



MODELON AB (publ) – INTERIM REPORT

January 1 – June 30, 2021

August 20, 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 second quarter and the period January – June 2021.



Q2 Highlights

- ARRcc¹ increased to 31,6 MSEK, with quarter-to-quarter growth of 8%. Modelon Impact ARR grew 29% compared to the previous quarter and was the major contributor to overall ARR growth.
- Net revenue amounted to 18,4 (30,3²) MSEK, of which software revenues were 8,8 (8,7) MSEK.
- EBIT amounted to -9,7 (1,5) MSEK.
- Net result amounted to -9,9 (0,6) MSEK.
- Earnings per share amounted to -0,90 (0,08) SEK before dilution, and -0,88 SEK after dilution.
- Financial result for the period reflects the ongoing investment phase for accelerated growth.

January – June in Summary

- Net revenue amounted to 39,0 (58,9²) MSEK, of which software revenues were 17,6 (18,6) MSEK.
- EBIT amounted to -16,4 (-0,1) MSEK.
- Net result amounted to -16,5 (-0,3) MSEK.
- Earnings per share amounted to -1,50 (-0,04) SEK before dilution and -1,46 SEK after dilution.
- Financial result for the period reflects the ongoing investment phase for accelerated growth.

Summary Financials

MSEK	Q2, Apr - Jun			YTD, Jan - Jun		
	2021	2020	Change	2021	2020	Change
Annual recurring revenue, ARRcc ¹	31,6	28,3	12%	31,6	28,3	12%
Revenues	18,2	29,9	-39%	41,4	59,2	-30%
Software revenues	8,8	8,7	1%	17,6	18,6	-5%
Recurring revenue	7,9	7,7	2%	15,2	15,4	-1%
Service revenues	9,6	21,6	-56%	21,4	40,3	-47%
Other operating income	-0,3	-0,4		2,4	0,2	
EBIT	-9,7	1,5	-	-16,4	-0,1	-
EBIT margin	-53,5%	4,9%		-39,6%	-0,2%	
Net result after tax	-9,9	0,6	-	-16,5	-0,3	-
Earnings per share (SEK) before dilution	-0,90	0,08		-1,50	-0,04	
Cash balance	191,4	46,1	315%	191,4	46,1	315%

¹ Annual recurring revenue at constant currency, see section "Pro-forma KPIs" 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 quarter

- IPO on Nasdaq First North Growth Market was substantially oversubscribed. Modelon class B were listed on April 28 with ticker symbol MODEL B. In the IPO 3 409 090 new shares were issued, which raised 150 MSEK gross proceeds to the company before costs related to the transaction.
- AGM on May 31 resolved to appoint Mark H. Shay from Accendo Capital and, Magnus Thell, independent, as new board members.

Significant events after the period

- No significant events.

Investor presentation

Modelon will hold a presentation of the Q2 interim report at 10am CET on August 20, 2021. CEO Magnus Gäfvert and CFO Jonas Eborn will present the Q2 earnings in an audiocast.

 [Link to audiocast](#)

Modelon AB (publ)

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Comments from the CEO

ARR growth on track

The second quarter shows continued high activity in our software business with quarter-to-quarter growth in Annual Recurring Revenues (ARR) of 8% at constant currency, with our cloud platform Modelon Impact contributing with 29% quarter-to-quarter growth. Modelon Impact is rapidly growing its share of the total ARR, albeit from low levels, as the platform was first released to the market in July 2020. With this growth we are on track to reach our target 35% ARR CAGR and 100 MSEK ARR in 2024.

Lead generation for Modelon Impact is healthy with a good spread over regions and sectors, building a solid pipeline for continued growth in the coming quarters. The high content marketing activity level to generate leads and awareness continues with blogs, webinars and conferences. Leads from these activities are expected to generate new business in 2-6 quarters, as the sales cycle from a qualified lead in our industry is in the 6-18 months timeframe.

In this early phase of our land-and-expand sales strategy for Modelon Impact, growth is driven by winning new accounts to position us for future follow-on sales. These initial transactions are typically moderate in size (<0,5 MSEK) with a handful of users, while the growth potential on each account is often a factor ten times or more. As the installed customer base evolves, the contributions from new accounts and follow-on sales are expected to be similar in size. Synergies between our software sales and our solution services business create a unique differentiator: our teams of subject matter experts support the onboarding and ramp-up of our new platform customers, while helping existing customers to expand the use of our solutions.

