

May 16, 2023: 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 period January – March 2023.

## Q1 Highlights

- ARR increased to MSEK 47.2 (41.4), an annual growth of 14%.
- Cash flow amounted to MSEK -1.9 (-11.9), an improvement of MSEK 10 due to multi-year pre-paid software transactions.
- Net revenue amounted to MSEK 18.0 (17.8), of which software revenues were MSEK 12.0 (11.6)
- EBIT amounted to MSEK -18.3 (-12.7 Q1 2022), (-18.5 in Q4 2022) including development costs of MSEK 15.6 (13.5)<sup>1</sup> and one-time personnel costs of MSEK 1.9.
- Net result amounted to MSEK -18.1 (-12.8).
- Earnings per share amounted to SEK -1.65 (-1.16) before dilution.
- Financial result for the period reflects the ongoing investment phase for accelerated growth.



## Summary Financials

| MSEK                                     | Q1, Jan - Mar |        |        | Q1 - Q4 |
|--|---------------|--------|--------|---------|
|  | 2023          | 2022   | Change | 2022    |
| Annual recurring revenue, ARR            | 47.2          | 41.4   | 14%    | 45.6    |
| Net revenues                             | 18.0          | 17.8   | 1%     | 67.6    |
| Software revenues                        | 12.0          | 11.6   | 4%     | 46.0    |
| - whereof recurring revenue              | 11.8          | 9.9    | 20%    | 41.8    |
| Service revenues                         | 6.0           | 6.2    | -4%    | 21.6    |
| Other operating income                   | 0.3           | 0.3    |        | 1.3     |
| EBIT                                     | -18.3         | -12.7  | -      | -64.6   |
| EBIT margin                              | -101.6%       | -71.5% |        | -95.7%  |
| Net result after tax                     | -18.1         | -12.8  | -      | -64.8   |
| Earnings per share (SEK) before dilution | -1.65         | -1.16  |        | -5.88   |
| Cash balance                             | 109.9         | 157.6  | -30%   | 111.9   |

1. Development costs are taken as operating expenses and not capitalized, see page 3 and definition on page 10.

### Significant events during the period

- No significant events.

### Significant events after the period

- Annual general meeting to be held on May 16.

## Investor presentation

Modelon will hold a presentation of the Q1 interim report at 11.15am CET on May 16, 2023. CEO Magnus Gäfvert and CFO Jonas Eborn will present the Q1 earnings in a webcast.



[Link to Direkt Studios webcast](#)

## Modelon AB (publ)

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## Comments from the CEO

### ARR growth continued in Q1

Annual Recurring Revenue growth amounted to 14% in Q1 2023 compared to Q1 2022 and compared to 12% growth reported in Q4 2022. Our flagship cloud product Modelon Impact was the growth driver and the total software ARR includes an annual growth rate of 41% in recurring revenues for Modelon Impact.

Pipeline volume in the period remained steady versus the previous quarter, with market activity in the US region and HVAC&R (Heating, Ventilation, Air Conditioning and Refrigeration) and Sustainable Energy sectors continuing to stand out.

### Customer wins and upsell

Notable new and upsell customers in the first quarter include:

- American multinational beverage corporation
- British multinational oil and gas company
- American global power generation equipment provider (upsell)
- German national aerospace research institute (upsell)
- German fuel cell innovator (upsell)

These wins demonstrate that we continue to attract some of the most successful and well-known brands in the world with Modelon Impact, and that we continue to build up and start to benefit from a solid customer base of large enterprises for upsell growth.

Meeting our prospects at international industry events continues to be a key part of our go-to-market strategy. In the period we focused on the sectors of HVAC&R and Sustainable Energy systems by participating at AHR Expo (USA), Hydrogen & Fuel Cell Seminar (USA), PowerGen International (USA), The Distributed Energy Show (UK), World Smart Energy Week (Japan), with a solid generation of new leads.

