



OXEMARINE 

ANNUAL REPORT 2021

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ANNUAL REPORT FOR THE FINANCIAL YEAR: 1 January 2021 – 31 December 2021

The Board of Directors and the CEO of OXE Marine AB hereby submit the following annual report.

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The Board is seated: Ängelholm

Company accounting currency: Svenska kronor (SEK).

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

A WORD FROM THE CEO



“We have a continued increased focus on our end customers and their product experience of OXE. We have expanded the core business and created a plan for an intensified presence and deepened partnerships in selected markets. Furthermore, OXE Marine AB decided to join forces with US distributor Diesel Outboards and Outdoor Network Manufacturing to significantly strengthen the focus on commercial and distribution development.”

Setting new records

Our sales performance during the year was the best in the Company’s history. Net sales amounted to SEK 99.8 m (SEK 39.7 m), an increase of 151%. In addition, OXE had record sales of Parts & Accessories which indicates the increasing number of operative OXE engines in the market. Propulsion sales amounted to SEK 80.7 m (SEK 26.6 m), up 203%. Parts & Accessories sales amounted to SEK 19.1 m (SEK 13.1 m), up 45%. Moreover, our Gross Margin improved by 12 percentage points and amounted to 26% (14%) driven by increased sales of the OXE300 and record sales of Parts & Accessories.

Market

During the year we moved forward with several exciting projects in numerous segments and industries in our regions where we operate. Examples such as a customs and border control projects, governmental projects and projects for tenders and taxi boats.

Supply

We successfully continued to develop the supply chain and production capabilities together with our strong strategic partners, adding investments in hard tooling and creating “sub assembly” processes. Clear progress is now visible through increased stability that sets the stage for future developments. Our project to commercially launch the Water Jet during 2022 is well underway.

Cash flow

It has been encouraging to see the improvement in the Company’s ability to stand on its own feet without relying heavily on external financing. Cashflow from operating activities improved by SEK 51.6m for the year and amounted to SEK -25.8 m (SEK -77.4 m). At the same time our reliance on cashflow from financing activities reduced, where SEK 21.8 m was raised during 2021 relative to SEK 107.5 m in 2020. This improvement in operational cash flow has been achieved by an extreme focus on managing working capital while at the same time improving operational performance and continuing to reduce our cost base.

Joining forces with US distributor Diesel Outboards

During the year OXE entered into an agreement to acquire 100% of Diesel Outboards and Outdoor Network Manufacturing’s US distribution and manufacturing business, which was completed on 16 February 2022. Through the transaction, OXE significantly strengthened its position in the US market, creating a direct to market model, gaining access to end-user, dealer, governmental and OEM networks and gained a seasoned marine team with unparalleled sales experience from one of the largest outboard manufactures in the world. The US outboard market represents approximately 40% of the world-wide sales of outboard engines and 49% of OXE Marine’s revenue. We also improved our ability to increase profitability in our largest market. We are incredibly grateful for the support received towards the Transaction from the shareholders, the bond holders and the EIB, a true indication in the belief all stakeholders have for the strategic direction the Company has taken.

Change in Management

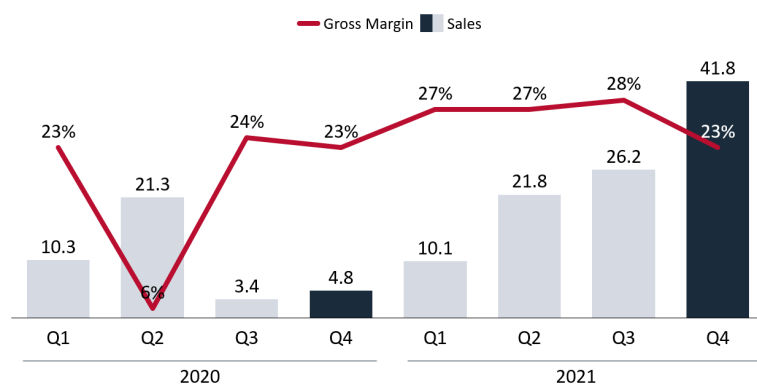
Effective 16 February 2022 I have taken on the role as CEO, continuing the outstanding work that Magnus has carried out. As I have been working in an operational capacity including being the Chairman, there has been a smooth transition in the Management Team, and we continue to execute on the strategic initiatives concluded last year.

