

Urb-it AB (publ)

Interim Report - Qtr 3
July - September 2020



Certified



Corporation

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SUMMARY OF Q3 2020

Significant events during the business year

Financial development for the period July – September 2020

- Net sales for Urb-it AB (publ) totalled KSEK 2 103 for the period July–September 2020 compared to KSEK 1 074 for the period July–September 2019.
- During the period, the operating loss amounted to KSEK -13 318 (KSEK -10 918).
- Loss before tax was KSEK -13 559 (KSEK -10 453).
- Loss per share attributable to owners of the Parent Company amounted to SEK -0,09 (SEK -0,11).

Significant events during the third Quarter of 2020

- Deliveries in Qtr3 was up 311% compared to deliveries in Qtr3 2019.
- In September Urb-it signed a partnership agreement with DHL Express France in order to provide zero carbon last-mile deliveries to the DHL customers in France.
- The additional new DHL hubs in France are now operational and ready for the coming peak season volume.
- The decommission of the Swedish operation was finalised during the 3rd Quarter and will lead to lower OPEX by approximately KSEK 1500 per quarter.
- The set-off issue of shares that the Board of Directors of Urb-it AB decided upon on 10th June 2020 was fully subscribed to and

completed during the first week of July. The issue proceeds of approximately SEK 34.6 million before issue costs were paid in full by offsetting debt from the company. Stockholm, 24th April 2020.

Significant events after the end of the Quarter

- In the second week of November, Urb-it earns B Corporation certification due to its impact and continuous innovation in sustainable logistics. Urb-it now joins the fast-growing movement of more than 3500 certified B Corporations across 150 industries in 74 countries including companies like Patagonia, Ben & Jerry's, and The Bodyshop.
- Urb-it welcomes the partnership with SmartFreight to bring retailers a sustainable and intelligent transport management solution.
- Urb-it partners with Primis Communications to offer leading European retailers a revenue generating post-purchase experience.



CEO'S OVERVIEW



“Urb-it is primed, ready to take advantage of the e-commerce boom and grow 10-fold in 2021”

With arrival of the corona pandemic the fast-growing e-commerce has further accelerated. This acceleration has also shaken up urban logistics, causing a shift in consumer buying behaviour as home and retail deliveries surge. The accelerated customer demand for fast, convenient, and sustainable delivery solutions is a clear sign for the demand of an enhanced delivery experience.

Urb-it is primed, and we are capitalising on the changing landscape, turning it into a fast growth through our enhanced product offering and strategic partnerships. Our recent collaboration with DHL Express in France has flourished, and we have now finalised our expansion in Paris, just as the holiday peak season is about to commence.

This demonstrates our ability to adapt, rapidly scale and meet partner requirements. Over the years to come, I am certain this partnership and others similar to come, will allow us to create more value through the formation of sustainable synergies and customer-centric delivery expertise. With this example of success, Urb-it can become a blueprint service for modern urban logistics.

As the season progressed, the pandemic situation heightened, with consumers escaping the city. We adapted quickly and persevered, growing our net sales by + 96% compared to Q3 last year. Throughout the quarter, our DHL partnership investment set us up for ongoing success. Furthermore, we leveraged strong growth opportunities in the industry. Primarily, those that evolved from the second lockdown in Europe and continued increases in consumer online buying trends. With two-thirds of Q4 already in hand, I am confident that Q4 will be a very strong quarter for Urb-it. Together with our strong partner relationships and enhanced service offering, we will continue to support the growth of the business and expedite Urb-it's expansion plans to other cities throughout the UK & Paris.

We have included a section in this report where we present the revenue model; it is simple, and I hope it gives the shareholders a better understanding of how it all works. With millions of parcels being delivered every day in cities like Paris, there are huge business opportunities for Urb-it as well as there is room for several last-mile companies. In this stage of the company's development, it is too early to give a prognosis. Based on what we know today, one can only foresee that we in 2021 will tenfold the volumes compared to 2020. Having said that, my firm belief is that we reach break-even in 12-15 months' time.

