



MODELON AB (publ) – INTERIM REPORT

January 1 – September 30, 2021

November 16, 2021: 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 third quarter and the period January – September 2021.



Q3 Highlights

- ARRcc¹ increased to MSEK 34.1 (28.7), with annual growth of 19% and continued quarter-to-quarter growth of 8%. Modelon Impact ARR grew 13% compared to the previous quarter and was the major contributor to overall ARR growth.
- Net revenue amounted to MSEK 14.1² (24.7), of which software revenues were MSEK 9.2 (8.8).
- EBIT amounted to MSEK -11.0 (1.4).
- Net result amounted to MSEK -10.9 (1.4).
- Earnings per share amounted to SEK -0.99 (0.18) before dilution.
- Financial result for the period reflects the ongoing investment phase for accelerated growth.

January – September

- Net revenue amounted to MSEK 53.1² (83.7), of which software revenues were MSEK 26.8 (27.5).
- EBIT amounted to MSEK -27.4 (1.3).
- Net result amounted to MSEK -27.3 (1.1).
- Earnings per share amounted to SEK -2.48 (0.14) before dilution.
- Financial result for the period reflects the ongoing investment phase for accelerated growth.

Summary Financials

MSEK	Q3, Jul - Sep			YTD, Jan - Sep		
	2021	2020	Change	2021	2020	Change
Annual recurring revenue, ARRcc ¹	34.1	28.7	19%	34.1	28.7	19%
Net revenues	14.1	24.7	-43%	53.1	83.7	-37%
Software revenues	9.2	8.8	4%	26.8	27.5	-2%
Recurring revenue	8.5	7.4	15%	23.7	22.8	4%
Service revenues ²	4.9	15.9	-69%	26.2	56.1	-53%
Other operating income	0.2	0.1		2.6	0.3	
EBIT	-11.0	1.4	-	-27.4	1.3	-
EBIT margin	-77.9%	5.7%		-51.6%	1.5%	
Net result after tax	-10.9	1.4	-	-27.3	1.1	-
Earnings per share (SEK) before dilution	-0.99	0.18		-2.48	0.14	
Cash balance	184.9	62.0	198%	184.9	62.0	198%

¹ Annual recurring revenue at constant currency, see section "Pro-forma KPI's" on page 4 for definition.

² The ramp down of the customer funded co-development activities related to an international customer and transferring corresponding product development costs to self-funding on plan, see page 3 and the CEO comment.

Significant events during the period

- 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 Q3 interim report at 10am CET on November 16, 2021. CEO Magnus Gäfvert and CFO Jonas Eborn will present the Q3 earnings in an audiocast.



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Comments from the CEO

Sustaining ARR growth

Third quarter sequential ARR growth at constant currency rates was 8%, unchanged from the level reported for the second quarter, with our cloud platform Modelon Impact driving the growth. This growth rate for the third quarter, which is typically the weakest of the year due to summer holidays, gives us confidence that we remain on track to meet our financial targets of 35% ARR CAGR and MSEK 100 ARR in 2024.

Lead generation for Modelon Impact remains healthy and balanced across our four core sectors: Automotive, Energy, Aerospace and Industrial Equipment. Americas stands out as the strongest region for new business, and we are adding sales team capacity in the U.S. to meet demand. The high content marketing activity level continues with blogs, webinars and conferences. Leads from these activities are expected to generate new business over the coming two to six quarters, roughly in line with the typical sales cycle in our industry.

Demonstrating Land-and-Expand

We continue to implement our "land-and-expand" sales strategy for Modelon Impact, which was described in the second quarter report. New accounts still dominate the sales mix, but existing accounts are increasing their contributions. One example of the latter is a rapidly growing U.S. renewable energy company that is developing innovative concentrated solar power solutions. During the quarter, the customer added more seats to its Modelon Impact installation, less than six months after the initial purchase, resulting in a 29% ARR upsell-driven growth for this account during the first year. We are also seeing adoption of Modelon Impact among our long-term multi-platform product customers, notably with a large U.S. aerospace company that purchased its first seats of Modelon Impact during the quarter — just one of many active opportunities for migration to Modelon Impact and revenue growth.