Anders Berg
Chief Executive Officer

Key Figures	2021	2020	2019	2018	2017
Net turnover, KSEK	99 795	39 742	91 100	40 578	14 602
Propulsion	80 725	26 615	81 241	35 292	10 603
Parts & Accessories	19 070	13 127	9 859	5 286	3 999
Gross Margin %	26%	14%	-4%	-41%	-78%
EBITDA, KSEK	-43 570	-60 979	-70 535	-74 367	-37 892
Net loss for the period, KSEK	-71 830	-85 540	-101 938	-108 213	-50 979
Opex. Incl. R&D, KSEK	-79 383	-108 327	-100 687	-116 327	-69 374
Opex Excl. R&D, KSEK	-67 423	-72 567	-66 912	-88 309	-47 169
Earnings per share basic, SEK	-0.36	-0.49	-0.80	-4.04	-2.70
Earnings per share diluted*, SEK	-0.30	-0.41	-0.68	-4.04	-2.70

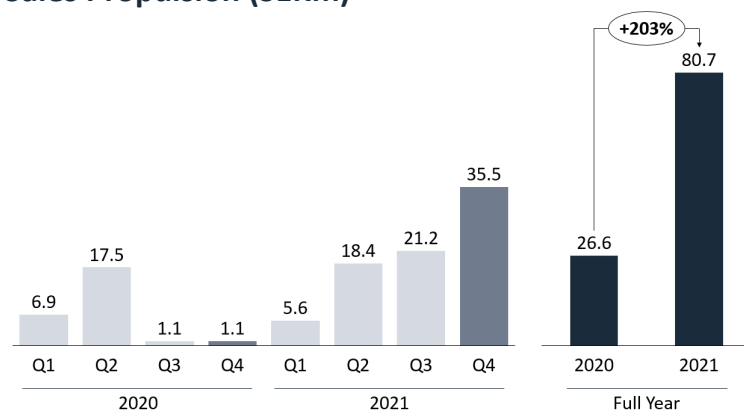
* Refer to section Definitions of Key Business Ratios, Diluted Earnings Per Share.

Sales (SEKm) and Gross Margin Development (%)



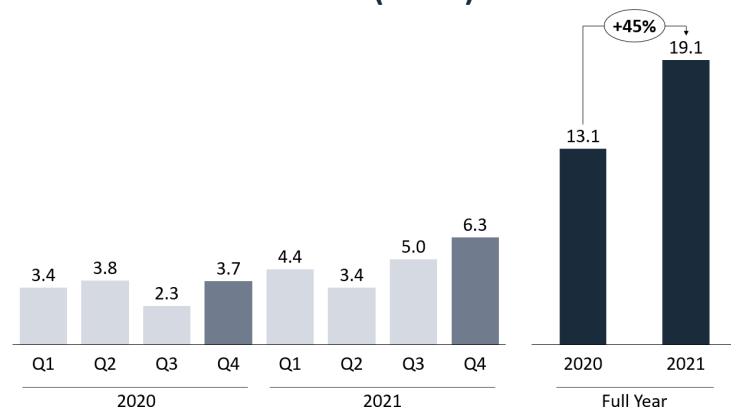
- Gross Margin FY 2021 was 26% compared to 14% 2020. Growth was driven by increased sales of the OXE300 and record sales of Parts & Accessories.

Sales Propulsion (SEKm)



- Propulsion sales 2021 amounted to SEK 80.7 m (USD 9.3 m), up 203% compared to 2020.

Sales Parts & Accessories (SEKm)



- Parts & Accessories sales 2021 amounted to SEK 19.1 m (USD 2.2 m), up 45% compared to 2020.

