

March 4, 2022: The Board of Directors and Chief Executive Officer of Modelon AB (publ), listed on Nasdaq First North Growth Market, present the following report for the fourth quarter and full year 2021.

## Q4 Highlights

- ARR<sup>1</sup> increased to MSEK 37.0 (28.3), with continued quarter-to-quarter growth of 8%. Modelon Impact ARR grew 39% compared to the previous quarter and was the major contributor to overall ARR growth.
- Net revenue amounted to MSEK 15.8<sup>2</sup> (28.8), of which software revenues were MSEK 9.6 (8.8).
- EBIT amounted to MSEK -12.1 (3.2).
- Net result amounted to MSEK -1.2 (2.2).
- Earnings per share amounted to SEK -0.11 (0.29) before dilution.
- Financial result for the period reflects the ongoing investment phase for accelerated growth.

## January – December 2021

- ARR<sup>1</sup> increased to MSEK 37.0 (28.3), an annual growth of 31%.
- Net revenue amounted to MSEK 68.9<sup>2</sup> (112.4), of which software revenues were MSEK 36.4 (36.3). FX adjusted software revenue increased by MSEK 2.2, with 6% volume growth.
- EBIT amounted to MSEK -39.4 (4.5).
- Net result amounted to MSEK -28.5 (3.3).
- Earnings per share amounted to SEK -2.59 (0.43) before dilution.
- Financial result for the period reflects the ongoing investment phase for accelerated growth.



## Summary Financials

MSEK	Q4, Oct-Dec			YTD, Jan - Dec		
	2021	2020	Change	2021	2020	Change
Annual recurring revenue, ARR <sup>1</sup>	37.0	28.3	31%	37.0	28.3	31%
Net revenues	15.8	28.8	-45%	68.9	112.4	-39%
Software revenues	9.6	8.8	5%	36.4	36.3	-1%
- whereof recurring revenue	9.3	7.2	29%	33.0	30.0	10%
Service revenues <sup>2</sup>	6.2	19.9	-67%	32.4	76.1	-57%
Other operating income	0.3	4.3	-	2.9	4.6	-
EBIT	-12.1	3.2	-	-39.4	4.5	-
EBIT margin	-76.5%	11.1%	-	-57.3%	4.0%	-
Net result after tax	-1.2	2.2	-	-28.5	3.3	-
Earnings per share (SEK) before dilution	-0.11	0.29	-	-2.59	0.43	-
Cash balance	169.4	50.3	237%	169.4	50.3	237%

<sup>1</sup> Annual recurring revenue is reported at constant currency, see section "Pro-forma KPI's" on page 4 for definition.

<sup>2</sup> The ramp-down of the customer funded co-development activities related to a U.S. enterprise customer and transferring corresponding product development costs to self-funding on plan, see page 3 and the CEO comment.

## Significant events during 2021

- Extraordinary general meeting of shareholders (EGM) on February 26 decided on two classes of shares, series A and B.
- IPO on April 28 listing Modelon B-shares on Nasdaq First North Growth Market, with gross proceeds of MSEK 150.
- AGM on May 31 resolved to appoint Mark Shay and Magnus Thell as new board members.
- EGM on September 28 approved share incentive programs for new employees

## Significant events after the period

- No significant events.

## Investor presentation

Modelon will hold a presentation of the year-end report at 10am CET on March 4, 2022. CEO Magnus Gäfvert and CFO Jonas Eborn will present the Q4 and full year earnings in an audiocast.

 [Link to audiocast](#)

## Modelon AB (publ)

**Modelon AB (publ)**  
 IDEON Science Park  
 SE-223 70 Lund  
 www.modelon.com  
 Org. nr. 556672-3010

**Contact:**  
 Magnus Gäfvert  
 CEO of Modelon AB (publ)  
 +46 733 24 59 04  
 magnus.gafvert@modelon.com

## Comments from the CEO

### ARR growth on track

We are pleased to report that fourth quarter sequential ARR growth remained steady at 8%, which is the same growth rate as in the two preceding quarters. The 2021 ARR annual growth rate amounted to 31%, dominated by the second to fourth quarters. With the 2021 year-end ARR of MSEK 37.0, we remain firmly on track towards the financial target of 100 MSEK ARR in 2024.

