

27 October 2023

Urb-it AB (publ) Quarterly Report, July – September 2023

FINANCIAL SUMMARY

Financial development during the period July - September 2023

- Net Sales for Urb-it AB (publ) amounted to KSEK 12 164 (KSEK 11 317) during the period
- Gross Margin 1 was KSEK 652 (KSEK -2 578)
- Gross Margin 2 was KSEK -13 789 (KSEK -14 433)
- OPEX was KSEK 15 311 (KSEK 18 919)
- EBITDA was KSEK -29 099 (KSEK -33 352)
- EBIT was KSEK -31 963 (KSEK -36 178)
- Result before tax KSEK -39 108 (KSEK -35 390)
- Result per share attributable to owners of the Parent Company amounted to SEK - 0.02 (SEK -0.15)

Compared to Q3 previous year, Net sales increased by 7%; expressed in SEK; but at the same time, the volumes decreased by 14%. The higher sales per unit are primarily driven by the discontinuation of unprofitable customers but also by the depreciation of the SEK versus EUR and GBP.

On Gross Margin 1 level; there is a massive and very important improvement of 3.2 MSEK compared to Q3 2022. The main reason for the improvements is related to efficiency measures in the daily operations by increasing density and other key unit metrics. We can see an improvement YoY in all markets in Gross Margin 1 level and two out of three markets are showing positive Gross Margin 1 for Q1 – Q3 2023.

The investments in our infrastructure within Indirect Delivery Costs have increased during Q3 by 2.6 MSEK to 14.4 MSEK (11.9 MSEK). These investments, related to the expansion to new cities, within existing cities in the UK and the newly started operations in Spain are crucial for future growth and profitability on Gross Margin 1 level in those markets. Consequently, overall Gross Margin 2 level is improved by 0.6 MSEK despite the increased Indirect Delivery Costs.

Following the initiative of building a more efficient delivery- and overhead organization during 2023, OPEX has decreased by 3.6 MSEK or more than 19% to 15.3 MSEK. The actions taken will continue to reduce the costs in Q4 2023 and onwards. Following the above, EBITDA is improved by 4.3 MSEK from -33 352 KSEK in Q3 2022 to -29 099 in Q3 2023

Business highlights during the third quarter of 2023

- Urb-it has integrated and partnered 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.

Business highlights after the third quarter of 2023

- Urb-it partners with third-party logistics provider Futurlog to provide sustainable last mile delivery services in France.
- Urb-it appoints a new Group Finance Manager.

CEO'S OVERVIEW

The third quarter achieves record-breaking performance alongside substantial cost reductions

The third quarter typically represents a period of slow-down within the logistics industry. Nevertheless, I am pleased to announce substantial and robust progress across all our markets. The performance of this quarter serves as a notable milestone for our company, representing the most successful period since our strategic shift towards e-commerce deliveries in Q4 of 2021.

I'm encouraged by our results, which include our best EBITDA of -29.1 million SEK, showing a 13% year-over-year improvement and 17% compared to the previous quarter since our strategic shift towards e-commerce. Additionally, our Net Sales have reached 12.2 million SEK, making this the second-best quarter outside of the Q4 peak. The Q2 of 2022 exceeded it by a slight margin of only 0.3 million SEK.

As previously communicated, we undertook a comprehensive reorganization effort across all our markets in the year's first half. The primary goal of this organizational overhaul was to enhance efficiency and achieve a reduction in operating expenses by approximately 20%. I'm pleased to report that we are now starting to see the positive results of these efforts, with operating expenses reduced by 19% year-over-year, even though we are currently operating in three markets and serving more cities compared to 2022 when we operated in just two markets. Furthermore, this reduction is even larger, with a 23% decrease compared to the previous quarter. This important achievement underscores the substantial progress we've made during Q3. While navigating through such extensive changes and parting ways with colleagues is never without its challenges, our dedicated team's unwavering focus has allowed us to manage this transition exceptionally well, resulting in robust achievements.

I maintain optimism about our accomplishments, yet it's crucial to recognize that we are presently not reaching profitability. This can largely be attributed to the significant shift in the market landscape over the past ten months, which has had a detrimental impact on consumer behavior and, consequently, e-commerce volumes. Nevertheless, with the actions we've already implemented, and additional measures slated for the upcoming months, I am optimistic that we can regain our footing and begin narrowing the gap in 2024.

Simple and proven business model

Urb-it is a prime example where profitability hinges on achieving adequate volume and density for Economies of Scale. Profitability in the last mile space is ultimately driven by delivery density, process efficiency & fleet efficiency.

1. **Delivery Density:** Growing the number of deliveries in the same geographical area results in increased density. Resulting in distances between deliveries being shortened, decreasing time spent and subsequently lowering the cost of delivery.
2. **Fleet Efficiency:** E-cargo bikes outpace vans by delivering roughly 60% faster in urban settings, thanks to reduced traffic and parking delays. Moreover, the total cost of ownership for e-cargo bikes is 60% less than that of vans.
3. **Process Efficiency:** By leveraging technology, optimizing hub locations, providing training, and accumulating experience, couriers and hub staff can reduce the time spent per parcel, resulting in a further reduction in delivery costs.

Evidence of successful operations

It's crucial to emphasize that although we are in the early stages of our volume and density growth, working toward the required density in each geographic market area, we have already accumulated substantial evidence of the success of our business model.

Ultimately, profitability depends on achieving the necessary number of deliveries per hour, reducing the Direct Delivery Cost per delivery, and establishing a positive Gross Margin 1. Without a positive Gross Margin 1 per delivery, profitability remains out of reach. That's why the efforts we've made to achieve a Gross Margin 1 of 0.9 MSEK Year to Date, marking a significant improvement of 14.0 MSEK compared to the same period in 2022, have been crucial in providing an initial validation of our business model.

Furthermore, another compelling piece of evidence affirming the success of our operations and business model is our capability to maintain a monthly Direct Delivery Cost per delivery as low as 15 SEK (€1.30) in high-density areas. This translates to approximately 13 deliveries per hour, underscoring the efficiency and effectiveness of our operations and fleet.

Today, we've built a resilient infrastructure, fortified our sales pipeline, optimized our organizational structure, and streamlined our processes, all to pave the path to profitability. Urb-it remains a leader in providing a truly sustainable, efficient, and affordable last-mile service.

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 08.45 CET on October 27, 2023.