### Customer success in sustainable energy applications

The positioning and successful application of Modelon Impact in key industry sectors on sustainable energy continues to be demonstrated in new customer testimonials during the quarter:

- Honda Motor Company, a leading international manufacturer of automobiles, motorcycles and power equipment, are driving towards carbon neutrality in their production plants by 2050 and use Modelon Impact for system simulation since October 2021. They testify their success in using Modelon Impact to assess a variety of carbon reduction options, including energy solutions such as renewable energy fuels and hydrogen fuel cell battery systems, on existing plants to make strategic system design decision for cost efficiency and viability and concludes "Modelon Impact was the right choice".
- Fondazione Bruno Kessler, a top Italian institute involved in the research and development of sustainable energy solutions and the decarbonization of society, with fully integrated solutions for hydrogen generation from renewable sources, safe hydrogen storage and efficient utilization by end users in stationary or portable applications. They use Modelon Impact since August 2021 to model and simulate the complete balance of a hydrogen system, covering steam generation, electrolysis hydrogen production, and fuel cell

electricity generation. They testify the value of using a cloud and standards-based solution for collaboration, sharing and toolchain integration, as well as the first-class support provided by Modelon.

- MAN Energy Solutions, a leading €3.3bn and 14,000 employees global energy technology supplier with a carbon-neutral strategy, are using Modelon Impact since February 2020 to test and validate transient operation and control strategies for industrial heat pumps for large scale heat application systems. Using Modelon Impact, MAN can replace expensive testbeds with virtual tests based on validated and trusted simulation models. Modelon Impact allows MAN to assess performance and optimize control strategies of e.g., startup/shutdown and part load operations of these cyclic thermodynamics processes on days to year timeframes. Their longer term vision is to link the virtual testbeds with the actual control hardware. They testify to the great support and ease of working with the Modelon engineering teams.

### Strategic partnership to deliver a digital twin-based approach for power plants and energy infrastructure

In the quarter, Iquant Consulting, a Latin American specialist in industrial asset management and predictive maintenance, and Modelon announced a strategic partnership to deliver a digital twin-based approach for the predictive maintenance of power plants and energy infrastructure. By combining the respective expertise in asset management and physical system simulation, a unique predictive maintenance solution can be offered with higher accuracy of maintenance timelines and substantially increased performance. The partnership as a first step aims at multiple pilot projects using Modelon Impact together with Iquant's predictive maintenance platform PRODIGIO.

### Building Modelon Impact for accelerated growth on the cloud

The product development focus on the improved capabilities for cloud scaling continued as planned during the quarter with preparation of the 2023.2 release scheduled for Q2. As previously described, these capabilities will support our growth strategy by leveraging unique customer values enabled by the cloud from our pioneering market position, with the industry typical sales cycles of 6-12 months. The 2023.1 release in February included significant user improvements and updated model libraries in our target industry application segments.

Also related to our ongoing SaaS transformation, we continue to evolve and adapt our global organization. In the quarter this meant implementing targeted staff changes visible as one-time costs.

As we proceed into the second quarter, we remain highly motivated by the strong and positive feedback from our customers. The overall opportunity and interest are high in our uniquely positioned system simulation cloud-solution Modelon Impact. Our entire organization is executing with the aim of accelerating our ARR growth towards our mid-term financial goal of 35%.



Magnus Gäfvert, CEO



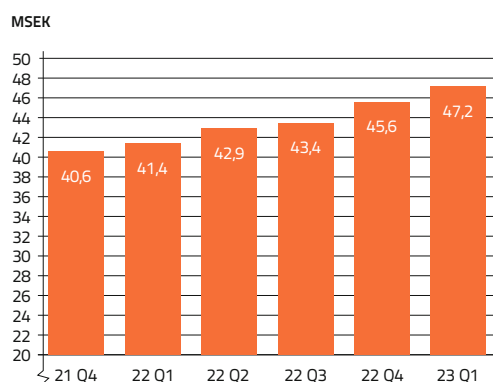
# Financial development

## Revenues

### Annual recurring revenue

The total software annual recurring revenue at constant currency (ARR) amounted to MSEK 47.2 (41.4), an increase of 14% compared to Q1 2022 and an increase of 4% compared to MSEK 45.6 in Q4 2022. Modelon Impact is the principal growth driver, and the total software ARR includes an annual growth rate of 41% in recurring revenues for Modelon Impact. The total ARR before adjusting for currency effects amounted to MSEK 47.2 (39.4), the differences in exchange rate at the end of Q1 gave an FX adjustment of MSEK +2.0 for the comparison period.

