

27 April 2023

Urb-it AB (publ) Quarterly Report, January – March 2023

2023 SUMMARY

Financial development during the period January - March 2023

- Net Sales for Urb-it AB (publ) amounted to KSEK 12 019 (KSEK 10 931) during the period.
- Gross Margin 1 was KSEK 477 (KSEK –8 505)
- Gross Margin 2 was KSEK –14 650 (KSEK –20 447)
- OPEX was KSEK 18 385 (KSEK 20 318)
- EBIT was KSEK -35 866 (KSEK -43 746).
- Loss before tax KSEK -34 312 (KSEK -39 062).
- Loss per share attributable to owners of the Parent Company amounted to SEK -0,02 (SEK -0,16).

Compared to Q1 previous year, Net sales increased by 10% but at the same time, the volumes decreased by 6%. The higher sales calculated by unit is due to the discontinuation of low-profitable clients.

Consequently, on GM 1 level; there is an improvement of 9.0 MSEK compared to Q1 2022; especially driven by improvement in the French operations. Also, Urb-it has continued to show a positive GM 1 result for the second quarter in a row. The increase in GM 1 from the previous quarter is primarily driven by a continued improvement in productivity in the United Kingdom, getting close to break-even numbers. Also, Spain has a continuous trend into break even on GM 1 level; being positive in March.

A significant improvement on GM 2 level of net 5.8 MSEK can also be explained by more efficient production in the French hubs, resulting in lower personnel costs. At the same time, total GM 2 is impacted by the start-up operation in Spain (where there was no operation in Q1 2022) and further expansion in the United Kingdom. The increase of the indirect delivery costs (impacting GM 2) will enable future expansion in those markets.

OPEX has been decreased by 1.9 MSEK, following the initiative of building a more efficient overhead organisation. This work will continue during the following quarters.

Following these important measurements, the EBIT result is significantly improved by 7.9 MSEK.

Business highlights during the first quarter of 2023

- Urb-it's CFO resigns.
- Urb-it expands its presence in the United Kingdom to offer sustainable last mile delivery services in Leeds.
- Urb-it rolls out sustainable last mile delivery services for Evri (previously Hermes) in Bristol
- Urb-it rolls out sustainable last mile delivery services for Evri (previously Hermes) in Glasgow
- Urb-it partners with Varamis Rail to offer sustainable end-to-end deliveries for e-commerce across the UK.

CEO'S OVERVIEW

We commence 2023 with continued global profitability after direct delivery costs and a strong outlook for 2023 and beyond.

Urb-it closed Q4 2022 with a significant milestone, having achieved first-ever global profitability after direct delivery costs (GM 1). I am delighted that we commence Q1 2023 in the same way, but with even stronger underlying trends across our entire business.

France, our largest market, has continuously delivered on GM 1 profitability for the past year. In the United Kingdom, two months out of three were GM 1 profitable in Q1. And I am encouraged to see that even in Spain, our newest market, we concluded March 2023 with GM 1 profitability. It brings Q1 2023 to a 9 MSEK YoY improvement on GM 1. I believe it is imperative to emphasize that attaining these results is a remarkable achievement and confirms the financial potential of our operational model.

To accomplish our growth targets, we have invested to cover a vast geographical footprint adding seven new cities to our network over the past year. Consequently, our indirect delivery costs have increased slightly (3.2 MSEK YoY). This development is necessary and positions us well to generate new business. But it also temporarily results in operating on relatively low delivery volume and density per location, until a critical mass is established. And yet still, we are already producing positive results.

Therefore, with the development of existing and new clients throughout 2023, I am confident that we will demonstrate significant improvements in direct and indirect unit costs, accelerating our path to breaking even.

The right solution at the right time

In March 2023, the Mayor of London launched the "Cargo bike action plan," aiming to promote and enable the growth of cargo bikes to make them the city's leading option for clean, safe, and affordable last-mile freight. This is another proof point of a market that has rapidly developed from being a niche solution in a few segments to being part of the core last-mile strategy with major e-commerce brands and logisticians across Europe.

Adjusted for discontinued clients, we grew delivery volume in Q1 by 54 % and net sales by 82 % compared to Q1 2022. Whereas the macroeconomic situation has slightly slowed down e-commerce growth, the transition from van delivery models to e-cargo bikes remains in its high-growth early stage. Fueled by policy making, its natural competitive advantage on cost-effectiveness, and the demand on and within retail for a green transition, Urb-it is witnessing the development firsthand and in pole position.

Retailers increasingly demand a sustainable supply chain not only in the last mile, but also end-2-end.

Therefore, I'm proud and delighted to see Urb-it pioneering partnerships for first-mile logistics by electric rail in France and the UK. Coupled with our B Corp credentials, European coverage, and solid technical platform, it gives Urb-it a unique and leading role in an expanding market.

Looking ahead

The road ahead and our priorities for 2023 are crystal clear. We continue to focus on growth and unit profitability in our existing markets while improving efficiencies across the entire business. A small proportion of these efficiencies are visible in Q1, with a decreased OPEX of 1.9 MSEK and improved EBITDA of 7.7 MSEK YoY.

Lastly, I thank our shareholders, clients, customers, partners, and employees for their support and dedication. We look forward to improving our financial results and business impact throughout the year.

Kevin Kviblad, CEO

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About Urb-it AB (publ) | B Corp certified

Urb-it is a rapidly growing sustainable logistics platform with a vision to transform urban logistics, one delivery at a time. We deliver urban logistics services that create a positive impact on society and the environment. We partner with brands to deliver the last mile sustainably and efficiently in urban areas across Europe.

Our customer-centric last mile delivery services are conducted by our employed couriers on our 100% e-cargo bike fleet. This reduces emissions, congestion, and noise pollution - creating healthier cities.

We are a B Corp certified business, meaning we meet and have committed to the highest verified standards of social and environmental performance. We are currently operating in urban areas in Europe's largest e-commerce markets – France, the UK, and Spain. Our ambition is to expand into other major e-commerce markets across Europe in the coming years.

In 2022, Urb-it won Best Supply Chain Solution Award at The Retail Supply Chain & Logistics Expo.

Founded in 2014, Urb-it is a Swedish entrepreneurial company headquartered in Stockholm and listed on Nasdaq First North Growth Market. Find out more at urb-it.com.

The Company's Certified Adviser is Redeye Aktiebolag who are reachable on +46 (0) 76 49 206 60 or certifiedadviser@redeye.se.

This information is such information that Urb-it AB (publ) is required to disclose in accordance with the EU Market Abuse Regulation (MAR). The information was submitted, via the above-mentioned contact person, for publication at 08:30 CET on April 27, 2023.