

OXEMARINE

ENGINEERING THE FUTURE



INTERIM REPORT
1 JANUARY TO 31 MARCH 2020

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OXE Marine AB (publ)

INTERIM REPORT

First quarter of 2020

- Net turnover of SEK 10.3 m (SEK 3.6 m)
- Operating Loss/EBIT of SEK -17.6 m (SEK -27.2 m)
- Net loss for the period of SEK -19.6 m (SEK -33.1 m)
- Cashflow for the period SEK 13.5 m (SEK 9.2 m)
- Earnings per share amounted to SEK -0.12 (SEK -1.12)

Significant events in the First quarter

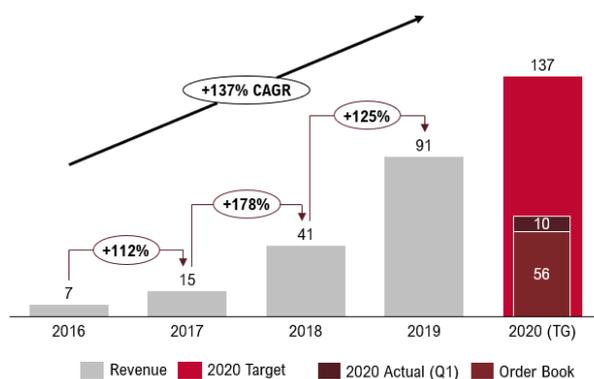
- The company name changed from Cimco Marine AB (publ) to OXE Marine AB (publ)
- The company announced its vision, mission and core values.
- Directed issue of in total 14 726 154 warrants to the European Investment Bank (“EIB”).
- 19 March: The company released a business update and its COVID-19 response.
- The company received EUR 4 m in funding, relating to Tranche B of the EIB facility.

Significant events after the reporting period

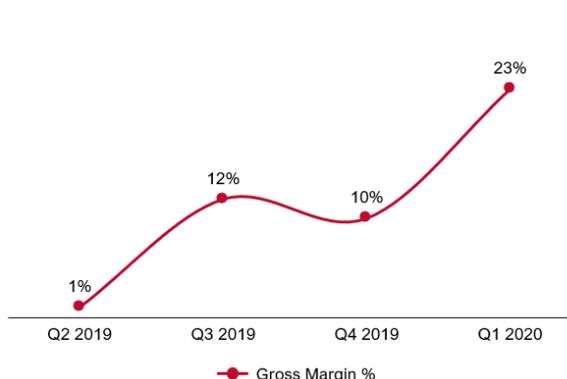
- 20 April: Q1 2020 preliminary results and business update were released.

Key Figures	2020	2019	2019	2018	2017
	Jan-Mar	Jan-Mar	Jan-Dec	Jan-Dec	Jan-Dec
Net turnover, KSEK	10 290	3 575	91 100	40 578	14 602
Gross Margin %	23%	-297%	-4%	-41%	-78%
EBITDA, KSEK	- 13 712	- 23 988	- 73 676	- 74 367	- 37 892
Net loss for the period, KSEK	-19 580	-33 063	-101 938	-108 213	-50 979
Burn Rate, KSEK	-23 640	-21 935	-101 948	-87 605	-47 882
Burn Rate excl R&D, KSEK	-15 092	-11 786	-63 376	-55 376	-39 664
Order Book Value, KSEK	56 824	n/a	43 230	n/a	n/a
Earnings per share basic, SEK	-0.12	-1.12	-0.80	-4.04	-2.70
Earnings per share diluted, SEK	-0.10	-1.12	-0.68	-4.04	-2.70

Sales Development (SEKm)



Gross Margin Development (%)



COMMENTS BY THE CEO



The COVID-19 crisis has impacted all of us both socially and economically. As a business, our main priority is safety of our staff and consultants. The measures we have in place, following guidelines from the WHO and local authorities, have so far proved effective. Nonetheless, the crisis has severely affected our business ecosystem in the near term.