Supporting the Clean Energy Transition

At the International Conference on Power Engineering (ICOPE-2021) held October 17-21 on-line, Modelon and Xi'an Thermal Power Research Institute published an article that describes our joint work during the period to model a conventional Chinese power plant owned by China Huaneng Group, which is one of the five largest state-owned electricity companies in China, for the purpose

of adapting its design to an increasing volume of fluctuating renewable energy generation on Chinese power grids. This project is a bridgehead that provides excellent visibility into the dynamic Chinese energy industry with its fast-growing renewable sector.

We are proud that our modeling and simulation solutions are used broadly in the global transition to increased renewable energy production and reduced CO₂ emissions, as exemplified by selected past and recent engagements highlighted below. Our customers are active in a variety of renewable energy segments, including solar, wind, and wave power. An excellent example is our recent ENGIE customer story describing how our tools are being employed for predictive maintenance of solar photovoltaic plants.

The global clean energy transition requires new technologies in national electric power grids to manage the intermittent nature of renewable energy sources. Modelon solutions are uniquely capable of simulating these complex power management systems and have for many years been deployed globally to facilitate innovation, product development, and operations. For example, Modelon has been working with energy industry leaders such as Vattenfall and Siemens to simulate and enable the combination of renewable and conventional power generation in public grids. Alternative and emerging technologies manage variations in renewable energy production by absorbing the variations in energy storage, e.g., chemical, thermal or electro-chemical, where the use of Modelon solutions is demonstrated in the recent customer stories from Malta and MAN Energy.

Additionally, Modelon has been working with energy companies in Europe on Carbon Capture and Storage (CCS) applications to reduce the carbon footprint from conventional power plants — a technology that is gaining renewed interest. For example, a leading European automotive company is using Modelon Impact for related and emerging applications in Direct Air Capture. The global clean energy market segment is a significant long-term opportunity for Modelon, where we offer mature, unique solutions and expertise.

Investing for Growth

The investment pace and EBIT now fully reflect the previously communicated strategic shift from customer co-funded development in which a U.S. enterprise customer contributed significantly to service revenues, to fully self-funded product development with all product development costs expensed. This shift is reflected in the 70% increase in development costs of MSEK 11.7 (6.9) in the quarter compared to Q3 2020. Service revenues from funded development are estimated to decline by approximately MSEK 40 for the full year 2021 compared to 2020. Modelon's self-funded development is advancing product functionality at a robust pace, delivering a steady stream of new platform capabilities that meet customer requirements. We are also scaling up our sales and support teams to manage larger volumes of customers.

We are charging forward into the fourth quarter with growth momentum and pride that our solutions are instrumental in driving the innovation and development of novel, clean technologies that will transform industries and improve society.



Magnus Gäfvert, CEO



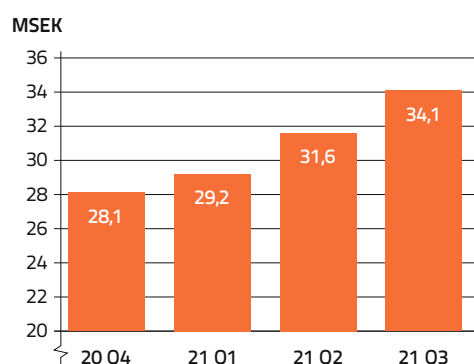
Financial development

Revenues

Annual recurring revenue

The total software annual recurring revenue at constant currency (ARRcc) amounted to MSEK 34.1 (28.7), an increase of 19% compared to Q3 2020 and an increase of 8% compared to MSEK 31.6 in Q2 2021. Modelon Impact is the principal growth driver, and the total software ARRcc includes a quarter-to-quarter growth rate of annual recurring revenues for Modelon Impact of 13% from end of Q2 2021 to end of this reporting period. The total ARR before adjusting for currency effects amounted to MSEK 34.1 (29.6), mainly due to changes in the USD exchange rate since Q3 2020.

ARRcc



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.

