

ANNUAL REPORT

2022

ANNUAL REPORT FOR THE FINANCIAL YEAR: 1 January 2022 – 31 December 2022

The board and managing director of OXE Marine AB hereby issue the following annual report and consolidated report for the financial year 2022-01-01 – 2022-12-31.

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The Board is seated: Ängelholm

Company accounting currency: Swedish kronor (SEK).

All amounts are, unless otherwise stated, reported in SEK thousands (KSEK).

A WORD FROM THE CEO

The greatest difficulty is not to get people to accept new ideas, but to get them to abandon the old ones. It's a wise quote that also shows the challenge of developing new "disruptive" solutions, but it's true - if you always do what you've always done, you always get what you always got. And it really is time to change a "petrol-powered outboard world" to a significantly more efficient, environmentally friendly, and high-performance world driven by new technology, innovation and knowledge.

OXE Marine's journey takes time. And there are probably many with me who wish the journey would be quicker. However, there are no shortcuts or quick fixes for creating long lasting changes. You need to work purposefully and systematically. Driving the change process that OXE Marine represents is undoubtedly a significant challenge. Nevertheless, we are doing it differently today, with colleagues who contribute knowledge, experience, and passion, like never before. Of course, there will always be reasons not to choose an OXE engine, but then we console ourselves with a quote from Winnie the Pooh: "If the person you're talking to doesn't appear to be listening, be patient. It may simply be that he has a small piece of fluff in one ear."

2022 was a challenging year that put our capabilities to the test. As a company, we find ourselves on a constantly changing playing field. The aftermath of Covid-19, restrictions, macroeconomic chaos, and a Russian invasion in Ukraine - and a general uncertainty about the state in the world, are some examples of challenges we have faced. This has, of course, placed new demands on OXE Marine, employees and managers. Despite the challenges we have faced, I am confident that OXE Marine has emerged stronger and more agile, and we remain steadfast in our pursuit of excellence in the years to come.

OXE sets new records – again and despite all

Our sales development during the year was the best in the company's history. Net sales amounted to SEK 148.4 m (SEK 99.8 m), an increase of 49%. We also had record sales of Parts and Accessories, indicating the increasing number of operational OXE engines on the market. Propulsion sales amounted to SEK 117.0 m (SEK 80.7m), an increase of 45%. Parts & Accessories sales amounted to SEK 34.7 m (SEK 19.1 m), an increase of 82%.

Market

During the year, we have undertaken a number of exciting projects across multiple segments and industries within the regions where we operate. We now work globally with several different sales channels – distributors, retailers, OEMs and "boat builders" as well as various forms of government authorities. This diverse group of geographical markets and types of customers gives us a unique understanding of the needs and demands in the marine propulsion industry. In turn, we now have customers, and repeat customer who return to buy more OXE outboards, from all over the world.

Product development

We have made significant changes to our product development approach and overall philosophy. These changes have resulted in an exciting "pipeline" of future products, including our first ever concept launch; the innovative OXE Hybrid 450. Today, we have a non-prestige approach, where we are happy to listen to opinions on how our products perform and adjust and develop them accordingly.

Merger with Diesel Outboards

In 2021, OXE Marine entered into an agreement to acquire 100% of Diesel Outboards and Outdoor Network Manufacturing's US distribution and manufacturing operations, which was completed on February 16, 2022. This merger has in many ways opened up OXE Marine to new impressions and new knowledge and will continue to create conditions for future competitiveness.

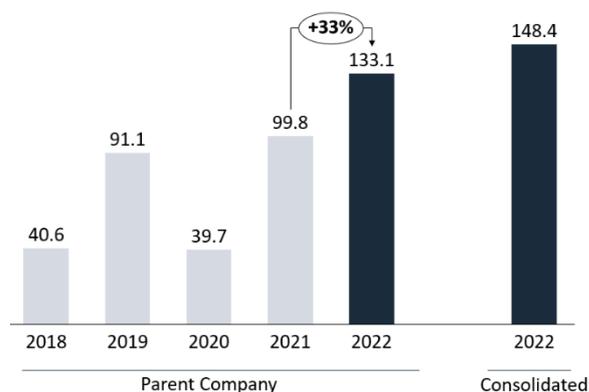
We had a strong start to the merger with significant progress made in the second quarter of 2022. However, we faced setbacks in the following quarters, mainly due to disruptions in the supply chain exacerbated by our continuous shortage of engines, spare parts, and accessories in stock. Additionally, the surge in engine sales that went directly into service without having the opportunity to be stocked by our distributors resulted in swift feedback, indicating the need for several engine upgrades. Consequently, we experienced a weak end to the year, but we were able to rectify the situation through collaborative efforts with our customers and a robust intervention from our organization. This experience highlights our ability to work in real-time with customers and our engines, which we see as a significant strength.

Anders Berg
CEO

Key Figures	Consolidated		Parent Company		
	2022	2021	2021	2020	2019
Net turnover, KSEK	148 416	133 123	99 795	39 742	91 100
Propulsion	116 978	107 065	80 725	26 615	81 241
Parts & Accessories	34 738	26 058	19 070	13 127	9 859
Gross Margin %	22%	23%	26%	14%	-4%
EBITDA, KSEK	-60 922	-43 207	-40 412	-60 979	-70 535
Net loss for the period, KSEK	-109 896	-88 670	-71 830	-100 687	-101 938
Earnings per share basic, SEK	-0.43	-0.35	-0.36	-0.49	-0.80
Diluted earnings per share* SEK	-0.43	-0.35	-0.36	-0.49	-0.80

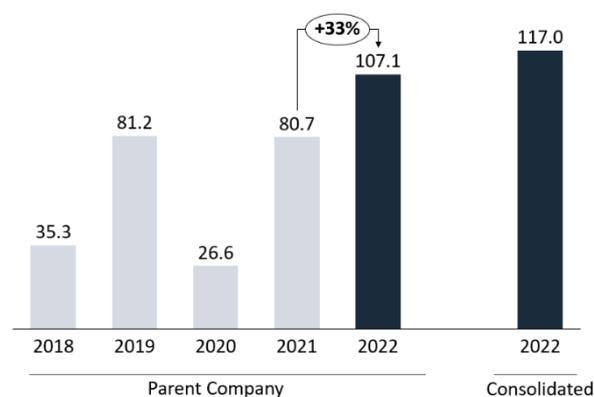
* Refer to section Definitions of Key Business Ratios, Diluted Earnings Per Share.