Growth continues to be driven by our “land and expand” strategy and new Modelon Impact accounts. New customer wins and initial Modelon Impact license purchases during the fourth quarter include the following:

- Japanese mobility conglomerate
- European automotive OEM
- Global automotive Tier 1 supplier
- German fuel cell system innovator
- Global appliances manufacturer
- Global energy equipment conglomerate
- Two national research laboratories in the USA.

Common among these customers is that their functional and technical demands are at the most rigorous level in industry, and they have recognized that Modelon is able to meet these demands. They are also leaders in their segments regionally and, in many cases, globally. They all offer the potential for meaningful future expansion in terms of additional license sales.

We continue to see Modelon Impact being used in a variety of clean technology applications in our core target industries: automotive, energy, aerospace, and industrial equipment. One illustrative example is Heliogen, a U.S. renewable energy technology company backed by Bill Gates. The company is developing a concentrated solar power solution to deliver low-cost renewable energy in the form of heat, power, or hydrogen fuel. Heliogen is using Modelon Impact’s built-in thermal systems models for performance computations and detailed technical investigations of their concentrated solar thermal energy plants for engineering decision making.

In the quarter we also saw upsell and migration to Modelon Impact among existing customers. The U.S. aerospace company that, as reported, purchased its first Modelon Impact licenses during the third quarter increased its license count by more than 7x during the fourth quarter and is now one of our largest Modelon Impact accounts. The account offers

further evidence that the most demanding customers in industry trust Modelon to deliver outstanding simulation solutions, and our commitment to their success is helping drive our growth.



### Investing in product development and commercial progress

Our growth investments in product and commercial activities are since the third quarter 2021 fully self-funded with all product development costs expensed. In the period from 2018 through the first half of 2021, the early development of Modelon Impact was co-funded in partnership with a U.S. enterprise customer, with the customer funding recognized as services revenue. The planned strategic shift from customer co-funding to self-funding is reflected in the increase of development costs of 52% in 2021, and of 72% in the fourth quarter when the change has full effect. The co-development financing ended during Q2 2021 and will therefore affect financial comparisons through Q2 2022, after which investors will more clearly be able to compare revenues and development costs on a like-for-like basis.

### Modelon Impact release 2022.1

The fourth quarter has been intense with development activity for the Modelon Impact 2022.1 release announced after the close of Q4 2021, on February 21, 2022. This release includes substantial new features and improvements, including an expanded online Help Center, to facilitate user onboarding and self-training to support and drive growth.

### “Modelon Innovate” user conference in planning

With Modelon Impact firmly established in the global simulation market, we are now announcing our first Modelon user conference for an international audience. The conference is planned for October 19-20, 2022 in Stockholm. We are inviting customers present their stories and how they use Modelon’s system simulation solutions and are pleased to have preliminary commitment from renowned industry leaders such as NASA Jet Propulsion Laboratory, Volvo Autonomous Solutions, Newcastle Marine Services, Oak Ridge National Laboratory. We expect a vibrant exchange of experiences among customers covering diverse application areas such as electric mobility, clean energy, hydrogen fuel cell technologies, and many others.

### Thought leadership in simulation

Thought leadership and advancing the state of the art in system simulation is a pillar of Modelon’s vision. Our Chief Solutions Officer Hubertus Tummescheit presented “Decarbonization through Systems Simulation” at the International CAE Conference in Vicenza, Italy in November, describing innovative ways Modelon tools can be used to promote a cleaner, carbon-free automotive industry. Also in November, Modelon was highlighted in ITEA Magazine for its leadership in digital engineering and industrial software innovation. In December, we published a blog post on our corporate website describing the unique work combining Modelon Impact with the DeepSim platform from minds.ai, connecting Modelon’s simulation work with the latest in artificial intelligence.

We enter 2022 with a consistently high growth rate and ambitious goals to continue our growth and SaaS journey with Modelon Impact. We are thrilled that the most demanding customers in industry are selecting Modelon Impact, which continues to pioneer cloud-based system simulation. We are confident that we can continue to capture the vast market opportunity before us and welcome you to join our growth journey.

A handwritten signature in black ink, appearing to read 'Magnus Gäfvert'.