As always, I thank you for your support,

Kevin Kviblad

CEO



ABOUT THE URB-IT GROUP



Urb-it is a Swedish logistics company and Certified B Corporation™. Powered by a robust technical platform, and its community of delivery assistants (Urbers), Urb-it offers a customer-centric end-to-end fulfilment service for e-commerce, retail and the on-demand market. The company today operates in the UK and France and works with leading European brands.

The company’s mission is to transform logistics with a human service that fights for the health of our cities. Delivering the last-mile exclusively on foot, bike or with cargo-bikes, Urb-it aims to reduce air pollution, noise pollution and congestion in Urban areas, while providing a delivery service that exceeds customer expectations. Our Urbers are carefully recruited and trained by Urb-it to provide excellent service.

The solution is available to merchants via direct API-integration as well as through a range of leading transport management systems. Services include delivering the same-day, next-day, nominated day and returns, and can be fulfilled both from the merchant’s online store and physical store network. The logistic market is a mature volume business where price per delivery is predictable and under the company’s own control.

Urb-it’s community platform enables Urb-it to scale up volume rapidly and benefiting from economies of scale. This leads to a higher operational efficiency in terms of lower Urber cost and hub cost per delivery resulting in a higher Gross Margin.

A truly scalable business model



FINANCIAL INFORMATION

Net Sales and Earnings during the third Quarter of 2020

The company's net sales during the period July 1 - September 30, 2020 amounted to KSEK 2 103, which corresponds to an increase of KSEK 1 029 (+96%) compared to the period July 1 - September 30, 2019 when net sales amounted to KSEK 1 074. The increase is due to continued increased market establishment fuelled by changed customer behaviour due to the Corona pandemic and the DHL Partnership agreement in France.

During the period July 1 - September 30, 2020, the Company's operating loss amounted to KSEK -13 318, which is an increase of KSEK -2 400 compared with the July 1 - September 30, 2019 when the operating loss amounted to KSEK -10 918. The increase comes mainly from continued higher operational expenses due to the expansion in Paris and the decommission of

the Swedish operation.

Liquidity & Financing

Cash and cash equivalents amounted to KSEK 591 as of September 30, 2020 compared with KSEK 3 682 as of 30 September 2019. The Group's current liabilities amounted to KSEK 14 546 as of 30 September 2020 compared to 21 102 as of 30 September 2019. Equity amounted to KSEK -5 866 as of 30 September, compared to KSEK -22 719 as of 30 September 2019. During the third quarter, non-current assets accumulated to KSEK 21 190 compared to KSEK 30 479 as of 30 September 2019.

Personnel & Organization

As of September 30, 2020, the Urb-it Group had a total of 26 full-time employees, 10 of whom worked in Sweden, 10 in Paris and 6 in London. Previous year, the number total number of employees was 21; 10 in Stockholm, 7 in Paris and 4 in London.

Related Party Transactions

During the third quarter of the year, the loan from Lage Jonason was converted into shares in the company in the offset issue that took place early July.

Significant Risks & Uncertainties

Until the business generates a positive cash flow, it is the task of the Board of Directors and the management team to continuously examine the issue of the conditions for continued operation. The Board's assessment is that the required liquidity will be provided to the business through ongoing income, borrowing and increase in equity.

Financing & Going Concern

Until the Company shows a profit, the business remains dependent on the addition of liquid funds. Such funds will be provided through continued borrowing by the Company's principal shareholder, or third party, or by the issue of new shares or convertible debentures. Lage Jonason's loan limit of SEK 15 million remains unchanged.