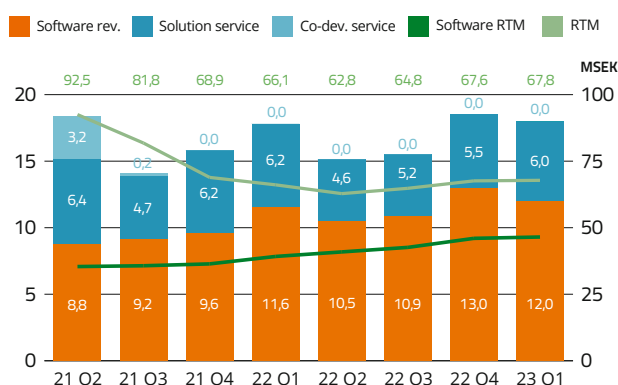
### ARR



Software ARR has grown at a steady pace since the launch of Modelon Impact in July 2020. Total ARR includes revenue from Modelon Impact and from multi-platform library and deployment products.

### First quarter 2023

Software revenues amounted to MSEK 12.0 (11.6), an increase of 4%. Higher software revenue in Q4, MSEK 13.0, was from non-recurring software sales to Asian customers. Total service revenues amounted to MSEK 6.0 (6.2). Net revenues amounted to MSEK 18.0 (17.8).



Revenue development shows the transition to Software and Solutions. Comparison numbers until the second quarter in 2021 includes a co-development service project with a U.S. enterprise customer, reported separately. Note that revenues are not FX adjusted.

## Costs

### First quarter 2023

Other external expenses amounted to MSEK 12.5 (10.5), mainly related to sales activities, consultancy fees and premises. Personnel costs amounted to MSEK 23.5 (19.4), including a one-time cost of MSEK 1.9 as a result of personnel changes in the first quarter to streamline and prepare the organization for growth. Depreciation amounted to MSEK 0.4 (0.2) and other operating expenses were MSEK 0.4 (0.7).

Research and development costs are included in OPEX. 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 first quarter amounted to MSEK 15.6 (13.5), an increase of 16%. Development costs were MSEK 57.4 (51.0) for the trailing twelve-month (TTM) period from Q2 2022. The 17% increase in development costs for the TTM period is reflecting the current investment pace 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.

| MSEK                          | Q1, Jan - Mar |      |        | Q1 - Q4 |
|-------------------------------|---------------|------|--------|---------|
|                               | 2023          | 2022 | Change | 2022    |
| Annual recurring revenue, ARR | 47.2          | 41.4 | 14%    | 45.6    |
| Development costs             | 15.6          | 13.5 | 16%    | 57.4    |

## Key Performance Indicators

KPI's are defined on page 10, under Quarterly development.

## Earnings

### First quarter 2023

The financial development in Q1 reflects the planned investment pace in product development and commercial expansion using proceeds from financing activities. EBIT for the quarter amounted to MSEK -18.3 (-12.7) and reflects the planned self-funding of software development. Adjusting for the one-time costs for organizational changes, EBIT would be MSEK -16.4 for the quarter.

### Net financial income

Net result from financial items for the quarter amounted to MSEK 0.1 (-0.1).

### Net result after tax

Net result after tax in the quarter amounted to MSEK -18.1 (-12.8), corresponding to SEK -1.65 per share.

## Financing and cash flow

As of March 31, Modelon's total available liquidity amounted to MSEK 119.9 (167.6), of which the cash balance amounted to MSEK 109.9 (157.6) and unutilized credit facilities amounted to MSEK 10.0 (10.0). Cash flow from operating activities amounted

to MSEK -1.8 (-11.2) for the quarter. The change in working capital amounted to MSEK 16.5 (0.8) in the quarter. The positive change in working capital for the quarter is related to higher software sales, resulting in higher deferred (pre-paid) revenue, combined with a decrease in receivables. A multi-year OEM software deal was closed and paid in the period. Cash flow from investing activities amounted to MSEK -0.1 (-0.7) during the quarter. Cash flow from financing activities amounted to MSEK 0.0 (0.0) during the quarter.

## The share

As of March 31, 2023, the total number of shares in Modelon was 11,016,471 (11,016,471), comprising 1,421,218 A shares and 9,595,253 B shares. The total number of shares after full dilution is 11,103,471. 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.

## Share incentive programs

Modelon has one active share incentive programs for all employees, 2022/2026. This program was launched in December 2022 and replaces earlier share incentive programs that have been canceled. Each program is split into two series in which warrants are offered to Swedish employees, and stock options are offered to employees outside Sweden. The number of outstanding warrants and stock options in these programs is 87,000, and the total dilution effect from share incentive programs if all warrants and options are allotted, vested and exercised for acquisition of shares is 0.79% per March 31, 2023.