Magnus Gäfvert, CEO

## Financial development

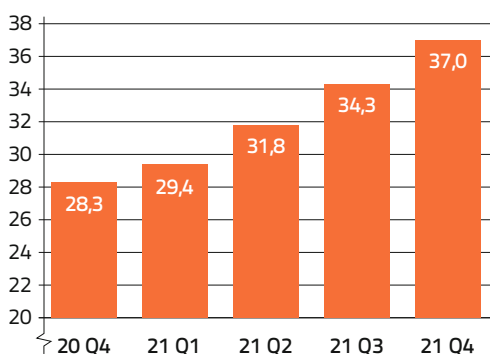
### Revenues

#### Annual recurring revenue

The total software annual recurring revenue at constant currency (ARR) amounted to MSEK 37.0 (28.3), an increase of 31% compared to Q4 2020 and an increase of 8% compared to MSEK 34.3 in Q3 2021. Modelon Impact is the principal growth driver, and the total software ARR includes a quarter-to-quarter growth rate of annual recurring revenues for Modelon Impact of 39%. The total ARR before adjusting for currency effects amounted to MSEK 37.0 (28.7), the differences in exchange rate at the end of Q4 were small compared to 2020.

#### ARR

MSEK



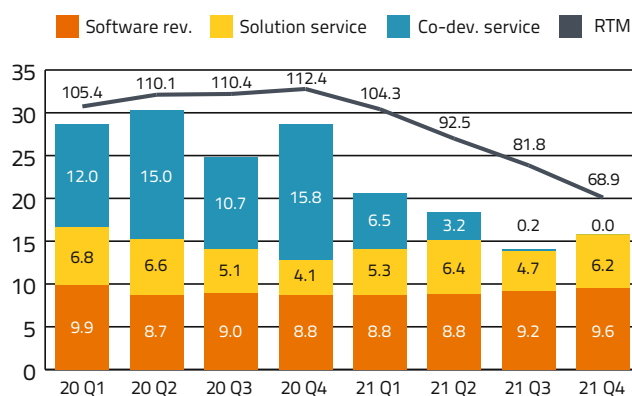
Software ARR has grown at a steady pace since the launch of Modelon Impact in July 2020, see quarterly development figures in the table on page 10. Total ARR numbers include revenue from Modelon Impact and from multi-platform library and deployment products.

#### Fourth quarter 2021

Software revenues amounted to MSEK 9.6 (8.8), an increase of 9%. Total service revenues amounted to MSEK 6.2 (19.9), affected by the ramp-down of customer-funded co-development activities with a U.S. enterprise customer. The service revenues from this customer amounted to MSEK 0.0 (15.8). Net revenues amounted to MSEK 15.8 (28.8).

#### January – December 2021

Net revenues amounted to MSEK 68.9 (112.5), with the revenue decline corresponding to the ramp-down of co-development activities. Software revenues in the period amounted to MSEK 36.4 (36.3). The flat development is due to FX effects. FX-adjusted software revenues increased by MSEK 2.2. Total service revenues in the period amounted to MSEK 32.4 (76.1). During the period, the previously communicated ramp-down of customer funded co-development activities with a U.S. enterprise customer was completed and the corresponding product development of Modelon Impact is entirely self-funded from June 2021. The service revenues from this customer during the period amounted to MSEK 9.9 (53.5).



Historical development of revenues since Q1 2020 shows the full effect of ramp-down of co-development services during 2021. Note that revenues are not FX adjusted. About 55% (70%) of the total revenue is in USD. Since the average USD rate 2021 was 8.6 (9.2) over the year, the -7% change in the USD exchange rate would impact the 2020 revenue by approximately MSEK -5.3. The co-development service revenue is entirely in USD, and the FX effect on this alone was MSEK -4.0 for 2020.

### Research and development costs

Modelon recognizes all research and development costs as operating expenses and does not capitalize any development costs. This approach is consistent with that of most SaaS companies, since product development expenses are a recurring cost that is matched to recurring revenues.

Development costs in the fourth quarter amounted to MSEK 13.4 (7.8) and were MSEK 48.5 (31.9) for the year-to-date period. The 52% increase in development costs year-to-date is primarily due to the shift from customer-funded to self-funded product development and is in line with the company's strategy. In line with our communicated financial targets, product sales and ARR are expected to grow at a faster pace than development costs.

### Costs

#### Fourth quarter 2021

Other external expenses amounted to MSEK 9.8 (10.8), mainly related to sales activities, consultancy fees and premises. Personnel costs amounted to MSEK 18.0 (18.4). Depreciation amounted to MSEK 0.2 (0.1) and other operating expenses were MSEK 0.1 (0.7).