Third quarter 2021

Total revenues amounted to MSEK 14.1 (24.7) for the quarter, which is in line with long-term targets but affected by the winding down of customer-funded co-development activities. The weaker USD vs. SEK in the current period compared to Q3 2020 affects net revenues. Software revenues amounted to MSEK 9.2 (8.8), an increase of 4% and total service revenues in the quarter amounted to MSEK 4.9 (15.9).

This period includes the full effect of the previously communicated ramp-down of customer-funded co-development activities with an international customer. Since June 2021, the corresponding product development of Modelon Impact is entirely self-funded. The service revenues from this customer amounted to MSEK 0.2 (10.7) in Q3 2021. Total service revenues from this customer in 2020 amounted to MSEK 53.5, with close to half of these revenues corresponding to co-development activities and otherwise to related consulting services. The total reduction of service revenues during 2021 from this customer is estimated to be approximately MSEK 40, at the higher end of guidance given in the Q1 and Q2 2021 interim reports.

January – September 2021

Total revenues amounted to MSEK 53.1 (83.7), with the revenue decline corresponding to the ramp-down of co-development activities. Software revenues in the period amounted to MSEK 26.8 (27.5). The decrease is primarily due to the weaker USD vs. SEK in the current period compared to 2020. Total service revenues

in the period amounted to MSEK 26.2 (56.1). During the period, the previously communicated ramp-down of customer funded co-development activities with an international 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 (37.7). The total reduction of service revenues during 2021 from this customer is estimated to be approximately MSEK 40, at the higher end of guidance given in the Q1 and Q2 2021 interim reports.

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 third quarter amounted to MSEK 11.7 (6.9) and were MSEK 35.0 (24.1) for the year-to-date period. The 45% 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.

Costs

Third quarter 2021

Other external expenses amounted to MSEK 7.7 (7.4) in the quarter. The external expenses are mainly related to sales activities, consultant fees and premises. Personnel costs increased to MSEK 17.1 (15.2) in the quarter. The increase is related to investments mainly in the sales organization. Depreciation amounted to MSEK 0.2 (0.5) and other operating expenses were MSEK 0.4 (0.4) for the quarter.

January – September 2021

Other external expenses amounted to MSEK 26.7 (28.1) for the period, mainly related to sales activities, consultant fees and premises. Personnel costs amounted to MSEK 53.3 (50.4) for the period. Depreciation amounted to MSEK 0.6 (1.4) and other operating expenses were MSEK 2.5 (2.8) for the period.

Profit and Loss

Third quarter 2021

The financial development in Q3 reflects the planned increased investment pace in product development and commercial expansion using proceeds from financing activities. The EBIT in Q3 amounted to MSEK -11.0 (1.4) and reflects the ramp-down of customer funded co-development that started in Q1 2021 and planned self-funding of software development.

January – September 2021

EBIT for the period amounted to MSEK -27.4 (1.3) and is in line with expectations considering the ramp-down of customer funded co-development that started in Q1 and the investment plan for software development.

Net financial income

Net result from financial items for the quarter amounted to MSEK 0.2 (-0.1). Net result from financial items for January-September amounted to MSEK 0.0 (-0.3).

Net result after tax

Net result after tax in the quarter amounted to MSEK -10.9 (1.4), corresponding to SEK -0.99 per share. Net result after tax for January–September amounted to MSEK -27.3 (1.1), corresponding to SEK -2.48 per share.

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 September 30, Modelon's total available liquidity amounted to MSEK 194.9 (64.0), of which the cash balance amounted to MSEK 184.9 (62.0) and unutilized credit facilities amounted to MSEK 10.0 (2.0). Cash flow from operating activities amounted to MSEK -6.8 (-1.0) for the quarter and MSEK -3.5 (9.4) year to date. The change in working capital amounted to MSEK 5.2 (-1.6) in the quarter and MSEK 25.6 (6.9) year to date. The change is partly related to seasonal effects due to many annual renewals of licenses starting in Q1 and partly due to the decrease in receivables related to the

large co-funded development project completed in Q2. Cash flow from investing activities amounted to MSEK 0.0 (-0.5) during the quarter and MSEK -0.2 (-1.1) year to date. Cash flow from financing activities amounted to MSEK -0.1 (17.2) during the quarter and MSEK 137.7 (20.3) year to date including the MSEK 150 capital raised in the IPO in April 2021.