During the period this strategy is illustrated by a new European enterprise customer onboarding with three Modelon Impact seat licenses for connected clean energy applications, and with an estimated long-term growth potential on the order of 100x as this customer is a global leader in sustainable transportation and energy. In a related application domain of microgrids, another European customer that we onboarded in 2020 has during the quarter started to purchase additional seat licenses.



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

Magnus Gäfvert, CEO

Strong activity in Clean Energy and increased activity in Automotive

The high activity level in the clean energy sector reported in the first quarter continues and we are again proud to present an exciting success story with Modelon Impact from a leading global customer. ENGIE, headquartered in France, is a €56bn revenue multi-national utility company specialized in low-carbon energy and with a growing solar capacity. Using Modelon Impact, a complete and accurate digital twin of an ENGIE solar power plant was deployed to improve operational efficiency and saving time and money. We are pleased to see Modelon Impact being deployed with such success in digital twin applications, which is an emerging application area with significant potential.

In the period we also saw increased activity in the automotive sector, with new customers for Modelon Impact in segments covering EV, trucks, motorsport and tier-1 suppliers, including migrations from our multi-platform solutions. From this industry we are also proud to present a customer story from the global automotive OEM leader SUBARU, who are successfully deploying Modelon solutions in the development of electrified drivetrain systems, leading to improved efficiency.

Modelon's journey to the cloud – Modelon Impact release 2021.2

The 2021.2 release of Modelon Impact was announced on June 21 and includes new features and improvements such as 3D animation support, improved multi-simulation capabilities, improved code editor, FMU import, and many other enhancements. The model libraries are updated with significant new features exemplified by CO2 separation, microgrid controls and realistic storage for energy applications, modular electric powertrains and updated tire models for automotive applications, and digital twin examples and improved fuel system models for aerospace applications. Several of these improvements are driving immediate sales.

Modelon Impact development focus

In the second quarter the strategic shift from customer-funded to self-funded development of Modelon Impact using IPO proceeds was completed, allowing full focus on our market-driven roadmap and our ARR growth target. As discussed in previous reports and in the IPO prospectus, this planned strategic change is expected to temporarily put pressure on our service revenue and EBIT.

In transition

Modelon is in the midst of an exciting and accelerating transition of our business from service dominated to recurring software centric. We introduced our subscription-based cloud platform Modelon Impact to the market in July 2020 and are now seeing the software revenue growth picking up as planned. Modelon Impact is our strategic growth engine for the years to come and while we plan for the multi-platform portfolio business to remain for the foreseeable future, we also expect a significant portion of our existing customer base to migrate to the new platform over the next years. At the same time, we are accelerating our investment pace in commercial and product development activities to aggressively capture the exceptional market opportunity with a pioneering cloud-based simulation platform, which drives cost. We are also shifting the source of our growth financing as the customer co-development project 2018-2021 recognized as service revenue is being phased out and replaced by self-funding, resulting in decreasing service revenues in 2021 vs 2020. Altogether, we are taking firm steps to realize our growth strategy.

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Talent and teamwork

In the period we stepped up our recruitment activities significantly to secure the world class talent needed for our focused business growth. The career pages on our websites lists multiple exciting positions around the world in our commercial and product development teams. As a related effort we are also increasing our activities with graduate students and interns from top universities to build a long-term talent pipeline. In June, all of Modelon gathered

for our annual summer event – this time virtually. Our global teams connected for alignment, team building, collaborative working sessions, and leadership training.

We enter the second half of the year fueled with energy and confidence. Our transformation towards cloud and SaaS is in full swing. Our growth journey is on track.

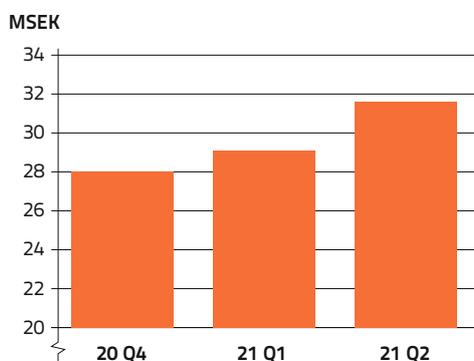
Financial development

Revenues

Annual recurring revenue

The total software annual recurring revenue at constant currency (ARRcc) of 31,6 (28,3) MSEK increased 12% compared to Q2 2020, and increased 8% compared to 29,2 MSEK in 2021 Q1. The comparison numbers are compensated for currency effects that amount to MSEK -2.6 MSEK for Q2 2020 and -0,1 MSEK for Q1 2021, mainly due to USD fluctuations. The total software ARRcc includes a quarter-to-quarter growth rate of annual recurring revenues for Modelon Impact of 29% from end of Q1 2021 to end of this reporting period, which means that Modelon Impact revenue forms a rapidly increasing share of total software ARR. The Modelon Impact ARR growth rate is calculated from annual contract values at the end of each period.