#### January – December 2021

Other external expenses amounted to MSEK 36.5 (38.9), mainly related to sales activities, consultancy fees and premises. Personnel costs amounted to MSEK 71.3 (68.8). Depreciation amounted to MSEK 0.8 (1.4) and other operating expenses were MSEK 2.6 (3.4). The average number of full-time employees was 84 (79).

### Profit and Loss

#### Fourth quarter 2021

The financial development in Q4 reflects the planned increased investment pace in product development and commercial expansion using proceeds from financing activities. EBIT amounted to MSEK -12.1 (3.2) and reflects the ramp-down of customer funded co-development that started in Q1 2021 and planned self-funding of software development.

## January – December 2021

EBIT for the period amounted to MSEK -39.4 (4.5) and is in line with expectations considering the ramp-down of customer funded co-development that started in Q1 2021 and planned self-funding of software development.

### Net financial income

Net result from financial items for the quarter amounted to MSEK 0.2 (-0.6). Net result from financial items for January – December 2021 amounted to MSEK 0.2 (-1.0).

### Net result after tax

Net result after tax in the quarter amounted to MSEK -1.2 (2.2), corresponding to SEK -0.11 per share. Net result after tax for January – December 2021 amounted to MSEK -28.5 (3.3), corresponding to SEK -2.59 per share. Tax revenues refer to deferred tax assets for the Swedish entity and do not affect cash flow.

### Pro-forma KPI's

Modelon presents selected financial Key Performance Indicators (KPI's) that are not defined by Swedish GAAP, and which are considered to provide valuable complementary information to investors in assessing company performance. Since companies may define such metrics differently, we suggest caution in using these for comparison among companies. These metrics should not be considered as replacing any metrics defined in Swedish GAAP.

## Financing and cash flow

As of December 31, Modelon's total available liquidity amounted to MSEK 179.4 (60.3), of which the cash balance amounted to MSEK 169.4 (50.3) and unutilized credit facilities amounted to MSEK 10.0 (10.0). Cash flow from operating activities amounted to MSEK -15.8 (-10.0) for the quarter and MSEK -19.3 (-0.6) for the year. The change in working capital amounted to MSEK -3.4 (-13.7) in the quarter and MSEK 22.2 (-6.8) for the year. The positive change in working capital for 2021 is partly related to the increase of software sales resulting in higher deferred (pre-paid) revenue and partly due to the decrease in receivables related to the large co-funded development project completed in Q2 2021. Cash flow from investing activities amounted to MSEK 0.0 (0.1) during the quarter and MSEK -0.2 (-0.9) for the year. Cash flow from financing activities amounted to MSEK 0.0 (-0.3) during the quarter and MSEK 137.7 (20.0) for the year including the MSEK 150 capital raised in the IPO in April 2021.

## The share

As of December 31, 2021, the total number of shares in Modelon was 11,016,471 (7,607,381), comprising 1,426,218 A shares and 9,590,253 B shares. The total number of shares after full dilution is 11,274,471. The number of shares did not change during the period. The company's registered share capital is SEK 922,653.

Modelon has shares in two series, A and B. Each A share has 10 votes, and each B share has 1 vote. Series B shares are listed on Nasdaq First North Growth Market. Series A shares are not exchange-listed but can be converted into B shares upon request of the shareholder.

MSEK	Q4, Oct-Dec			YTD, Jan - Dec		
	2021	2020	Change	2021	2020	Change
Annual recurring revenue, ARR	37.0	28.3	31%	37.0	28.3	31%
Development costs	13.4	7.8	72%	48.5	31.9	52%

## Definitions

**Annual Recurring Revenue (ARR)** is defined as the recurring software revenue from the reporting quarter multiplied by four. ARR for previous periods is reported at constant currency, evaluated at the current period's average exchange rate. **Development costs** include the operating costs and investments in our complete software product portfolio.

## Largest shareholders

The table below shows the major shareholders in the company per December 31, 2021.

Owner	A shares	B shares	Votes	Capital
Modelon Group AB	802,551	3,214,894	47.1%	36.5%
Accendo Capital	345,270	2,317,177	24.2%	24.2%
RoosGruppen AB	72,843	1,031,371	7.4%	10.0%
Ansys Inc.	129,000	516,000	7.6%	5.9%
Lancelot Avalon Master	0	266,000	1.1%	2.4%
<b>Total top 5</b>	<b>1,349,664</b>	<b>7,345,442</b>	<b>87.4%</b>	<b>78.9%</b>
<b>Other owners</b>	<b>76,554</b>	<b>2,244,811</b>	<b>12.6%</b>	<b>21.1%</b>
Total number of shares	1,426,218	9,590,253		

\*Modelon Group AB comprises six company co-founders that are still active in company management and operations.