On August 11, 2021, the US Covid-19 support PPP loan was formally granted loan forgiveness under the program rules by U.S. authorities. The loan had no impact on revenues in this period; it contributed MSEK 3.1 to Q4 2020 revenues.

The share

As of September 30, 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 11,298,471. 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. During the quarter, 70,534 A-shares were converted into B-shares.

MSEK	Q3, Jul - Sep			YTD, Jan - Sep		
	2021	2020	Change	2021	2020	Change
ARRcc, constant currency	34.1	28.7	19%	34.1	28.7	19%
ARR, actual currency	34.1	29.6	15%	34.1	29.6	15%
Development costs	11.7	6.9	70%	35.0	24.1	45%

Definitions

Annual Recurring Revenue (ARR) is defined as the recognized software revenue from the reporting quarter multiplied by four.

Annual Recurring Revenue at constant currency (ARRcc) is the ARR for previous periods 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 September 30, 2021.

Owner	A shares	B shares	Votes	Capital
Modelon Group AB*	802,551	3,202,601	47.1%	36.4%
Accendo Capital	345,270	2,154,730	23.5%	22.7%
RoosGruppen AB	72,843	1,031,371	7.4%	10.0%
Ansys Inc.	129,000	516,000	7.6%	5.9%
Nolsterby Invest AB	0	333,334	1.4%	3.0%
Total top 5	1,349,664	7,238,036	86.9%	78.0%
Other owners	76,554	2,352,217	13.1%	22.0%
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.

Share incentive programs

The table below shows the number of outstanding warrants and stock options in all active share incentive programs per September 30, 2021, together with the corresponding number of B-shares and dilution effect in case all warrants and options are allotted, vested and exercised for acquisition of shares. Modelon has three active share incentive programs for all employees, split into two series in which warrants are offered to Swedish employees, and stock options are offered to employees outside Sweden.

Program	Warrants	Options	Shares	Dilution
2019/2023:1	126,500	0	126,500	1.1%
2019/2023:2	0	90,000	90,000	0.8%
2020/2024:1	14,500	0	14,500	0.1%
2020/2024:2	0	12,500	12,500	0.1%
2021/2025:1	11,500	0	11,500	0.1%
2021/2025:2	0	27,000	27,000	0.2%
Total	152,500	129,500	282,000	2.56%

Related party transactions

During the third quarter, Modelon conducted transactions with related parties under the agreements listed below. All transactions with related parties are deemed to be conducted under market conditions.

Consulting agreement with Novogon AB (Christer Ljungberg)	0 (60) TSEK
Consulting agreement with Mogram AB (Hilding Elmqvist)	0 (55) TSEK

Parent Company

Third quarter 2021

Total revenues of the parent company for Q3 2021 amounted to MSEK 8.9 (20.9) with an EBIT of MSEK -11.0 (1.0). Since the parent company owns all IP rights in Modelon software products, it is also carrying all development costs. Net result from financial items for Q3 amounted to MSEK 0.2 (0.0) and the net result was MSEK -10.7 (1.0).

January – September 2021

Total revenues of the parent company for the period amounted to MSEK 39.3 (69.5) with an EBIT of MSEK -28.9 (0.5). Net result from financial items for the period amounted to MSEK 0.2 (-0.1) and the net result was MSEK -28.7 (0.4).

Risk factors

Modelon operates in a competitive market where competitors are both global and local. Some of Modelon's competitors are companies with significantly more extensive sales and marketing organizations than Modelon. Such companies can expose Modelon to competition because they can sell broad, comprehensive software solutions, higher up in customer organizations, which in the long run have an impact on the customer's entire organization. Read more about company-specific risk factors in our annual report for 2020.

