

OXE Marine AB (publ) – Q1 2020 preliminary results and business update

In view of the general uncertainty about the economic effects of COVID-19, OXE Marine AB (publ) (the “Company”) today issues its preliminary results for Q1 2020 with a general update of the business situation. The Company has achieved significant improvements across the board during Q1 2020 to the comparable period with clear progress to meeting its financial target for 2020. Cash burn rate to be reduced further going forward with serial production of the OXE300 to commence in July 2020.

The Company’s preliminary results for Q1 2020 (compared to Q1 2019, unless otherwise stated) is as follows:

- Net turnover of SEK 10.3m (SEK 3.6m)
- Gross Profit of SEK 2.4m (SEK -10.6m) or gross margin of 23% (-297%)
- Operating Loss/EBITDA of SEK -13.7m (SEK -24.0m)
- Result for the period of SEK -19.6m (SEK -33.1m)
- Order book SEK 56m (SEK 43m at the end of Q4 2019)
- Cash balance of SEK 65m at the end of Q1, following receipt of EIB loan
- Cash burn rate falling to sustainable levels
- The full Q1 2020 interim report will be published on 22 May 2020 at 11:00 (CET).

Sales at the end of Q1 2020 were affected by COVID-19 crisis where customers requested deferral of their orders. As reported in the previous press release of 19th March, the Company’s order book, particularly for the OXE300s, did increase and by the end of Q1 2020 the total order value stood at SEK 56m - which represents an increase of over 30% from the previous quarter. The order value together with the sales in Q1 represents 73% of the net turnover of 2019. The Company is therefore confident of meeting its financial target of achieving organic sales growth in excess of 50% per year for 2020.

The Company achieved its best quarterly gross margin to date of 23%. Whilst some volatility to this margin is expected going forward, the trend is generally upwards, particularly when the higher margin OXE300 is introduced in the second half of 2020.

The company achieved its best production numbers in Q1 with no downtime.

The Company’s burn rate (cash needed to run the business) for the quarter was approximately SEK 23.7m, down SEK 9.3m from Q4 2019 which was SEK 33.0m. Excluding R&D, the burn rate was approximately SEK 15.1m down SEK 5.8m from Q4 2019, which was SEK 20.9m.

COVID-19 crisis in the last month has been disruptive in all aspects of business and social life. This has inevitably impacted the Company’s activities, particularly with its supply chain and crucial components sourced from Europe. As a result of this disruption, a comprehensive action plan has been undertaken, and the following has been executed:

- Stop of production of the OXE200 series at UFAB in Uddevalla with plans to start with alternative partners later this year;
- Pre-series production of the OXE300 is to commence in May whilst series production will start in July;
- Reducing non-essential variable operating costs during this period;
- Short term reduction in working time for certain staff as well as recruitment freeze;
- CEO and senior management to take a temporary salary reduction of 20%.

Whilst the production stop at UFAB was due to disruption of parts delivery, the Company has built sufficient OXE200 series units during Q1 to meet its sales targets in Q2 and Q3. Plans are in place to work with



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

With uncertainty of how the COVID-19 crisis will play out in the next few months, the Company has taken steps to reduce its burn rate and conserve its cash resources. These include reducing non-essential operational expenses as well as reducing working time of staff, where there is limited activity. The CEO and senior management have recognised the challenges ahead and have voluntarily taken a 20% pay cut – this, in part, reflects the confidence the team has in the long-term prospects of the Company.

“OXE Marine has been pro-active and agile in these volatile times and we have acted firstly to safeguard the welfare of our staff and consultants and secondly to the continuation of our business. In the latter, we have planned to reduce our cash burn rate quickly whilst building up our order book of the OXE300s for 2020 deliveries. In doing so, our aim is to reach self-sustainability as soon as possible. Once we come out of the COVID-19 crisis, we will undoubtedly be stronger and focused whilst seeking opportunities to develop our product portfolio further with plans to scale up the business from 2021 onwards”, says Myron Mahendra, CEO.

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