Net turnover (SEKm)



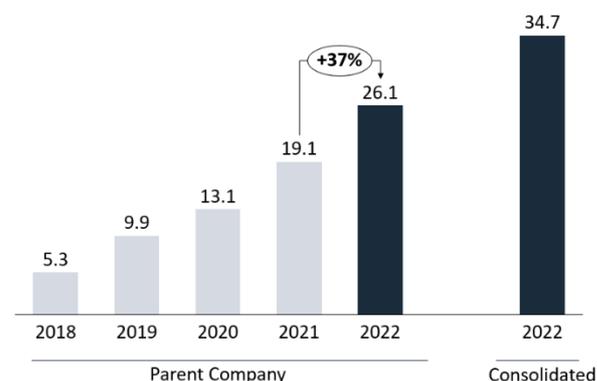
- In the Parent Company, net turnover 2022 amounted to SEK 133.1 m (SEK 99.8 m), an increase with 33% compared to 2021.
- Consolidated net turnover 2022 amounted to SEK 148.4 m.

Sales Propulsion (SEKm)



- In the Parent Company, Propulsion sales 2022 amounted to SEK 107.1 m (SEK 80.7 m), an increase with 33% compared to 2021.
- Consolidated Propulsion sales 2022 amounted to SEK 117.0 m.

Sales Parts & Accessories (SEKm)



- In the Parent Company, Parts & Accessories sales 2022 amounted to SEK 26.1 m (SEK 19.1 m), an increase of 37% compared to 2021.
- Consolidated Parts & Accessories sales 2022 amounted to SEK 34.7 m.

MANAGEMENT REPORT

Information about the business

OXE Marine AB (publ) was formed in 2012 and after several years of development has developed a diesel outboard for the marine market. The head office is located in Ängelholm, Sweden. OXE Marine AB is listed on Nasdaq First North Growth Market, ISIN SE0009888613. The global outboard market has long been dominated by gasoline engines, but with a diesel engine you get a stronger and, above all, a more fuel-efficient engine.

Several attempts have been made to develop outboard engines for diesel fuel, but the difficulty lies in developing a sufficiently strong design for power transmission between the engine and the propeller. OXE Marine's outboard engine, OXE Diesel, is the first diesel outboard that is capable of replacing the well-established gasoline outboards in the higher power levels, in commercial and governmental operations. The engine is a modular platform that has been configured for a horizontally mounted engine, unlike traditional outboards that have vertical engine installations. OXE Marine's unique solution has led to great international demand for the Company's engines. Among other things, in 2015 the North Atlantic Treaty Organisation ("NATO") introduced a directive, Single Fuel, which stipulates that all NATO equipment must be run on diesel if this is an available alternative in the market.

Significant events during the financial year

OXE Marine AB (the "Company") announced the following significant events during the year:

- The board of directors of the Company convened an extraordinary general meeting on 16 February 2022 and proposed inter alia that the general meeting resolves to issue new shares to Power Sports Plus, LLC, as payment for the shares in OXE Marine Inc and OXE Marine Manufacturing Inc.
- The Company initiated a written procedure to amend and waive certain terms in its up to MSEK 200 bonds. The proposed amendments to the Bond Terms mean that (i) the final redemption date for the bonds will be postponed by 24 months to 15 February 2025, (ii) effective from 15 August 2022, 2 percent of the quarterly interest will be paid in cash to the bondholders and the remaining interest will be quarterly compounded and added to the nominal amount of the bonds, (iii) the US subsidiaries will be entitled to enter into a credit facility agreement of up to USD 5 m, secured by collateral in the US Subsidiaries' inventory and (iv) OXE is allowed to create a secondary pledge over its business mortgages and over the shares in the US Subsidiaries in favour of the EIB. The EIB's Tranche A loan of EUR 4 m will also be extended by 6 months in order to become repayable after the corporate bonds with a new maturity date of 12 March 2025.
- The Company obtained the bondholders' approval to amend and waive certain terms in its up to SEK 200 m bonds.
- The Company completed the acquisition of Diesel Outboards and Outdoor Network Manufacturing as of 16 February 2022.
- As a result of the completion of the Transaction, Anders Berg commenced his new role as CEO of the Company as of 16 February 2022. Anders Berg simultaneously stepped down as chair of the board while remaining a member of the board. The board resolved to elect Jonas Wikström as chair of the board until the end of the next annual general meeting.
- The Company announced the outcome of incentive program 2022/2025, the Company issued 1,856,492 qualified employee stock options in the new incentive program 2022/2025 and has subscribed for the corresponding number of warrants of series 2022/2025 issued to secure the Company's delivery of shares in the program. The options have been issued at a price of SEK 0.03 per option and can be used to subscribe for shares at a price of SEK 3.50 per share during a subscription period of 1 month falling 36 months after acquisition of the employee stock options.
- The Company implemented biodiesel in all testing, reducing the net CO2 emissions by up to 94 percent compared to gasoline alternatives.
- The Company raised SEK 70 m in a directed share issue (SEK 69.8 m after transaction costs).

Future prospects

OXE Marine 's future growth is dependent on the Company developing and producing sustainable products. The Company continues to explore new technologies, including electric and hybrid solutions with the aim to be at the forefront of outboard marine technology. The Company continues to develop an organization that works in a structured and efficient way with quality and innovation. Additionally, with the acquisition of Diesel Outboards (now OXE Marine Inc), OXE strengthened its position in the US market, creating a direct to market model, gaining access to end-user, dealer, governmental and OEM networks. This, in combination with new ongoing development projects, supports management's assessment that demand will continue to be strong from the market.

Risk and uncertainties

OXE Marine develops a new and disruptive product. The product is the first of its kind on the market, with previously untested technology. Development and quality assurance of products and subcontractors is time-intensive and costly. Thus, there is a risk that planned product development and quality assurance can be more costly and will take longer to adapt to market needs than planned. There is also a risk that delays in supply or production can result in cancelled orders from customers, which may have a material adverse effect.

The Company's Management has a continuous focus on risks and uncertainties. The Company's operations are dependent on certifications and compliance with regulatory requirements, applicable to the marine engine market. If these are delayed, it could have an impact on OXE Marine's operations, earnings, and financial position.

Exchange rate fluctuations affect OXE Marine's earnings, as sales are mainly in EUR. Since the Company is continuously developing, financing is a significant risk, in the event of that the Company cannot raise sufficient funding at a reasonable cost. The Company carefully manages its cashflow with strict cost control while it focuses on achieving profitability. However, there is always an uncertainty about events beyond the Company's control that may require additional financing.

Ownership

OXE Marine's top ten shareholders as at 31 December 2022 are as follows:

Top 10	Holding	%
PSP Stockholm AB	56 719 962	18.7
Per Lindberg	30 668 887	10.1
Avanza Pension	29 110 878	9.6
Tamt AB	25 642 745	8.4
Arne Andersson	21 900 719	7.2
Theodor Jeansson	10 754 106	3.6
Jonas Wikström	10 350 000	3.4
Futur Pension	7 130 000	2.3
SEB Life international	7 000 000	2.3
Tiliaflore Holding AB	5 941 990	2.0

Source: Euroclear.