Our supply chain, which is predominantly global has been disrupted and the Company has had to take appropriate action to ensure continuity of business – particularly with the focus on the start of production of the OXE300, which has now been delayed to July 2020, and the re-start of production of the OXE200. We have now taken the necessary actions as laid out in our press release dated 20th April 2020 and continue to monitor the situation. In some ways our “asset light” business model has enabled us to scale down operations quickly without the burden of high fixed costs or legacy assets. This will give us the resilience and ability to scale back up very quickly.

Our sales in the short term have been impacted as well, especially since mid-March, where we have had orders deferred due to COVID-19. Nevertheless, our order book has increased by over 30% during Q1, from SEK 43m to SEK 56m. The order intake was mainly related to the higher margin OXE300. Additionally, we have received SEK 12m in deposits against these orders, demonstrating commitment from our customers. Based on the

current status, we expect to meet our financial objective of achieving 50% year on year growth in revenue for 2020.

Our Q1 results compare favourably to Q1 2019. We achieved net turnover of SEK 10.3m (SEK 3.6m) whilst achieving gross margin of 23% (-297%) – the best quarterly margin by the Company to date. We expect some volatility to this margin, but the trend is generally upwards, particularly when we start to deliver the OXE300s in Q3.

We have had a very good production run during Q1 with little or no downtime. The quality of the product is continually being improved and this is reflective in our testing with minimum corrective issues of the final assembled product before delivery. The supply chain disruption for the OXE200 has meant a production stop at UFAB in Uddevalla. There are now plans to re-start production with alternative partners later this year. The Company has sufficient number of units in inventory to meet its sales targets for Q2 and Q3. Pre-series production of the OXE300 will commence later in May whilst series production will start in July.

The Company’s cash burn rate has reduced during the reporting quarter relative to Q4 2019. The company had satisfied all conditions to enable draw down of Tranche B of the European Investment Bank (“EIB”) Loan facility of €4 m which was completed on 31st March 2020.

The Management and the Board remains confident of the future and our pro-active approach to these volatile times will enable us to continue business and plan to sensibly scale up the business from Q4 2020 onwards.

Myron Mahendra
CEO - OXE Marine AB

Production

OXE Marine's production during the quarter was a measured and controlled process to ensure all quality standards were met whilst also seeing an improved efficiency in the assembly process. The company will be adding further resources in its supply chain sourcing, quality processes and production management. Due to disruption of the supply chain as a result of COVID-19, the company has stopped production at UFAB in Uddevalla.

Plans are in place to work with alternative assembly partners and restart production later this year. The planning for the OXE300 pre-series production and evaluation is ongoing as this process commenced well ahead of the COVID-19 crisis. The Company has sufficient parts for OXE300 pre-series production to commence in May whilst series production will start in July 2020 to allow for a smooth, steady and uninterrupted ramp up. Additionally, to avoid any disruption with assembly, the company will initially produce the OXE300s at its facility in Ängelholm – this will also allow for extensive quality testing of the product before delivery to customers. The Company has selected PanLink as its production partner for the OXE300s. PanLink is a leading, international production solutions specialist headquartered in Malmö, Sweden.

Sales and after sales

Sales Revenues for this quarter amounted to SEK 10.3m of which a large portion related to after sales. The gross margin of 23% reflects the

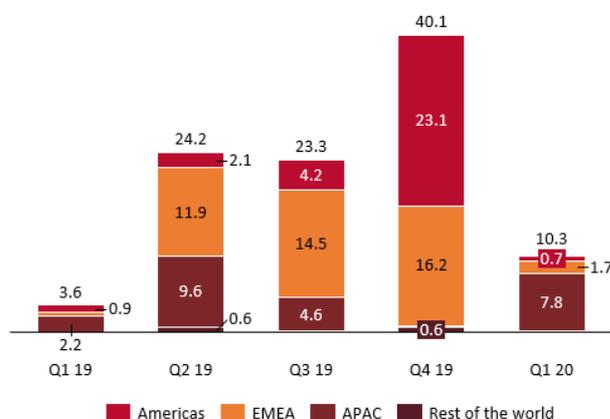
enhanced contribution from after sales. For a more mature marine outboard business, the revenue is typically split almost equally between sales of units and after sales products and components, such as spare parts, accessories, service kits, training etc.