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.

Second quarter 2021

Software revenues in the quarter amounted to 8,8 (8,7) MSEK. The flat development is mainly due to the weaker USD vs. SEK in the current period compared to second quarter in 2020, which also has an effect on net revenues. Net revenues in the quarter amounted to 18,2 (29,9) MSEK which is in line with plan although affected by completing the ramp down of customer funded co-development

activities. Total service revenues in the quarter amounted to 9,6 (21,6) MSEK. In 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 amounted to 3,7 (15,0) MSEK in Q2 which is a 75% ramp-down compared to Q2 2020, with close to half of these revenues corresponding to co-development activities and otherwise to related consulting services. Total service revenues from this customer in 2020 amounted to 53,5 MSEK. As stated in the Q1 interim report, the total reduction of service revenues during 2021 from this customer is estimated in the range 30 – 40 MSEK.

January – June 2021

Software revenues in the period amounted to 17,6 (18,6) MSEK. The decrease is partly due to the weaker USD vs. SEK in the current period compared to the comparable period in 2020. Net revenues in the period amounted to 41,4 (59,2) MSEK, the revenue decline corresponds to the ramp down of co-development activities. Total service revenues in the period amounted to 21,4 (40,3) MSEK. In 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 in the period amounted to 10,2 (27,0) MSEK which is a 62% decline compared to 2020.

Profit and Loss

Second quarter 2021

The financial development in Q2 reflects the entering into a phase of increased investment pace in product development and commercial expansion using proceeds from financing activities. The EBIT in Q2 amounted to -9,7 (1,5) MSEK and is in line with expectations considering the ramp-down of customer funded co-development that started in Q1.

January – June 2021

The financial development in the period reflects the entering into a phase of increased investment pace in product development and commercial expansion using proceeds from financing activities. The EBIT for the period amounted to -16,4 (-0,1) MSEK and is in line with expectations considering the ramp-down of customer funded co-development that started in Q1.

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. To fully align the company's financial reporting with its accounting practices, adjusted EBIT, reflecting pro forma capitalized development costs, will no longer be reported.

Development costs in Q2 amounted to 12,4 (8,7) MSEK and were 23,4 (17,2) MSEK for the year-to-date period. The 42% increase in development costs during Q2 is primarily due to the shift from customer-funded to self-funded product development and is in line with the company's strategy.

Pro-forma KPIs

Modelon presents selected financial KPIs 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.

MSEK	Q2, Apr - Jun			YTD, Jan - Jun		
	2021	2020	Change	2021	2020	Change
ARRcc, constant currency	31,6	28,3	12%	31,6	28,3	12%
ARR, actual currency	31,6	30,9	2%	31,6	30,9	2%
Development costs	12,4	8,7	42%	23,4	17,2	35%

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.

Net financial income

Net result from financial items for the quarter amounted to -0,2 (-0,8) MSEK. Net result from financial items for Jan-Jun amounted to -0,2 (-0,3) MSEK.

Net result after tax

Net result after tax in the quarter amounted to -9,9 (0,6) MSEK, corresponding to -0,90 SEK per share. Net result after tax for Jan-Jun amounted to -16,5 (-0,3) MSEK, corresponding to -1,50 SEK per share.

Financing and cash flow

As of June 30, Modelon's total available liquidity amounted to 201,4 (48,1) MSEK out of which the cash balance amounted to 191,4 (46,1) MSEK and unutilized credit facilities amounted to 10,0 (2,0) MSEK. Cash flow from operating activities amounted to -1,3 (7,8) MSEK for the quarter and 3,3 (10,4) MSEK year to date. Positive cash flow in the period January – June is partly a seasonal effect due to many annual renewals of licenses starting in Q1 and customer payments received in the first half of the year. This effect is not visible in the revenues since software revenue is deferred and accrued over the license period, total deferred license revenue at the end of the period is shown in the quarterly development table on page 10.