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 Helsingborg with product development, part assembly, as well as testing of the product, carried out in Ängelholm. 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 Company initiated the relocation of assembly of OXE125-200 which was commenced by ONM in Albany (GA, USA).
- The Company's Board of Directors resolved to appoint Magnus Grönborg as CEO and to reorganize its management team by appointing the previous CEO Myron Mahendra as EVP Business Development, Sales and Marketing. In addition, the Chairman of the board Anders Berg increased his operational focus on the Company by assuming a supportive operational role with the management team.
- The Company's first units of OXE300 assembled and shipped from PanLink's Polish site in Tczew.
- The Company announced outcome of incentive program 2021/2025 and additional transfer of warrants of series 2019:2.
- The Company carried out a directed share issue of SEK 22.8m.
- The Company entered into an agreement to acquire 100% of Diesel Outboards and Outdoor Network Manufacturing's US distribution and manufacturing business. The purchase price of USD 10.8 million, was financed through a share issue in kind to the selling entity Powersports Plus LLC (an Outdoor Network Group Company), making them the largest shareholder in OXE. The transaction was completed on 16 February 2022.
- During December and in conjunction with the transaction it was announced that Magnus Grönborg decided to step-down as CEO. Magnus served as CEO until 16 February 2022 and will focus on strategic projects. Anders Berg took on the role of CEO as of 16 February 2022 and continues the outstanding work that Magnus has done.

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, 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. In connection with the transaction, OXE Marine Inc will enter into a USD 5m working capital facility guaranteed by a Company within ODN's group of companies. This additional credit line, will support the Company in addressing the financing risks identified.

The effects of COVID-19 impact OXE Marine in several ways, additional virus variants can disrupt plans for a smooth recovery, stagnating growth for OXE Marine. Biggest impact for the Company is on production due to potential supply chain issues. During the year, the Company raised additional financing in order to improve working capital to navigate through a challenging global supply chain and increased stock levels on crucial components in order to mitigate these risks.

Ownership

As at 28 February 2022, the largest shareholder of the Company is Outdoor Network LLC (20.3%) held via Powersports Plus LLC and Polo Logistics LLC (represented by the issuer agents Aqurat Fondkommission AB and H&A FK AB); followed by Per Lindberg (12.0%) and Christian von Koenigsegg (10.8%), held through various entities, with the majority being held via Avanza Pension Försäkringsbolaget.

OXE Marine's top ten shareholders as at 28 February 2022 are as follows:

Top 10	Holding	%
Aqurat Fondkommission AB	46,719,962	18.3
Per Lindberg	30,683,887	12.0
Avanza Pension Försäkringsbolaget	28,443,202	11.2
Arne Andersson	20,684,860	8.1
Tamt AB	14,371,228	5.6
Theodor Jeansson	10,740,536	4.2
Jonas Wikström	10,350,000	4.1
CBLDN-Saxo Bank A/S	5,007,564	2.0
H&A FK AB Emissionskonto	5,000,000	2.0
Christian Von Koenigsegg	4,955,238	1.9

OXE Marine's top ten shareholders as at 31 December 2021 are as follows:

Top 10	Innehav	%
Per Lindberg	30 716 318	14,8
Avanza Bank AB	27 819 759	13,4
Arne Andersson	20 867 632	10,0
Tamt AB	14 371 228	6,9
Theodor Jeansson	10 740 536	5,2
Jonas Wikström	10 350 000	5,0
CBLDN-Saxo Bank A/S	5 007 564	2,4
H&A FK AB Emissionskonto	5 000 000	2,4
Christian Von Koenigsegg	4 854 570	2,3
C&M Stockholm AB	4 241 990	2,0

Source: Euroclear.

Information presented is based on Euroclear's register.