The order book currently stands at approximately SEK 56m which represents a 30% increase from the previous quarter and OXE Marine has received SEK 12m in customer deposits. The order value together with the sales in Q1 represents 73% of the net turnover of 2019. The Company is therefore confident of meeting its financial target of achieving organic sales growth in excess of 50% per year for 2020.

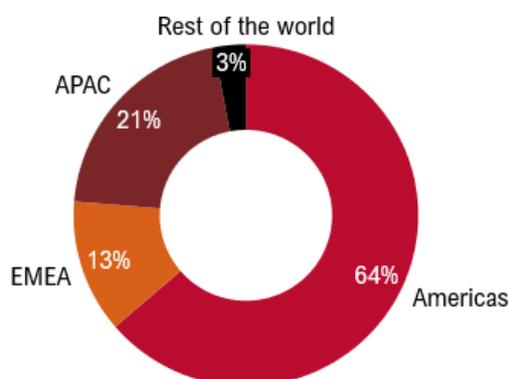
OXE Marine is focused on Governmental projects that will yield stable demand for its product and services as well as with OEMs such as boat builders and other commercial operators worldwide.

After Sales has developed a training centre in Ängelholm for OXE Marine's distributors and their key customers. The training will ensure that our product is properly used and maintained whilst developing strong relations with our end customers. This is essential to develop quality service and loyalty amongst our customers. With quality training, any potential warranty claims will be limited which in turn will develop confidence in OXE Marine's product. OXE Marine continues to recruit more qualified staff in this area as sales continue to ramp up.

Quarterly Sales Breakdown by Region (SEKm)



Geographical split in Order Book (%)



Product development

OXE Marine is now ready for pre-series production of OXE300 in May 2020. This will be followed by series production in July 2020 with a gentle ramp up to monitor parts and design quality.

There are also continuous improvements to the current OXE200 – focussing on parts quality, assembly efficiency and cost reduction.

OXE Marine also continues to explore new opportunities, especially with new powerheads as well as hybrid and electric variants.

Corporate Matters

The company has rebranded its corporate name to OXE Marine AB so as to develop a consistent branding to our product portfolio. The corporate name and product portfolio (current and future) are shown below.

It has also developed its Vision, Mission and Core Values as follows:

Vision:

- Global adoption of the OXE belt propulsion design.

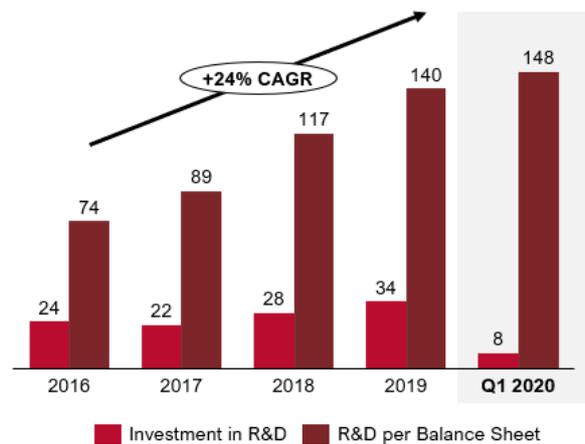
Mission:

- To design and supply high quality marine propulsion solutions.
- To dramatically reduce exhaust emissions in the marine outboard segment.
- To provide a superior return to our customers.
- To build loyal customer base as well as alliances to further support global adoption of our products.

Core Values:

- A commitment to innovation and excellence.
- A commitment to supplying safe, durable and reliable products and services.
- A commitment to recruit and retain high quality personnel.
- A commitment to develop a highly collaborative work culture.
- A commitment to openness and fairness with all our stakeholders.

