

OXE Marine AB (publ) agrees on EUR 2,8 million order for 2021 and resolves not to pursue 50 percent revenue growth target for 2020

OXE Marine AB (publ) (the “Company”) has today signed a letter of intent with current Central and South West US distributor Diesel Outboards LLC (part of the Outdoor Network group) (“ODN”) to expand ODN’s distribution territory to also cover South East US. On signing the definitive distribution agreement, ODN will place an order for OXE units to be delivered during 2021 for a value of approx. EUR 2,8 million. Due to COVID-19 related supply chain disruptions affecting start of production of the OXE300 and the previous decision to stop production at UFAB, the Company has today resolved not to pursue its 50 percent revenue growth target for 2020.

Significant order from current distributor and manufacturing partner ODN

The Company has today signed a letter of intent with current US distributor and manufacturing partner ODN, through its subsidiary Diesel Outboards LLC, to expand ODN’s exclusive distribution territory to also cover South East US. On signing the definitive distribution agreement, ODN will place an order for OXE units to be delivered during 2021 for a value of approximately EUR 2,8 million.

The decision to appoint ODN as exclusive distributor also for South East US comes after thorough evaluation of viable alternatives and is a consequence of ODN’s proven ability to create market demand for the OXE outboards in the US. ODN’s expanded territory will i.a. include the state of Florida, which itself represents approximately 25 percent of the global high powered outboard market.

The order to be placed on signing the definitive distribution agreement represents a 50 percent increase of total OXE order book and further confirms the strategic rationale of relocating production of the OXE200 to the US.

“I’m very happy with the appointment of ODN as our exclusive distributor also for the South East US. Over the last year, ODN has proven its ability to create demand for the OXE in the US and ODN genuinely shares our enthusiasm for revolutionizing the global high powered outboard market. Together with our manufacturing agreement with Outdoor Network Manufacturing and the significant order for 2021, I’m confident that our partnership has the ability to unlock the full potential for the OXE in the US.” says Myron Mahendra, CEO of OXE Marine AB.

Resolution not to pursue 50 percent revenue growth target for 2020

The Company has today resolved not to pursue its 50 percent revenue growth target for 2020. The decision is a consequence of COVID-19 related supply chain disruptions in respect of the OXE300 as well as the expected shortfall of completed OXE200 following the strategic decision to reduce inventory pending relocation of production of the OXE200 to the US.

In respect of start of production of the OXE300 with the Company’s assembly partner PanLink, preparations are going according to plan. Nevertheless, the global COVID-19 crisis has impacted several of the Company’s key suppliers for the OXE300, and the Company has concluded that ramping-up production during Q4 2020 at the pace necessary to meet the 50 percent revenue growth target for 2020 would come at a risk that cannot be justified in light of the Company’s longer term objectives. Consequently, the Company has today resolved not to ramp-up production with PanLink at the pace necessary to meet the 2020 financial target and instead focus on ensuring steady state production in 2021 to deliver on the Company’s order book for the OXE300 with unimpaired quality.

Certified Adviser

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OXE Marine AB (publ) is obligated to make this information public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, on 16 September 2020 at 17.30.

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. The Company's unique patented engine-to-propulsion power transmission solutions have led to high demand for the Company's engines worldwide.