

INTERIM REPORT

January - March 2022

www.oxemarine.com

OXEMARINE 

OXE Marine AB (publ)

Interim Report January - March 2022

First Quarter 2022

Results presented in the interim report from Q1 2022 are consolidated from 16 February 2022 to 31 March 2022 following the completion of the acquisition of Diesel Outboards and Outdoor Network Manufacturing on 16 February 2022. Consolidated results include legal entities; OXE Marine AB (Sweden), OXE Marine INC (US) and OXE Marine Manufacturing INC (US). Furthermore, consolidated results do not have comparative figures as it is the first year of preparing consolidated financials. Where illustrated in the text, graphs and tables, prior year figures relate to OXE Marine AB only.

- Consolidated Net turnover amounted to SEK 31.4 m.
- Consolidated Gross Profit amounted to SEK 9.0 m with a gross margin of 29%.
- Consolidated EBITDA amounted to SEK -14.9 m.
- Consolidated EBIT amounted to SEK -21.1 m.
- The consolidated result for the quarter amounted to SEK -23.5 m.

Significant events during the First quarter

- The board of directors of OXE Marine AB (publ) 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.
- OXE Marine AB (publ) 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 MUSD 5, 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.
- OXE Marine AB (publ) obtained the bondholders' approval to amend and waive certain terms in its up to MSEK 200 bonds. The required majority to approve the proposal in the written procedure has consequently been met and the proposed amendments and waivers (i) – (iv) were accepted, effectively 16 February 2022.
- OXE Marine AB (publ) completed the acquisition of Diesel Outboards and Outdoor Network Manufacturing and reports from EGM. All closing conditions were satisfied, and the transaction was completed 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. 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.
- In accordance with the resolution by the extraordinary general meeting in OXE Marine AB (publ) (the "Company") on 16 February 2022, 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 2022/2015 issued to secure the Company's delivery of shares in the program. All options were taken up by the employees.

Significant events after the reporting period

- There were no significant events after the reporting period.

A word from the CEO



“We continue the momentum with a solid quarter, significantly up from the previous year and our strongest gross margin ever achieved. With the closing of the transaction, we have laid the foundation for the execution of our new commercial model and bring OXE to the next level.”

Our overall sales performance during the quarter was solid and consolidated sales amounted to SEK 31.4 m, an increase of 211% relative to Q1 2021 of which 147% was organic growth.

Consolidated sales of propulsion units amounted to SEK 26m, an increase of 361% relative to Q1 2021 of which 273% was organic growth.

Consolidated Parts & Accessories sales (“P&A”) amounted to SEK 5.4 m, a 21% increase relative to Q1 2021. Organic growth amounted to -13% due to a large once-off order in Q1 2021. In general, we continue to see the trend of growth in our P&A business due to the increase in the global number of OXE motors in operation.

We also achieved our highest gross margin for a quarter with 29%. This is as a result of the continued development of P&A sales in combination with price increases on the OXE200 family of engines which became effective at the start of the quarter.

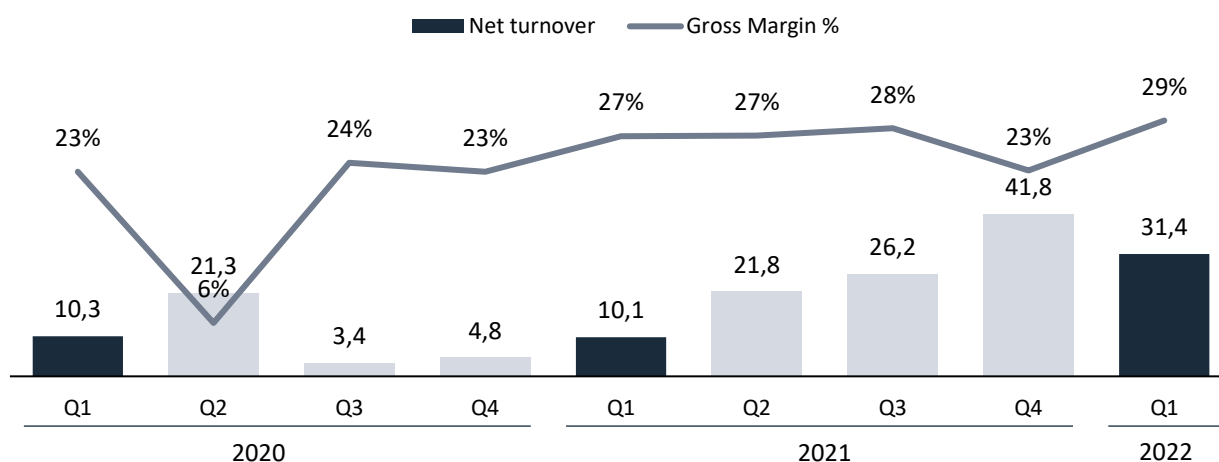
We spent a large portion of the quarter completing the acquisition of what is now OXE Marine INC and OXE Marine Manufacturing INC, which closed on 16 February. We therefore only consolidated the US entities for half of the quarter.