The cash flow from investing activities amounted to -0,1 (-0,1) MSEK in the quarter and -0,1 (-0,6) MSEK year to date, and cash flow from financing activities amounted to 137,8 (3,1) MSEK in the quarter and 137,8 (3,1) MSEK year to date including the 150 MSEK capital raised in the IPO in April 2021.

On August 11, 2021, the US Covid-19 support PPP loan included with the amount 3,1 MSEK in Q4 2020 was formally granted loan forgiveness under the program rules by US authorities.

The share

As of June 30, 2021, the total number of shares in Modelon was 11 016 471 (6 922 381) of which 1 496 752 A shares and 9 519 719 B shares. Total number of shares after full dilution is 11 272 971. The number of shares increased by 3 409 090 during the period. The company's registered share capital is 922 653 SEK.

The split of Modelon shares into series A and B was decided at EGM on February 26, 2021. 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 to B shares by request of the holder.

Largest shareholders

The table below shows the major shareholders in the company per June 30, 2021.

Owner	A shares	B shares	Votes	Capital
Modelon Group AB*	802 551	3 202 601	45,9%	36,4%
Accendo Capital	345 270	2 154 730	22,9%	22,7%
Roosgruppen	72 843	1 031 371	7,2%	10,0%
Ansys Inc.	129 000	516 000	7,4%	5,9%
Nolsterby Invest AB	66 667	266 667	3,8%	3,0%
Total 5	1 416 331	7 171 369	87,1%	78,0%
Other owners	80 421	2 348 350	12,9%	22,0%
Total number of shares	1 496 752	9 519 719		2021-06-30

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

Related party transactions

During the second quarter Modelon made transactions with related parties under the agreements listed below. All transactions with related parties are deemed to be done at market conditions.

Consulting agreement with Novogon AB (Christer Ljungberg)
60 (60) TSEK

Consulting agreement with Mogram AB (Hilding Elmquist)
0 (495) TSEK

Parent Company

Second quarter 2021

Net revenues of the parent company for Q2 amounted to 12,5 (23,8) MSEK with an EBIT of -11,2 (0,2) MSEK. 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 Q2 amounted to -0,1 (-0,7) MSEK and the net result was -11,3 (-0,5) MSEK.

January – June 2021

Net revenues of the parent company for the period amounted to 28,1 (46,8) MSEK with an EBIT of -17,9 (-0,4) MSEK. Net result from financial items for the period amounted to 0,0 (-0,1) MSEK and the net result was -17,9 (-0,5) MSEK.

Risk factors

Modelon operates in a competitive market where competitors are both global and local players. 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 have the ability to 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 the 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 present.

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

Consolidated Income Statement MSEK	Q2, Apr - Jun		YTD, Jan - Jun	
	2021	2020	2021	2020
Net revenue	18,4	30,3	39,0	58,9
Other operating income	-0,3	-0,4	2,4	0,2
Total revenue	18,2	29,9	41,4	59,2
Operating expenses				
License costs	0,0	0,0	0,0	0,0
Other external expenses	-8,9	-9,6	-19,0	-20,8
Personnel costs	-18,5	-16,6	-36,3	-35,3
Depreciation and amortization	-0,2	-0,5	-0,4	-0,9
Other operating expenses	-0,2	-1,7	-2,1	-2,4
Total operating expenses	-27,9	-28,5	-57,8	-59,3
Operating result	-9,7	1,5	-16,4	-0,1
Financial items				
Other interest income and similar items	-0,1	-0,7	0,0	0,0
Interest expenses and similar items	-0,1	-0,1	-0,2	-0,3
Net result from financial items	-0,2	-0,8	-0,2	-0,3
Profit/loss before tax	-9,9	0,6	-16,6	-0,4
Tax	0,0	0,0	0,1	0,1
Net profit/loss	-9,9	0,6	-16,5	-0,3

Consolidated Balance Sheet MSEK	2021-06-30	2020-06-30	2020-12-31
Fixed assets			
Patents, licenses, trademarks and similar	0,6	0,8	0,7
Equipment, tools and installations	1,4	1,9	1,6
Deferred tax assets	5,2	4,9	5,1
Total fixed assets	7,2	7,6	7,3
Current assets			
Accounts receivable	16,8	21,3	29,4
Other receivables	12,1	7,9	11,3
Cash and bank	191,4	46,1	50,3
Total current assets	220,3	75,3	91,0
TOTAL ASSETS	227,5	82,9	98,3