Information presented is based on Euroclear's register.

MULTI-YEAR OVERVIEW

CONSOLIDATED

(amount in KSEK)	2022
Net turnover (KSEK)	148 416
Loss after financial items (KSEK)	-111 132
Operating margin (%)	-61%
Return on equity (%)	-121%
Balance sheet total (KSEK)	402 756
Equity/assets ratio (%)	26%
Average number of employees	53

Parent Company

(amount in KSEK)	2022	2021	2020	2019	2018
Net turnover (KSEK)	133 123	99 795	39 742	91 100	40 578
Loss after financial items (KSEK)	-88 670	-71 830	-85 540	-101 938	-108 213
Operating margin (%)	-52%	-62%	-194%	-97%	-215%
Return on equity (%)	-93%	-107%	-89%	-101%	-98%
Balance sheet total (KSEK)	423 440	330 341	359 801	314 803	248 533
Equity/assets ratio (%)	30%	14%	27%	38%	34%
Average number of employees	36	41	36	30	25

Proposal for profit allocation

The board of directors recommends that the Loss for the year and Retained Loss are distributed as follows

Share premium reserve	604 237 406
Retained earnings (loss)	-502 649 203
Profit (loss) for the year	-88 669 933
	12 918 270
Amount carried over	12 918 270

Regarding the parent company's and the consolidated results and position in general, reference is made to the subsequent income and balance sheets with associated notes.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(amount in KSEK)	Note	2022 Jan-Dec
Net turnover	2.3	148,416
Own work capitalised		625
Other operating income	4	11,611
		160,652
Goods for resale		-116,242
Other external expenses	3,5,6	-52,101
Personnel costs	7	-50,451
Depreciation and write-down of tangible and intangible assets		-30,250
Other operating expenses		-2,780
Total operating costs		-251,824
Operating loss		-91,172
Interest expense and similar profit/loss items	8	-19,960
Profit/loss after financial items		-111,132
Tax on profit for the year	9	1,236
Profit/loss for the year		-109,896

* Comparative figures not shown as 2022 is the first year of consolidation.

CONSOLIDATED BALANCE SHEET

(amount in KSEK)	Note	2022-12-31
ASSETS		
Fixed assets		
Intangible assets		
Capitalised expenditure for development and similar work	10	136 936
Concessions, patents, licenses, trademarks etc.	11	37 343
Total intangible assets		174 279
Tangible assets		
Improvement expenditure on leaseholds	12	1 348
Equipment, tools and installations	13	9 992
Total tangible assets		11 340
Financial assets		
Deferred tax asset	18	536
Total financial assets		536
Total fixed assets		186 155
Current assets		
Inventory etc		
Finished products and goods for resale		138 997
Advance payments to suppliers		6 404
Total inventory etc		145 401
Current receivables		
Accounts receivables		21 036
Other receivables		1 538
Prepaid expenses and accrued income	15	2 319
Total current receivables		24 893
Cash on hand and in bank		46 307
Total current assets		216 601
TOTAL ASSETS		402 756

* Comparative figures not shown as 2022 is the first year of consolidation.

CONSOLIDATED BALANCE SHEET

(amount in KSEK)	Note	2022-12-31
EQUITY AND LIABILITIES		
Equity	16, 17	
Shareholders' equity		
Share capital		9 117
Other contributed capital		604 293
Loss brought forward incl. loss for the year		-510 120
Total shareholders' equity		103 290
TOTAL EQUITY		103 290
Provisions		
Deferred tax liability	18	7 300
Other provisions	19	4 517
Total provisions		11 817
Long-term liabilities		
Corporate bonds	21	140 730
Liabilities to finance institutions	22	89 026
Total long-term liabilities		229 756
Current liabilities		
Liabilities to finance institutions		-
Advance payments from customers		9 855
Accounts payable		29 763
Current tax liabilities		1 443
Other liabilities		1 671
Accrued expenses and deferred income	24	15 161
Total current liabilities		57 893
TOTAL EQUITY AND LIABILITIES		402 756

* Comparative figures not shown as 2022 is the first year of consolidation.

STATEMENT OF CONSOLIDATED CHANGES IN EQUITY

	Share capital	Other contributed capital	Acc exchange rate differences	Loss brought forward incl. loss for the year	Total
Opening balance 2022-01-01	6,244	439,501	-	-399,094	46,651
Directed Share issue ¹	2,873	164,736			167,609
Exchange rate differences when recalculating foreign subsidiaries			-1,130		-1,130
Exercise of share options ²		56			56
Profit/loss for the year				-109,896	-109,896
Closing balance 2022-12-31	9,117	604,293	-1,130	-508,990	103,290

¹ The amount is reported net after deduction of transaction costs amounted to SEK 1 155 k.

² Premiums paid relating to the 2022/2025 Qualified Employee Share Option Program.

* Comparative figures not shown as 2022 is the first year of consolidation.

CONSOLIDATED STATEMENT OF CASH FLOWS

(amount in KSEK)	Note	2022 Jan-Dec
Operating activities		
Results before financial items		-91,172
Adjustments for items not included in cash flow		29,807
Interest paid		-1,554
Paid tax		-
Cash flow from operating activities before changes in working capital		-62,919
Cash flow from changes in working capital		
Change in inventories		36,539
Change in accounts receivable		-2,855
Change in other current receivables		3,244
Change in accounts payables		-15,462
Change in other current liabilities		-8,733
Cash flow from operating activities		-50,186
Investing Activities		
Acquisition of subsidiaries, net of acquired cash and cash equivalents		11,282
Investments in intangible fixed assets		-625
Investments in property, plant and equipment		-2,602
Divestments in property, plant and equipment		85
Cash flow from Investing activities		8,140
Financing activities		
Proceeds from new share issue		68,845
Option premium		56
Proceeds from loans		15,529
Repayment of loans		-19,528
Cash flow from financing activities		64,902
Cash flow for the period		22,856
Cash and bank balances at the beginning of the period		23,451
Cash and bank balances at the end of the period		46,307

* Comparative figures not shown as 2022 is the first year of consolidation.