We made the announcement at the Miami International Boat Show where we hosted a live event and presented our Q4 2021 results live from Miami. In addition, we presented the OXE Water Jet and were able to exhibit our now extensive product range alongside the largest outboard manufacturers in the world.

On 28 March 2022 we launched our new organization, internally referred to as “OXE 2.0”, focusing on the roll out our new commercial model where we introduce several go-to-market routes with the customer in the center.

Anders Berg
Chief Executive Officer

Sales (SEKm) and Gross Margin Development (%)



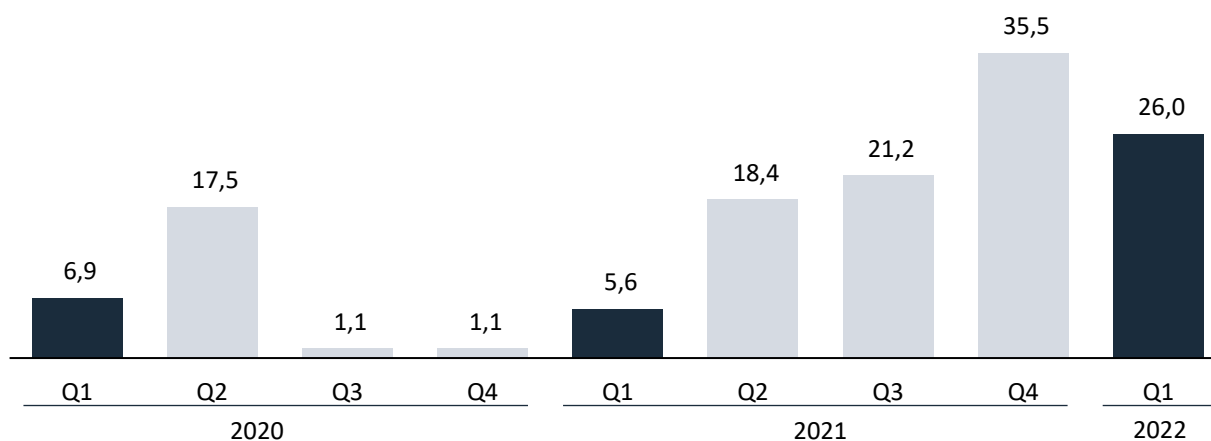
Note: Results from Q1 2022 are consolidated, comparatives relate to OXE Marine AB only.

Key Figures	2022	2021	2021	2020
	Consolidated Jan - Mar	Jan - Mar	OXE Marine AB Jan - Dec	Jan-Dec
Net turnover, KSEK	31 405	10 077	99 795	39 742
Propulsion	26 039	5 643	80 725	26 615
Parts & Accessories	5 365	4 434	19 070	13 127
Gross Margin %	29%	27%	26%	14%
EBITDA, KSEK	-14 906	-17 382	-43 833	-60 978
Net loss for the period, KSEK	-23 515	-23 793	-72 093	-85 540
Opex. Incl. R&D, KSEK	-23 112	-23 750	-79 383	-108 327
Opex Excl. R&D, KSEK	-23 112	-17 322	-67 423	-72 568
Earnings per share basic, SEK	-0.10	-0.12	-0.36	-0.49
Earnings per share diluted* SEK	-0.10	-0.12	-0.36	-0.49

