

Cimco Marine AB proposes a rights issue of approximately SEK 154 million and enters into bridge loan agreement

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The Board of Directors of Cimco Marine AB (publ) ("Cimco Marine" or the "Company") proposes an Extraordinary General Meeting ("EGM") to resolve on an issue of units consisting of shares and warrants with preferential rights for existing shareholders (the "Rights Issue"). Through the Rights Issue, Cimco Marine is initially provided with approximately SEK 103 million and an additional approximately SEK 51 million upon full utilization of the warrants, before deduction for issue costs. The rights issue is covered by subscription commitments and guarantee commitments from principal owners and new investors corresponding to approximately 99% of the initial issue proceeds. After having collected voting undertakings in the ongoing written procedure regarding the Company's corporate bonds to an extent that meets the majority requirement for adopting the proposed amendments to the terms and conditions for the bonds, the Company has entered into a loan agreement for a short term loan of up to SEK 55 million. SEK 40 million of the loan has been disbursed to Cimco.

– During 2018 we have focused on problem solving and to strengthen both our product and the business. That is, a year with many small changes that now gives our customers a better overall experience while the Company has a good foundation for meeting the business plan. With a more stable foundation, I therefore look forward to 2019 with confidence and invite you as an investor to take important steps forward with us, towards yet another sought-after product and increased sales, comments Andreas Blomdahl, CEO of Cimco Marine AB.

The rights issue in summary and preliminary time plan

In order to secure working capital and for continued development of the Company's products, the Board of Directors proposes the EGM resolve on an issue of units whereby one unit consists of three (3) shares and one (1) warrant ("Unit") with preferential rights for existing shareholders. It will also be possible to subscribe for shares without preferential rights.

In the event all Units are not subscribed for with unit rights, the Board shall resolve on the allotment of Units subscribed for without unit rights. In such case Units shall firstly be allotted to persons who have also subscribed for Units by exercising unit rights, secondly to other persons who have subscribed for Units without exercising unit rights, and thirdly to guarantors.

- **Issue size:** Assuming full subscription, Cimco Marine is initially provided with approximately SEK 103 million before deduction of transaction related costs. In the event the Rights Issue is fully subscribed for and all attached warrants are exercised, the Company will receive an additional SEK 51 million before deduction of transaction related costs. Preliminary total transaction related costs are approximately SEK 11 million.
- **Record date:** Holders of Cimco Marine common stock on the record day of March 15, 2019 are entitled to subscribe for Units in the Rights Issue in relation to their holding of shares on the record date. Last day for trading including the right to subscribe for Units is March 13, 2019. The first day of trading excluding the right to subscribe Units is March 14, 2019.

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- **Pre-emptive rights:** For one (1) existing share on the record day of March 15, 2019 shareholders will receive seven (7) unit rights and six (6) unit rights entitles to subscription of one (1) Unit.
- **Trading in unit rights:** March 20 – April 1 2019.
- **Subscription period:** March 20 – April 3, 2019.
- **Subscription price:** SEK 1 per Unit, corresponding to SEK 1 per share. No commission Is payable.
- **Trading in BTU:** From March 20, 2019 until the issue has been registered.
- **Subscription and guarantee commitments:** Subscription commitments have been received from existing shareholders amounting to approximately SEK 20 million, corresponding to approximately 19.5% of the initial issue proceeds. Furthermore, Cimco Marine has received guarantee commitments of approximately SEK 81.5 million, corresponding to approximately 79% of the initial issue proceeds.
- **Warrants:** One (1) warrant entitles the holder to subscribe for one (1) new share in the Company during the period 4 – 17 October 2019 at SEK 1.50 per share.

Motive for the rights issue

Cimco Marine develops and sells diesel-powered outboard motors in the power range of 100 - 400 hp. The OXE Diesel engine is based on a patented belt-driven system that enables horizontal mounting of the engine. Thus, one can use a standardized engine with long development in the automotive industry. The result is a more robust outboard engine with lower fuel consumption that can withstand the higher load of the diesel engine, and which has cheaper service costs than a traditional outboard engine. Sales take place through a global distributor network with about 30 distributors, which in turn represent approximately 800 dealers.