PARENT COMPANY'S FINANCIAL STATEMENTS

PARENT COMPANY'S INCOME STATEMENT

(amount in KSEK)	Note	2022 Jan-Dec	2021 Jan-Dec
Net turnover	2.3	133,123	99,795
Own work capitalised		625	11,960
Other operating income	4	248	1,629
		133,996	113,384
Goods for resale		-102,702	-74,228
Other external expenses	3,5,6	-35,356	-38,352
Personnel costs	7	-36,365	-41,031
Depreciation and write-down of tangible and intangible assets		-26,160	-18,688
Other operating expenses		-2,780	-185
Total operating costs		-203,363	-172,484
Operating loss		-69,367	-59,100
Interest expense and similar profit/loss items	8	-19,303	-12,730
Profit/loss after financial items		-88,670	-71,830
Tax on profit for the year	9	-	-
Profit/loss for the year		-88,670	-71,830

PARENT COMPANY'S BALANCE SHEET

(amount in KSEK)	Note	31/12/2022	31/12/2021
ASSETS			
Fixed assets			
Intangible assets			
Capitalised expenditure for development and similar work	10	136,936	159,361
Concessions, patents, licenses, trademarks etc.	11	1,908	2,371
Total intangible assets		138,844	161,732
Tangible assets			
Improvement expenditure on leaseholds	12	172	99
Equipment, tools and installations	13	5,022	6,734
Total tangible assets		5,194	6,833
Financial assets			
Shares in group companies	14	100,001	-
Total financial assets		100,001	-
Total fixed assets		244,039	168,565
Current assets			
Inventory etc			
Finished products and goods for resale		101,566	113,572
Advance payments to suppliers		6,404	5,133
Total inventory etc		107,970	118,705
Current receivables			
Accounts receivables		17,646	14,761
Receivables from group companies		4,432	-
Other receivables		1,538	2,615
Prepaid expenses and accrued income	15	1,546	2,244
Total current receivables		25,162	19,620
Cash on hand and in bank		46,269	23,451
Total current assets		179,401	161,776
TOTAL ASSETS		423,440	330,341

PARENT COMPANY'S BALANCE SHEET

(amount in KSEK)	Note	2022-12-31	2021-12-31
EQUITY AND LIABILITIES			
Equity	16, 17		
Restricted equity			
Share capital		9 117	6 244
Development fund		103 612	119 819
Total restricted equity		112 729	126 063
Non-restricted equity			
Share premium		604 237	439 501
Retained profit/loss		-502 649	-447 083
Profit/ loss for the year		-88 670	-71 830
Total non-restricted equity		12 918	-79 412
TOTAL EQUITY		125 647	46 651
Provisions			
Other provisions	19	4 517	3 457
Total provisions		4 517	3 457
Long-term liabilities			
Corporate bonds	21	140 730	129 877
Liabilities to finance institutions	22	89 026	81 815
Total long-term liabilities		229 756	211 692
Current liabilities			
Liabilities to finance institutions		-	4 000
Advance payments from customers		9 554	19 837
Accounts payable		22 001	31 489
Liabilities to group companies		18 819	-
Current tax liabilities		1 443	1 247
Other liabilities		1 131	1 760
Accrued expenses and deferred income	24	10 572	10 208
Total current liabilities		63 520	68 541
TOTAL EQUITY AND LIABILITIES		423 440	330 341

STATEMENT OF CHANGES IN PARENT COMPANY EQUITY

	Share capital	Development fund	Share premium	Retained profit/loss	Profit/loss for the year	Total
Opening balance 2021-01-01	5,931	117,903	417,126	-359,767	-85,540	95,652
Development fund		1,916		-1,916		-
Directed Share issue ¹	313		22,375			22,688
Allocation of profits (losses)				-85,540	85,540	-
Exercise of share options ²				141		141
Profit/loss for the year					-71,830	-71,830
Closing balance 2021-12-31	6,244	119,819	439,501	-447,082	-71,830	46,651
Development fund		-16,207		16,207		-
Directed Share issue ³	2,873		164,736			167,609
Allocation of profits (losses)				-71,830	71,830	-
Exercise of share options ⁴				56		56
Profit/loss for the year					-88,670	-88,670
Closing balance 2022-12-31	9,117	103,612	604,237	-502,649	-88,670	125,646

¹ The amount is reported net after deduction of transaction costs amounted to SEK 63 k.

² Premiums paid relating to the 2021/2025 Qualified Employee Share Option Program.

³ The amount is reported net after deduction of transaction costs amounted to SEK 1 155 k.

⁴ Premiums paid relating to the 2022/2025 Qualified Employee Share Option Program.

PARENT COMPANY'S STATEMENT OF CASH FLOW

(amount in KSEK)	Note	2022 Jan-Dec	2021 Jan-Dec
Operating activities			
Results before financial items		-69,367	-59,100
Adjustments for items not included in cash flow		25,609	20,627
Interest paid		-905	-862
Paid tax		-	-
Cash flow from operating activities before changes in working capital		-44,663	-39,335
Cash flow from changes in working capital			
Change in inventories		12,006	-13,409
Change in accounts receivable		-2,885	20,766
Change in other current receivables		-3,928	-498
Change in accounts payables		-9,488	10,755
Change in other current liabilities		8,466	-4,081
Cash flow from operating activities		-40,492	-25,802
Investing Activities			
Investments in intangible fixed assets		-625	-11,720
Investments in property, plant and equipment		-1,051	-2,264
Divestments in property, plant and equipment		85	-
Cash flow from Investing activities		-1,591	-13,984
Financing activities			
Proceeds from new share issue		68,845	22,688
Option premium		56	141
Repayment of loans		-4,000	-1,000
Cash flow from financing activities		64,901	21,829
Cash flow for the period		22,818	-17,957
Cash and bank balances at the beginning of the period		23,451	41,408
Cash and bank balances at the end of the period		46,269	23,451

NOTES

Note 1 Accounting policies

General accounting policies

The Annual and consolidated Report has been prepared in accordance with the Swedish Annual Accounts Act (1995: 1554) and BFNAR 2012: 1 Annual Report and Consolidated Financial Statements (K3).

Consolidated accounts

The consolidated accounts include the Parent Company and the companies over which the parent company directly or indirectly has controlling influence (subsidiaries). Control means a right to shape another company's financial and operational strategies in order to obtain financial benefits. When assessing whether a controlling influence exists, account must be taken of holdings of financial instruments that are potentially entitled to vote and that can be utilized or converted into equity instruments with voting rights without delay. Consideration must also be given to whether the company has the opportunity to control the business through an agent. Decisive influence normally exists when the parent company directly or indirectly holds shares that represent more than 50% of the votes.

A subsidiary's income and expenses are included in the consolidated accounts from and including the time of the acquisition up to and including the time when the parent company no longer has a controlling influence over the subsidiary. See section Business acquisitions below for accounting of acquisitions and disposals of subsidiaries.

The accounting principles for subsidiaries are consistent with the group's accounting principles. All intra-group transactions, transactions and unrealized profits and losses attributable to intra-group transactions have been eliminated when preparing the consolidated accounts.

Holdings without controlling influence

The group's results and components of equity are attributable to the parent company's owners and holdings without controlling influence. Holdings without a controlling influence are reported separately within equity in the consolidated balance sheet and in direct connection with the item Profit for the year in the consolidated income statement. If group-wide equity in respect of the subsidiary is negative, holdings without controlling influence in the subsidiary are reported as a claim on the holding, a negative item within equity, only if the holding has a binding obligation to cover the capital deficit and has the ability to fulfill the obligation.