THE STOCK

Summary

	2020	2019
Number of outstanding shares as of 30 September	153 229 084	93 854 453
Outstanding shares as of 30 Sept. after utilization of SO / convertibles	157 454 203	93 854 453

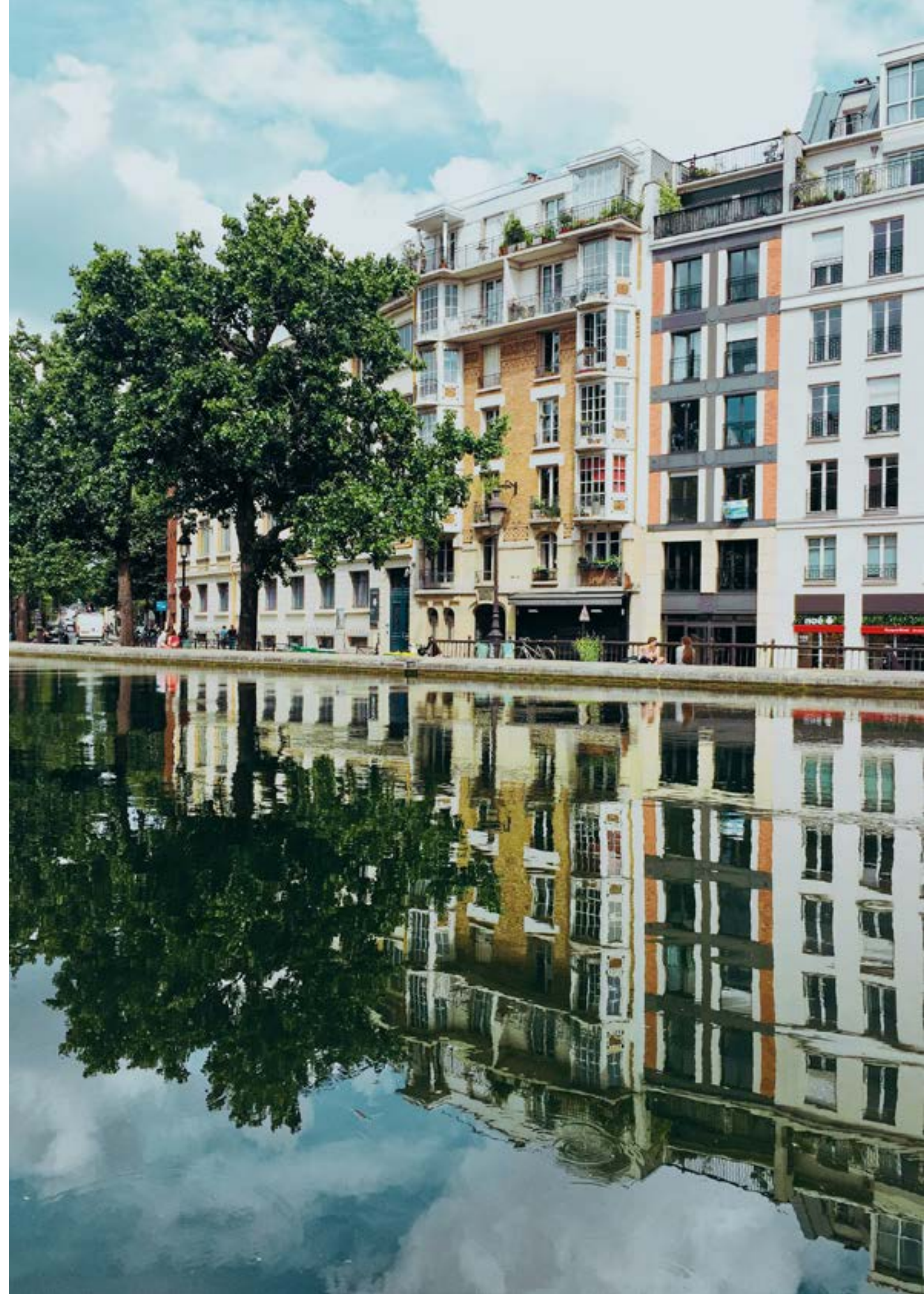
Average number of Shares July-September	151 166 504	93 854 453
Average number of Shares after utilization of SO / convertibles	155 391 623	93 854 453

