



OXEMARINE

ENGINEERING THE FUTURE



INTERIM REPORT
1 JULY TO 30 SEPTEMBER 2021

www.oxemarine.com

OXE Marine AB (publ)

INTERIM REPORT

Third quarter (July - September 2021)

- Net turnover of SEK 26.2m (SEK 3.4m)
- Gross Profit of SEK 7.3m (SEK 0.8m) or gross margin of 28% (24%)
- Operating Loss/EBIT of SEK -12.8m (SEK -25.1m)
- Result for the period of SEK -15.2m (SEK -27.3m)
- Order book amounted to EUR 11.1m or SEK 113m at the end of the quarter.

January – September 2021

- Year to date net turnover of SEK 58.0m (SEK 34.9m)
- Gross Profit of SEK 15.9m (SEK 4.4m) or gross margin of 27% (13%)
- Operating Loss/EBIT of SEK -47.0m (SEK -54.9m)
- Result for the period of SEK -54.1m (SEK -61.2m).
- Order book amounted to EUR 11.1m or SEK 113m at the end of the nine months.

Significant events during the Third quarter

- Magnus Grönborg started as CEO of OXE Marine AB (publ) on 1 July 2021.
- OXE Marine AB (publ) announced outcome of incentive program 2021/2025 and additional transfer of warrants of series 2019:2.
- OXE Marine AB (publ) carried out a directed share issue of SEK 22.8m.

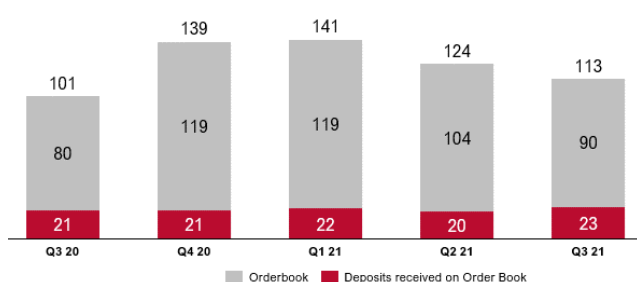
Significant events after the reporting period

- No significant events after the reporting period.

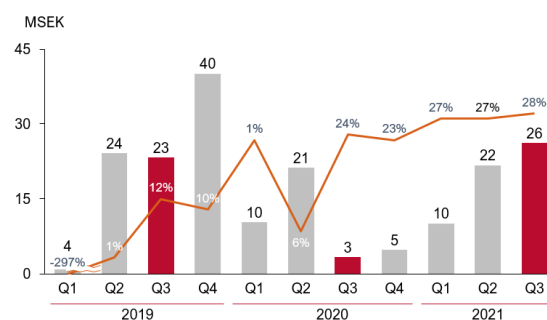
Key Figures	2021	2020	2021	2020	2020	2019
	Jul - Sep	Jul - Sep	Jan - Sep	Jan - Sep	Jan-Dec	Jan-Dec
Net turnover, KSEK	26 197	3 362	58 043	34 940	39 742	91 100
Gross Margin %	28%	24%	27%	13%	14%	-4%
EBITDA, KSEK	-8 622	-21 189	-34 597	-43 255	-60 978	-73 676
Net loss for the period, KSEK	-15 185	-27 335	-54 119	-61 181	-85 540	-101 938
Burn Rate, KSEK	-16 681	-32 568	-60 683	-78 959	-108 327	-101 948
Burn Rate excl R&D, KSEK	-15 277	-21 497	-48 723	-50 016	-72 567	-63 376
Order Book Value, KSEK	113 119	100 942	123 799	100 942	139 286	43 230
Earnings per share basic, SEK	-0.08	-0.17	-0.27	-0.37	-0.49	-0.80
Earnings per share diluted* SEK	-0.06	-0.13	-0.23	-0.30	-0.41	-0.68

*Refer definitions.

Order Book Development (SEKm)



Sales (SEKm) and Gross Margin Development (%)



Front cover: 11-meter SuperMax Raptor RHIB, Titan Boats. Located on Vancouver Island, Sidney, B.C Canada Titan Boats were first in Canada to have the new OXE Diesel outboard OXE300.