## Related party transactions

During the first quarter, consulting fees of total TSEK 409 (245) have been paid to two board members for additional assignments outside of board work. All transactions with related parties are deemed to be conducted under market conditions.

## Parent Company

### First quarter 2023

Total revenues of the parent company for Q1 2023 amounted to MSEK 12.2 (11.2) with an EBIT of MSEK -17.0 (-12.3). 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 Q1 amounted to MSEK 0.1 (-0.1) and the net result was MSEK -16.9 (-12.4).

### 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 has an impact on the customer's entire organization. Read more about company-specific risk factors in our annual report for 2022.

### 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 2022.



## Largest shareholders

The table below shows the major shareholders in the company per March 31, 2023.

| Owner                           | A shares         | B shares         | Votes        | Capital      |
|---------------------------------|------------------|------------------|--------------|--------------|
| Noledom Holding AB <sup>1</sup> | 802,551          | 3,214,894        | 47.2%        | 36.5%        |
| Accendo Capital                 | 345,270          | 2,328,099        | 24.3%        | 24.3%        |
| RoosGruppen AB                  | 72,843           | 1,051,371        | 7.5%         | 10.2%        |
| Ansys Inc.                      | 129,000          | 516,000          | 7.6%         | 5.9%         |
| Lancelot Avalon Master          | 0                | 275,000          | 1.2%         | 2.5%         |
| <b>Total top 5</b>              | <b>1,349,664</b> | <b>7,382,849</b> | <b>87.7%</b> | <b>79.3%</b> |
| <b>Other owners</b>             | <b>76,554</b>    | <b>2,207,404</b> | <b>12.3%</b> | <b>20.7%</b> |
| <b>Total number of shares</b>   | <b>1,421,218</b> | <b>9,595,253</b> |              |              |

1. Noledom Holding AB comprises company co-founders that are active in company management and operations.

## Financial statement

### Condensed Consolidated Income Statement

|  | Q1, Jan - Mar |              | Q1 - Q4       |
|--|---------------|--------------|---------------|
| MSEK                                   | 2023          | 2022         | 2022          |
| Net revenue                            | 18.0          | 17.8         | 67.6          |
| Other operating income                 | 0.3           | 0.3          | 1.3           |
| <b>Total revenue</b>                   | <b>18.4</b>   | <b>18.1</b>  | <b>68.9</b>   |
| <b>Operating expenses</b>              |               |              |               |
| Other external expenses                | -12.5         | -10.5        | -48.6         |
| Personnel costs                        | -23.5         | -19.4        | -81.5         |
| Depreciation and amortization          | -0.4          | -0.2         | -0.9          |
| Other operating expenses               | -0.4          | -0.7         | -2.5          |
| <b>Total operating expenses</b>        | <b>-36.7</b>  | <b>-30.9</b> | <b>-133.5</b> |
| <b>Operating result</b>                | <b>-18.3</b>  | <b>-12.7</b> | <b>-64.6</b>  |
| <b>Financial items</b>                 |               |              |               |
| Interest income and similar items      | 0.2           | 0.0          | 0.2           |
| Interest expenses and similar items    | -0.1          | -0.1         | -0.1          |
| <b>Net result from financial items</b> | <b>0.1</b>    | <b>-0.1</b>  | <b>0.1</b>    |
| <b>Profit/loss before tax</b>          | <b>-18.2</b>  | <b>-12.9</b> | <b>-64.6</b>  |
| Tax                                    | 0.1           | 0.1          | -0.3          |
| <b>Net profit/loss</b>                 | <b>-18.1</b>  | <b>-12.8</b> | <b>-64.8</b>  |

### Condensed Consolidated Balance Sheet

| MSEK                        | 2023-03-31   | 2022-03-31   | 2022-12-31   |
|-----------------------------|--------------|--------------|--------------|
| <b>Fixed assets</b>         |              |              |              |
| Licenses                    | 0.2          | 0.3          | 0.2          |
| Equipment                   | 3.1          | 1.8          | 3.3          |
| Deferred tax assets         | 15.9         | 16.0         | 15.7         |
| <b>Total fixed assets</b>   | <b>19.1</b>  | <b>18.1</b>  | <b>19.2</b>  |
| <b>Current assets</b>       |              |              |              |
| Accounts receivable         | 10.3         | 15.6         | 20.7         |
| Other receivables           | 7.6          | 9.3          | 8.5          |
| Cash and bank               | 109.9        | 157.6        | 111.9        |
| <b>Total current assets</b> | <b>127.8</b> | <b>182.6</b> | <b>141.0</b> |
| <b>TOTAL ASSETS</b>         | <b>146.9</b> | <b>200.7</b> | <b>160.3</b> |