Investment in Research & Development (SEKm)



Above: Cowling design for the OXE300

Employees

OXE Marine had 34 employees as at 31 March 2020. It continues to recruit high quality staff to meet its corporate objectives.

Future funding requirements

OXE Marine had satisfied all conditions of Tranche B of EUR 4m of the EIB loan facility and funds were drawn as at 31st March 2020.

SHAREHOLDERS

OXE Marine's top ten shareholders and movement in shares as at 30 April 2020 are as follows:

Name	Holding	%	Change
Per Lindberg	32 234 608	19.6	-
Arne Andersson	14 216 609	8.6	↑
Avanza Pension	12 800 717	7.8	↓
Jonas Wikström	8 100 000	4.9	-
Tamt AB	8 000 000	4.9	-
Magnus Linderoth	6 225 500	3.8	-
Sven Sandberg	4 110 000	2.6	-
Theodor Jeansson	4 100 000	2.5	-
CBLDN-Saxo Bank A/S	3 945 436	2.4	-
Euroclear Bank S.A./N.V, W8-IMY	3 940 150	2.4	-

Source: Euroclear.

There was little movement in the shareholder base during the quarter. Information presented is as per Euroclear records without further analysis.

FINANCIALS

Operational and financial review

First quarter 2020 compared to the First quarter 2019

OXE Marine's income statement for the first quarter 2020 shows a net loss of SEK 19.6 m, against a net loss of SEK 33.1 m in the corresponding period of the previous year. Net turnover was significantly higher at SEK 10.3 m compared to SEK 3.6 m for the corresponding period of the previous year.

OXE Marine achieved a gross profit of SEK 2.4 m in the first quarter of 2020 against a gross loss of SEK -10.6 m in the corresponding period of the previous year. The gross margin amounted to 23% (-297%). The gross margin increased by 13 percentage relative to the fourth quarter in 2019 (10%) due to a relatively larger proportion of the sales relating to the after sales market which has higher margins than unit sales.

Operationally, OXE Marine scaled back its cost base with the total burn rate excl. R&D amounting to SEK 15.1 m down SEK 5.8m from Q4 2019, which was SEK 20.9m. Refer to Definitions for further explanation of the calculation of the burn rate.

Assets

First quarter 2020 compared to the first quarter 2019

As at 31 March 2020, total assets amounted to SEK 358.5 m (SEK 259.3 m). OXE Marine's non-current assets at the closing date were SEK 156.8 m (SEK 133.6 m), out of which R&D and patents amounted to SEK 151.0 m (SEK 128.1 m). The increase relates mainly to product development (in particular the 300hp 'Bison' project).

Inventory amounted to SEK 77.1 m relative to SEK 97.5 m in the previous year and SEK 56.8 m at the end of Q4 2019. There are sufficient completed units on stock to meet short term demand until OXE200 production is re-started.

Accounts Receivables amounted to SEK 42.8 m as at 31 March 2020, in comparison to SEK 7.9 m in the comparative period. The increase is mainly as a result of the significant increase in turnover during the fourth quarter 2019 and the first quarter 2020, where the payment is not yet due. OXE Marine works with the Swedish Export Agency 'Exportkreditnämnden' ("EKN") to guarantee sales to export markets covered by EKN. OXE Marine had cash and cash equivalents of SEK 64.7 m (SEK 14.2 m) at the closing date 31 March 2020.

Equity and liabilities

First quarter 2020 compared to the first quarter 2019

Total equity increased to SEK 99.3 m (SEK 50.7 m) mainly due to the rights issue and directed share issue that took place in the fourth quarter. Even though OXE Marine continues to incur losses, it continues to maintain its equity base through equity funding from its shareholders. The non-current liabilities increased to SEK 208.1 m (SEK 166.6 m). This is mainly due to the drawdown of the second tranche of EUR4 m from the EIB in March 2020 and accumulated interest on the corporate bond loan since February 2019. Both the first and second tranches from the EIB, collectively making up EUR 8m are interest free.

