

25 August 2023

Urb-it AB (publ) Quarterly Report, April – June 2023

FINANCIAL SUMMARY

Financial development during the period April - June 2023

- Net Sales for Urb-it AB (publ) amounted to KSEK 11 646 (KSEK 12 448) during the period.
- Gross Margin 1 was KSEK -202 (KSEK -2 017)
- Gross Margin 2 was KSEK -15 267 (KSEK -13 177)
- OPEX was KSEK 19 920 (KSEK 19 531)
- EBIT was KSEK -38 120 (KSEK -35 588).
- Loss before tax KSEK -20 743 (KSEK -35 062).
- Loss per share attributable to owners of the Parent Company amounted to SEK -0,01 (SEK -0,15).

Compared to Q2 previous year, Net sales decreased by 6%; expressed in SEK; but at the same time, the volumes decreased by 14%. The higher sales per unit is mainly driven by the depreciation of the SEK versus EUR and GBP and the discontinuation of unprofitable customers.

On Gross Margin 1 level; there is an improvement of 1.8 MSEK compared to Q2 2022. The main reason for the improvements is related to increased efficiency due to the discontinuation of unprofitable customers, also the newly started operations in Spain have contributed positively during the quarter (Urb-it had no operations in Spain in Q2 2022).

The increase of Indirect Delivery Costs by 3.9 MSEK; reaching 15.1 MSEK (11.2 MSEK) is partly related to the expansion to new cities, within existing cities in the UK and the newly started operations in Spain. Consequently, the GM 2 level is impacted by the actions taken, but necessary for future growth and profitability in those markets.

OPEX has stayed on the same level as Q2 2022. However, further actions have been taken following the initiative of building a more efficient delivery- and overhead organization during the quarter. The actions taken will reduce the costs for the remainder of 2023 and onwards.

Following the above, EBIT is reduced by 2.5 MSEK from -35 588 KSEK in Q2 2022 to -38 120 in Q2 2023.

The impact on financial items is related to currency fluctuations.

Business highlights during the second quarter of 2023

- A new CFO is appointed.
- Urb-it partners with SunRider to operate a Solar Powered fleet, reducing the carbon footprint of last mile delivery
- Urb-it integrates as delivery service provider on FarEye to boost growth throughout its European markets

- Urb-it integrates with leading global returns management specialist ReBound to offer sustainable returns for customers around the UK, France, and Spain
- Urb-it announces trading update for FY 2023; revising the financial targets for 2023

Business highlights after the second quarter of 2023

- Urb-it integrates and partners with Maersk to provide last mile delivery services in Madrid, Barcelona, and Valencia
- Urb-it launches with major shipping and logistics group WANB Express to provide sustainable last mile delivery services in the United Kingdom

CEO'S OVERVIEW

Focus and determination propel us toward long-term profitability and success.

I am filled with optimism for the decisions we have taken. Let me begin by reflecting on the strategic choices we made at the start of 2022 to optimize our profitability.

In our pursuit of profitable growth, we took bold steps in early 2022 by refining our customer base and intentionally discontinuing contracts that didn't align with our future vision. As a result, over 35% of the volume was discontinued. While this decision affected our growth over the last year, it was a carefully thought-out move, prioritizing lasting profitability over short-term, unprofitable growth.

Thanks to our dedicated team across all markets, whose relentless efforts were pivotal in executing our strategy, we've made significant progress in replacing the decommissioned volume with a profitable one. This shift led to a 0.3 MSEK increase in Net Sales compared to the first half of 2022. Furthermore, the exciting news is that Year to Date, we have achieved profitability after Direct Delivery Costs (Gross Margin 1). This accomplishment represents an impressive 10.8 MSEK improvement in Gross Margin 1 compared to the same period last year. It's important to underscore that attaining a profitable Gross Margin 1 is pivotal to ensuring sustainable and profitable growth.

Although we are proud of the achievements, we're far from being satisfied. Building on the momentum, during Q2 we have implemented extensive reorganization across all markets. This organizational oversight will enable us to unlock greater efficiency, reduce operating expenses by over 20% in the second half of the year, and be better equipped to adapt to evolving market dynamics as we navigate the path to long-term profitability.

Urb-it is leading sustainable urban deliveries with strategic investments and a Pan-European position

The demand for sustainable urban e-commerce deliveries has reached unprecedented heights. Positioned as the exclusive Pan-European and 100% sustainable provider, Urb-it has a unique position in the market.

However, building and expanding our network across all markets has demanded time and investments. In the logistics world, making a profit relies heavily on achieving sufficient volume and density in our operations. These two factors play a crucial role in ensuring overall efficiency and financial success. To achieve this rapidly, we have strategically

partnered with prominent carriers such as Maersk and WANB Express and leading e-commerce players such as Inditex, allowing us to rapidly acquire the necessary volume and density across all markets.

Over the past two years, we've focused on developing a robust infrastructure and expanding our geographic coverage across the UK and France, and now we've also added a third market, Spain. This has been essential in attracting and securing partnerships with larger players, leading to greater volume, density, and ultimately profitability.

It's important to note that the infrastructure investments have impacted our financials through increased Indirect Delivery Costs by 7.1 MSEK compared to the first half of 2022. The investments have led to a shift in the customer mix, higher productivity in the last mile, and lower Unit Direct Delivery Costs, ultimately leading to positive Gross Margin 1. All in all, Gross Margin 2 was improved by 3.7 MSEK and EBITDA improved by 5.3 MSEK compared to the first half of 2022.

Today, we have the foundation to increase the volume by five-fold. Our ability to achieve a profitable Gross Margin 1, even at today's lower volumes, serves as a clear demonstration of our model's efficiency. Urb-it stays at the forefront of the changing landscape, and I look forward with great confidence to our path to profitability.

As a team, we recognize the challenges and opportunities that await us, knowing that our investments and hard work will lead to a more sustainable future.

Let's keep moving forward, towards a greener tomorrow!

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 www.urb-it.com/about/investors#reports.

The Company's Certified Adviser is Redeye Aktiebolag.

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 09.00 CET on August 25, 2023.