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

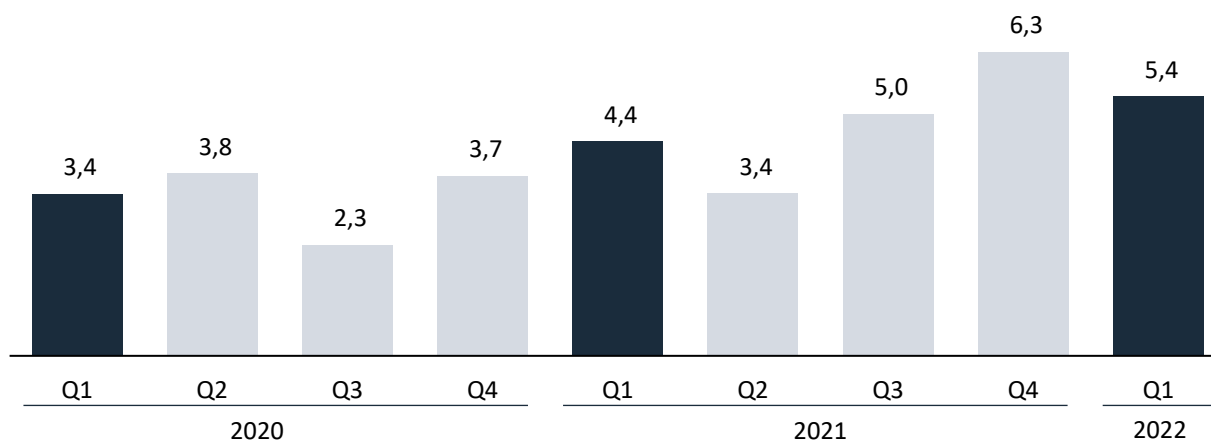
Sales Propulsion (SEKm)

Propulsion sales was SEK 26.0 m on a consolidated basis relative to SEK 5.6 m in sales by OXE Marine AB in Q1 2021.



Sales Parts & Accessories (SEKm)

Parts & Accessories sales was SEK 5.4 m on a consolidated basis relative to SEK 4.4 m in sales by OXE Marine AB in Q1 2021.



Note: Results from Q1 2022 are consolidated, comparatives relate to OXE Marine AB only.

Shareholders

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

Top 10	Holding	%
Aqurat Fondkommission AB	46,719,962	18.3
Per Lindberg	30,668,887	12.0
Avanza Pension Försäkringsbolaget	29,260,931	11.5
Arne Andersson	20,652,273	8.1
Tamt AB	14,371,228	5.6
Theodor Jeansson	10,740,536	4.2
Jonas Wikström	10,350,000	4.1
Christian Von Koenigsegg	5,152,252	2.0
CBLDN-Saxo Bank A/S	5,007,564	2.0
H&A FK AB Emissionskonto	5,000,000	2.0

Source: Euroclear.

Consolidated Financials

Interim Report - Basis of Preparation

The interim report is drawn up in accordance with the Swedish Annual Accounts Act. The accounting and valuation principles applied are the same as those used in the most recent annual report. The report has not been audited by the company's auditor.

OXE Marine prepares consolidated accounts for the first time in Q1 2022 and as such no consolidated comparatives are stated.

Financial review

First quarter 2022

Consolidated Net Turnover amounted to SEK 31.4 m. Sales from Propulsion amounted to SEK 26.0 m. Sales from Parts & Accessories amounted to SEK 5.4 m.

Gross profit amounted to SEK 9.0 m during the quarter, with gross margin amounting to 29%.

Opex amounted to SEK 23.1 m during the quarter. Included in Opex is SEK 1.4 m in once-off restructuring costs as a result of the reorganization. R&D costs amounted to SEK 2.0 m during the quarter. No R&D costs were capitalized during the quarter or the previous quarter. Opex relating to the US organizations amounted to SEK 2.7m for half the

quarter. When looking at OXE Marine AB only, our Opex was therefore in-line with Q4 2021.

EBITDA amounted to SEK -14.9 m. The result for the first quarter 2022 amounted to SEK -23.5 m.

Assets

First quarter 2022

As at 31 March 2022, total assets amounted to SEK 419.8 m. OXE Marine's non-current assets at the closing date were SEK 199.4m, out of which capitalized R&D and patents amounted to SEK 156.2 m and Goodwill amounted to SEK 30.8 m. Goodwill is based on the preliminary purchase price allocation which will be finalized within one year. Capitalized R&D expenses are currently being amortized since the OXE300 project ended and serial production commenced.