FOCUS ON EXECUTION

The third quarter was characterised by an intense focus on delivering results according to plan, with excellent operational execution. OXE managed to increase sales and improve gross profit compared to second quarter 2021, plus generate highest sales in a quarter for Parts & Accessories.



During the quarter net sales increased 20% compared to second quarter of 2021, with continued improvement of gross profit and gross margin of 28%. Sales growth in the quarter was driven by the stronger supply of the OXE 300 in combination with record sales of Parts & Accessories, indicating a continued increase of operative OXE engines.

Order intake amounted to SEK 11m during the quarter and the Order Book amounted to SEK 113m at the end of the quarter. We saw a healthy increase in end-user demand to distributors, in particular, a significant project in the Philippines where the Bureau of Customs will be supplied with 62 pcs of OXE 150 in a series of three batches.

A directed share issue of SEK 22.8m was carried out during the quarter in order to support an escalated ramp up of capacity at suppliers. The share issue was subscribed for by a smaller group of the largest existing shareholders without discount to the prevailing market price, demonstrating the

confidence and support we continue to receive from our main shareholder base.

The quarter was challenging from a component availability perspective, but through strong operational execution, we were able to accelerate output of the OXE 300, despite fewer production days in the third quarter vs the second quarter of 2021.

To safeguard quality, each engine produced has been brought to OXE in Sweden for additional validation at sea before shipment to customer. While this has been an important step in ensuring quality, from an operational point of view, this has also been a bottleneck towards ramping up production.

During the fourth quarter we are pleased to announce that we have commenced direct shipments to customers. This step will enable further ramp up of production in the fourth quarter as well as indicating that we have reached a stable production setup with quality control, assembly, testing and packing fully transferred to our Polish partner. The relation with our Polish assembly partner was further deepened by assigning them to also take over selected procurement and holding of component inventory for the OXE 300.

At our assembly partner in the US, we have seen good progress and strengthened collaboration. We have maintained a limited but quality-focused output to meet short term demand while we plan for further ramp up.

We have invested significantly in our supply chain footprint over the past 6 months, both in modular assembly as well as in hard tooling. In addition, we have signed up two key roles during the quarter. As of October 1st, Paul Kroksmark will join as Supply Network Director as well as a new quality manager joining OXE during the fourth quarter.

Magnus Grönborg
Chief Executive Officer

SHAREHOLDERS

OXE Marine's top ten shareholders and movement in shares as at 30 September 2021 are as follows:

Top 10	Holding	%
Per Lindberg	30,716,318	14.8
Avanza Bank AB	26,907,413	12.9
Arne Andersson	21,033,311	10.1
Tamt AB	14,371,228	6.9
Theodor Jeansson	10,740,536	5.2
Jonas Wikström	10,350,000	5.0
H&A FK AB Emissionskonto	5,000,000	2.4
Christian Von Koenigsegg	5,000,000	2.4
CBLDN-Saxo Bank A/S	4,820,384	2.3
C&M Stockholm AB	4,241,990	2.0

Source: Euroclear.

All information presented is as per Euroclear records. The following additional commentary is provided:

- Theodor Jeansson together with his holdings in Tamt AB amount to 12.1%, making Mr. Jeansson the second largest shareholder.
- As disclosed in our Press Release dated 17 September 2021, Christian von Koenigsegg and companies controlled by him, acting through capital insurance accounts, own more than 10% of the Company.
- H&A FK AB Emissionskonto represents holdings of 2.4% by Polo Logistics LLC, a part of the Outdoor Network Group which includes OXE Distributor Diesel Outboards and assembly partner Outdoor Network Manufacturing.

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.

Operational and financial review

Third quarter 2021 compared to the third quarter 2020

Net Turnover was SEK 26.2m compared to SEK 3.4m for the corresponding period of the previous year. For the third quarter 2021 there was a net loss of SEK 15.2m, against a net loss of SEK 27.3m in the corresponding period of the previous year.