Shareholders as of 30 September 2020	Shares	Capital %	Votes %
<u>Lage Jonason [1]</u>	77 486 413	50,57%	50,57%
Astrid Jonason	29 092 209	18,99%	18,99%
Erik Mitteregger förvaltning AB	11 462 860	7,48%	7,48%
Gerald Engström	7 688 148	5,02%	5,02%
Swedbank Robur Fonder AB	5 410 577	3,53%	3,53%
Joachim Odqvist	2 776 668	1,81%	1,81%
CommerzBank AG (Bearing Point)	2 674 588	1,75%	1,75%
Palmstierna Invest AB	1 356 931	0,89%	0,89%
Lars-Erik Irstad	1 079 347	0,70%	0,70%
Ålands Ömsesidiga Förs.bolag	1 000 000	0,65%	0,65%
<i>Other shareholders</i>	13 201 343	8,62%	8,62%
Total	153 229 084	100,00%	100,00%

1 Board member Lage Jonason privately owns 45 115 769 shares and 32 370 644 shares through his company Lage Jonason AB.

CONSOLIDATED INCOME STATEMENT

Amounts in KSEK	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Operating income, stock changes etc.					
Net sales	2 103	1 074	8 276	2 814	4 429
Capitalized work for own account	1 120	443	3 739	2 168	2 925
Other operating income	0	6	0	13	13
Sum operating income, stock changes etc.	3 223	1 523	12 015	4 995	7 367
Operating expenses					
Other external expenses	-8 101	-4 608	-29 419	-14 009	-20 017
Personnel costs	-5 313	-4 040	-16 208	-13 242	-18 728
Depreciation and impairment of tangible and intangible non-current assets	-3 126	-3 792	-9 833	-11 281	-15 109
Other operating expenses	0	0	-1	0	-60
Sum operating expenses	-16 540	-12 441	-55 462	-38 533	-53 914
Operating income/loss	-13 318	-10 918	-43 447	-33 538	-46 547
Financial items					
Other interest income and similar items	466	1 361	3 797	3 865	4 188
Interest costs and similar items	-708	-895	-7 073	-3 413	-5 310
Sum financial items	-241	465	-3 276	451	-1 121
Income/loss after financial items	-13 559	-10 453	-46 723	-33 086	-47 669
Income before tax	-13 559	-10 453	-46 723	-33 086	-47 669
Tax	0	0	0	0	0
Net income/loss	-13 559	-10 453	-46 723	-33 086	-47 669
Income of the Parent Company's shareholders	-13 559	-10 453	-46 723	-33 086	-47 669
Income per share before utilization	-0,09	-0,11	-0,34	-0,35	-0,42
Income per share after utilization	-0,09	-0,11	-0,33	-0,35	-0,42



CONSOLIDATED BALANCE SHEET

Amounts in KSEK	30 Sep 2020	30 Sep 2019	31-dec 2019
ASSETS			
Non-current assets			
<i>Intangible non-current assets</i>			
Capitalized development and other similar expenses	20 334	29 407	26 365
Intellectual property rights, brands and other intangible assets	489	489	489
	20 824	29 897	26 855
<i>Tangible non-current assets</i>			
Property, plant, and equipment	99	86	123
	99	86	123
<i>Financial non-current assets</i>			
Other long-term receivables	267	496	536
Other long-term receivables	267	496	536
Sum non-current assets	21 190	30 479	27 513
Current assets			
<i>Short-term receivables</i>			
Trade receivables	2 000	1 373	1 855
Other short-term receivables	961	1 075	1 234
Deferred expenses and accrued income	272	427	650
	3 233	2 876	3 739
<i>Cash and cash equivalents</i>			
Cash	591	3 682	930
Sum current assets	3 824	6 558	4 669
SUM ASSETS	25 014	37 037	32 183

CONSOLIDATED BALANCE SHEET (CONT.)

