

A large, stylized orange graphic on the left side of the page, resembling a hand holding a piece of waste or a recycling symbol, set against a dark blue background.

Kollekt on Demand Holding AB

INTERIM REPORT

JANUARY – DECEMBER 2020



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 12.9 million in Q4 2020; up 48% on Q4 2019 and an increase of 110% in gross profit in the same comparative period.

Waterford, Ireland – 18 February 2021, Kollect On Demand Holding AB (publ) (“Kollect” or the “Company”), (Nasdaq: KOLL), is pleased to publish its Q4 Interim results and Full Year 2020 results.

Highlights from the quarter

- Revenue for continuing operations in Q4 2020 were SEK 12.9 million, up 48% on Q4 2019 revenue of SEK 8.7 million, and 6.5% on revenue of SEK 12.1 million in Q3 2020.
- Recurring revenue for continuing operations in Q4 2020 accounted for 61% of revenue, up 14% from 47% in Q4 2019, and up 5 percentage points from 56% in Q3 2020.
- Gross profit for continuing operations in Q4 2020 amounted to SEK 5.5 million, up 110% compared to SEK 2.6 million in Q4 2019, and up 27% compared to SEK 4.3 million in Q3 2020.
- Gross margin for the quarter was 43%, up from 30% in Q4 2019 and 36% in Q3 2020.
- Losses before tax amounted to SEK 2.4 million in Q4 2020, down 58% from SEK 5.7 million in Q4 2019, and 41% from SEK 4.1 million in Q3 2020.

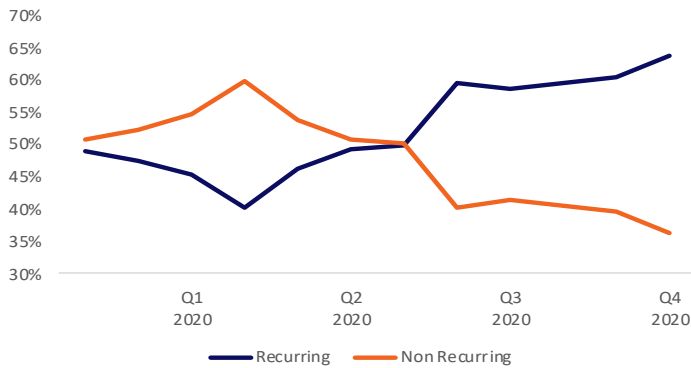
Highlights for Full Year from January to December 2020

- Revenue from continuing operations showed year-on-year growth of 57% with SEK 46.1 million up from SEK 29.3 million;
- Total revenue increased by 28% compared to the prior 12 month period;
- Overall gross margin remained unchanged from 38% for the full year in 2019 to 38% for the full year 2020; and
- Continued investment in staffing with headcount from 40 at December 2019 to 47 at end of December 2020.

CEO Comments

“The Fourth Quarter rounded out what was an excellent year for us all at Kollect, particularly given the challenging environment of the global pandemic. I’m delighted that we have continued to deliver on our promise of high growth and have been able to do so whilst improving our gross margin and increasing the proportion of revenue that is recurring providing a solid base for the Company to grow in the future.

Figure 1 - Split of Recurring v. Non Recurring Revenue



The growth of recurring revenue as a proportion of overall revenue throughout 2020 is shown in Figure 1 [across]; one can see a fundamental shift in the structure of the Company’s revenue with recurring revenues now accounting for 60%+ of overall revenue, even as we have grown revenue by almost 50%. In addition to the focus on recurring revenue, the we deployed our advertising spend to focus on higher margin business.

Figure 2 [below] shows both the growth in quarterly revenues while simultaneously increasing gross margin. Indeed in Q4 2020, the stand out figure for me personally was the 110% increase in gross profit compared to the same period last year; see Figure 3 [below]. This comes from a combination of revenue growth and margin expansion and is the result of the hard work of our team.

A large part in the growth of recurring revenue was the 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. We grew from 14 sites in December 2019 to 31 sites in December 2020. This was driven by organic growth as we rolled out new sites in our partnership with Circle K, as well as the acquisition of 12 new sites which was completed in Q4 2020. Further, the announcement in February 2021 of a bank facility of SEK 4.8 million to fund the opening of 10 more BIGbin sites is a key step to drive out further growth.

Our losses before tax have reduced over the past year, both in actual terms (58% lower in Q4 2020 compared to Q4 2019) and as a percentage of revenue from continuing operations, as we have been able to focus on cost control, increasing our gross margin and growing top line revenues.

