



PRESS RELEASE

Ängelholm, 5 July 2019

## **Cimco Marine AB (publ) enters into MEUR 14 credit facility agreement with the European Investment Bank**

- **The European Investment Bank (the “EIB”) makes available a credit facility of up to EUR 14 million to Cimco Marine AB (publ) (“Cimco”) for further development of low-emission, fuel-efficient diesel outboard engine to replace highly polluting petrol engines**
- **Project supported under European Fund for Strategic Investments, part of the Juncker Plan**

Cimco has today signed an up to EUR 14 million unsecured credit facility agreement with the EIB, to finance up to 50 percent of Cimco’s development of a new family of diesel outboard engines, *inter alia* a 3 litre, 6-cylinder twin turbo BMW diesel engine with a number of power outputs between 200 hp and 300 hp (the “Investment”). The total facility is split into three tranches of EUR 4 million (A), EUR 4 million (B) and EUR 6 million (C) respectively.

Drawdown of tranche A is conditioned upon (i) that Cimco has received at least SEK 100,000,000 in new equity financing (which it has already received as a result of the rights issue of units carried out in the spring of 2019); and (ii) that Cimco has issued and delivered share warrants to the EIB entitling the EIB to 7.5 percent of the fully-diluted share capital of Cimco.

Drawdown of tranche B is conditioned upon (i) prior disbursement of tranche A; (ii) that Cimco’s annual sales are at least EUR 7,500,000 during the previous twelve months’ period; (iii) that Cimco’s gross profit for the most recently ended financial quarter is at least EUR 0, i.e. break-even; (iv) that Cimco has received at least SEK 50,000,000 through the exercise of the warrants issued during the rights issue of units carried out in the spring of 2019 for subscription of new shares in Cimco; and (v) that Cimco has issued and delivered share warrants to the EIB entitling the EIB to an additional 7.5 percent of the share capital of Cimco (in total 15 percent of the fully-diluted share capital of Cimco together with the warrants issued as a condition precedent for tranche A).

Drawdown of tranche C is conditioned upon (i) prior disbursement of tranche B; (ii) that Cimco’s annual sales are at least EUR 50,000,000 during the previous twelve months’ period; (iii) that Cimco’s gross profit for the last twelve months’ period is at least EUR 15,000,000; (iv) that Cimco’s EBITDA for the last twelve months’ period is greater than EUR 5,000,000; (v) that Cimco has either repaid its corporate bonds in full or the security for the corporate bonds has been released in full; (vi) that Cimco has sold at least 100 OXE-units based on the 6-cylinder BMW-engine; and (vii) that Cimco has sufficient projects eligible for the Investment which justify any drawdown under tranche C.

The share warrants will be issued to the EIB without consideration and will entitle the EIB to subscribe for shares in Cimco for a subscription price corresponding to the quota value of the shares. The detailed terms for the share warrants will be communicated separately once these have been finally agreed.

Tranches A and B are interest free whereas the interest rate p.a. for tranche C is EURIBOR plus 10 percent. Each loan under the facility agreement has a tenor of five years, with no amortizations until maturity. The availability period for the facility is 30 months from signing, during which Cimco can meet all milestones for tranches A-C. At the end of the availability period, Cimco is required to repay its corporate bonds.

As the EIB loans will not be subordinated to Cimco’s corporate bonds (although the EIB-loans will be unsecured), drawdown under the facility agreement is subject to approval by Cimco’s bondholders. The issue of share warrants to the EIB is subject to shareholder approval. Cimco intends to seek bondholder and shareholder approval shortly, the process and details of which will be communicated separately.

European Commissioner **Arias Cañete**, responsible for Climate Action and Energy, said *“The EU is determined to deliver on its commitments to reduce greenhouse gas emissions, and we are working with Member States on their plans to become carbon-neutral by 2050. Cimco’s outboard engine project drastically reduces emissions, while enabling the coast guard and rescue police who use the heavy-duty engines to continue carrying out their work at sea.”*

*“I am extremely pleased to have EIB as our funding partner. The loan will support us in meeting our growth ambitions, through investment in working capital needs, expanding production capacity and increasing our sales and marketing initiatives. Additionally, the company will use the funds to develop its product range whilst improving its efficiency, thereby lowering emission further, as well as reducing other pollutants. Our overarching goal is to continue improving the design of our belt propulsor concept with the aim of significantly reducing the carbon footprint in the high powered outboard marine segment”* said **Myron Mahendra**, CEO of Cimco.

In the marine industry, the use of diesel allows for better performance, range and fuel safety. Contrary to engines for cars, marine outboard **petrol** engines lack the stringent environmental regulations that apply to automotive **diesel** vehicles, thus creating a lack of incentive for investing in R&D for cleaner technologies. This has led to a mainstream use of highly polluting petrol outboard engines with old and inefficient technology. Cimco’s diesel engines have reached up to 42% more fuel efficiency, as well as significantly lower emissions in a test setting.<sup>1</sup>

#### **Background Information:**

The **European Investment Bank (“EIB”)** is the long-term lending institution of the European Union, owned by its Member States. It makes long-term finance available for sound investment in order to contribute towards EU policy goals. In 2018 alone, the EIB made available a record [EUR 1.37 bln](#) in loans for Swedish projects in various sectors, including research & development, industry, nearly-zero-energy-buildings and telecommunications.

The EIB is the European Union's bank; the only bank owned by and representing the interests of the [European Union Member States](#). It works closely with other [EU institutions](#) to implement EU policy and is the world’s largest multilateral [borrower](#) and lender. The EIB provides finance and expertise for sustainable investment projects that contribute to EU policy objectives. More than 90% of its activity is in [Europe](#).

Founded in 2012, **Cimco Marine AB (publ)** is a Swedish company that has developed OXE Diesel: the first functional, high-power diesel outboard (“outside the boat”) engine for boats, designed to replace traditional and more polluting petrol outboard engines existing in the market. Cimco’s patented family of diesel engines outpace competing petrol engines in performance, fuel efficiency, and emissions. It is the only player in the market with a viable outboard diesel engine for heavy-duty marine applications, and benefitting from regulatory push for the use of such diesel engines in marine applications. Cimco is based in Ångelholm (Sweden), and is listed on Nasdaq First North.

Diesel represents the safest fuel alternative for heavy-duty marine due to its lower explosion risk and broader availability of supply. If diesel is an available option in the relevant market, all NATO equipment must run on diesel since 2015.

This agreement has been made possible thanks to the support of the European Fund for Strategic Investments (EFSI). The EFSI is the pillar of the [Investment Plan for Europe](#), known as the Juncker Plan. Its support increases the EIB Group’s capacity to finance investment projects that, in line with the Juncker Plan’s criteria, fosters the EU competitiveness and create new jobs. The Juncker Plan focuses on boosting investment to generate jobs and growth by making smarter use of new and existing financial resources, removing obstacles to investment, and providing visibility and technical assistance to investment projects.

The EFSI provides first loss guarantees, enabling the EIB to invest in more projects that often come with greater risks. The [projects and agreements](#) approved for financing under EFSI are expected to mobilise EUR 408.4 billion in investments. The Plan is currently supporting 952,000 SMEs in the 28 Member States. More information on the results of the Investment Plan for Europe is available [here](#).

#### **Certified Adviser**

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<sup>1</sup> <https://www.oxe-diesel.com/About-Oxe/Emissions>

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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 5 July, 2019 at 13.30.*

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