Amounts in KSEK	30 Sep 2020	30 Sep 2019	31 dec 2019
EQUITY AND LIABILITIES			
Equity			
Stockholders' equity	18 787	11 507	16 258
Other contributed capital	367 380	305 263	339 980
Other equity incl. net income	-392 033	-339 489	-351 582
	-5 866	-22 719	4 656
Equity attributable to Parent Company's shareholders			
SUM EQUITY	-5 866	-22 719	4 656
Provisions			
Deferred tax liability	0	0	-
Sum provisions	0	0	-
Other long-term liabilities	16 334	38 654	7 909
Sum long-term liabilities	16 334	38 654	7 909
Short-term liabilities			
Debt to credit institutions	0	0	-
Advances from customers	0	0	21
Tax Debt	1 157	0	254
Trade payables	8 815	6 976	4 248
Other short term liabilities	2 256	11 982	12 588
Accrued expenses and deferred income	2 319	2 144	2 507
Sum short-term liabilities	14 546	21 102	19 618
SUM EQUITY AND LIABILITIES	25 014	37 037	32 183

GROUP CASH FLOW STATEMENT

Amounts in KSEK	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
<i>Operating activities</i>					
Operating loss	-13 318	-10 918	-43 447	-33 538	-46 547
Adjustment for non-cash items	3 126	3 792	9 833	11 281	15 109
Interest received	466	1 361	3 797	3 865	4 188
Interest paid	-708	-895	-7 073	-3 413	-5 310
Cash flow from operating activities before changes in working capital	-10 433	-6 660	-36 890	-21 805	-32 560
Changes in trade receivables	755	-343	-153	-1 121	-1 632
Change in other operating receivables	509	-147	643	480	96
Change in trade payables	6 066	4 132	4 558	2 554	452
Change in other operating payables	-21 870	-6 612	-8 407	-9 341	-7 147
Cash flow from operating activities	-24 973	-9 630	-40 248	-29 233	-40 791
<i>Investing activities</i>					
Investment in intangible non-current assets	-1 120	-443	-3 739	-2 168	-2 925
Investment in tangible non-current assets	1	0	-40	5	-63
Investment in financial non-current assets	94	-25	270	-151	-196
Divestiture/amortization of other financial non-current assets	0	0	0	0	-
Cash flow from investing activities	-1 025	-468	-3 508	-2 314	-3 183
<i>Financing activities</i>					
New share issue	0	0	0	0	41 500
Loan cleared in share issue	34 600	0	34 600	0	-41 500
Stock options	0	107	393	402	402
Costs related to new share issue	0	0	0	0	-470
Borrowings	16 002	12 068	43 025	33 500	44 654
Change in interest-bearing liabilities	-34 600	0	-34 600	0	-1 000
Cash flow from financing activities	16 002	12 175	43 418	33 901	43 586
Cash flow for the period	-9 996	2 077	-338	2 355	-388
Cash and Cash equivalents at beginning of period	10 578	1 596	930	1 313	1 313
Cash and cash equivalents at end of period	591	3 682	591	3 682	930
Exchange rate differences in cash and cash equivalents	9	10	0	14	5



CONSOLIDATED GROUP CHANGES IN EQUITY

Amounts in KSEK	Shareholder equity	Other contributed capital	Retained earnings	Total equity
Opening balance 2020-01-01	16 258	339 980	-351 582	4 656
New share issue	2 529	0	32 071	34 600
Exchange rate difference when converting foreign operations			1 208	1 208
Restricted equity regarding capitalised development costs		3 269	-3 269	
Depreciation capitalised development costs		-7 676	7 676	
Stock Options			393	393
Net income for the year			-46 723	-46 723
Closing balance 2020-09-30	18 787	335 573	-360 226	-5 866