## Financial statement

### Condensed Consolidated Income Statement

MSEK	Q4, Oct-Dec		YTD, Jan - Dec	
	2021	2020	2021	2020
Net revenue	15.8	28.8	68.9	112.4
Other operating income	0.3	4.3	2.9	4.6
<b>Total revenue</b>	<b>16.1</b>	<b>33.1</b>	<b>71.8</b>	<b>117.1</b>
<b>Operating expenses</b>				
License costs	0.0	0.0	0.0	0.0
Other external expenses	-9.8	-10.8	-36.5	-38.9
Personnel costs	-18.0	-18.4	-71.3	-68.8
Depreciation and amortization	-0.2	-0.1	-0.8	-1.4
Other operating expenses	-0.1	-0.7	-2.6	-3.4
<b>Total operating expenses</b>	<b>-28.1</b>	<b>-29.9</b>	<b>-111.2</b>	<b>-112.6</b>
<b>Operating result</b>	<b>-12.1</b>	<b>3.2</b>	<b>-39.4</b>	<b>4.5</b>
<b>Financial items</b>				
Other interest income and similar items	0.2	0.0	0.3	0.0
Interest expenses and similar items	0.0	-0.6	-0.1	-1.0
<b>Net result from financial items</b>	<b>0.2</b>	<b>-0.6</b>	<b>0.2</b>	<b>-1.0</b>
<b>Profit/loss before tax</b>	<b>-11.9</b>	<b>2.6</b>	<b>-39.2</b>	<b>3.5</b>
Tax	10.7	-0.3	10.7	-0.2
<b>Net profit/loss</b>	<b>-1.2</b>	<b>2.2</b>	<b>-28.5</b>	<b>3.3</b>

### Condensed Consolidated Balance Sheet

MSEK	2021-12-31	2020-12-31
<b>Fixed assets</b>		
Patents, licenses, trademarks and similar	0.4	0.7
Equipment, tools and installations	1.2	1.6
Deferred tax assets	15.8	5.1
<b>Total fixed assets</b>	<b>17.5</b>	<b>7.3</b>
<b>Current assets</b>		
Accounts receivable	15.6	29.4
Other receivables	10.2	11.3
Cash and bank	169.4	50.3
<b>Total current assets</b>	<b>195.2</b>	<b>91.0</b>
<b>TOTAL ASSETS</b>	<b>212.7</b>	<b>98.3</b>



## Consolidated Balance Sheet, cont.

	2021-12-31	2020-12-31
<b>MSEK</b>		
<b>Shareholders' equity</b>		
Share capital	0.9	0.6
Other equity incl. net profit/loss	172.2	62.3
<b>Total shareholders' equity</b>	<b>173.1</b>	<b>62.9</b>
<b>Liabilities</b>		
Deferred tax liability	0.0	0.0
Long-term liabilities to parent company	0.0	0.0
Accounts payable	4.3	4.8
Deferred revenue, prepaid licenses	21.5	13.1
Other liabilities	13.7	17.6
<b>Total liabilities</b>	<b>39.5</b>	<b>35.4</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>212.7</b>	<b>98.3</b>

## Condensed Consolidated Cash Flow Statement

MSEK	Q4, Oct-Dec		YTD, Jan - Dec	
	2021	2020	2021	2020
Operating income	-12.1	3.2	-39.4	4.5
Adjustment for non-cash items	0.0	0.0	-0.8	2.1
Interests and paid taxes	-0.3	0.5	-1.3	-0.5
Change in working cap. receivables	-7.8	-19.0	17.5	-8.3
Change in working cap. liabilities	4.4	5.3	4.6	1.5
<b>Cash flow from operating activities</b>	<b>-15.8</b>	<b>-10.0</b>	<b>-19.3</b>	<b>-0.6</b>
Investments	0.0	0.1	-0.2	-0.9
<b>Cash flow from investing activities</b>	<b>0.0</b>	<b>0.1</b>	<b>-0.2</b>	<b>-0.9</b>
New share issue	0.0	0.0	150.0	27.8
Transaction costs, new share issue	0.0	-0.3	-12.2	-1.9
Repurchased warrants	0.0		0.0	
New borrowings/amortization	0.0	0.1	0.0	-5.9
<b>Cash flow from financing activities</b>	<b>0.0</b>	<b>-0.3</b>	<b>137.7</b>	<b>20.0</b>
<b>Net increase/decrease in cash and equiv.</b>	<b>-15.8</b>	<b>-10.2</b>	<b>118.2</b>	<b>18.4</b>
Cash and liquid assets at start of period	<b>184.9</b>	<b>62.0</b>	<b>50.3</b>	<b>33.3</b>
Exchange rate differences	0.4	-1.5	0.9	-1.5
<b>Cash and liquid assets at end of period</b>	<b>169.4</b>	<b>50.3</b>	<b>169.4</b>	<b>50.3</b>