Current liabilities increased to SEK 51.2 m (SEK 41.9 m). This is mainly due to an increase in accounts payable as well as advanced payments from customers.

Cash flow

First quarter 2020 compared to the first quarter 2019

Cash flow from operating activities

Cash flow from operating activities for the period was SEK -24.0 m (SEK -39.3 m). The improvement in cash flow from operating activities is mainly related to an increase in advanced payments from customers, other current liabilities, which had a favourable effect working capital and amounted to SEK 14.5 m (SEK -2.8m). This was partially offset by an increase in inventories, amounting to SEK -20.2 m (SEK 0.6 m).

Cash flow from investing activities

Cash flow from investing activities amounted to SEK -11.2 m (SEK -10.5 m) which mainly related to the OXE300hp 'Bison'

Cash flow from financing activities

Cash flow from financing for the period was SEK 48.7 m (SEK 59 m). This relates predominantly to the second tranche of funding of EUR 4m received from the EIB.

Risks and uncertainties

The Risk and uncertainties of OXE Marine's business is explained in detail within the 'Risks and Uncertainties' section of the 2019 Annual Report as well as within the Company Description relating to

the Corporate Bond in February 2018 – both documents are available on OXE Marine's website. The main risks facing OXE Marine are production risk, technical development risk and financial risk.

Financial calendar

- Q2 2020 interim report due on 25th August 2020 (07h30);
- Q3 2020 interim report due on 24th November 2020 (07h30).

All times indicated above are CET

FINANCIAL TARGETS



Average organic sales growth > 50% per year.



EBITDA margin of > 25% by the end of 2024.



Operational cashflow positive no later than 2021.

FINANCIAL STATEMENTS FOR THE PERIOD TO 31 MARCH 2020

INCOME STATEMENT

<i>(amounts in KSEK)</i>	2020	2019	2019
	Jan - Mar	Jan - Mar	Jan - Dec
Net Turnover	10 290	3 574	91 100
Goods for resale	-7 875	-14 185	-94 723
Other external costs	-7 808	-5 464	-36 587
Personnel costs	-7 836	-6 343	-30 325
Depreciation/amortisation and impairment	-3 871	-3 264	-14 410
Other operating costs	-483	-1 569	-3 141
Total operating costs	-27 873	-30 826	-179 186
Operating Loss	-17 583	-27 252	-88 086
Other interest income and similar profit/loss items:			
Interest expenses and similar profit/loss items	-1 997	-5 810	-13 852
Loss after financial items	-19 580	-33 062	-101 938
Pre-tax loss for the period			
Net loss for the period	-19 580	-33 062	-101 938

STATEMENT OF FINANCIAL POSITION

<i>(amounts in KSEK)</i>	31 Mar 2020	31 Mar 2019	31 Dec 2019
ASSETS			
Non-Current Assets			
Capitalised R&D expenses	147 854	124 691	139 830
Patents	3 182	3 406	3 297
Equipment, tools and installations	5 756	5 531	6 312
Total non-current assets	156 792	133 628	149 439
Currents assets			
Inventory	77 050	97 446	56 798
Advance payments to suppliers	12 518	765	13 630
Accounts receivables	42 829	7 984	39 330
Other receivables	2 899	2 342	3 164
Deferred expenses and accrued income	1 744	2 887	1 210
Cash on hand and in bank	64 717	14 220	51 232
Total current assets	201 757	125 646	165 364
TOTAL ASSETS	358 549	259 274	314 803
SHAREHOLDERS' EQUITY AND LIABILITIES			
Restricted equity			
Share capital	4 943	885	4 943
Reserve for development expenditure	96 118	71 450	89 918
Total restricted equity	101 061	72 335	94 861
Non-restricted equity			
Share Premium	355 769	222 975	355 769
Retained earnings or losses	-337 984	-211 529	-229 846
Profit/loss for the year	-19 580	-33 063	-101 938
Total non-restricted equity	-1 795	-21 617	23 985
TOTAL SHAREHOLDERS' EQUITY	99 266	50 718	118 846
Non-current liabilities			
Other provisions	3 682	1 235	3 382
Liabilities to finance institutions	204 392	165 396	155 702
Total non-current liabilities	208 074	166 631	159 084
Current liabilities			
Advance payments from customers	16 646	14 283	4 629
Accounts payable	23 344	18 505	23 554
Current tax liabilities	413	399	413
Other liabilities	1 336	4 768	2 308
Accrued expenses and other deferred income	9 470	3 970	5 969
Total current liabilities	51 209	41 925	36 873
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	358 549	259 274	314 803