MULTI-YEAR OVERVIEW

(amount in KSEK)	2021	2020	2019	2018	2017
Net turnover (KSEK)	99 795	39 742	91 100	40 578	14 602
Loss after financial items (KSEK)	-71 830	-85 540	-101 938	-108 213	-50 979
Operating margin (%)	-62%	-194%	-97%	-215%	-315%
Return on equity (%)	-154%	-89%	-101%	-98%	-65%
Balance sheet total (KSEK)	330 341	359 801	314 803	248 533	182 053
Equity/assets ratio (%)	14%	27%	38%	34%	76%
Average number of employees	41	36	30	25	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	439 500 589
Retained earnings (loss)	-447 083 127
Profit (loss) for the year	-71 830 002
	-79 412 540
Amount carried over	-79 412 540

FINANCIAL STATEMENTS FOR THE PERIOD UP TO 31 DECEMBER 2021

INCOME STATEMENT

(amount in KSEK)	Note	2021 Jan-Dec	2020 Jan-Dec
Net turnover	2	99 795	39 742
Capitalized R&D expenditure		11 960	35 760
Other operating income	3	77	6 088
		111 832	81 590
Goods for resale		-74 228	-34 242
Other external costs (including R&D expenditure)		-38 352	-73 326
Personnel costs	4	-41 031	-35 001
Depreciation of material and immaterial assets		-18 688	-16 182
Other operating costs		-1 791	0
Total operating costs		-174 090	-158 751
Operating loss		-62 258	-77 161
Interest cost and similar items		-9 572	-8 379
Profit/loss after financial items		-71 830	-85 540
Pre-tax profit/loss		-71 830	-85 540
Profit/loss for the year		-71 830	-85 540

BALANCE SHEET

(amount in KSEK)	Note	2021-12-31	2020-12-31
ASSETS			
Non-current assets			
Capitalised expenditure on research and development work and related work	5	159 361	162 719
Patent	6	2 371	2 834
Improvement expenditure on leaseholds	7	99	177
Equipment, tools and installations	8	6 734	7 479
Total non-current assets		168 565	173 209
Current assets			
Inventory		113 572	100 163
Advance payments to suppliers		5 133	5 402
Accounts receivables		14 761	35 527
Other receivables		2 615	2 274
Deferred expenses and accrued income		2 244	1 818
Cash on hand and in bank		23 451	41 408
Total current assets		161 776	186 592
TOTAL ASSETS		330 341	359 801

(amount in KSEK)	Note	2021-12-31	2020-12-31
EQUITY AND LIABILITIES			
Equity	9		
Restricted equity			
Share capital		6 244	5 931
Development fund		119 819	117 903
Total restricted equity		126 063	123 834
Non-restricted equity			
Share premium reserve		439 501	417 126
Retained earnings (loss)		-447 083	-359 768
Profit (loss) for the year		-71 830	-85 540
Total non-restricted equity		-79 412	-28 182
TOTAL EQUITY		46 651	95 652
Provisions			
Other provisions	10	3 457	1 416
Total provisions		3 457	1 416
Long-term liabilities			
Corporate Bonds	12	129 877	119 565
Liabilities to finance institutions	13	81 815	80 300
Total long-term liabilities		211 692	199 865
Current liabilities			
Liabilities to finance institutions		4 000	5 000
Advance payments to customers		19 837	24 725
Accounts payable		31 489	20 735
Current tax liabilities		1 247	966
Other liabilities		1 760	1 744
Accrued expense and other deferred income		10 208	9 698
Total current liabilities		68 541	62 868
TOTAL EQUITY AND LIABILITIES		330 341	359 801

CHANGE IN EQUITY

	Restricted equity		Non-restricted equity			Total
	Share capital	Development fund	Share premium	Retained profit/loss	Profit/loss for the year	
Amounts at the opening of 2020	4 943	89 918	355 769	-229 845	-101 938	118 847
Development fund		27 985		-27 985		0
Directed Share Issue ¹	988		61 357			62 345
Allocation of profits (losses) ²				-101 938	101 938	0
Profit (loss) for the year					-85 540	-85 540
Amounts at the closing of 2020	5 931	117 903	417 126	-359 768	-85 540	95 652
Development fund		1 916		-1 916		0
Directed Share Issue ¹	313		22 375			22 688
Allocation of profits (losses) ²				-85 540	85 540	0
Options Premium ³				141		141
Profit (loss) for the year					-71 830	-71 830
Amounts at the closing of 2021	6 244	119 819	439 501	-447 083	-71 830	46 651

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

2) As proposed by the Board of Directors and decided upon at the Annual General Meeting.