INCOME STATEMENT PARENT COMPANY

Amounts in KSEK	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Operating income, stock changes etc.					
Net sales	92	132	1 089	421	701
Capitalized work for own account	1 120	443	3 739	2 168	2 925
Other operating income	0	6	0	13	13
Sum operating income, stock changes etc.	1 212	580	4 828	2 601	3 639
Operating expenses					
Other external expenses	-4 194	-2 666	-15 301	-8 665	-11 970
Personnel costs	-2 604	-2 246	-7 938	-8 051	-11 453
Depreciation and impairment of tangible and intangible non-current assets	-3 111	-3 764	-9 770	-11 194	-14 993
Other operating expenses	0	0	0	0	-60
Sum operating expenses	-9 908	-8 676	-33 009	-27 910	-38 476
Operating Loss	-8 696	-8 096	-28 182	-25 308	-34 837
Financial items					
Write down intercompany loans	0	0	0	0	-10 000
Other interest income and similiar items	1 729	2 369	7 377	6 731	8 030
Interest costs and similar items	-708	-895	-7 073	-3 413	-5 310
Sum financial items	1 022	1 473	304	3 317	-7 279
Income/loss after financial items	-7 675	-6 623	-27 878	-21 991	-42 116
Income before tax	-7 675	-6 623	-27 878	-21 991	-42 116
Tax	0	0	0	0	-
Net income/loss	-7 675	-6 623	-27 878	-21 991	-42 116
Income of the Parent Company's shareholders	-7 675	-6 623	-27 878	-21 991	-42 116

BALANCE SHEET PARENT COMPANY

Amounts in KSEK	30 Sep 2020	30 Sep 2019	31-dec 2019
ASSETS			
Non-current assets			
<i>Intangible non-current assets</i>			
Capitalized development and other similar expenses	20 334	29 407	26 365
Intellectual property rights, brands and other intangible assets	489	489	489
	20 824	29 897	26 855
<i>Financial non-current assets</i>			
Participations in Group Companies	4 742	108	4 742
Receivables from Group Companies	52 652	46 225	35 290
Other long-term receivables	65	337	337
	57 459	46 670	40 369
Sum non-current assets	78 282	76 567	67 224
Current assets			
<i>Short term receivables</i>			
Trade receivables	98	173	292
Receivables from Group Companies	0	98	98
Other short-term receivables	476	944	650
Deferred expenses and accrued income	122	269	474
	696	1 484	1 514
<i>Cash and cash equivalent</i>			
Cash	257	2 999	564
Sum current assets	953	4 483	2 078
SUM ASSETS	79 235	81 049	69 302

BALANCE SHEET PARENT COMPANY (CONT.)

Amounts in KSEK	30 Sep 2020	30 Sep 2019	31-dec 2019
Equity and liabilities			
Equity			
<i>Restricted equity</i>			
Stockholders' equity	18 787	11 507	16 258
Restricted equity regarding capitalised development costs	19 900	25 870	24 308
	38 687	37 377	40 566
<i>Unrestricted equity</i>			
Share premium reserve	347 743	279 393	315 672
Retained earnings	-306 868	-271 114	-269 552
Net loss	-27 878	-21 991	-42 116
	12 998	-13 712	4 004
Sum equity	51 685	23 665	44 570
Long-term liabilities			
Other liabilities	16 334	38 654	7 909
Sum long-term liabilities	16 334	38 654	7 909
Short-term liabilities			
Advances from customers	0	0	21
Convertible debt instruments	1 157	0	254
Trade payables	7 301	6 250	2 452
Other short-term liabilities	610	10 731	11 705
Accrued expenses and deferred income	2 148	1 750	2 391
Sum short-term liabilities	11 216	18 730	16 823
SUM EQUITY AND LIABILITIES	79 235	81 049	69 302