Investing to acquire new customers is an important part of our business and, in order to do so, we are committed to adding talent to our team including digital and content specialists. We are able to target our advertising in such a way that we get most return from it by concentrating on the best pool of potential customers and also by encouraging customers towards the highest margin business. Fortunately, as Ireland is a European centre for many technology companies, we have direct access to a qualified and well trained workforce as we grow our team and our business, supporting our objectives.

Figure 2 - Revenue v. Gross Margin

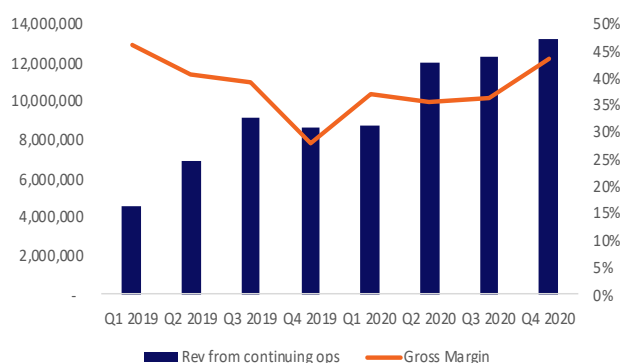
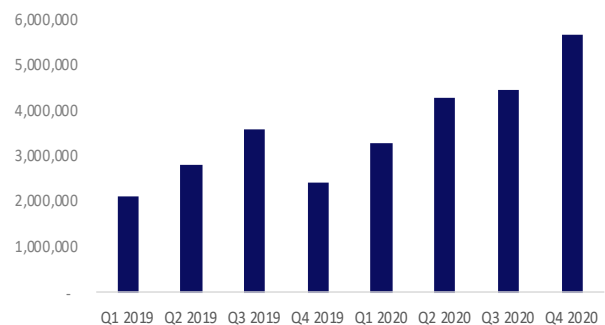


Figure 3 - Gross Profit



The growth of our recurring revenue business will be supported by the roll out of our new commercial app for phones, which adds value to our commercial customers by managing the relationship in a seamless manner and improving operating effectiveness internally. We had a soft launch of new app in January 2020, 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 app is consistent with our mission: to make it simple to have waste collected and recycled.

As we look back on 2020, we have navigated the challenges that a number of lock downs have presented us and, despite the restrictions, we have continued to attract new customers. To have done this all while maintaining our excellent reputation with our customers after thousands of collections has been a real highlight and something we will continue to keep at the core of our business, as we continue to grow.”



Events in the Quarter

Trading in the period

Throughout Q4 2020, the Company continued to operate in challenging economic conditions due COVID-19 restrictions in Ireland and the UK.

Recurring revenues were up significantly on Q4 2019 and also saw strong growth compared to Q3 2020, reflecting the focus on growing commercial business and BIGbin revenues in the quarter.

There were smaller increases in non-recurring revenues of 11% versus prior year, driven by domestic bin collection and domestic junk and was also positive compared to Q3 2020.

During the quarter, the Company continued to focus on expanding gross margins and achieved 43% compared to 30% in Q4 2019, and 36% in Q3 2020.

Key Figures (SEK '000s)	Q4 2020	Q4 2019	Q3 2020	Full Year 2020	Full Year 2019
Revenue from continuing operations	12,945	8,725	12,167	46,141	29,382
Total Revenue	12,945	9,121	12,167	46,141	36,082
Cash	2,351	915	10,147	2,351	915
Profit/(loss) before tax	(2,375)	(5,711)	(4,052)	(12,035)	(9,465)
Gross Profit from Continuing Operations	5,534	2,639	4,350	17,607	10,986
Total Gross Margin	43%	30%	36%	38%	38%

Revenue from continuing operations for Q4 2020 was up 48% compared with Q4 2019, and for FY2020 was up 57% compared with FY 2019.

Gross Profit from Continuing Operations was up 110% in Q4 2020 compared to Q4 2019, and for FY 2020 was up 60% on FY 2019.

The Loss Before Tax in Q4 2020 of SEK 2.4 million, a drop of 58% from a loss of SEK 5.7 million Q4 2019 and a drop of 41% compared to Q3 2020. In FY 2020, it increased to SEK 12.0 million from FY 2019 figure of SEK 9.5 million. This reflected the Company's continued efforts to control costs as the business grew and its focus on gross margin. As a percentage of total revenue, however, losses in Q4 2020 were down to 16% from 65% in Q4 2019 and 33% in Q3 2020. It should be noted though that there was other income included in Q4 2020 of SEK 1.0 million of R&D grant income from the Irish government, which is non operational income.

Reduction in revenues from certain lower margin sales activities

As announced in the Interim Report for Q2 2020, the Company reduced sales resources and advertising spend on certain activities with lower gross margins these resources were redeployed to higher margin activities or released. It was anticipated that this would lead to a decline in overall revenue from lower margin verticals for a time, while the digital marketing spend on these activities was optimised.