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

NOTES

Note 1 Accounting policies

General accounting policies

The Annual Report has been prepared in accordance with the Swedish Annual Accounts Act (1995: 1554) and Accounts (K3). BFNAR 2012: 1 Annual Report and Consolidated Financial Statements (K3). The Company is a small Company according to Chapter 1. § 3 ÅRL and has chosen to apply relief rules in the K3 regulations.

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 do not pass to the lessee at the end of the lease period, the lease is classified as an operational lease. Leases are recognized as an expense on a straight-line basis over the lease term.

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

Property, plant and equipment (PPE) and intangible assets are reported at acquisition value less accumulated depreciation and any impairment losses. PPE has been broken down into significant components where components have substantially different useful lives. Depreciable amount consists of the acquisition value less an estimated residual value if this is significant. Depreciation takes place on a straight-line basis over the expected useful life.

Intangible assets

OXE Marine AB's intangible assets consist primarily of patents, staffing costs, as well as the purchasing of consultancy services and materials necessary for the development of the product OXE.

The following depreciation periods are applied:

Intangible assets

Capitalised expenditure on research and development work and related work	10 years
Patent	10 years

Fixed assets

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

Internally developed intangible assets

The Company applies the so-called "activation 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.

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 realisable 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 amortised 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

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 343.4 million as of 2021. 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.

Note 2 Net turnover

	2021-12-31	2020-12-31
Propulsion	80 725	26 615
Parts & Accessories	19 070	13 127
	99 795	39 742

Note 3 Other operating income

	2021-12-31	2020-12-31
Exchange rate gains on receivables/liabilities of operating nature	0	5 601
Profit on disposal of intangible fixed assets	31	0
Insurance benefits	46	0
Support received from Tillväxtverket	0	487
	77	6 088

Note 4 Employees and personnel costs

Average number of employees	2021-12-31	2020-12-31
Women	6	4
Men	35	32
	41	36
Salaries and other remuneration		
The Board of Directors and the CEO	3 271 ¹	3 987
Other employees	26 579	21 260
	29 850	25 247
Social costs		
Pension costs for the Board of Directors and the CEO	195 ²	0 ³
Penion costs for Other employees	2 513	2 470
Other social costs according to law and agreement	8 377	6 401
	11 085	8 871
Total salaries, remuneration, social costs and pension costs	40 935	34 118

¹ Includes severance pay CEO for period 2021-07-01 - 2022-03-31 which amounted to SEK 1.75 m.

² CEO residing abroad during first half year 2021 and therefore no pension costs in Sweden during that period. Pension contributions were paid out via normal salary.

³ CEO residing abroad and therefore no pension costs in Sweden. Pension contributions were paid out via normal salary.

Note 5 Capitalised expenditure on research and development work and related work

	2021-12-31	2020-12-31
Opening value	209 444	173 685
Additions for the year	11 960	35 759
Disposals	-240	0
Closing accumulated value	221 164	209 444
Opening amortisation	-46 725	-33 855
Amortisation for the year	-15 078	-12 870
Closing accumulated value	-61 803	-46 725
Closing reported value	159 361	162 719

Note 6 Patent

	2021-12-31	2020-12-31
Opening value	4 632	4 632
Additions for the year	0	0
Closing accumulated value	4 632	4 632
Opening amortisation	-1 798	-1 334
Amortisation for the year	-463	-464
Closing accumulated value	-2 261	-1 798
Closing reported value	2 371	2 834

Note 7 Improvement expenditure on leaseholds

	2021-12-31	2020-12-31
Opening value	742	566
Additions for the year	41	176
Closing accumulated value	783	742
Opening amortisation	-565	-457
Amortisation for the year	-119	-108
Closing accumulated value	-684	-565
Closing reported value	99	177

Note 8 Equipment, tools and installations

	2021-12-31	2020-12-31
Opening value	15 013	10 997
Additions for the year	2 223	4 016
Closing accumulated value	17 236	15 013
Opening amortisation	-7 534	-4 794
Amortisation for the year	-2 968	-2 740
Closing accumulated value	-10 502	-7 534
Closing reported value	6 734	7 479