The Coronavirus (COVID-19) pandemic is creating uncertainty in the market. It is difficult to quantify the impact on future business, and Modelon is day-by-day assessing the situation and taking appropriate action as well as planning for different scenarios. Routines are put in place for securing workplace safety and business continuity based on recommendations and directives from authorities.

From the end of the period until publication of this financial report, the pandemic has had a moderate effect on Modelon's business and financial performance. The uncertainty in the market could affect future orders and give rise to cancelled orders. The Board of Directors assesses that going concern assumptions are valid.

Sustainability

Modelon's sustainability work is in two parts: internal activities and initiatives to become more sustainable, and the offerings to customers, which is about Modelon with its deep expertise in digitization based on system modeling and simulation, being able to help its customers in the field of sustainability. Digitalization generally entails a reduction or elimination of transport, travel and resource-intensive prototype construction and related testing, and above all Modelon's solutions are often used to enable and drive innovation and conversion of products to more sustainable technology and solutions. The work revolves around Modelon's most important stakeholders: employees, customers, owners and the community in which the group operates. Read more about sustainability in our annual report for 2020.



Financial statement

Condensed Consolidated Income Statement

MSEK	Q3, Jul - Sept		YTD, Jan - Sept	
	2021	2020	2021	2020
Net revenue	14.1	24.7	53.1	83.7
Other operating income	0.2	0.1	2.6	0.3
Total revenue	14.3	24.8	55.7	84.0
Operating expenses				
License costs	0.0	0.0	0.0	0.0
Other external expenses	-7.7	-7.4	-26.7	-28.1
Personnel costs	-17.0	-15.2	-53.3	-50.4
Depreciation and amortization	-0.2	-0.5	-0.6	-1.4
Other operating expenses	-0.4	-0.4	-2.5	-2.8
Total operating expenses	-25.2	-23.4	-83.1	-82.7
Operating result	-11.0	1.4	-27.4	1.3
Financial items				
Other interest income and similar items	0.1	0.0	0.1	0.0
Interest expenses and similar items	0.1	-0.1	-0.1	-0.3
Net result from financial items	0.2	-0.1	0.0	-0.3
Profit/loss before tax	-10.8	1.3	-27.4	0.9
Tax	-0.1	0.0	0.0	0.1
Net profit/loss	-10.9	1.4	-27.3	1.1

Condensed Consolidated Balance Sheet

MSEK	2021-09-30	2020-09-30	2020-12-31
Fixed assets			
Patents, licenses, trademarks and similar	0.5	0.7	0.7
Equipment, tools and installations	1.3	2.0	1.6
Deferred tax assets	5.1	4.9	5.1
Total fixed assets	7.0	7.6	7.3
Current assets			
Accounts receivable	7.6	19.5	29.4
Other receivables	10.2	7.9	11.3
Cash and bank	184.9	62.0	50.3
Total current assets	202.7	89.3	91.0
TOTAL ASSETS	209.6	96.9	98.3

Balance Sheet, continued.	2021-09-30	2020-09-30	2020-12-31
MSEK			
Shareholders' equity			
Share capital	0.9	0.6	0.6
Other equity incl. net profit/loss	173.1	61.1	62.3
Total shareholders' equity	174.0	61.7	62.9
Liabilities			
Deferred tax liability	0.0	0.0	0.0
Long-term liabilities to parent company	0.0	0.0	0.0
Accounts payable	2.0	3.0	4.8
Deferred revenue, prepaid licenses	18.4	11.4	13.1
Other liabilities	15.3	20.9	17.6
Total liabilities	35.6	35.2	35.4
TOTAL EQUITY AND LIABILITIES	209.6	96.9	98.3