It did, however, have the positive impact of increasing gross margin from 36% in Q3 2020 to 43% in Q4 2020 and also led to an increase in the proportion of recurring revenue versus non-recurring revenue.

Waste Drop Off

The acquisition of an Irish-based company operating within the compactor bin business space was completed on 1 November 2020. It has been integrated into BIGbin Waste Technology Limited ('BWTL') the operating subsidiary for waste drop-off with effect from that day.

BWTL also continued to invest in rolling out new BIGbin sites and launched new sites in Waterford and Sligo. Including the 12 sites purchased in the acquisition, total operational sites increased from 15 at the start of Q4 2020 to 31 by the end of the quarter, of which 12 are on Circle K sites.

This was reflected in the increase in revenue from BTWL, which was up by 53% in Q4 2020 compared to Q4 2019.

New Products

Also, the Company continued to evaluate the market for a franchise programme for Junk removal providers before the end of H2 2020 and has commenced two pilot projects to assess feasibility.

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 187,000 km.

Irish Government COVID-10 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.

Working Capital

The Company had SEK 2.4 million cash on hand at the end of Q4 2020, which was down from SEK 10 million at the end of Q3 2020. After the end of Q3 2020, the Company completed the acquisition which had been agreed in that quarter, making a payment of SEK 4.98 million to the vendor with the balance used for working capital purposes including IT development.

Exchange Rate

The Company has also been negatively impacted by exchange rates between Swedish Krona and the Euro in the year from Q4 2019 to Q4 2020.

Since the Quarter End

The Quarter started with the Irish Government increasing Covid-19 restrictions by closing many construction sites (but not all) from 11 January 2021, which was then extended until at least 5 March 2021. The effect of the restrictions is that about two thirds of construction sites are not operating and all non-essential businesses are closed. This has impacted on revenues from commercial bins, skip and junk hire.

In February 2021, BWTL secured a debt facility from an Irish bank for SEK 4.8 million at an advantageous variable rate of 3.34% per annum for seven years, which will be used to purchase and roll out up to 20 BIGbins on 10 new sites in 2021.

At the same time, the Company increased the bridge loan facility already agreed with Formue Nord Fokus A/S from SEK 3 million to SEK 4.9 million, and also arranged a shareholder's loan of SEK 1.5 million from CEO, John O'Connor, for working capital purposes. The bridge loan was procured on the same terms as the initial facility (except that there is no issue of new warrants attached) and will be repaid with the proceeds from the warrant conversion in August 2021.

The Company has also expanded its presence in the UK market with the hire of a business development manager in Belfast. Apart from establishing operations in Northern Ireland, he will also provide support to ongoing business development in Manchester.

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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 Q4 2020 was 90% up on Q4 2019.
- Non-recurring revenue comes from Domestic Skip Hire, Skip Bags and Domestic Junk Removal in Ireland and the UK. Non-recurring revenue increased 11% for the same comparative period.
- In the operational currency (the Euro), the variances for Recurring revenue and Non-recurring revenue are 97% and 14% respectively.

Revenue Breakdown (SEK '000s)	Q4 2020	Q4 2019
Recurring	7,880	4,144
Non-Recurring	5,064	4,581
	12,945	8,725
Total Revenue from Discontinued Operations	0	396

Costs

- The Company incurred expenses of SEK 8.9 million in continuing operations in Q4 2020, which compared to SEK 8.1 million in Q4 2019 and SEK 8.4 million in Q3 2020.
- The main increase was in staff costs as the Company continued to invest in the team.
- The Company reduced significantly its digital marketing and advertising spend on lower margin activities in Q4 2020 and focused on higher margin business.
- The Company continued its policy to invest in developing its technology, the expenses of which are not capitalized, but instead are recorded on the income statement.



Financial Information

Accounting policies

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

For 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 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 in August 2019 and incorporation of BTWL in July 2020 and there was no change to the shareholdings at the date of the formation.

Exchange Rates

The exchange rates used in this report are sourced from the European Central Bank. The primary operating currencies of the Group 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 Q1 2021 on 26th May 2021.

Annual General Meeting

The Annual General Meeting is scheduled for 4 June 2021.