Inventory amounted to SEK 177.7 m at the end of the quarter with the majority of the increase relative to pre-transaction levels relating to inventory acquired as a result of the transaction amounting to SEK 49.0 m.

Accounts Receivable amounted to SEK 20.9 m. OXE Marine works with the Swedish Export Agency 'Exportkreditnämnden' ("EKN") to guarantee sales to export markets covered by EKN with approximately 22% of Accounts Receivable covered by guarantees. For the portion of Accounts Receivable not guaranteed by EKN, the Company considers it prudent to raise a provision for doubtful debts. The Accounts Receivable balance is displayed net of provisions for doubtful debts amounting to SEK 1.9 m as at 31 March 2022.

OXE Marine had cash and cash equivalents of SEK 14.1 m at the end of the quarter. The Company has secured a working capital facility via its wholly owned US subsidiary, OXE Marine INC, amounting to USD 5.5m (SEK 51.4m). The facility is on demand, open ended and subject to a monthly borrowing basis, guaranteed by Powersports Plus LLC. Interest rate on the facility will be SOFR plus 2.65%. There have been no drawdowns against the facility to date.

Equity and liabilities

First quarter 2022

Total equity amounted to SEK 122.0 m. Even though OXE Marine continues to incur losses, it continues to maintain its equity base through equity funding from its shareholders.

Non-current liabilities amounted to SEK 220.0 m. This balance relates entirely to non-current liabilities in OXE Marine AB and comprises of financing from the European Investment Bank ("EIB") and corporate bonds. Both the first and second tranches from the EIB, collectively making up EUR 8 m are interest free. Interest on corporate bonds was 7 per cent per annum. Interest is capitalized quarterly and added to the bonds' nominal amount, which means that no current interest payments were made during the quarter. Effective 15 August 2022, 2% out of the 7% total interest is payable in cash until maturity.

Current liabilities amounted to SEK 78.0 m at the end of the quarter.

As stated above, as it is the first time preparing consolidated results, neither the statement of changes in cashflows nor statement of changes in equity is prepared on a consolidated basis. Accordingly, there are no comments either.

Taxation

The Company has unutilized carry forward tax losses in Sweden amounting to SEK 343.4 million as of 2021.

The tax effect has not been recognized as a deferred tax asset in the balance sheet. There is uncertainty around the ability to utilize these tax losses in the future as they are influenced by changes in Company shareholding.

Risks and uncertainties

The Risk and uncertainties of OXE Marine's business is explained in detail within the 'Risks and Uncertainties' section of the 2021 Annual Report, available on OXE Marine's website. The main risks facing OXE Marine are production risk, technical development risk and financial risk. The conflict between Russia and Ukraine does not affect the Company's supply chain in the short term. Management will continue to monitor the situation closely.

Financial calendar

- Annual General Meeting – 2 May 2022 (13h00)
- Q2 2022 interim report – 22 July 2022 (07h00)
- Q3 2022 interim report – 28 October 2022 (07h00)
- Q4 2022 interim report – 24 February 2023 (07h00)

All times indicated above are CEST / CET.

Consolidated Financial Statements for the Period to 31 March 2022

Note: As it is the first year of preparing consolidated financials, neither Statement of Cash Flows nor Statement of Changes in Equity is reported under the section Consolidated Financial Statements.

Consolidated Income Statement

<i>(amounts in KSEK)</i>	2022	2021
	Jan - Mar	Jan - Mar
Net Turnover	31 405	
Propulsion	26 039	
Parts & Accessories	5 365	
Goods for resale	-22 376	
Gross Profit	9 029	
External costs (including R&D expenditure)	-10 280	
Capitalised R&D expenditure	0	
Personnel costs	-12 832	
Depreciation and Amortisation	-6 217	
Other operating income (costs)	-822	
Total operating costs	-30 150	
Operating Loss	-21 123	
Interest expenses and similar profit/loss items	-2 392	
Loss after financial items	-23 515	
Taxation	0	
Net loss for the period	-23 515	