STATEMENT OF CASH FLOWS

<i>(amounts in KSEK)</i>	2020	2019	2019
	Jan - Mar	Jan - Mar	Jan - Dec
Operating Activities			
Results before financial items	-17 454	-27 253	-88 086
Adjustments for items not included in cash flow	2 046	-2 458	9 916
Cash flow from operating activities before changes in working capital	-15 408	-29 711	-78 170
Cash flow from changes in working capital			
Change in Inventories	-20 252	602	28 385
Change in accounts receivable	-3 499	5 615	-25 730
Change in other current receivables	842	-518	338
Change in Trade payables	-210	-12 445	-7 396
Change in other current liabilities	14 546	-2 829	-13 075
Cash flow from operating activities	-23 981	-39 286	-95 648
Investing Activities			
Investments in property, plant and equipment	-	-91	-2 474
Investments in intangible fixed assets	-11 224	-10 364	-34 938
Divestments in intangible fixed assets	0	0	0
Cash flow from Investing activities	-11 224	-10 455	-37 412
Financing activities			
New share issue	-	-	136 851
Option premium	-	-	151
Change in loans	48 690	58 989	42 320
Cash flow from financing activities	48 690	58 989	179 322
Cash flow for the period	13 485	9 248	46 262
Cash and bank balances at the beginning of the period	51 232	4 972	4 972
Cash and bank balances at the end of the period	64 717	14 220	51 232

STATEMENT OF CHANGES IN EQUITY

<i>(amount in KSEK)</i>	31 Mar 2020	31 Mar 2019	31 Dec 2019
Opening balance equity (1 Jan)	118 846	83 781	83 781
Loss for the period	-19 580	-33 063	-101 938
Issuance of shares	-	-	148 466
Less cost of issuance	-	-	-11 613
Option premium	-	-	150
Closing balance equity	99 266	50 718	118 846

NOTES

The interim report is unaudited and is drawn up in accordance with the Swedish Annual Accounts Act and BFNAR 2012:1 Annual Reports and consolidated financial statements (K3).

KEY PERFORMANCE INDICATORS

<i>(amounts in KSEK)</i>	2020		2019		
	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Net turnover	10 290	40 107	23 265	24 153	3 575
Gross Profit	2 415	3 954	2 772	262	-10 611
Gross Margin %	23%	10%	12%	1%	-297%
EBITDA	-13 712	- 18 856	- 14 771	- 16 051	- 23 988
Net loss for the period	-19 580	-25 537	-20 847	-22 491	-33 063
Cash on hand	64 717	51 232	38 376	15 243	14 220
Intangible fixed assets	151 036	143 127	137 098	136 018	128 097
Total Equity	99 206	118 846	97 941	118 786	50 718
Total Assets	358 549	314 803	289 211	264 787	259 274
Equity Asset ratio	28%	38%	34%	45%	20%
Total shares outstanding	164 839 521	164 839 521	131 006 184	131 006 184	29 506 173
Average number of shares	164 839 521	156 288 238	131 006 184	91 533 958	29 506 173
Earnings per share, basic	-0.12	-0.16	-0.16	-0.25	-1.12
Diluted earnings per share	-0.10	-0.14	-0.11	-0.18	-1.12
Number of employees	34	34	31	30	30