## Consolidated Balance Sheet, cont.

| MSEK                                | 2023-03-31   | 2022-03-31   | 2022-12-31   |
|-------------------------------------|--------------|--------------|--------------|
| <b>Shareholders' equity</b>         |              |              |              |
| Share capital                       | 0.9          | 0.9          | 0.9          |
| Other equity incl. net profit/loss  | 90.7         | 159.7        | 108.9        |
| <b>Total shareholders' equity</b>   | <b>91.6</b>  | <b>160.6</b> | <b>109.8</b> |
| <b>Liabilities</b>                  |              |              |              |
| Deferred tax liabilities            | 0.0          | 0.0          | 0.0          |
| Accounts payable                    | 3.2          | 2.4          | 5.1          |
| Deferred revenue, prepaid licenses  | 30.0         | 23.6         | 24.5         |
| Other liabilities                   | 22.0         | 14.0         | 20.8         |
| <b>Total liabilities</b>            | <b>55.2</b>  | <b>40.0</b>  | <b>50.4</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b> | <b>146.9</b> | <b>200.7</b> | <b>160.3</b> |

## Condensed Consolidated Cash Flow Statement

| MSEK  | Q1, Jan - Mar |              | Q1 - Q4      |
|---|---------------|--------------|--------------|
|   | 2023          | 2022         | 2022         |
| Operating income                                | -18.3         | -12.7        | -64.6        |
| Adjustment for non-cash items                   | 0.2           | 0.9          | 2.4          |
| Interests and paid taxes                        | -0.3          | -0.2         | 0.2          |
| Change in working cap. receivables              | 11.6          | 0.7          | -1.9         |
| Change in working cap. liabilities              | 4.9           | 0.1          | 8.4          |
| <b>Cash flow from operating activities</b>      | <b>-1.8</b>   | <b>-11.2</b> | <b>-55.6</b> |
| Investments                                     | -0.1          | -0.7         | -2.7         |
| <b>Cash flow from investing activities</b>      | <b>-0.1</b>   | <b>-0.7</b>  | <b>-2.7</b>  |
| New share issue                                 | 0.0           | 0.0          | 0.0          |
| Transaction costs, new share issue              | 0.0           | 0.0          | 0.0          |
| Repurchased warrants                            | 0.0           | 0.0          | -0.1         |
| New borrowings/amortization                     | 0.0           | 0.0          | 0.0          |
| <b>Cash flow from financing activities</b>      | <b>0.0</b>    | <b>0.0</b>   | <b>-0.1</b>  |
| <b>Net increase/decrease in cash and equiv.</b> | <b>-1.9</b>   | <b>-11.9</b> | <b>-58.4</b> |
| Cash and liquid assets at start of period       | 111.9         | 169.4        | 169.4        |
| Exchange rate differences                       | 0.0           | 0.1          | 0.8          |
| <b>Cash and liquid assets at end of period</b>  | <b>109.9</b>  | <b>157.6</b> | <b>111.9</b> |

## Condensed Consolidated Changes in Equity

| MSEK                             | Share capital | Other contr. of equity | Other equity incl. profit | Total equity |
|----------------------------------|---------------|------------------------|---------------------------|--------------|
| <b>As of January 1, 2022</b>     | <b>0.9</b>    | <b>200.1</b>           | <b>-27.9</b>              | <b>173.1</b> |
| Exchange differences             |               |                        | 0.3                       | 0.3          |
| Net loss for the period          |               |                        | -12.8                     | -12.8        |
| Transactions with owners:        |               |                        |                           |              |
| Repurchased warrants             |               | 0.0                    |                           | 0.0          |
| <b>As of March 31, 2022</b>      | <b>0.9</b>    | <b>200.1</b>           | <b>-40.4</b>              | <b>160.6</b> |
| Exchange differences             |               |                        | 1.2                       | 1.2          |
| Net loss for the period          |               |                        | -52.1                     | -52.1        |
| <b>Transactions with owners:</b> |               |                        |                           |              |
| Issued warrants                  |               | 0.1                    |                           | 0.1          |
| Repurchased warrants             |               | 0.0                    |                           | 0.0          |
| Share-based payments             |               |                        | 0.0                       | 0.0          |
| <b>As of January 1, 2023</b>     | <b>0.9</b>    | <b>200.1</b>           | <b>-91.2</b>              | <b>109.8</b> |
| Exchange differences             |               |                        | -0.1                      | -0.1         |
| Net loss for the period          |               |                        | -18.1                     | -18.1        |
| <b>Transactions with owners:</b> |               |                        |                           | <b>0.0</b>   |
| Repurchased warrants             |               | 0.0                    |                           | 0.0          |
| <b>As of March 31, 2023</b>      | <b>0.9</b>    | <b>200.1</b>           | <b>-109.4</b>             | <b>91.6</b>  |