Condensed Consolidated Cash Flow Statement

MSEK	Q3, Jul - Sept		YTD, Jan - Sept	
	2021	2020	2021	2020
Operating income	-11.0	1.4	-27.4	1.3
Adjustment for non-cash items	0.2	-0.6	-0.7	2.2
Interests and paid taxes	-1.2	-0.2	-1.0	-1.0
Change in working cap. receivables	12.4	1.8	25.4	10.6
Change in working cap. liabilities	-7.2	-3.4	0.2	-3.7
Cash flow from operating activities	-6.8	-1.0	-3.5	9.4
Cash flow from investing activities	0.0	-0.5	-0.2	-1.1
New share issue	0.0	27.8	150.0	27.8
Transaction costs, new share issue	-0.1	-1.5	-12.2	-1.5
New borrowings/amortization	0.0	-9.1	0.0	-6.0
Cash flow from financing activities	-0.1	17.2	137.7	20.3
Net increase/decrease in cash and equiv.	-6.9	15.7	134.1	28.6
Cash and liquid assets at start of period	191.4	46.1	50.3	33.3
Exchange rate differences	0.4	0.2	0.5	0.0
Cash and liquid assets at end of period	184.9	62.0	184.9	62.0

Condensed Consolidated Changes in Equity

MSEK	Share capital	Other contr. of equity	Other equity incl. profit	Total equity
As of January 1, 2020	0.6	36.7	-2.7	34.6
Exchange differences			-0.2	-0.2
Net profit for the period			1.1	1.1
Transactions with owners:				
New share issue	0.1	27.7		27.8
Transaction costs		-1.5		-1.5
As of September 30, 2020	0.6	62.9	-1.9	61.7
Exchange differences			-0.7	-0.7
Net profit for the period			2.2	2.2
Transactions with owners:				
Transaction costs		-0.3		-0.3
Issued warrants		0.0		0.0
Share-based payments			0.0	0.0
As of January 1, 2021	0.6	62.6	-0.3	62.9
Exchange differences			0.7	0.7
Net loss for the period			-27.3	-27.3
Transactions with owners:				
New share issue	0.3	149.7		150.0
Transaction costs		-12.2		-12.2
Repurchased warrants		0.0		0.0
As of September 30, 2021	0.9	200.0	-27.0	174.0

Condensed Income Statement, Parent company

MSEK	Q3, Jul-Sept		YTD, Jan - Sept	
	2021	2020	2021	2020
Net revenue	8.7	22.7	36.8	69.5
Other operating income	0.2	-1.9	2.6	0.0
Total revenue	8.9	20.9	39.3	69.5
Operating expenses				
License costs	0.0	0.0	0.0	0.0
Other external expenses	-9.3	-10.3	-31.9	-35.4
Personnel costs	-10.3	-8.6	-33.7	-29.6
Depreciation and amortization	-0.1	-0.4	-0.5	-1.2
Other operating expenses	-0.2	-0.5	-2.2	-2.8
Total operating expenses	-19.9	-19.9	-68.2	-69.0
Operating result	-11.0	1.0	-28.9	0.5
Financial items				
Other interest income and similar items	0.2	0.1	0.3	0.2
Interest expenses and similar items	0.1	-0.1	-0.1	-0.4
Net result from financial items	0.2	0.0	0.2	-0.1
Profit/loss before tax	-10.7	1.0	-28.7	0.4
Tax	0.0	0.0	0.0	0.0
Net profit/loss	-10.7	1.0	-28.7	0.4

Condensed Balance Sheet, Parent company

	2021-09-30	2020-09-30	2020-12-31
MSEK			
Fixed assets			
Patents, licenses, trademarks and similar	0.5	0.7	0.7
Equipment, tools and installations	0.6	1.3	0.8
Long-term receivables from group comp.	5.2	5.7	5.3
Deferred tax assets	6.1	5.8	6.1
Total fixed assets	12.4	13.5	12.9
Current assets			
Accounts receivable	2.2	14.1	20.5
Receivables from group companies	0.0	0.6	0.4
Other receivables	6.8	5.6	7.2
Cash and bank	170.4	48.4	37.9
Total current assets	179.4	68.8	66.0
TOTAL ASSETS	191.8	82.2	78.9
Shareholders' equity	165.1	55.7	56.0
Liabilities			
Long-term liabilities to group companies	0.0	0.1	0.1
Accounts payable	2.1	2.9	4.7
Short-term liabilities to group companies	6.2	4.6	4.3
Other liabilities	18.4	19.0	13.8
Total liabilities	26.7	26.6	22.9
TOTAL EQUITY AND LIABILITIES	191.8	82.2	78.9

