bridge finance loan of 3m SEK to be repaid on or before 24 January 2020.

The Company also exited from a business relationship in Ireland because of differences regarding customer service levels between Kollekt and our waste collection partner, (from now on reported as "discontinued operations"). The relationship had caused excessive administrative expenses arising from service issues. As a result, the Company has reorganised staffing in a more productive manner and to focusing on continuing operations and provide continued excellent customer service. This had a positive impact to gross margins in continuing operations.

After the Quarter End

Since the end of the quarter, the Company:

- (i) repaid the bridge loan of 3m SEK on 10 January 2020;
- (ii) has rolled out BIGbin to new Circle K sites in Caherdavin and Enniscorthy;
- (iii) hired its first Business Development executive in Manchester and as part of its UK expansion, commenced operations in a second metropolitan city, Bury; and
- (iv) commenced its Carbon Neutral programme by acquiring carbon offsets for every collection made.

Key figures

SEK '000	Q4 2019	Q4 2018	FY 2019	FY 2018
Revenue from Continuing Operations	8,725	4,357	29,382	17,352
Total Revenue	9,121	6,404	36,082	23,285
Cash	915	930	915	930
Profit/(loss) before tax	(5,317)	742	(9,467)	(1,051)
Gross Profit from Continuing Operations	30%	43%	39%	29%
Total Gross Profit	28%	36%	38%	28%

Message from the CEO

With our IPO on 19 December 2019, the Company took a major step closer to its mission of making it simple for customers to have waste collected and recycled globally, whilst enabling a more sustainable world. We thank particularly all those investors who supported our IPO and continue to hold or trade our shares and we welcome new investors.

Clearly, the IPO required a big effort from the executive team during the quarter and I wish to thank my co-founders John and Robbie, our CFO Jamie Walsh, all the management team and our employees, our Board and our advisers for their full support through the process. Now that the listing is out of the way, the management team and employees are wholly focused again on growing the business across all verticals.

We're pleased to report that in Q4 2019, we continued to see significant growth in our Irish business, particularly in the Junk and Container (Skip) verticals. Early in the quarter, we reassessed our activities in waste collection and decided to withdraw from certain business lines with low gross margins. These activities were also taking up a disproportionate amount of customer service and other resources. By exiting that business line, we were able to redirect our resources to higher margin business.

In the waste drop off vertical, the Company entered a significant contract with Circle K to install BIGbins (drop-off waste compactor bins) on 13 new sites in 2019/20. We have already rolled out to two of those sites and are working on rolling out to the next tranche of sites.

We also built on our entry to the United Kingdom market in September 2019 with revenues growing to 200k SEK in what was our first full quarter in Salford metropolitan city area. Since the end of the Quarter, we have also expanded into the Bury metropolitan city area and hired a full-time business development person.

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.

Management Report

About the Report

This interim report covers the 3-month period from October to December 2019 and the 12 month period from January 2019 to December 2019.

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) and 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, container (skip) hire and junk removal such as furniture and other large objects. For more information, visit www.kollect.ie.

Revenue

Total revenue for the 12 month period January to December 2019 totalled 36,082k SEK which represented 52% growth on the corresponding period in the previous year from 23,285k SEK. When comparing only continuing operations, revenue was 29,382k SEK for this 12 month period against 17,352k SEK which represents a 68% increase year-on-year.

Total revenue for the 3 month period October to December 2019 totalled 9,121k SEK compared to 6,404k SEK for the same period in 2018, a 52% increase. On a continued operations basis in the same comparative period, revenue increased to 8,725k SEK to 4,357k SEK which represented a 100% increase.

This growth has been driven by the Company's entry into the UK market in September 2019, as well as an increase in Junk revenue with a year-on-year increase of 1,210% and a 505% increase in Skip revenue in Q4 2019 compared to Q4 2018. The increase in Junk revenue has come as a result of an increased focus on lead generation through digital marketing and search engine optimisation and improving sales conversion rate, as we expand the domestic market and educate customers as to the availability of the service, now covering 79% of the population of Ireland. The increase in Skip revenue has also been driven by increased digital marketing and an expanded sales teams, but also by extending our offering to 23 of the 26 counties in the Republic of Ireland.

The bin collection vertical showed strong growth of 8% in Q4 2019 compared to Q4 2018, growing from 2,575k SEK to 2,799k SEK which was driven by the continued growth of the brand in Ireland. This growth is attributable to continuing to deliver great customer service and competitive prices to domestic and commercial customers.

The BIGbin vertical also saw strong year-on-year growth of 8% to 1,345k SEK in Q4 2019 from 1,249k SEK in Q4 2018. This was driven by an increase in the number of sales as well as an increase in ticket prices. Driving the increase in the number of sales was the development of our software and online

platform to enable remote access which improving the customer interaction and encourages returning customers.

SEK '000	Q4 2019	Q4 2018	FY 2019	FY 2018
Bin Collection (Domestic and Commercial)	2,799	2,575	10,797	7,979
Skips	2,228	369	7,310	4,835
Junk	2,154	164	5,288	429
BIGbin	1,345	1,249	5,633	4,109
UK	200	-	354	-
Revenue from Continuing Operations	8,725	4,357	29,382	17,352
Other Revenue	-	403	403	-
Discontinued Operations	395	1,645	6,298	5,933
Total Revenue	9,121	6,404	36,082	23,285

Costs

Operating costs have increased from 1,954k SEK in Q4 2018 to 8,147k SEK in Q4 2019. A significant driver of this difference is the costs associated with the IPO which was on 19 December 2019. Furthermore, the focus during Q4 2018 was to ensure profitability and thus proving the strong basis from which the underlying unit economics on which the business is built, ahead of a growth period

The increase in costs is also driven by staff costs. As part of the planning process for the IPO, the Company had identified a number of key new hires across the business including Digital Marketing, Sales and Business Development to support the growth of the business. The Company was able to hire these staff ahead of the IPO in order that the on-boarding process would be complete and they would be able to fully trained by the start of 2020. This incurred additional costs, therefore, including recruitment fees. Furthermore, the Company also made new hires at the Executive Management level during 2019 including the hiring of a full time Chief Financial Officer and a Sales Director. These were new roles to the Company and thus incurred additional cost throughout 2019.