Consolidated Statement of Financial Position

<i>(amounts in KSEK)</i>	31 Mar 22	31 Mar 21
ASSETS		
Non-Current Assets		
Goodwill	30 833	
Capitalised R&D expenses	153 954	
Patents	2 257	
Equipment, tools and installations	12 380	
Total non-current assets	199 423	
Currents assets		
Inventory	177 686	
Advance payments to suppliers	2 266	
Accounts receivables	20 935	
Other receivables	2 754	
Deferred expenses and accrued income	2 683	
Cash on hand and in bank	14 135	
Total current assets	220 459	
TOTAL ASSETS	419 882	
SHAREHOLDERS' EQUITY AND LIABILITIES		
Restricted equity		
Share capital	7 645	
Reserve for development expenditure	115 687	
Total restricted equity	123 332	
Non-restricted equity		
Share Premium	536 866	
Retained earnings or losses	-514 725	
Profit/loss for the year	-23 513	
Total non-restricted equity	-1 372	
TOTAL SHAREHOLDERS' EQUITY	121 959	
Non-current liabilities		
Other provisions	3 905	
Liabilities to finance institutions	133 311	
Corporate bonds	82 708	
Total non-current liabilities	219 924	
Current liabilities		
Liabilities to finance institutions	4 000	
Advance payments from customers	13 767	
Accounts payable	46 696	
Current tax liabilities	691	
Other liabilities	2 268	
Accrued expenses and other deferred income	10 575	
Total current liabilities	77 998	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	419 882	

*) Based on preliminary Purchase Price Allocation. To be finalized within one year.

Parent Company Financial Statements for the Period to 31 March 2022

Parent Company Income Statement

<i>(amounts in KSEK)</i>	2022	2021
	Jan - Mar	Jan - Mar
Net Turnover	24 924	10 078
Propulsion	21 070	5 643
Parts & Accessories	3 854	4 434
Goods for resale	-20 303	-7 358
Gross Profit	4 621	2 720
External costs (including R&D expenditure)	-9 388	-13 616
Capitalised R&D expenditure	0	6 427
Personnel costs	-10 999	-10 133
Depreciation and Amortisation	-6 217	-4 097
Other operating income (costs)	-1 960	-2 780
Total operating costs	-28 564	-24 199
Operating Loss	-23 288	-21 479
Interest expenses and similar profit/loss items	-2 386	-2 314
Loss after financial items	-25 674	-23 793
Taxation	0	0
Net loss for the period	-25 674	-23 793

Parent Company Statement of Financial Position

<i>(amounts in KSEK)</i>	31 Mar 22	31 Mar 21
ASSETS		
Non-Current Assets		
Investments in Subsidiaries	100 001	
Capitalised R&D expenses	153 954	165 797
Patents	2 257	2 720
Equipment, tools and installations	7 228	8 252
Total non-current assets	263 439	176 769
Currents assets		
Inventory	125 215	110 451
Advance payments to suppliers	2 266	2 324
Accounts receivables	18 354	28 319
Other receivables	2 754	2 490
Deferred expenses and accrued income	2 229	1 711
Cash on hand and in bank	4 478	27 629
Total current assets	155 296	172 924
TOTAL ASSETS	418 735	349 693
SHAREHOLDERS' EQUITY AND LIABILITIES		
Restricted equity		
Share capital	7 644	5 931
Reserve for development expenditure	115 687	122 436
Total restricted equity	123 332	128 367
Non-restricted equity		
Share Premium	536 866	417 126
Retained earnings or losses	-514 725	-449 841
Profit/loss for the year	-25 674	-23 793
Total non-restricted equity	-3 533	-56 508
TOTAL SHAREHOLDERS' EQUITY	119 799	71 859
Non-current liabilities		
Other provisions	3 905	1 670
Liabilities to finance institutions	133 311	81 901
Corporate bonds	82 707	123 267
Total non-current liabilities	219 924	206 838
Current liabilities		
Liabilities to finance institutions	4 000	4 760
Advance payments from customers	17 367	25 764
Accounts payable	44 958	27 565
Current tax liabilities	691	544
Other liabilities	1 633	2 174
Accrued expenses and other deferred income	10 363	10 189
Total current liabilities	79 013	70 996
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	418 735	349 693

*) Based on preliminary Purchase Price Allocation. To be finalized within one year.