Condensed Cash Flow Statement, Parent company

MSEK	Q3, Jul - Sept		YTD, Jan - Sept	
	2021	2020	2021	2020
Cash flow from operating activities	-7.5	-0.8	-5.3	6.1
Cash flow from investing activities	0.0	-0.1	0.0	-0.5
Cash flow from financing activities	-0.1	17.3	137.7	17.3
Net increase/decrease in cash and equiv.	-7.6	16.4	132.4	22.9
Cash and liquid assets at start of period	177.9	31.6	37.9	25.4
Exchange rate differences	0.1	0.4	0.1	0.2
Cash and liquid assets at end of period	170.4	48.4	170.4	48.4

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 is now showing Deferred revenue separately, unlike previous interim reports where it's included in Other liabilities. Also, the consolidated cash flow statement shows Changes in working capital on two rows, with receivables and liabilities separately, unlike previous interim reports where 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 2021 to 2020, approximately 5 MUSD, corresponding to 44 MSEK per the USD rate at the end of the period. A ± 5 percent change in the USD/SEK exchange rate would impact the net result by approximately ± 2 MSEK over the fiscal year.

Quarterly development

MSEK	2021 Q3	2021 Q2	2021 Q1	2020 Q4
Annual recurring revenue, const. curr.	34.1	31.6	29.2	28.1
Net revenues	14.1	18.4	20.6	28.8
Software revenues	9.2	8.8	8.8	8.8
Service revenues	4.9	9.6	11.8	19.9
EBIT	-11.0	-9.7	-6.7	3.2
EBIT margin	-77.9%	-52.7%	-32.5%	11.1%
Net result after tax	-10.9	-9.9	-6.6	2.2
Net result per share (SEK)	-0.99	-0.90	-0.87	0.29
Deferred revenue (pre-paid), per EOQ	18.4	21.6	21.0	13.1
Cash flow from operations	-6.8	-1.3	4.6	-10.0

Annual General Meeting

Modelon will hold its annual general meeting in Lund 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

More information about the AGM is available at www.modelon.com/investor-relations.

Financial Calendar

March 4, 2022	Q4 and Year-End Report
March 31, 2022	2021 Annual Report
May 17, 2022	Q1 Interim Report

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.

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%
Cashflow 2024	>0 MSEK

Learn more about Modelon Impact on our blog or follow us on LinkedIn:

www.linkedin.com/company/modelon

TORQUE VECTORING DESIGN FOR ELECTRIC VEHICLES

OCTOBER 28, 2021

This blog post covers the challenge and solution to creating and analyzing a torque vectoring system in electric vehicles. **Modelon Impact**, coupled with our proprietary and native industry-leading **Vehicle Dynamics Library** and **Electrification Library**, allows users to seamlessly drag-and-drop pre-built templates while having the flexibility to customize and analyze individual components and sub-systems.

<https://www.modelon.com/news-blog/>



FUEL TANK INERTING SYSTEMS: DESIGNING AND VALIDATING AN ADVANCED AIRCRAFT FUEL SYSTEM FOR SAFETY

SEPTEMBER 7, 2021

This blog focuses on designing and simulating an aircraft fuel tank inerting system model – allowing engineers to reduce the risk of combustion and flammability. This is enabled by **Modelon's Fuel System Library**, available in **Modelon Impact**. This blog will be followed up with the multi-level tank modeling capabilities in Modelon Impact.

<https://www.modelon.com/news-blog/>



About Modelon

Modelon provides software solutions and expert services to organizations that use model-based simulation tools to innovate, design and operate technical systems. Our customers are global technology and engineering companies in automotive, aerospace, energy, and industrial equipment industries. Modelon has approximately 100 employees with headquarters in Lund, Sweden, and offices in Sweden, USA, Germany, Japan, India, and Czech Republic.

Welcome to our blog on www.modelon.com/news-blog and to follow us on LinkedIn: www.linkedin.com/company/modelon



YOUR EXPERT PARTNER IN SYSTEMS MODELING AND SIMULATION

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