Gross profit amounted to SEK 7.3m in the third quarter of 2021 compared to a gross profit of SEK 0.8m in the corresponding period of the previous year. The gross margin amounted to 28% (24%).

Operationally, the Company continued to manage its cost base carefully with the total Burn Rate amounting to SEK 16.7m, down SEK 3.6m from Q2 2021, which was SEK 20.3m. Excluding R&D activities, the Burn Rate amounted to SEK 15.3m compared to SEK 16.1m in Q2 2021, a decrease of SEK 0.8m. OXE Marine continues to focus on controlling its cost base while increasing revenue growth to achieve operating leverage. Refer to Definitions for further explanation of the calculation of the Burn Rate.

Assets

Third quarter 2021 compared to the third quarter 2020

As at 30 September 2021, total assets amounted to SEK 346.6m (SEK 333.0m). OXE Marine's non-current assets at the closing date were SEK 174.6m (SEK 170.8m), out of which R&D and patents amounted to SEK 167.4m (SEK 162.1m). The increase relates mainly to product development, in particular the Bison (OXE300) project as it approaches the end of the project and serial production commences.

Inventory amounted to SEK 109.2m relative to SEK 92.9m in the previous year and SEK 112.8m at the end of Q2 2021. During the quarter the inventory transfer process to our Polish partner was initiated, with the majority of the transfer to take place in Q4 2021, which will have a favourable impact on the balance sheet. During the quarter, the Company increased orders on longer lead time components to support the ramp up and mitigate global supply chain shortages as best as possible.

Accounts Receivable amounted to SEK 21.5m at the end of the quarter, in comparison to SEK 43.9m in the comparative period and SEK 15.2m at the end of Q2 2021. OXE Marine works with the Swedish Export Agency 'Exportkreditnämnden' ("EKN") to guarantee sales to export markets covered by EKN with approximately 18% 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 of SEK 21.5m is displayed net of provisions for doubtful debts amounting to SEK 2.2m as at 30 September 2021.

OXE Marine had cash and cash equivalents of SEK 29.7m (SEK 13.7m) at the end of the quarter compared to SEK 19.8m at the end of Q2 2021. The company continues to manage cashflow through careful working capital management and cost control through a focus on keeping the Burn Rate as low as possible.

Equity and liabilities

Third quarter 2021 compared to the third quarter 2020

Total equity amounted to SEK 64.4m (SEK 57.7m). Even though OXE Marine continues to incur losses, it continues to maintain its equity base through equity funding from its shareholders.

The non-current liabilities increased to SEK 210.8m (SEK 206.9m). This is mainly due to changes in exchange rates on both the liabilities to finance institutions and corporate bonds. Both the first and second tranches from the EIB, collectively making up EUR 8m are interest free. Interest on corporate bonds amounts to 7 per cent per annum. Interest is capitalised quarterly and added to the Bonds' nominal amount, which means that no current interest payments are made.

Current liabilities increased by SEK 2.9m to SEK 71.4m (SEK 68.5m) at the end of the quarter. This is mainly due to an increase in advance payments from customers of SEK 3.1m relative to Q3 2020.

Taxation

The company has unutilised carry forward tax losses in Sweden amounting to SEK 343.4 million as at 31 December 2020. These are based on the cumulative assessment years running up to 31 December 2020. The tax effect has not been recognized as a deferred tax asset in the balance sheet. The ability to utilise these tax losses in the future is also influenced by changes in company shareholding.

Cash flow

Third quarter 2021 compared to the third quarter 2020

Cash flow from operating activities

Cash flow from operating activities for the period was SEK -13.1m (SEK -14.5m). The increase in cash flow from operating activities is mainly related to a smaller loss from cash flow in operating activities before working capital movements as well as a decrease in inventories. This was partly offset by an increase in receivables which had an adverse impact on working capital during the quarter.