## Condensed Consolidated Changes in Equity

MSEK	Share capital	Other contr. of equity	Other equity incl. profit	Total equity
<b>As of January 1, 2020</b>	<b>0.6</b>	<b>36.7</b>	<b>-2.7</b>	<b>34.6</b>
Exchange differences			-1.0	-1.0
Net profit for the period			3.3	3.3
<b>Transactions with owners:</b>				
New share issue	0.1	27.7		27.8
Transaction costs		-1.9		-1.9
Issued warrants		0.0		0.0
Share-based payments			0.0	0.0
<b>As of January 1, 2021</b>	<b>0.6</b>	<b>62.6</b>	<b>-0.3</b>	<b>62.9</b>
Exchange differences			0.9	0.9
Net loss for the period			-28.5	-28.5
<b>Transactions with owners:</b>				
New share issue	0.3	149.7		150.0
Transaction costs		-12.2		-12.2
Issued warrants		0.0		0.0
Repurchased warrants		0.0		0.0
<b>As of December 31, 2021</b>	<b>0.9</b>	<b>200.1</b>	<b>-27.9</b>	<b>173.1</b>

## Condensed Income Statement, Parent company

MSEK	Q4, Oct-Dec		YTD, Jan - Dec	
	2021	2020	2021	2020
Net revenue	11.4	25.2	48.2	94.7
Other operating income	0.3	1.2	2.8	1.2
<b>Total revenue</b>	<b>11.7</b>	<b>26.3</b>	<b>51.0</b>	<b>95.9</b>
<b>Operating expenses</b>				
License costs	0.0	0.0	0.0	0.0
Other external expenses	-10.5	-12.6	-42.4	-48.0
Personnel costs	-11.3	-11.6	-45.0	-41.2
Depreciation and amortization	-0.1	0.0	-0.6	-1.2
Other operating expenses	0.1	-1.2	-2.1	-4.0
<b>Total operating expenses</b>	<b>-21.8</b>	<b>-25.3</b>	<b>-90.0</b>	<b>-94.4</b>
<b>Operating result</b>	<b>-10.2</b>	<b>1.0</b>	<b>-39.0</b>	<b>1.5</b>
<b>Financial items</b>				
Other interest income and similar items	0.3	0.1	0.6	0.3
Interest expenses and similar items	0.0	-0.7	-0.1	-1.0
<b>Net result from financial items</b>	<b>0.2</b>	<b>-0.6</b>	<b>0.4</b>	<b>-0.7</b>
<b>Profit/loss before tax</b>	<b>-9.9</b>	<b>0.4</b>	<b>-38.6</b>	<b>0.8</b>
Tax	10.4	0.2	10.4	0.2
<b>Net profit/loss</b>	<b>0.5</b>	<b>0.6</b>	<b>-28.1</b>	<b>1.1</b>



## Condensed Balance Sheet, Parent company

MSEK	2021-12-31	2020-12-31
<b>Fixed assets</b>		
Patents, licenses, trademarks and similar	0.4	0.7
Equipment, tools and installations	0.5	0.8
Long-term receivables from group comp.	5.2	5.3
Deferred tax assets	16.5	6.1
<b>Total fixed assets</b>	<b>22.7</b>	<b>12.9</b>
<b>Current assets</b>		
Accounts receivable	2.0	20.5
Receivables from group companies	0.0	0.4
Other receivables	7.3	7.2
Cash and bank	160.4	37.9
<b>Total current assets</b>	<b>169.7</b>	<b>66.0</b>
<b>TOTAL ASSETS</b>	<b>192.4</b>	<b>78.9</b>
<b>Shareholders' equity</b>	<b>165.6</b>	<b>56.0</b>
<b>Liabilities</b>		
Long-term liabilities to group companies	0.0	0.1
Accounts payable	4.1	4.7
Short-term liabilities to group companies	5.9	4.3
Other liabilities	16.8	13.8
<b>Total liabilities</b>	<b>26.8</b>	<b>22.9</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>192.4</b>	<b>78.9</b>