Parent company Statement of Cash Flows

<i>(amounts in KSEK)</i>	2022	2021
	Jan - Mar	Jan - Mar
Operating Activities		
Results before financial items	-23 288	-21 479
Adjustments for items not included in cash flow	8 606	7 280
Cash flow from operating activities before changes in working capital	-14 682	-14 199
		0
Cash flow from changes in working capital		0
Change in Inventories	-11 643	-10 288
Change in accounts receivable	-3 593	7 208
Change in other current receivables	2 743	2 969
Change in Trade payables	13 469	6 831
Change in other current liabilities	-3 319	1 537
Cash flow from operating activities	-17 025	-5 942
		0
Investing Activities	0	0
Investments in property, plant and equipment	-1 091	-1 409
Investments in intangible fixed assets	-1 235	-6 188
Divestments in intangible fixed assets	0	-
Cash flow from Investing activities	-2 326	-7 597
		0
Financing activities	0	0
New share issue	0	-
Option premium	56	-
Change in loans	0	-240
Cash flow from financing activities	56	-240
		0
Cash flow for the period	-19 295	-13 779
Cash and bank balances at the beginning of the period	23 451	41 408
Cash and bank balances at the end of the period	4 478	27 629

Parent Company Statement of Changes in Equity

<i>(amount in KSEK)</i>	2022	2021
	Jan - Mar	Jan - Mar
Opening balance equity (1 Jan)	46 651	95 652
Loss for the period	-25 674	-23 793
Issuance of shares	-2 841	-
Less cost of issuance	-1 235	-
Option premium	56	-
Closing balance equity	119 799	71 859

Key Performance Indicators

<i>(amounts in KSEK)</i>	2022		2021		
	Consolidated		OXE Marine AB		
	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Net turnover	31 405	41 752	26 197	21 769	10 077
Propulsion	26 039	35 464	21 202	18 416	5 643
Parts & Accessories	5 365	6 288	4 995	3 353	4 434
Gross Profit	9 029	9 657	7 304	5 886	2 720
Gross Margin %	29%	23%	28%	27%	27%
EBITDA	-14 906	-9 236	-8 622	-8 593	-17 382
Net loss for the period	-23 515	-17 974	-15 185	-15 141	-23 793
Opex. Incl. R&D, KSEK	-23 112	-18 701	-16 681	-20 252	-23 750
Opex Excl. R&D, KSEK	-23 112	-18 701	-15 277	-16 123	-17 322
Cash on hand	14 135	23 451	29 688	19 849	27 629
Intangible fixed assets	156 211	161 732	167 376	169 328	168 517
Total Equity	121 959	46 651	64 425	56 718	71 859
Total Assets	419 882	330 341	346 610	330 769	349 693
Equity Asset ratio	29%	14%	19%	17%	21%
Total shares outstanding	254 945 260	208 225 298	208 225 298	197 789 521	197 789 521
Average number of shares	231 322 807	208 225 298	199 264 142	197 789 521	197 789 521
Earnings per share, basic	-0,10	-0.09	-0.08	-0.08	-0.12
Diluted earnings per share	-0,10	-0.09	-0.08	-0.08	-0.12
Number of employees	54	40	40	41	44

Definition and Key Business Ratios

Net Turnover

Main operating revenues and other revenue net of warranty costs, discounts and credit notes. Net turnover is split into two segments, Propulsion and Parts & Accessories.

Gross Profit / Gross Margin %

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

EBITDA

Earnings before interest tax, depreciation and amortization and after the capitalization of research and development and patent costs.

Profit/loss after financial items

Profits after financial items and costs, but before taxes.

Opex

Operating expenses, calculated as the sum of selling, general & administration costs, stated either including research and development ("R&D") costs before capitalization or excluding R&D costs (after capitalization). Opex excludes other operating income and losses mainly attributable to exchange rate gains or losses.

Number of employees

Number of employees at the end of the financial period.

Earnings Per Share, Basic

Net Profit/Loss for the period to average number of shares outstanding as at 31 March 2022. The average number of shares during the period amounted to 231 322 807. The total number of shares at the end of the period amounted to 254 945 260.

Diluted Earnings Per Share

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 March 2022 was 289 849 294.

Transaction

OXE Marine AB (publ) entered and completed the acquisition of 100% of Diesel Outboards and Outdoor Network Manufacturing's US distribution and manufacturing business (the "Transaction").

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.

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

OXE Marine AB (publ) is obligated to make this information public pursuant to the EU Market Abuse Regulation. The information was provided by the contacts above to be submitted for publication on 2 May 2022, 07:00 CEST.

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)
Hortensiagatan 6, SE-256 68 Helsingborg Sweden
info@oxemarine.com, www.oxemarine.com

OXEMARINE 