Cash flow from investing activities

Cash flow from investing activities amounted to SEK -1.2m (SEK -12.1m) which mainly related to lower spend on the OXE300 'Bison' project. The Bison project is nearing its end as the product moves into serial production.

Cash flow from financing activities

Cash flow from financing for the period was SEK 24.1m mainly as a result of the directed share issue that was carried out during the quarter.

Cash flow

Nine months January-September 2021 compared to January-September 2020

Cash flow from operating activities

Cash flow from operating activities for the period was SEK -19.4m (SEK -53.9m). The increase in cash flow from operating activities is mainly related to an improvement in changes in accounts receivables, improved cash flow from operations and a less negative impact from changes in inventory.

Cash flow from investing activities

Cash flow from investing activities amounted to SEK -13.7m (SEK -33.1m) which mainly related to lower spend on the OXE300 'Bison' project. The Bison project is nearing its end as the product moves into serial production.

Cash flow from financing activities

Cash flow from financing for the period was SEK 21.4m mainly as a result of the directed share issue that was carried out during the third quarter.

Risks and uncertainties

The Risk and uncertainties of OXE Marine's business is explained in detail within the 'Risks and Uncertainties' section of the 2020 Annual Report as well as within the Company Description relating to the Corporate Bond in February 2018 – both documents are available on OXE Marine's website. The main risks facing OXE Marine are production risk, technical development risk and financial risk.

Financial calendar

- Q4 2021 interim report – 18 February 2022 (11h00).
- 2021 Annual Report - 24 March 2022 (11h00)
- Q1 2022 interim report – 22 April 2022 (11h00)
- Annual General Meeting - 22 April 2022 (13h00)
- Q2 2022 interim report – 21 July 2022 (11h00)
- Q3 2022 interim report – 28 October 2022 (11h00)

All times indicated above are CET

FINANCIAL STATEMENTS FOR THE PERIOD TO 30 SEPTEMBER 2021

INCOME STATEMENT

	2021	2020	2021	2020	2020
<i>(amounts in KSEK)</i>	Jul - Sep	Jul - Sep	Jan - Sep	Jan - Sep	Jan - Dec
Net Turnover	26 197	3 362	58 043	34 940	39 742
Goods for resale	-18 893	-2 549	-42 133	-30 536	-34 242
Gross Profit	7 304	813	15 910	4 404	5 500
External costs (including R&D expenditure)	-6 524	-24 716	-30 477	-55 545	-73 326
Capitalised R&D expenditure	1 403	11 071	11 960	28 943	35 760
Personnel costs	-10 156	-7 852	-30 206	-23 414	-35 001
Depreciation of material and immaterial assets	-4 144	-3 922	-12 404	-11 664	-16 182
Other operating income (costs)	-649	-505	-1 784	2 357	6 088
Total operating costs	-20 070	-25 924	-62 911	-59 323	-82 661
Operating Loss	-12 766	-25 111	-47 001	-54 919	-77 161
Interest expenses and similar profit/loss items	-2 419	-2 224	-7 118	-6 262	-8 379
Loss after financial items	-15 185	-27 335	-54 119	-61 181	-85 540
Taxation	0	0	0	0	0
Net loss for the period	-15 185	-27 335	-54 119	-61 181	-85 540