## Condensed Cash Flow Statement, Parent company

MSEK	Q4, Oct-Dec		YTD, Jan - Dec	
	2021	2020	2021	2020
<b>Cash flow from operating activities</b>	<b>-10.2</b>	<b>-9.9</b>	<b>-15.5</b>	<b>-3.8</b>
<b>Cash flow from investing activities</b>	<b>0.0</b>	<b>0.2</b>	<b>0.0</b>	<b>-0.3</b>
<b>Cash flow from financing activities</b>	<b>0.0</b>	<b>-0.3</b>	<b>137.7</b>	<b>16.9</b>
<b>Net increase/decrease in cash and equiv.</b>	<b>-10.2</b>	<b>-10.0</b>	<b>122.2</b>	<b>12.9</b>
Cash and liquid assets at start of period	170.4	48.4	37.9	25.4
Exchange rate differences	0.2	-0.5	0.4	-0.4
<b>Cash and liquid assets at end of period</b>	<b>160.4</b>	<b>37.9</b>	<b>160.4</b>	<b>37.9</b>

## Accounting principles and currency exposure

The consolidated interim quarterly report for the Group is prepared in accordance with Swedish GAAP, annual accounting act, according to the same principles as the annual report. The consolidated balance sheet shows Deferred revenue separately, until Q2 interim report it was included in Other liabilities. Also, the consolidated cash flow statement shows Changes in working capital on two rows, with receivables and liabilities separately, until Q2 interim report they were combined. There have been no other changes in principles since the 2020 annual report was published.

Software license renewals and subscription revenue are accrued over the license validity period, and service revenue is generated as the services are completed (POC, percentage of completion).

The financial statements are presented in SEK, the functional currency of Modelon AB. Sales are largely generated in foreign currency, mainly USD and EUR, in addition, foreign subsidiaries are included in the consolidation. USD is the dominant sales currency. The income statement is translated at the period-average exchange rate while balance sheet items are translated at the closing rate. Net exposure in USD (i.e., difference between sales and costs in USD) is expected to be similar in 2022 to 2021, approximately 5 MUSD, corresponding to 45 MSEK per the USD rate at the end of the period. A  $\pm 5$  percent change in the USD/SEK exchange rate would impact the net result by approximately  $\pm 2$  MSEK over the fiscal year.

## Quarterly development

MSEK	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2020 Q4
Annual recurring revenue	37.0	34.3	31.8	29.4	28.3
Change	8%	8%	8%	4%	-2%
Net revenues	15.8	14.1	18.4	20.6	28.8
Software revenues	9.6	9.2	8.8	8.8	8.8
Service revenues	6.2	4.9	9.6	11.8	19.9
Other operating income	0.3	0.2	-0.3	2.7	4.3
EBIT	-12.1	-11.0	-9.7	-6.7	3.2
EBIT margin	-76.5%	-77.9%	-52.7%	-32.5%	11.1%
Net result after tax	-1.2	-10.9	-9.9	-6.6	2.2
Net result per share (SEK)	-0.11	-0.99	-0.90	-0.87	0.29
Deferred revenue (pre-paid), per EOQ	21.5	18.4	21.6	21.0	13.1
Cash flow from operations	-15.8	-6.8	-1.3	4.6	-10.0
Development costs	13.4	11.7	12.4	11.0	7.8

## Annual General Meeting

Modelon will hold its annual general meeting on May 18, 2022. The three largest shareholders in Modelon have formed a nomination committee with the following representation:

- Johan Andreasson, Chairman, representing Modelon Group AB
- Kai Tavakka, representing Accendo Capital SICAV RAIF
- Mikael Bluhme, representing RoosGruppen AB
- Christer Ljungberg, Chairman of the Board, adjunct member

The Board proposes that no dividend is paid, as communicated in the prospectus information.

More information about the AGM is available at [www.modelon.com/investor-relations](http://www.modelon.com/investor-relations)

## Review

This interim report has not been reviewed by the company's auditor.