Business acquisition

Business acquisitions are reported according to the acquisition method. The purchase price for the business acquisition is valued at fair value at the time of acquisition, which is calculated as the sum of the fair values at the time of acquisition for paid assets, incurred or assumed liabilities as well as issued equity instruments and expenses that are directly attributable to the business combination. Examples of expenses are transaction costs. The purchase price includes a conditional purchase price, provided that at the time of acquisition it is likely that the purchase price will be adjusted at a later date and that the amount can be reliably estimated. The acquisition value of the acquired unit is adjusted on the balance sheet date and when the final purchase price is determined, however no later than one year after the acquisition date.

In the case of acquisition of fewer than all shares of the acquired entity, the value of holdings without controlling influence is added to the acquisition value. The holding's share of the acquired entity's assets and liabilities, including goodwill or negative goodwill, is valued at fair value.

Goodwill

In the case of business acquisitions where the sum of the purchase price, fair value of non-controlling interests and fair value at the time of acquisition of previous shareholdings exceeds the fair value at the time of acquisition of identifiable acquired net assets, the difference is reported as goodwill in the consolidated balance sheet. If the difference is negative, the value of identifiable assets and liabilities must be reassessed.

Recalculation of foreign subsidiaries

Financial statements of foreign subsidiaries have been converted to Swedish kronor according to the current rate method. The current exchange rate method means that all assets, provisions and other liabilities are converted to the exchange rate on the balance sheet date and all items in the income statement are converted to the year's average exchange rate. Any resulting translation differences are transferred directly to the group's equity.

Revenue recognition

Revenue is recognised at the fair value of what the Company has received or will receive. This means that the Company reports revenue at the nominal value (invoiced amount) if the Company receives compensation in cash or cash equivalent upon delivery. Deductions are made for discounts granted. Revenue is recognised when the significant benefits and risks associated with the ownership of the goods has been transferred from the Company to the buyer, which is according to the international shipping terms ("Incoterms") stated on the invoice.

Interest, royalty and dividends

Remuneration in the form of interest, royalty or dividend is reported as income when the Company is likely to receive the financial benefits associated with the transaction and when income can be reliably calculated. Interest is reported as revenue according to the so-called effective rate method.

Lease agreements

If the financial risks and benefits associated with the asset have not been transferred to the lessee, the lease is classified as an operating lease. Operating leases are reported as a cost linearly over the lease period. The parent company reports all leasing agreements, both financial and operational, as operational leasing agreements. In the group, a division is made between financial and operational leasing.

Employee benefits

Employee benefits refers to all types of remuneration the Company provides to its employees. The remuneration includes, among other things, salaries, paid leave, paid absences, bonuses, and post-employment benefits (pensions). Reporting occurs when benefits are accrued. Remuneration for retired employees derives from defined-contribution or defined benefit pension plans. Plans are classified as defined-contribution plans when fixed contributions are paid and there are no bonds, whether legal or informal, to pay anything over and above these contributions. All other plans are classified as defined-benefit pension plans, of which the Company has none. The Company has no other long-term employee benefits.

Conversation of foreign-currency amounts

Receivables and liabilities in foreign currencies have been converted at the exchange rate at Balance Sheet date. Exchange rate gains and losses on operating receivables and operating liabilities are reported under operating income, while exchange rate gains and losses on financial receivables and liabilities are reported as other financial income (costs).

Fixed assets

Tangible and intangible fixed assets are reported at acquisition value less accumulated depreciation and any write-downs. Tangible fixed assets have been divided into significant components, when the components have significantly different useful lives. Depreciable amount consists of the acquisition value reduced by a calculated residual value if this is material. Depreciation takes place on a straight-line basis over the expected useful period.

Intangible assets

OXE Marine AB's intangible assets mainly consist of patents, consulting services and materials necessary for development of the product OXE.

The following depreciation periods are applied:

Intangible assets

Capitalised expenditure for development and similar work	10 years
Patent	10 years

Fixed assets

Improvement expenditure on leaseholds	2 years
Equipment	5 years
Tools	7 years

Internally developed intangible assets

The Company applies the so-called "capitalisation model" for internally developed intangible assets. This method involves capitalisation of all expenditure fulfilling the BFNAR 2012: 1 criterion as an intangible asset to be amortised over the estimated useful life of the asset. A transfer from non-restricted equity into the development costs fund within restricted equity has been made for the corresponding amount capitalised during the year. A transfer from the fund back to unrestricted equity has been made for the corresponding amount reported under depreciation and impairment.

Impairment of intangible and tangible fixed assets

At each balance sheet date, the group analyzes the reported values of tangible and intangible assets to determine whether there is any indication of impairment. If there is any such indication, the recoverable amount is calculated to determine the write-down amount. If the recovery value for an individual asset cannot be determined, the recovery value is calculated for the cash-generating unit to which the asset belongs. Development that has not yet been put into use is not written off but is tested annually for impairment regardless of signs of impairment. The recovery value is the higher of the fair value after deduction for disposal costs and the asset's value in use. Fair value after deduction of costs on disposal is the price expected to be obtained in a transaction after deduction of costs directly attributable to the transaction. In determining value in use, future cash flows are discounted to present value using a pre-tax discount rate that reflects current market conditions for the time value of money and the risks associated with the asset. At each balance sheet date, the group reassesses a previous write-down is no longer justified. If this is the case, the write-down is reversed. A reversal of a write-down is reported in the income statement.

Financial instruments

The Company reports and values financial instruments at acquisition value. Accounts receivable and other short-term receivables are reported at the lower of acquisition cost and net realizable value at the Balance Sheet date. Accounts payable and other current liabilities are reported at the expected settlement amount. Long-term receivables and long-term liabilities are valued after initial reporting at amortized cost.

Inventory

Inventory has been valued at the lower of acquisition cost and net realisable value at the Balance Sheet date. Net realisable value refers to the estimated selling price of goods less selling costs. The chosen valuation method takes into account any impairment of inventory.

Tax

Total tax consists of current tax and deferred tax. Taxes are recognised in the income statement, except when the underlying transaction is recognized directly in equity, whereby the associated tax effect is recognised in equity.

Current tax

Current tax refers to income tax for the current fiscal year and the part of the previous fiscal year's income tax that has not yet been reported. Current tax is calculated on the basis of the tax rate applicable on the balance sheet date.