Annual Report

The Annual Report is scheduled to be published on Friday 14 May 2021. This will be available at [Kollect.ie/pages/investor](https://kollect.ie/pages/investor)

Financial Calendar

Annual Report	14 May 2021
Q1 2021 Report	26 May 2021
Annual General Meeting	4 June 2021
Q2 2021 Report	10 August 2021
Q3 2021 Report	8 November 2021

Income Statement

SEK '000	Q4 2020	Q4 2019	2020	2019
Revenue	12,945	8,725	46,141	29,382
COS	(7,411)	(6,086)	(28,534)	18,396
Gross Profit	5,534	2,639	17,607	10,986
Operating Expenses	(8,937)	(8,147)	(28,885)	(22,014)
Other Income	1,028	97	1,266	97
Other Expenses	-	(393)	-	(393)
Profit/(Loss) for the period from continuing operations	(2,375)	(5,410)	(10,012)	(11,324)
Discontinued Operations				
Profit for the period from discontinued operations	-	93	-	1,859
Profit/(loss) for the period before tax	(2,375)	(5,317)	(10,012)	(9,465)
Prior Period Adjustment	(2,024)		(2,024)	
Tax expense	0	0	0	0
Total Loss for the period	(4,398)	(5,317)	(12,035)	(9,465)
Number of shares outstanding at period close	5,885,610	4,672,912	5,885,610	4,672,912
Earnings per share at the end of period (SEK)	(0.75)	(1.22)	(2.04)	(2.03)
Number of shares outstanding after the dilution impact of warrants	9,578,415	4,672,912	9,578,415	4,672,912
Earnings per share after dilution impact of warrants (SEK)	(0.46)	(1.22)	(1.26)	(2.03)
Average Number of Shares	5,885,610	3,723,514	4,995,191	3,616,999

Balance Sheet

SEK '000	Dec 2020	Dec 2019
Fixed Assets	12,415	5,544
Trade and other receivables	15,064	17,715
Bank and Cash	2,351	915
Total Current Assets	17,415	18,630
Trade and other payables	19,973	18,174
Long Term Liabilities	12,283	5,595
Total Liabilities	32,256	23,769
Net Assets	(2,426)	405
Equity	(2,426)	405

Cash Flow

SEK '000	Q4 2020	Q4 2019	2020	2019
Loss after Tax	(4,398)	(5,317)	(12,035)	(9,465)
Finance costs	420	263	1,164	672
Depreciation	405	345	1,146	874
Amortization	41	56	208	224
Trade & Other receivables	(519)	(495)	2,071	(17,628)
Trade & other payables	908	7,407	10,247	9,020
Net Cash from Operating Activities	(3,093)	2,259	2,802	(16,305)
Payment for intangible assets	(120)	-	(155)	-
Payment for PPE	(5,975)	(10)	(8,963)	(2,044)
Net Cash Flows from Investing Activities	(6,095)	(10)	(9,118)	(2,044)
Proceeds from Issue of Share Capital	-	-	8,734	14,971
Movement in finance leases	(233)	(269)	256	(330)
Movement in bank loans	(77)	(344)	(3,642)	(403)
Movement in other loans	122	2,974	2,972	5,559
Movement in rolling finance facility	1,255	(609)	471	4,931
Exceptional Items	0	(5,253)	0	(5,722)
Interest paid	(289)	(263)	(1,034)	(672)
Net Cash Flows from Financing Activities	778	(3,764)	7,756	18,334
Differences relating to Foreign Exchange	615	0	(4)	0
Net increase/(decrease)	(7,796)	(1,515)	1,436	(14)
Opening Cash	10,147	2,430	915	929
Closing Cash	2,351	915	2,351	915

Statement of Changes in Equity

SEK '000s	Share Capital	Share Premium	Retained Earnings	Total Shareholders Equity
01-Jan-19	-	-	-	-
Creation of Kollect on Demand Holding AB	500			500
Acquisition of Subsidiary	398		(2,105)	398
Total Group Loss			(9,465)	(11,562)
Issue of New Shares	328	10,743		11,071
31-Dec-2019	1,225	10,743	(11,570)	405
01-Jan-20				
Registration of Shares	241	8,969		9,210
Loss for period			(12,035)	(12,035)
31-Dec-2020	1,471	19,709	(23,605)	(2,426)

Note 1 - Other Income

- Included in Other Income is R&D grant income from the Irish government, which is non operational income. This is awarded to Irish companies who are seeking to make scientific or technological advancements.

Note 2 - Prior Period Adjustment

- As noted in the Q3 Interim report and in other subsequent press releases, the Company is in discussions with the Revenue Commissioners regarding eligibility for Government employment support payments during Q2 and Q3 2020. The Company believes that it was eligible and is making its case to the Revenue Commissioners, however in line with the Company's prudent approach to accounting policies, it has been included in the profit and loss for Q4 2020 as a prior period adjustment, and has also been included as a provision on the Balance Sheet. If the Company has to make repayments, these repayments are expected to be made monthly, over a 3 year period

Note 3 - Proposed Dividends

- The Company is not proposing to pay dividends.