In 2018, Cimco Marine introduced a 150hp engine while the 200hp engine was taken out of service to solve issues with the turbo. The business has in turn been further developed during the year, in order to meet the Company's high demands, by focusing on cost-efficiency, technical issues, quality assurance and sales, market and support. The quality issues have subsequently been resolved and bottlenecks have been eliminated. As a result, the OXE 200hp was reintroduced in October 2018 and the previously stated goal of 25 produced engines per week was reached in December 2018. OXE Diesel has been well received in the market and Cimco Marine has now started validating and verifying a new outboard engine based on a BMW engine (300hp), a validation which is expected to be ready by the end of the year 2019/2020.

In January 2019, the Company proposed amendments of the terms and conditions of the Company's outstanding bonds to better match Cimco Marine's current financial situation and expected sales development. At the time of publication of this press release, the Company has received voting undertakings corresponding to the majority requirement for adopting the proposed amendments.

With a strong product line and a strengthened business, Cimco Marine proposes to carry out the Rights Issue to secure working capital and finance the continued development and sales of the Company's products. In addition to increased production capacity and validation in the BMW project, Cimco Marine intends to invest to reduce manufacturing costs and utilize the issue proceeds for operating expenses and supplier commitments. In order to secure the capital requirement until the Rights Issue is completed, the Company has secured a short-term loan, described below, which is to be repaid upon receipt of the issue proceeds.

Subscription and guarantee commitments

Cimco Marine has received subscription commitments from existing shareholders totalling approximately SEK 20 million, corresponding to approximately 19.5% of the Rights Issue. Furthermore, the Company has received guarantee commitments from a guarantee consortium totalling approximately

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SEK 81.5 million, corresponding to approximately 79% of the Rights Issue. Thus, the issue is covered by subscription commitments and guarantee commitments up to 99% of the initial issue.

Loan agreement

In order to secure the Company's capital requirements until the proceeds from the Rights Issue are available to the Company, the Company has entered into a loan agreement for a short-term loan of up to SEK 55 million (the "Bridge Loan"). SEK 40 million of the Bridge Loan has been disbursed to Cimco. The agreement has been entered into on market terms with a duration until the Rights Issue has been completed, however not longer than until 31 May 2019.

Increase in share capital

Through the Board's proposal the Company's share capital may be increased by a maximum of SEK 3,096,559.65 by issuing a maximum of 103,271,604 new shares. The Board's proposal further entails that the share capital may be increased by an additional SEK 1,032,186.55 by issuing a maximum of 34,423,868 warrants, which entitles the holder to subscribe for a maximum of 34,423,868 shares in the Company. The company's share capital may thus increase by a total of SEK 4,128,746.20.

Extraordinary General Meeting and voting undertakings

The Extraordinary General Meeting will be held on March 8, 2019 at 11 AM at Best Western Plus Hus 57 in Ängelholm. Notice for the EGM will be published through a separate press release.

Shareholders representing approximately 59 per cent of the capital and the votes in Cimco Marine have stated that they are in favour of the Rights Issue and have undertaken to vote in favour of the proposal at the EGM for their respective number of shares held on the record date.

Investor meetings

Invitation to investor meetings during the subscription period will be sent out separately and will also be presented on the respective websites of Cimco Marine and Redeye AB.

Advisor

Redeye AB acts as financial advisor and Advokatfirman Lindahl KB acts as legal advisor in connection with the Rights Issue.

Prospectus

Publication is expected around March 15, 2019. Full terms and conditions as well as information about subscription and guarantee commitments will be available in Cimco Marine's prospectus which, together with an information folder, will be published on the Company's and Redeye AB's respective websites (www.oxe-diesel.com, www.redeye.se).

Certified Adviser

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Cimco 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 February 6 2019 at 7.50 pm.

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