

3 March 2023

Urb-it AB (publ) Quarterly Report, October – December 2022

2022 SUMMARY

Financial development during the period October – December 2022

- Net sales for Urb-it AB (publ), amounted to KSEK 14 291 (KSEK 16 000) during the period.
- Operating loss was KSEK -37 862 (KSEK -43 015).
- Loss before tax totalled KSEK -42 251 (KSEK -43 395).
- Loss per share attributable to owners of the Parent Company amounted to SEK -0,17 (SEK -0,20).

Compared to previous year, the Net sales decreased by 11% and the volumes by 3%. Adjusted for discontinued clients (non-strategic fit or non-profitable) the volumes increased by 87%. The discontinuation of clients has enabled Urb-it to increase the profitability after direct delivery costs by almost 7 MSEK compared to the same period previous year.

The 4th quarter was the first quarter in Urb-its history with a positive result after direct delivery costs on a group level, primarily driven by France but also by productivity improvements in The United Kingdom. Urb-it's expansion in Spain is progressing as planned and during the 4th quarter the expansion affected the operating loss negatively by almost 3,5 MSEK.

Excluding the expansion cost related to Spain, the Operating loss was 34,4 MSEK, an improvement by almost 9 MSEK compared to the same period previous year.

Compared to the financial targets published during December 2022, Urb-it had higher Net sales by 3 MSEK driven by new clients in the UK and Spain which affected the result by -0,3 MSEK after direct delivery costs. In addition, the result was also impacted by transportation costs between Hubs in the UK by -1,2 MSEK and restructuring costs of ca -1 MSEK. The remaining difference between 4th quarter actuals and the published financial targets was -2,6 MSEK, attributable to increased infrastructure costs related to the quick ramp up of capacity in the hubs.

Urb-it continued to invest in infrastructure to enable future growth in all markets. At the end of the 4th quarter, tangible assets have increased to KSEK 24 697, primarily e-cargo bikes but also refurbishment of hubs.

Business highlights during the fourth quarter of 2022

- Urb-it communicates clarification regarding Urb-its financial position and the volatility in the company's share.
- Urb-its' chairman Lage Jonason resigns at his own request.

- Urb-it carries out a rights issue of ca SEK 196 million and received a bridge credit facility from a shareholder.
- Urb-it's sustainable last mile delivery services available for Nudex e-com customers in the UK.
- Urb-it communicates financial targets for the period Q4 2022 – 2027.
- Urb-it publishes prospectus regarding the rights issues.
- Urb-it launches sustainable last mile delivery services for Evri (previously Hermes) across multiple cities in the UK including London.
- Urb-it AB (publ) changes Certified Adviser to Redeye AB.
- Urb-it launches sustainable last mile delivery services for a share of Zara's online orders in five cities in the UK, Paris and Barcelona.
- Urb-it announces trading update for Q4 2022.
- Urb-it is expanding its presence in Spain to offer sustainable last mile delivery services in Valencia.

Business highlights after the end of the fourth quarter

- Urb-it's CFO resigns.
- Urb-it expands its presence in the United Kingdom to offer sustainable last mile delivery services in Leeds.

CEO'S OVERVIEW

We conclude the quarter and 2022 having achieved a first-ever global profitability after direct delivery costs

As we continue to execute our strategy, growing the business at profitability and securing a pathway to company break-even, I am pleased to conclude that we have achieved a significant milestone. Urb-it closed Q4 2022 with a first-ever global unit profitability after direct delivery costs. Significantly, all three markets are improving their Q3 result per delivery after direct delivery costs with factor three or more, a major accomplishment and proof point to the potential of our business.

Unit profitability in logistics is rooted in delivery volume and density, and few industries are as profoundly linked to economies of scale. This context and its relation to profitability is crucial, as Urb-it is still a small actor in a large and growing European market. Our average on-road delivery efficiency is still at a mere 30 % of what we perform daily in more mature, higher-density areas. That we still conclude Q4 at profitability after direct delivery costs underpins the inherent potential of our model.

In such areas, Urb-it is now achieving and confirming what academic research and industry expertise have been arguing – that the e-cargo-bike delivery model outclasses van delivery, not only on sustainability but on pure efficiency and our end customers love it.

Similarly, I want to underline that operational infrastructure and capacity are built before it is used and fully optimized. Currently weighing down our financial results, that same available infrastructure allows us to win and go live with new clients at little or no added costs throughout 2023. In that process, we linearly decrease our unit indirect delivery costs, as seen in the 35 % improvement achieved in France throughout 2022.

In conclusion, while we ought to be proud of having achieved global gross margin profitability after direct delivery cost, there's still a significant disconnect between the financial results and the underlying potential of our business. We should expect further

improvements to both direct and indirect unit costs, thus accelerating our path to break even, quarter by quarter and year on year, while continuing to delight our customers.

Strong business momentum

Throughout 2022 we have unified our global business by discontinuing partnerships deemed not profitable. We conclude the quarter and 2022 having achieved a first-ever global profitability after direct delivery costs in the long run or not in line with our company strategy. Adjusted for this, we still grew our volume in Q4 by 87 % compared with Q4 2021. Overall, y-o-y growth between 2021 and 2022 of approx. 98%. Adjusted for the discontinued on-demand market, the growth would instead be: 243%.

The current macroeconomic and geopolitical situation impacts the wider industry and our business. However, for a small business in hypergrowth, there is also an opportunity to gain market share – especially when positioned right.

Through its war of aggression in Ukraine, Moscow has unwittingly accelerated the European Union's green transition with up to a decade. Businesses are pushing for affordable transitions from diesel and gas to more dependable supply chains. In doing so, they hope to achieve two things: (i) Delight their ever more demanding customers with a green transition, (ii) keep their cost base in check. Urb-it is well positioned to help them achieve both.

Looking ahead

The Operating loss amounted to – 37,9 MSEK in the quarter, an improvement with 5,1 MSEK from Q4 2021 and 8,6 MSEK if adjusting for the fact that we have launched a third growth market in Spain.

In Q4 2022, Urb-it secured a preferential rights issue of ca 196 MSEK before transaction costs. I am keen to express my gratitude again for the support from existing and new shareholders. The proceeds from the shares issues provide us with an attractive long-term financial position as we continue to execute our strategy and move toward profitability.

In conclusion, I thank our shareholders, clients, customers, partners, and employees for their support and dedication to our business and cause. We are proud of our achievements during the quarter and confidently look forward to 2023 to continue to deliver value to stakeholders and shareholders alike.

Kevin

For further information please contact:

Kevin Kviblad, CEO kevin@urbit.com

Urb-it Press Office press@urbit.com

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 07:30 CET on March 3 2023.