STATEMENT OF FINANCIAL POSITION

<i>(amounts in KSEK)</i>	30 Sep 21	30 Sep 20	31 Dec 20
ASSETS			
Non-Current Assets			
Capitalised R&D expenses	164 889	159 138	162 719
Patents	2 488	2 951	2 834
Equipment, tools and installations	7 182	8 745	7 656
Total non-current assets	174 559	170 834	173 209
Currents assets			
Inventory	109 229	92 940	100 163
Advance payments to suppliers	7 133	8 223	5 402
Accounts receivables	21 460	43 986	35 527
Other receivables	3 031	2 111	2 274
Deferred expenses and accrued income	1 510	1 268	1 818
Cash on hand and in bank	29 688	13 654	41 408
Total current assets	172 051	162 182	186 592
TOTAL ASSETS	346 610	333 016	359 801
SHAREHOLDERS' EQUITY AND LIABILITIES			
Restricted equity			
Share capital	6 244	4 943	5 931
Reserve for development expenditure	124 074	113 048	117 903
Total restricted equity	130 318	117 991	123 834
Non-restricted equity			
Share Premium	439 563	355 769	417 126
Retained earnings or losses	-451 338	-354 914	-359 768
Profit/loss for the year	-54 119	-61 181	-85 540
Total non-restricted equity	-65 894	-60 326	-28 182
TOTAL SHAREHOLDERS' EQUITY	64 424	57 665	95 652
Non-current liabilities			
Other provisions	2 004	3 486	1 416
Liabilities to finance institutions	81 608	84 328	80 300
Corporate bonds	127 145	119 049	119 565
Total non-current liabilities	210 757	206 863	201 281
Current liabilities			
Liabilities to finance institutions	3 459	5 000	5 000
Advance payments from customers	27 045	23 952	24 725
Accounts payable	28 593	28 259	20 735
Current tax liabilities	544	413	966
Other liabilities	2 024	1 579	1 744
Accrued expenses and other deferred income	9 763	9 285	9 698
Total current liabilities	71 429	68 488	62 868
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	346 610	333 016	359 801

STATEMENT OF CASH FLOWS

<i>(amounts in KSEK)</i>	2021	2020	2021	2020	2020
	Jul - Sep	Jul - Sep	Jan - Sep	Jan - Sep	Jan - Dec
Operating Activities					
Results before financial items	-12 766	-25 111	-47 001	-54 919	-77 161
Adjustments for items not included in cash flow	5 371	4 606	14 701	8 846	9 849
Cash flow from operating activities before changes in working capital	-7 395	-20 505	-32 300	-46 073	-67 312
Cash flow from changes in working capital					
Change in Inventories	3 567	-10 131	-9 066	-36 142	-43 365
Change in accounts receivable	-6 268	5 198	14 067	-4 656	3 803
Change in other current receivables	-6 041	1 408	-2 180	6 402	8 510
Change in Trade payables	-1 355	-948	7 859	4 705	-2 820
Change in other current liabilities	4 427	10 496	2 242	21 911	23 815
Cash flow from operating activities	-13 065	-14 482	-19 378	-53 853	-77 369
Investing Activities					
Investments in property, plant and equipment	-	-991	-1 973	-4 115	-4 193
Investments in intangible fixed assets	-1 163	-11 071	-11 719	-28 943	-35 759
Divestments in intangible fixed assets	-	-	-	-	-
Cash flow from Investing activities	-1 163	-12 062	-13 692	-33 058	-39 952
Financing activities					
New share issue	22 750	-	22 750	-	62 347
Option premium	141	-	141	-	-
Change in loans	1 176	-	-1 541	49 333	45 150
Cash flow from financing activities	24 067	0	21 350	49 333	107 497
Cash flow for the period	9 839	-26 544	-11 720	-37 578	-9 824
Cash and bank balances at the beginning of the period	19 849	40 198	41 408	51 232	51 232
Cash and bank balances at the end of the period	29 688	13 654	29 688	13 654	41 408

STATEMENT OF CHANGES IN EQUITY

<i>(amount in KSEK)</i>	30 Sep 21	30 Sep 20	31 Dec 20
Opening balance equity (1 Jan)	95 652	118 846	118 846
Loss for the period	-54 119	-61 181	-85 540
Issuance of shares	22 750	-	65 900
Less cost of issuance	-	-	-3 554
Option premium	141	-	-
Closing balance equity	64 424	57 665	95 652