In the period of October to December 2019, the Company continued to invest in its technology platform. These expenses have not been capitalised and have been expensed to the profit and loss account. The Company has also continued to invest in digital marketing and search engine optimisation and the Company has seen an increase in revenue as a result of this spend.

The Company was built with a culture of prudence and the focus on cost minimisation will continue post-IPO. Part of this is maintaining a Headquarters in the home city of Waterford, Ireland where the Company is able to offer a national service whilst availing of a high quality workforce but benefitting from the low cost of living and thus providing a cost-advantage over any competitors.

Financial Information

Accounting policies

Kollect on Demand Holding AB's consolidated financial statements as of and for the twelve-month period ended December 31, 2019, 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, 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 statement 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 Q1 2020. This report is due to be published on 27 May 2020.

Proposed Allocation of Profits

The company has no profits to allocate to shareholders

The Annual Report

The Annual Report is expected to be published on 4 June 2021 as a result of the extended financial year for the first year of Kollect On Demand Holding AB's. The Annual General Meeting is expected to be held on the 18 June 2021.

Certified Advisor

Mangold Fondkommission AB is the Certified Advisor for Kollect on Demand Holding AB.

Address:
Box 55691
102 15 Stockholm

Email:
CA@mangold.se

Phone:
+46 8-503 015 50

Group Income Statement

Profit and Loss

SEK '000	<i>Consolidated</i>		<i>Pro Forma</i>	
	Q4 2019	Q4 2018	FY 2019	FY 2018
Revenue	8,725	4,357	29,382	17,352
COS	6,086	2,465	18,396	11,697
Gross Profit	2,640	1,892	10,986	5,655
	30%	43%	38%	33%
Operating Expenses	(8,147)	(1,954)	(22,014)	(8,024)
Other operating income	97	516	97	509
Other expenses	(393)	-	(393)	-
	(8,443)	(1,437)	(22,311)	(738)
Loss for the period from continuing operations	(5,410)	455	(11,325)	(1,859)
Discontinued Operations:				
Profit for the period from discontinued operations	93	287	1,859	808
Profit/(Loss) for the Period	(5,317)	742	(9,467)	(1,052)
Number of Shares (Post IPO)	4,672,912	4,672,912	4,672,912	4,672,912
Earnings Per Share (SEK)	(1.138)	0.159	(2.026)	(0.225)

Group Balance Sheet

SEK '000	Statement of Financial Position		
	<i>Consolidated</i>	<i>Consolidated</i>	<i>Pro Forma</i>
	Dec-19	Sep-19	Dec-18
Intangible Assets	418	456	600
PPE	5,127	5,632	3,931
Current Assets	5,544	6,088	4,531
	-	-	-
Trade and other receivables	17,715	3,107	856
Cash + Equivalents	915	2,450	930
Non-Current Assets	18,630	5,557	1,786
	-	-	-
Trade + Other Payables	18,174	11,872	4,701
	-	-	-
Long Term Liabilities	5,595	5,819	2,960
Total Liabilities	23,769	17,690	7,661
	-	-	-
	-	-	-
Equity	406	(6,045)	(1,344)

Statement of Changes in Equity

	<u>Share Capital</u>	<u>Share Premium</u>	<u>Retained Earnings</u>	<u>Total Shareholders Equity</u>
Ending Balance as of 30 September 2019	500		(2,096)	(1,596)
Acquisition of Subsidiary	398	-	-	398
Total Group Profit for the year			(9,466)	(9,466)
Issue of Shares	328	10,743		11,071
	1,225	10,743	(11,562)	406

Cashflow

SEK '000	Q4 2019 Cashflow	2019 YTD Cashflow	Q4 2018 Cashflow	2018 YTD Cashflow
Profit /(Loss) after Tax	(5,317)	(9,467)	242	(1,052)
	-	-	-	-
Finance costs	263	672	6	25
	-	-	(3)	444
Depreciation	345	874	0	118
Amortization	56	224	(415)	355
Trade & Other receivables	(495)	(2,675)	2,112	700
Unpaid Proceeds from IPO	(14,971)	(14,971)	0	0
Trade & other payables	7,407	9,020	0	0
Net Cash from operating activities	(12,711)	(16,323)	1,943	591
	-	-	-	-
Payment for intangible assets	(0)	(0)	(164)	(367)
Payment for PPE	(10)	(2,044)	(629)	(635)
Investing	(10)	(2,044)	(793)	(1,001)
Proceeds from issue of share capital	14,971	14,971	-	-
Movement in finance leases	(269)	(330)	(954)	(112)
Movement in bank loans	(344)	(403)	446	356
Movement in other loans	2,974	5,559	(433)	27
Movement in invoice discounting	(609)	4,931	282	1,186
Movement in overdrafts	-	-	(132)	(132)
Exceptional Items recognised in Equity	(6,435)	(6,435)	-	-
Exceptional Items recognised in Equity	1,182	732	-	-
Interest paid	(263)	(672)	(6)	(25)
Financing	11,206	18,353	(798)	1,300
Net increase/decrease	(1,515)	(14)	353	890
Opening Cash	2,430	929	576	38
Closing Cash	915	915	929	929