*This information is information that Modelon AB (publ) is obliged to disclose pursuant to the EU Market Abuse Regulation 596/2014. The information in this interim report has been made public through the agency of the responsible person set out above for publication at the time stated the Company's news distributor MFN at the publication of this press release.*

## Financial Calendar

<b>March 31, 2022</b>	2021 Annual Report
<b>May 17, 2022</b>	Q1 Interim Report
<b>May 18, 2022</b>	Annual General Meeting
<b>August 24, 2022</b>	Q2 Interim Report
<b>November 11, 2022</b>	Q3 Interim Report

## Modelon Overview

### Business and Operations

Modelon offers software products and complementary consulting services in industrial mathematical modelling, simulation, and analysis of complex technical systems, which enables companies to digitize, transform and improve their product development and operations. The company has established itself as a global player with several industry-leading companies as clients, including Carrier, NASA JPL, Toyota, MAN Group and Daimler.

Modelon's flagship product, Modelon Impact, is a cloud-native system simulation software platform featuring a collaborative browser-based interface and thousands of proven models and components spanning a broad range of applications. Modelon's solutions are built on international open standards with a focus on Modelica, an open modeling language for component-oriented modelling of complex systems, and Functional Mock-Up Interface (FMI), a tool-independent standard to support both model exchange and simulation of dynamic models. Modelon Impact is built on and embeds the modeling and simulation technology developed over 15 years and industry proven in our multi-platform software portfolio including the Modelon Library Suite, Modelon Deployment Suite and OEM components.

Modelon is a global company founded in 2004 with approximately 100 employees distributed among ten offices in six countries. The company is headquartered in Lund, Sweden, where senior executives, group administration including finance, HR, and IT, as well as product development functions are centered. There are local offices in Stockholm and Gothenburg. Furthermore, the company has subsidiaries in the USA, Japan, Germany, and India. Modelon has over its history demonstrated consistent growth. In 2020, the company reported net revenue of SEK 112.4 million, corresponding to 10 percent growth in comparison with 2019, with an EBIT of SEK 4.5 million.

### Vision

Modelon's vision is to be a global SaaS leader and empower technology industries world-wide to accelerate their product innovation, development, and operations with Modelon Impact - the cloud native systems modeling and simulation platform.

### Strategy

Modelon's strategy builds on three pillars: People, Product and Reach.

#### People

As a first-choice employer, Modelon attracts, grows, and retains a global team of world-class talent and thought leaders with a passion for solving real-world problems. Modelon nurtures a strong company culture based on our core values: Collaboration, Engagement, Openness, and Innovation.

#### Product

The roadmap for Modelon's flagship product Modelon Impact leads towards a fully SaaS-enabled, seamless, and scalable cloud-platform supporting all major model-based engineering workflows in the digital domain across a range of industries and throughout the full product lifecycle from early concept phases through design, integration, and testing to operations. As pioneers in bringing systems modeling and simulation to the cloud and with a current focus on on-premise and private cloud deployment, the pace towards public cloud and full SaaS is tuned with industry market trends and preferences. A modern and low threshold browser-based user experience with web-app customization enables true democratization of simulation to address a very broad and large user base of engineers and more. Natively built on the Modelica and FMI open standards and with a general philosophy of openness, Modelon Impact enables the formation of strong ecosystems of content, service and platform partners and high impact re-use, sharing, connectivity and integration of data, toolchains, and workflows.

#### Reach

Modelon's market reach is defined by a global commercial team of experienced business developers working with a dedicated customer success team of application engineers and supported by subject matter experts on modeling and simulation in a range of industry applications and domains. The direct sales force is complemented by carefully selected reseller partners to increase the market contact surface and cover all relevant regions. Systematic lead generation, branding and awareness is managed by a team of marketing specialists with a focus on digital channels and content marketing with blogs, webinars, and success stories. The software business is accelerated and boosted by a global solution services expert team to accelerate adoption and scaling of Modelon software by high impact and transformational consulting services to support and ensure success of digital transformation, workflow implementation, customizations, and deployment. The transformation towards a SaaS business tears down barriers for adoption, deployment, and scaling of Modelon Impact to exploit the full potential of the large and growing global addressable market.

## Financial targets

ARR 2020 – 2024 CAGR	~35%
ARR 2024	100 MSEK
Long-term EBIT-margin	>20%
Cash flow 2024	>0 MSEK