Consolidated Balance Sheet, cont.	2021-06-30	2020-06-30	2020-12-31
MSEK			
Shareholders' equity			
Share capital	0,9	0,6	0,6
Other equity incl. net profit/loss	183,8	33,6	62,3
Total shareholders' equity	184,7	34,2	62,9
Liabilities			
Deferred tax liability	0,0	0,0	0,0
Long-term liabilities to parent company	0,0	9,0	0,0
Accounts payable	3,3	2,5	4,8
Other liabilities*	39,6	37,2	30,6
Total liabilities	42,8	48,7	35,4
TOTAL EQUITY AND LIABILITIES	227,5	82,9	98,3

*including deferred revenues, shown in quarterly development table on p. 10.

Consolidated Cash Flow Statement MSEK	Q2, Apr - Jun		YTD, Jan - Jun	
	2021	2020	2021	2020
Operating income	-9,7	1,5	-16,4	-0,1
Adjustment for non-cash items	0,8	3,1	-0,9	2,8
Interests and paid taxes	-0,3	-0,1	0,2	-0,8
Changes in working capital	8,0	3,4	20,4	8,5
Cash flow from operating activities	-1,3	7,8	3,3	10,4
Cash flow from investing activities	-0,1	-0,1	-0,1	-0,6
New share issue	150,0	0,0	150,0	0,0
Transaction costs, new share issue	-12,2	0,0	-12,2	0,0
New borrowings/amortization	0,0	3,1	0,0	3,1
Cash flow from financing activities	137,8	3,1	137,8	3,1
Net increase/decrease in cash and equiv.	136,5	10,9	141,0	12,9
Cash and liquid assets at start of period	55,3	36,1	50,3	33,3
Exchange rate differences	-0,3	-0,9	0,2	-0,2
Cash and liquid assets at end of period	191,4	46,1	191,4	46,1

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			-0,1	-0,1
Net loss for the period			-0,3	-0,3
As of June 30, 2020	0,6	36,7	-3,1	34,2
Exchange differences			-0,9	-0,9
Net profit for the period			3,6	3,6
Transactions with owners:				
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
As of January 1, 2021	0,6	62,6	-0,3	62,9
Exchange differences			0,4	0,4
Net loss for the period			-16,5	-16,5
Transactions with owners:				
New share issue	0,3	149,7		150,0
Transaction costs		-12,2		-12,2
Issued warrants		0,0		0,0
Share-based payments			0,0	0,0
As of June 30, 2021	0,9	200,1	-16,4	184,7

Condensed Income Statement, Parent company MSEK	Q2, Apr - Jun		YTD, Jan - Jun	
	2021	2020	2021	2020
Net revenue	12,5	23,8	28,1	58,9
Other operating income	-0,3	1,1	2,4	0,2
Total revenue	12,2	24,9	30,5	59,2
Operating expenses				
License costs	0,0	0,0	0,0	0,0
Other external expenses	-14,2	-12,6	-22,6	-20,8
Personnel costs	-12,0	-9,4	-23,4	-35,3
Depreciation and amortization	-0,2	-0,4	-0,3	-0,9
Other operating expenses	2,9	-2,3	-2,0	-2,4
Total operating expenses	-23,4	-24,8	-48,3	-59,3
Operating result	-11,2	0,2	-17,9	-0,1
Financial items				
Other interest income and similar items	0,0	-0,5	0,1	0,0
Interest expenses and similar items	-0,1	-0,1	-0,2	-0,3
Net result from financial items	-0,1	-0,7	0,0	-0,3
Profit/loss before tax	-11,3	-0,5	-17,9	-0,4
Tax	0,0	0,0	0,0	0,1
Net profit/loss	-11,3	-0,5	-17,9	-0,3

Condensed Balance Sheet, Parent company	2021-06-30	2020-06-30	2020-12-31
MSEK			
Fixed assets			
Patents, licenses, trademarks and similar	0,6	0,8	0,7
Equipment, tools and installations	0,7	1,5	0,8
Long-term receivables from group comp.	5,1	5,8	5,3
Deferred tax assets	6,1	5,8	6,1
Total fixed assets	12,5	14,0	12,9
Current assets			
Accounts receivable	5,8	17,2	20,5
Receivables from group companies	1,8	0,1	0,4
Other receivables	7,0	6,0	7,2
Cash and bank	177,9	31,6	37,9
Total current assets	192,6	54,9	66,0
TOTAL ASSETS	205,0	68,9	78,9
Shareholders' equity	175,9	28,4	56,0
Liabilities			
Long-term liabilities to group companies	0,0	9,1	0,1
Accounts payable	3,2	2,4	4,7
Short-term liabilities to group companies	5,9	7,2	4,3
Other liabilities	20,0	21,8	13,8
Total liabilities	29,1	40,5	22,9
TOTAL EQUITY AND LIABILITIES	205,0	68,9	78,9