Deferred tax assets

Deferred tax assets are reported net against deferred tax liabilities only if they can be paid with a net amount. Deferred tax is calculated on the basis of the determined tax rate on the balance sheet date. Effects of changes in the applicable tax rates are recognised in the income statement during the period the change has been legislated. Deferred tax assets are reduced to the extent that it is unlikely that the underlying tax asset will be realised in the foreseeable future. Deferred tax assets are reported as financial fixed assets and deferred tax liabilities as provisions. The Company has unutilised carry forward tax losses in Sweden amounting to SEK 410.6 m as of 2022. The tax effect has not been recognised as a deferred tax asset in the balance sheet. There is uncertainty around the ability to utilise these tax losses in the future as they are influenced by changes in Company shareholding.

Other provisions

Other provisions are reported when the Company has a formal or informal obligation resulting from past events and where it is probable that an outflow of resources will be required to settle such an obligation. Provisions are valued at the best estimate of the amount required to settle the obligation. If the expected payment date has a significant effect on the value of the obligation, the obligation is reported at its net present value.

Statement of cash flows

The statement of cash flow shows the consolidated changes in the company's cash and cash equivalents during the financial year. The statement of cash flow has been prepared according to the indirect method. The reported cash flow includes only transactions that entailed receipts and payments.

Note 2 Net turnover

	Consolidated	Parent Company	
	2022-12-31	2022-12-31	2021-12-31
Sweden	5 142	5 142	713
EU	24 827	24 827	12 517
Outside EU	118 447	103 154	86 565
	148 416	133 123	99 795

	Consolidated	Parent Company	
	2022-12-31	2022-12-31	2021-12-31
Propulsion	116 978	107 065	80 725
Parts & Accessories	31 438	26 058	19 070
	148 416	133 123	99 795

Note 3 Information on purchases and sales within the same group

	Parent Company	
	2022-12-31	2021-12-31
Purchases	10%	-
Sales	26%	-

Note 4 Other operating income	Consolidated	Parent Company	
	31/12/2022	31/12/2022	31/12/2021
Exchange rate gains on receivables/liabilities of operating nature	11,363	-	1,552
Profit on disposal of fixed assets	248	248	31
Insurance benefits	-	0	46
	11,611	248	1,629

Note 5 Auditor's fee and reimbursement of costs

	Consolidated	Parent Company	
	31/12/2022	31/12/2022	31/12/2021
BDO Mälardalen AB			
Audit assignment	260	260	-
Audit activities in addition to audit assignments	-	-	-
Prida Guida & Perez, P.A.			
Audit assignment	183	-	-
Audit activities in addition to audit assignments	-	-	-
Ernst & Young AB			
Audit assignment	90	90	435
Audit activities in addition to audit assignments	-	-	205
	533	350	640

Note 6 Leasing costs

	Consolidated	Parent Company	
	31/12/2022	31/12/2022	31/12/2021
Future minimum lease payments to be paid in respect of non-cancellable leases:			
Due for payment within one year	2,810	2,103	2,926
Due for payment later than one year but within 5 years	1,891	2,138	4,241
Due for payment later than five years	-	-	-
	4,701	4,241	7,167
Leasing fees expensed during the period	3,265	2,926	3,058

In the group's accounting, the operational leasing essentially consists of rented properties/premises. The lease agreement for the Swedish office property runs for just over two years. The size of the future leasing fees is based on the development of the consumer price index. The agreements for renting premises generally run for three years with the possibility of extension by one year at a time.

For the parent company, the information in this note also includes financial leasing agreements, which are reported as operational. In addition to the rental of premises, the agreements refer to the leasing of equipment and cars for transport purposes. The machines and fixtures are normally leased for three years with the possibility of extension by one year at a time. Cars are leased for three years with the option of purchase.

Note 7 Employees and personnel costs

<i>Average number of employees</i>	Consolidated	Parent Company	
	31/12/2022	31/12/2022	31/12/2021
Sweden			
Women	5	5	6
Men	31	31	35
	36	36	41
US			
Women	2	-	-
Men	15	-	-
	17	-	-
Total	53	36	41

Personnel costs

Salaries and other remuneration KSEK

The Board of Directors, management and the CEO	8,342	6,098	8,603
Other employees	28,793	19,445	21,247
	37,135	25,543	29,850

Social costs KSEK

Pension costs for the Board of Directors, management and the CEO	991	908	1,013
Pension costs for other employees	2,417	2,298	1,696
Other social costs according to law and agreement	9,440	8,642	9,072
	12,848	11,848	11,781
Total salaries, remuneration, social costs and pension costs	49,983	37,391	41,631

Board fees

KSEK	31/12/2022	31/12/2021
Anders Berg (resigned 2022)	92	300
Andreas Blomdahl (resigned 2021)	-	44
Jonas Wikström (elected 2021)	333	106
Jon Lind	184	150
Magnus Folin	184	150
Magnus Grönborg (resigned 2021)	-	44
Mikael Mellberg	184	150
Martin Polo (elected 2022)	113	-
Christian von Koenigsegg (elected 2022)	113	-
	1,203	944

None of the board members is entitled to any benefits upon termination of the board assignment.

<i>Number on the balance sheet date</i>	Consolidated	Parent Company	
	31/12/2022	31/12/2022	31/12/2021
Board members			
Women	-	-	-
Men	6	6	5
Total	6	6	5
Managing directors and others senior executives			
Women	-	-	1
Men	3	3	5
Total	3	3	6

Remuneration to management

	Myron Mahendra ¹	Magnus Grönborg ¹	Remuner- ation manage- ment ¹	Total
2021 KSEK				
Fixed salary incl. holiday pay	1,173	860	4,828	6,861
Variable remuneration	-	131	400	531
Pensions	-	195	818	1,013
Benefits	-	31	237	268
	1,173	1,217	6,283	8,673
	Magnus Grönborg ¹	Anders Berg ¹	Remuner- ation manage- ment ¹	Total
2022 KSEK				
Fixed salary incl. holiday pay	272	1,778	2,394	4,444
Variable remuneration	-	118	118	236
Pensions	65	355	489	909
Benefits	27	57	133	217
	364	2,308	3,134	5,806

¹The compensation is exclusive of social security contributions and special payroll tax. Remuneration to other management refers to 3 (5) people.

Rules for termination

Upon termination of Anders Berg's employment, a notice period of twelve months runs from the company's side and six months from Anders Berg's side. During the notice period, Anders Berg is entitled to unchanged salary and employment benefits with the exception of variable remuneration. Anders Berg is bound by a non-competition clause that is valid for nine months from the termination of employment, during which he is currently entitled to special compensation. The company has the right to waive the non-competition clause, whereby no compensation shall be paid to Anders Berg.

The notice period for other senior executives is six months in the case of termination by the company and six months in the case of termination by the employee. During the notice period, the company has the right to release the employee from work, whereby any salary from another employer must be offset against the salary the employee receives during the notice period. Other senior executives are bound by non-competition clauses for nine months from termination of employment, during which time they are entitled to special compensation. The company has the right to waive the non-competition clause, whereby no compensation shall be paid to the employee.