KEY PERFORMANCE INDICATORS

(amounts in KSEK)	2021				2020			
	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	
Net turnover	26 197	21 768	10 078	4 801	3 362	21 289	10 290	
Gross Profit	7 304	5 886	2 720	1 095	813	1 176	2 415	
Gross Margin %	28%	27%	27%	23%	24%	6%	23%	
Burn Rate, KSEK	-16 681	-20 252	-23 750	-29 365	-32 568	-22 623	-23 769	
Burn Rate excl R&D, KSEK	-15 277	-16 123	-17 322	-22 549	-21 497	-12 875	-15 644	
EBITDA	-8 622	-8 593	-17 382	-17 723	-21 189	-8 354	-13 712	
Net loss for the period	-15 185	-15 141	-23 793	-24 359	-27 335	-14 265	-19 580	
Order Book Value, KSEK	113 119	123 799	140 878	139 286	100 942	57 111	56 824	
Cash on hand	29 688	19 849	27 629	41 408	13 654	40 198	64 717	
Intangible fixed assets	167 376	169 328	168 517	165 553	162 089	154 369	151 036	
Total Equity	64 424	56 718	71 859	95 652	57 665	84 999	99 266	
Total Assets	346 610	330 769	349 693	359 801	333 016	347 894	358 549	
Equity Asset ratio	19%	17%	21%	27%	17%	24%	28%	
Total shares outstanding	208 225 298	197 789 521	197 789 521	197 789 521	164 839 521	164 839 521	164 839 521	
Average number of shares	199 264 142	197 789 521	197 789 521	197 427 433	164 839 521	164 839 521	164 839 521	
Earnings per share, basic	-0.08	-0.08	-0.12	-0.12	-0.17	-0.09	-0.12	
Diluted earnings per share	-0.06	-0.07	-0.10	-0.10	-0.13	-0.07	-0.10	
Number of employees	40	41	44	42	39	32	34	

(amounts in KSEK)	2020	2019	2018
	Jan-Dec	Jan-Dec	Jan-Dec
Net turnover	39 742	91 100	40 578
Gross Profit	5 500	-3 624	-16 730
Gross Margin %	14%	-4%	-41%
Burn Rate, KSEK	-108 325	-101 112	-86 327
Burn Rate excl R&D, KSEK	-72 565	-66 912	-58 309
EBITDA	-60 978	-73 676	-74 367
Net loss for the period	-85 540	-101 938	-108 213
Order Book Value, KSEK	139 286	43 230	n/a
Cash on hand	41 408	51 232	4 972
Intangible fixed assets	165 553	143 127	120 525
Total Equity	95 652	118 846	83 781
Total Assets	359 801	314 803	248 533
Equity Asset ratio	27%	38%	34%
Total shares outstanding	197 789 521	164 839 521	29 506 173
Average number of shares	172 964 179	126 944 607	26 760 399
Earnings per share basic	-0.49	-0.80	-4.04
Earnings per share diluted	-0.41	-0.68	-4.04
Number of employees	42	34	27

Note: In the case of diluted earnings per share being negative, the dilutive effect is calculated on a mathematical basis.

Definitions and Key Business Ratios

Net Turnover

Main operating revenues, invoiced expenses, side income and revenue adjustments.

Gross Profit / Gross Margin %

Total 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 amortisation and after the capitalisation of research and development and patent costs.

Profit/loss after financial items

Profits after financial items and costs, but before taxes.

Burn Rate

The sum of sales costs, general administration costs and research and development costs (expensed and capitalised).

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 30 September 2021.

Diluted Earnings Per Share

Net Profit/Loss for the period to average number of shares and total share warrants outstanding as at 30 September 2021. In the case of diluted losses, this is calculated on a mathematical basis.

Order Book

Confirmed customer orders as at 30 September 2021.

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:

Magnus Grönborg, CEO OXE Marine AB, +46 767-24 73 00, magnus.gronborg@oxemarine.com
Anders Berg, Chairman of the Board of OXE Marine AB, +46 70-358 91 55, anders.berg@oxemarine.com
www.oxemarine.com

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 October 29th, 2021, 11:00 CET.

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 Marine AB is built on the core value 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.

OXEMARINE 
ENGINEERING THE FUTURE

OXE Marine AB (Publ)
Hortensigatan 6, SE-256 68 Helsingborg
Sweden