<i>(amounts in KSEK)</i>	2019	2018	2017
	Jan-Dec	Jan-Dec	Jan-Dec
Net turnover	91 100	40 578	14 602
Gross Profit	-3 624	-16 730	-11 380
Gross Margin %	-4%	-41%	-78%
EBITDA	- 73 676	- 74 367	- 37 892
Net profit/loss for the period	-101 938	-108 213	-50 979
Cash on hand	51 232	4 972	14 170
Intangible fixed assets	143 127	120 525	92 299
Total Equity	118 846	83 781	137 901
Total Assets	314 803	248 533	182 053
Equity Asset ratio	38%	34%	76%
Total shares outstanding	164 839 521	29 506 173	24 101 617
Average number of shares	126 944 607	26 760 399	18 905 175
Earnings per share basic	-0.80	-4.04	-2.70
Earnings per share diluted	-0.68	-4.04	-2.70
Number of employees	34	27	31

Definition of Key Business Ratios

Net turnover

Main operating revenues, invoiced expenses, side income and revenue adjustments.

Gross Profit / Gross Margin %

Total turnover less goods for resale. Gross margin (%) is the calculated gross profit expressed as a percentage of total turnover.

EBITDA

Earnings before interest tax, depreciation and amortisation and after the capitalisation of research and development and patent costs.

Profit/loss after financial items

Profits after financial items and costs, but before taxes.

Burn Rate

The sum of sales costs, general administration costs and research and development costs (expensed and capitalised).

Number of employees

Number of employees at the end of the financial period.

Earnings Per Share, Basic

Net Profit/Loss for the period to average number of shares outstanding.

Diluted Earnings Per Share

Net Profit/Loss for the period to average number of shares and total share warrants outstanding. In the case of diluted losses, this is calculated on a theoretical/mathematical basis.

Order Book

Confirmed customer orders as at 31 March 2020 to be delivered during 2020.

Geographical Regions

EMEA – Europe Middle East and Africa (excluding Russia and former Soviet Union states); APAC – Asia-Pacific Group of Countries; Americas – North, Central and South America; Rest of World – all other countries.

Estimates and judgments

Preparation of financial statements and application of accounting policies, are often based on assessments, estimates and assumptions that are reasonable at the time when the assessment is made. Estimates are based on historical experience and various other factors that are considered to be reasonable under the circumstances. The results of these are used to assess the carrying values of assets and liabilities, which are not otherwise apparent from other sources. The actual outcome may differ from these estimates. Estimates and assumptions are reviewed regularly.

For further information, please contact:

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www.oxemarine.com

Certified Adviser

FNCA Sweden AB is Certified Adviser for OXE Marine AB (publ). Contact details to FNCA Sweden AB: tel. +46 8 528 00 399, e-mail info@fnca.se.

OXE Marine AB (publ) is obligated to make this information public pursuant to the EU Market Abuse Regulation. The information was provided by the contacts above to be submitted for publication on May 22nd, 2020, 11:00 CET.

OXE Marine AB (publ) has, after several years of development, constructed the OXE Diesel, the world's first diesel outboard engine in the high-power segment. OXE Diesel has a unique belt driven propulsion system that allows a hydraulic multi-friction gearbox to be mounted. This means that the engine can handle significantly higher loads than a traditional outboard engine. OXE's OXE diesel has a horizontally mounted engine as opposed to a traditional outboard with a vertically mounted engine.



All products developed by OXE Marine AB is built on the core value Engineering the Future. The OXE Diesel product line is no exception. Utilizing modern Diesel powerheads from the automotive industry, heavy duty gearbox design and patented belt transmission system provides for robust outboards with inboard features and high torque capacity.

OXEMARINE 

ENGINEERING THE FUTURE

OXE Marine AB (Publ)

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