Note 9 Proposed distribution of the Company's profit or loss

The Board of Directors proposes that the Company's unrestricted equity, SEK -79 412 540, is distributed as follows:

Share premium reserve	439 500 589
Retained earnings (loss)	-447 083 127
Profit (loss) for the year	-71 830 002
Amount carried over	-79 412 540

Note 10 Other provisions

	2021-12-31	2020-12-31
Provision for warranties	3 457	1 416
	3 457	1 416

Note 11 Pledged assets

	2021-12-31	2020-12-31
Corporate mortgages	106 658	106 572
Mortgage on bank account	720	600
	107 378	107 172

Note 12 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. Interest is capitalized quarterly and added to the Bonds' nominal amount, which means that no current interest payments are made. The Bonds are secured by corporate mortgages, refer Note 11.

Effective 16 February 2022, the Company obtained the bondholders' approval 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 MUS\$ 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. 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 13 Liabilities to finance institutions

The Company entered into a financing agreement with the European Investment Bank (EIB) in July 2019 for a loan facility of EUR 14 million. This consists of three tranches. Tranche A of EUR 4 m was drawn down in September 2019 and was based on OXE Marine delivering share warrants to the EIB entitling the EIB to 7.4 percent of the fully-diluted share capital of OXE Marine. Tranche B of EUR 4 m was drawn down in March 2020 and was based on OXE Marine delivering share warrants to the EIB entitling the EIB to 7.6 percent of the fully-diluted share capital of OXE Marine. Both Tranches A and B are interest free and both tranches are repayable in March 2025. Tranche C of EUR 6 m is undrawn on 31 December 2021 and is no longer available for drawdown.

Note 14 Share Warrants and Options

During 2019, employees and consultants were offered warrants at the price calculated according to Black & Scholes valuation model. The warrants are 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. Of the 10,000,000 warrants, 8,677,272 are subscribed, 1,322,728 remain outstanding.

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.

In connection with the transfer of options in the incentive program 2021/2025, the Company has transferred 227 272 warrants of series 2019:2 to Magnus Grönborg who assumed the CEO position for OXE Marine.

Note 15 Significant events after the financial year

OXE Marine AB (the "Company") announced the following significant events after the financial 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 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.
- The Company obtained the bondholders' approval to amend and waive certain terms in its up to MSEK 200 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 has 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 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.

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

Anders Berg
CEO

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

Karoline Tedevall
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 %

Total turnover less goods for resale. Gross margin (%) is the calculated gross margin 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.

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.

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.

Earnings Per Share, Basic

Net Profit/Loss for the period to average number of shares outstanding as at 31 December 2021.

Diluted Earnings Per Share

Net Profit/Loss for the period to average number of shares and total share warrants outstanding as at 31 December 2021. In the case of diluted losses, this is calculated on a mathematical basis.

Estimates and judgements

Preparation of financial statements and application of accounting policies, are often based on assessments, estimates and assumptions that is 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:

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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.

Auditor's report

To the general meeting of the shareholders of Oxé Marine AB (publ), corporate identity number 556889-7226

Report on the annual accounts

Opinions

We have audited the annual accounts of Oxé Marine AB (publ) for the year 2021.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Oxé Marine AB (publ) as of December 31, 2021 and its financial performance 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.

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

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 Oxé Marine AB (publ) 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 and the Managing Director are responsible for the preparation of the annual 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 that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors and the Managing Director are responsible for the assessment of the company'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 intend 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 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.

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

- Identify and assess the risks of material misstatement of the annual 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. 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 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 or, if such disclosures are inadequate, to modify our opinion about the annual 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

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, we have also audited the administration of the Board of Directors and the Managing Director of Oxe Marine AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the loss be dealt with 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 Oxe Marine AB (publ) 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 type of operations, size and risks place on the size of the company'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 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 skepticism 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.

Helsingborg, date indicated by electronic signature

Ernst & Young AB

Karoline Tedevall
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.