Note 8 Interest expense and similar profit/loss items

	Consolidated	Parent Company	
	31/12/2022	31/12/2022	31/12/2021
Interest expense	10,311	9,654	12,730
Exchange rate differences	9,649	9,649	-
	19,960	19,303	12,730

Note 9 Tax on profit for the year

	Consolidated	Parent Company	
	31/12/2022	31/12/2022	31/12/2021
The following components are included in the tax cost:			
Current tax	-	-	-
Deferred tax	1,236	-	-
	1,236	-	-
Reported profit/loss before tax	-111,132	-88,670	-71,830
Tax according to the applicable tax rate (20,6%)	22,893	18,266	14,797
Tax effect of:			
Non-deductible costs	1,818	974	952
Non-taxable income	-3	-3	0
Tax attributable to previous years' reported results	-23,472	-19,237	-15,749
	1,236	-	-

Note 10 Capitalised expenditure for development and similar work

	Consolidated	Parent Company	
	31/12/2022	31/12/2022	31/12/2021
Opening value	221,164	221,164	209,444
Additions for the year	625	625	11,960
Disposals	-	-	-240
Closing accumulated value	221,789	221,789	221,164
Opening amortisation	-61,803	-61,803	-46,725
Amortisation for the year	-23,050	-23,050	-15,078
Closing accumulated amortisation	-84,853	-84,853	-61,803
Closing reported value	136,936	136,936	159,361

Note 11 Concessions, patents, licenses, trademarks etc.

	Consolidated	Parent Company	
	31/12/2022	31/12/2022	31/12/2021
Opening value	4,632	4,632	4,632
Additions for the year	-	-	-
Takeover in acquisition of subsidiaries	38,833	-	-
Closing accumulated value	43,465	4,632	4,632
Opening amortisation	-2,261	-2,261	-1,798
Amortisation for the year	-3,861	-463	-463
Closing accumulated amortisation	-6,122	-2,724	-2,261
Closing reported value	37,343	1,908	2,371

Note 12 Improvement expenditure on leaseholds

	Consolidated	Parent Company	
	31/12/2022	31/12/2022	31/12/2021
Opening value	783	783	742
Additions for the year	287	287	41
Takeover in acquisition of subsidiaries	1,248	-	-
Closing accumulated value	2,318	1,070	783
Opening depreciation	-684	-684	-565
Depreciation for the year	-286	-214	-119
Closing accumulated depreciation	-970	-898	-684
Closing reported value	1,348	172	99

Note 13 Equipment, tools and installations

	Consolidated	Parent Company	
	31/12/2022	31/12/2022	31/12/2021
Opening value	17,236	17,236	15,013
Additions for the year	2,315	764	2,223
Disposals	-123	-123	-
Takeover in acquisition of subsidiaries	4,039	-	-
Closing accumulated value	23,467	17,877	17,236
Opening depreciation	-10,502	-10,502	-7,534
Disposals	39	39	-
Depreciation for the year	-3,012	-2,392	-2,968
Closing accumulated depreciation	-13,475	-12,855	-10,502
Closing reported value	9,992	5,022	6,734

Note 14 Shares in group companies

			Parent Company	
			31/12/2022	31/12/2021
Opening value			-	-
Acquisitions			100,001	-
Closing reported value			100,001	-
			Parent Company	
			31/12/2022	31/12/2021
Company name	Number of shares	Capital share in %	Book value	Book value
OXE Marine INC	100,000	100%	95,900	-
OXE Marine Manufacturing INC	100,000	100%	4,101	-
			100,001	-
Company name	Org.nr	Seated	Equity	Result
OXE Marine INC	87-4243791	Georgia, USA	60,843	-15,699
OXE Marine Manufacturing INC	87-4275543	Georgia, USA	-2,530	-7,170

During the year, 100% of OXE Marine INC and OXE Marine Manufacturing INC was acquired by the parent company and included in the consolidated accounts with amounts relating to the time after the acquisition date, February 16, 2022.

Note 15 Prepaid expenses and accrued income

	Consolidated	Parent Company	
	31/12/2022	31/12/2022	31/12/2021
Accrued income	-	-	-
Prepaid expenses	2,319	1,546	2,244
	2,319	1,546	2,244

Note 16 Share Capital

The share capital consists of 304,068,067 shares with a quota value of SEK 0.3 per share.

Opening share capital as of 2022-01-01 was 208,225,298 shares with a quota value of SEK 0.3 per share.

Note 17 Proposed distribution of the Company's profit or loss

The Board of Directors proposes that the Company's unrestricted equity, SEK 12 918 270, is distributed as follows:

Share premium reserve	604,237,406
Retained earnings (losses)	-502,649,203
Profit (loss) for the year	-88,669,933
Amount carried over	12,918,270

Note 18 Deferred tax asset and deferred tax liability

	Consolidated	Parent Company	
	31/12/2022	31/12/2022	31/12/2021
Deferred tax asset			
Deferred tax asset on internal profit in stock	536	-	-
	536	-	-
Deferred tax liability			
Deferred tax liability on Patents and similar rights	7,300	-	-
	7,300	-	-

Note 19 Provisions

	Consolidated	Parent Company	
	31/12/2022	31/12/2022	31/12/2021
Provision for warranties	4,517	4,517	3,457
	4,517	4,517	3,457

Note 20 Pledge assets

	31/12/2022	31/12/2021
Corporate mortgages	107,069	106,658
Mortgage on bank account	300	720
	107,369	107,378

Note 21 Corporate Bonds

Senior Secured Callable Fixed Rate Bonds with ISIN SE0010831545, SE0010831594 and NO0010815442. Interest on the Bonds amounts to 7 per cent per annum. The Bonds are secured by corporate mortgages, refer Note 20.

Effective 16 February 2022, the Company obtained the bondholders' approval to amend and waive certain terms in its up to SEK 200 m bonds. The proposed amendments to the Bond Terms mean that (i) the final redemption date for the bonds will be postponed by 24 months to 15 February 2025, (ii) effective from 15 August 2022, 2 percent of the quarterly interest will be paid in cash to the bondholders and the remaining interest will be quarterly compounded and added to the nominal amount of the bonds, (iii) the US Subsidiaries will be entitled to enter into a credit facility agreement of up to USD 5 m, secured by collateral in the US Subsidiaries' inventory and (iv) OXE is allowed to create a secondary pledge over its business mortgages and over the shares in the US Subsidiaries in favour of the EIB. The EIB's Tranche A loan of EUR 4 m will also be extended by 6 months in order to become repayable after the corporate bonds with a new maturity date of 12 March 2025. In accordance with the terms of the Corporate Bonds, OXE Marine is restricted in what types of debt financing it may pursue but is allowed to finance its operations through certain types of short-term credit such as credit guarantees for accounts receivable provided by EKN ("Exportkreditnämnden") pledged as collateral.