PARENT COMPANY CASH FLOW STATEMENT

Amounts in KSEK	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
<i>Operating activities</i>					
Operating loss	-8 696	-8 096	-28 182	-25 308	-34 837
Adjustment for non-cash items	3 111	3 764	9 770	11 194	14 993
Interest received	0	0			
Interest paid	1 729	2 369	7 377	6 731	8 030
Cash flow from operating activities before changes in working capital	-4 563	-2 859	-18 108	-10 797	-17 123
Changes in trade receivables	169	2	194	-128	-248
Change in other operating receivables	643	-167	625	61	150
Change in trade payables	5 785	4 551	4 848	2 606	-337
Change in other operating payables	-21 418	-5 559	-10 456	-6 524	-4 888
Cash flow from operating activities	-19 384	-4 032	-22 896	-14 782	-22 446
<i>Investing activities</i>					
Investment in intangible non-current assets	-1 120	-443	-3 739	-2 168	-2 925
Investment in Group Companies	0	0	0	0	-4 633
Investment in financial non-current assets	-5 225	-6 057	-17 090	-15 160	-14 225
Cash flow from investing activities	-6 345	-6 500	-20 829	-17 327	-21 783
<i>Financing activities</i>					
New share issue	0	0	0	0	41 500
Loan cleared in share issue	34 600	0	34 600	0	-41 500
Stock options	0	107	393	402	402
Issue costs	0	0	0	0	-470
Borrowings	16 002	12 068	43 025	33 500	44 654
Change in interest-bearing liabilities	-34 600	0	-34 600	0	-1 000
Cash flow from financing activities	16 002	12 175	43 418	33 901	43 586
Cash flow for the period	-9 727	1 642	-307	1 792	-643
Cash and Cash equivalents at beginning of period	9 984	1 357	564	1 207	1 207
Cash and cash equivalents at end of period	257	2 999	257	2 999	564

PARENT COMPANY CHANGES IN EQUITY

Amounts in KSEK	Shareholder equity	Other contributed capital	Share premium account	Retained earnings	Total equity
Opening balance 2020-01-01	16 258	24 308	315 672	-311 668	44 570
New share issue	2 529		32 071		34 600
Development fund		3 269		-3 269	
Amortization of development fund fees		-7 676		7 676	
Stock Options				393	393
Net income for the year				-27 878	-27 878
Closing balance 2020-09-30	18 787	19 900	347 743	-334 745	51 685

NOTE

Accounting and valuation principles
Urb-it AB's annual report and consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board's general advice BFNAR 2012: 1 (K3). The accounting principles are unchanged compared to previous reports.

Consolidated Accounts

Urb-it AB prepares consolidated accounts. The subsidiaries are included in the consolidated financial statements from the date the controlling influence is transferred to the group. They are excluded from the consolidated financial statements from the date on which the controlling influence ceases.

The consolidated financial statements have been prepared in accordance with the acquisition method. The acquisition date is the time when the controlling influence is obtained. Identifiable assets and liabilities are initially valued at fair value at the time of acquisition. The minority's share of the net assets acquired is measured at fair value. Goodwill is the difference between the identifiable net assets acquired at the time of acquisition

and the acquisition value, including the value of the minority interest, and is initially valued at the acquisition value. All transactions between group companies are eliminated in their entirety.

Subsidiaries in other countries prepare their annual accounts in foreign currency. Translation of the items in these companies' balance sheets and income statements is made at the closing day rate and spot rate, respectively, for the day and business event respectively. The translation differences that arise are reported in the Group's equity.

This report has not been subject to an audit or review by the auditors.



The Board of Directors and the CEO ensure that the interim report provides a true and fair view of the Group's and the Parent Company's operations, current position and earnings.

Stockholm, 20th November 2020

Lage Jonason
Chairman of the Board

Fredrik Warstedt
Board Member

Johan Englund
Board Member

Andrea Rosengren
Board Member

Anna Wikner
Board Member

Kevin Kviblad
CEO



FINANCIAL CALENDER

- | | |
|-------------------------------|------------------|
| • Year-End Report 2020 | 27 February 2021 |
| • Annual General Meeting 2021 | 16 April 2021 |

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