Condensed Cash Flow Statement, Parent company	Q2, Apr - Jun		YTD, Jan - Jun	
MSEK	2021	2020	2021	2020
Cash flow from operating activities	-2,5	6,5	2,3	6,9
Cash flow from investing activities	0,0	-0,1	0,0	-0,5
Cash flow from financing activities	137,8	0,0	137,8	0,0
Net increase/decrease in cash and equiv.	135,3	6,3	140,0	6,4
Cash and liquid assets at start of period	42,7	25,6	37,9	25,4
Exchange rate differences	-0,1	-0,3	0,1	-0,2
Cash and liquid assets at end of period	177,9	31,6	177,9	31,6

Changes in Equity, Parent company MSEK	Share capital	Other contr. of equity	Other equity incl. profit	Total equity
As of January 1, 2020	0,6	36,6	-8,2	29,0
Net profit for the period			2,0	2,0
As of June 30, 2020	0,6	36,6	-6,2	30,9
Net profit for the period			-0,9	-0,9
Transactions with owners:				
New share issue	0,1	27,7		27,8
Transaction costs		-1,9		-1,9
Issued warrants			0,0	0,0
As of January 1, 2021	0,6	62,5	-7,1	56,0
Net loss for the period			-17,9	-17,9
Transactions with owners:				
New share issue	0,3	149,7		150,0
Transaction costs		-12,2		-12,2
Issued warrants				0,0
As of June 30, 2021	0,9	200,0	-25,0	175,9

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. There has been no change 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, period 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 41 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 Q2	2021 Q1	2020 Q4
Annual recurring revenue, const. curr.	31,6	29,2	28,1
Net revenues	18,4	20,6	28,8
Software revenues	8,8	8,8	8,8
Service revenues	9,9	12,1	17,5
EBIT	-9,7	-6,7	3,2
EBIT margin	-52,7%	-32,5%	11,1%
Net result after tax	-9,9	0,6	2,2
Net result per share (SEK)	-0,90	0,08	0,29
Deferred revenue (end of period)	21,6	21,0	13,1
Cash flow from operations	-1,3	4,6	-10,0

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

August 20, 2021	Q2 Interim Report
November 19, 2021	Q3 Interim Report
March 4, 2022	Q4 and Year-End 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 dominating 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 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 full 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

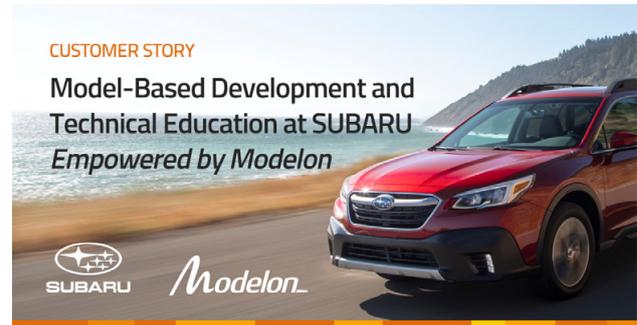
Customer testimonials

Customer Story:

Subaru Implements Model-Based Development Methodology

July 28, 2021

In a new customer interview, subaru's electrified drivetrain development team shares how they have successfully implemented model-based development methodologies, with help from modelon's modelica-based technology and technical services team. <https://www.modelon.com/news-blog/>



Customer Case Study:

Engie Collaborates With Modelon To Build Solar Pv Plant Digital Twin For Predictive Maintenance

JULY 21, 2021

Multi-national utility company, ENGIE collaborated successfully with Modelon to build a digital twin for predictive maintenance on a solar power plant. Learn how the ENGIE team was able to successfully determine the precise location of several broken fuses and schedule maintenance accordingly. <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 around 100 employees with headquarters in Lund, Sweden, and offices in Sweden, USA, Germany, Japan, India, and Czech Republic.

Welcome to follow us on LinkedIn:

www.linkedin.com/company/modelon



YOUR EXPERT PARTNER IN SYSTEMS MODELING AND SIMULATION

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