Note 22 Liabilities to finance institutions

In April 2019, OXE and the EIB agreed on a term sheet regarding a credit facility of up to EUR 14 m to finance up to 50% of the development of the OXE 300.

The credit facility is split into three conditional tranches of EUR 4 m (Tranche A), EUR 4 m (Tranche B) and EUR 6 m (Tranche C) and each loan under a Tranche would mature 5 years from disbursement. Tranches A and B is interest free, and carries warrants issued to the EIB corresponding to 15 % (at the time of the issuance of the warrants) of OXE's share capital on a Fully Diluted Basis in connection with drawdown of Tranches A and B. EIB has disbursed Tranches A and B of in total EUR 8 m to OXE. Tranche C has not been drawn down and is no longer available for disbursement. Tranche A and B mature during March 2025, after the maturity of the Corporate Bonds which are senior ranking.

Warrants

The EIB has received in total 28,091,521 warrants in OXE which, on the date hereof, entitles the EIB to subscribe

for 41,629,337 shares in OXE, corresponding to 13.3% of OXE's share capital on a Fully Diluted Basis, at a subscription price corresponding to the quota value of OXE's shares. The warrants may be exercised at any time until 31 December 2039.

Note 23 Share Warrants and Options

During 2019, employees and consultants were offered warrants at the price calculated according to Black & Scholes valuation model. The warrants were exercisable during the period from 1 December 2022 to 31 December 2022, where the holder of the warrant has the right to subscribe for a new share in the Company for each warrant at a price of SEK 4 per share. No warrants were exercised and the warrant program was closed.

On 28 June 2021, the Company entered into a new incentive program comprising of qualified employee stock options. All 3,050,000 options in the new incentive program 2021/2025 were transferred and the Company subscribed for all warrants of series 2021/2025:2 issued to secure the Company's delivery of shares in the program. The options have been transferred at a price of SEK 0.03 per option and can be used to subscribe for shares at the price of SEK 6 per share during three weeks' periods after the publication of the interim report for first, second and third quarter of 2025. As a condition of the incentive program, the employees need to remain employed in the Company. As a result, at 31 December 2022, 625,000 out of the 3,050,000 options issued remain active.

On 16 February 2022 the Company entered into a new incentive program comprising of qualified employee stock options. All 1,856,492 options in the new incentive program 2022/2025 were transferred and the Company subscribed for all warrants of series 2022/2025 issued to secure the Company's delivery of shares in the program. The options have been issued at a price of SEK 0.03 per option and can be used to subscribe for shares at a price of SEK 3.50 per share during a subscription period of 1 month falling 36 months after acquisition of the employee stock options. As a condition of the incentive program, the employees need to remain employed in the Company. As at 31 December 2022 all options issued remain active.

Note 24 Accrued expenses and deferred income

	Consolidated	Parent Company	
	2022-12-31	2022-12-31	2021-12-31
Accrued wages & holiday pay	4 373	4 050	4 335
Accrued social costs	1 273	1 273	1 111
Other accrued expenses	9 515	5 249	4 762
	15 161	10 572	10 208

Not 24 Significant events after the financial year

OXE Marine AB (the "Company") announced the following significant events after the financial year:

- The Company announced on February 15, 2023 that it has developed a concept engine with hybrid drive that combines the diesel drive of OXE Marine outboards with electric drive and thus offers even lower fuel consumption and carbon dioxide emissions.
- The company's diesel-powered outboard with water jet propulsion, which was developed together with JET-TECH, was nominated as one of the innovations of the year at the International Boat Show in Miami. The engine is one of the world's most powerful outboards with water jet propulsion and has been made possible thanks to OXE's proprietary power transmission system that can handle very high torques.

Signatures

Report signed by the Board of Directors, Ängelholm, at the date stated on the digital identification certificate found in the Swedish Annual Report.

Jonas Wikström
Chairman of the Board

Magnus Folin
Board Member

Jon Lind
Board Member

Mikael Mellberg
Board Member

Martin Polo
Board Member

Christian von Koenigsegg
Board Member

Anders Berg
CEO

Our audit report was submitted and signed by BDO Mälardalen AB, at the date stated on the digital identification certificate found in the Swedish Annual Report.

Carl-Johan Kjellman
Authorised auditor

Definitions of Key Business Ratios

Net turnover

Main operating revenues and other revenue net of warranty costs, discounts and credit notes.

Gross Margin/Gross Margin %

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

EBITDA

Earnings before interest tax, depreciation and amortization and after the capitalization of research and development and patent costs. EBITDA includes other income and expenses attributable to currency revaluations of operating expenses.

Profit/loss after financial items

Profit/loss after financial items and costs, but before taxes. Financial items include interest expense and similar profit and loss items and includes foreign exchange revaluation of foreign debt balances.

Operating margin (%)

Operating profit/loss in relation to net turnover.

Return on equity (%)

Profit/loss for the year in relation to average equity.

Equity/assets ratio (%)

Adjusted equity (equity and untaxed reserves with deductions for deferred tax) as a percent of the balance sheet total. This is to show the Company's long-term solvency.

Earnings Per Share, Basic ("EPS")

Net Profit/Loss for the period to average number of shares outstanding as at 31 December 2022. The average number of shares during the period 1 Jan – 31 Dec 2022 amounted to 251 463 638. The total number of shares at the end of the period amounted to 304 068 067.

Diluted Earnings Per Share ("DEPS")

Due to the company being in a loss position, diluted earnings per share is equal to earnings per shares. The total amount of shares and dilutive instruments (outstanding warrants that are in-the-money) as at 31 December 2022 was 345 697 403.

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.

NOTE: The English version is a translation of the Swedish version, for any inconsistencies in the translation refer to the Swedish version.

For further information, please contact:

Anders Berg, CEO, anders.berg@oxemarine.com, +46 70-358 91 55

Jonas Wikström, Chair of the Board, jonas.wikstrom@oxemarine.com, +46 70-753 65 66

Certified Adviser

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

AUDITOR'S REPORT

To the general meeting of the shareholders of OXE Marine AB
Corporate identity number 556889-7226

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of OXE Marine AB for the year 2022.

In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other matter

The audit of the annual accounts for the year 2021 was performed by another auditor who submitted an auditor's report dated 8 April 2022, with unmodified opinions in the Report on the annual accounts.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 3-4. The Board of Directors and the Managing Director are re-sponsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated

accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to

events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual

accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of OXE Marine AB for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall

manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Stockholm 17 April 2023

BDO Mälardalen AB

Carl-Johan Kjellman

Authorized Public Accountant

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 are built on the core value of 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.

OXE Marine AB (Publ)
Metallgatan 6, SE-262 72 Ängelholm
info@oxemarine.com, www.oxemarine.com

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