## Condensed Income Statement, Parent company

| MSEK                                   | YTD, Jan - Mar |              |
|--|----------------|--------------|
|  | 2023           | 2022         |
| Net revenue                            | 11.9           | 11.0         |
| Other operating income                 | 0.3            | 0.3          |
| <b>Total revenue</b>                   | <b>12.2</b>    | <b>11.2</b>  |
| <b>Operating expenses</b>              |                |              |
| Other external expenses                | -15.5          | -11.4        |
| Personnel costs                        | -13.1          | -11.4        |
| Depreciation and amortization          | -0.2           | -0.1         |
| Other operating expenses               | -0.3           | -0.6         |
| <b>Total operating expenses</b>        | <b>-29.2</b>   | <b>-23.5</b> |
| <b>Operating result</b>                | <b>-17.0</b>   | <b>-12.3</b> |
| <b>Financial items</b>                 |                |              |
| Interest income and similar items      | 0.2            | 0.1          |
| Interest expenses and similar items    | -0.1           | -0.1         |
| <b>Net result from financial items</b> | <b>0.1</b>     | <b>-0.1</b>  |
| <b>Profit/loss before tax</b>          | <b>-16.9</b>   | <b>-12.4</b> |
| Tax                                    | 0.0            | 0.0          |
| <b>Net profit/loss</b>                 | <b>-16.9</b>   | <b>-12.4</b> |



## Condensed Balance Sheet, Parent company

| MSEK  | 2023-03-31   | 2022-03-31   | 2022-12-31   |
|---|--------------|--------------|--------------|
| <b>Fixed assets</b>                               |              |              |              |
| Licenses  | 0.2          | 0.3          | 0.2          |
| Equipment   | 1.5          | 0.5          | 1.7          |
| Long-term receivables from group comp.            | 0.0          | 5.1          | 0.0          |
| Deferred tax assets and shares in group companies | 21.7         | 16.5         | 21.7         |
| <b>Total fixed assets</b>                         | <b>23.3</b>  | <b>22.4</b>  | <b>23.5</b>  |
| <b>Current assets</b>                             |              |              |              |
| Accounts receivable                               | 3.4          | 4.1          | 4.0          |
| Receivables from group companies                  | 0.0          | 0.3          | 0.0          |
| Other receivables                                 | 5.5          | 7.3          | 6.1          |
| Cash and bank                                     | 96.5         | 146.6        | 104.3        |
| <b>Total current assets</b>                       | <b>105.4</b> | <b>158.3</b> | <b>114.4</b> |
| <b>TOTAL ASSETS</b>                               | <b>128.8</b> | <b>180.8</b> | <b>137.9</b> |
| <b>Shareholders' equity</b>                       | <b>85.5</b>  | <b>153.3</b> | <b>102.4</b> |
| <b>Liabilities</b>                                |              |              |              |
| Accounts payable                                  | 3.2          | 2.3          | 4.8          |
| Short-term liabilities to group companies         | 12.7         | 7.1          | 11.1         |
| Other liabilities                                 | 27.4         | 18.1         | 19.7         |
| <b>Total liabilities</b>                          | <b>43.3</b>  | <b>27.5</b>  | <b>35.5</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>               | <b>128.8</b> | <b>180.8</b> | <b>137.9</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. There has been no change in principles since the 2022 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 2023 to 2022, approximately 1 MUSD, corresponding to 10.4 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  $\pm 0.5$  MSEK over the fiscal year. A higher USD exchange rate vs. SEK would result in an increased revenue and EBIT.



## Quarterly development

| MSEK                                 | 2023 Q1    | 2022 Q4    | 2022 Q3    | 2022 Q2    | 2022 Q1    |
|--------------------------------------|------------|------------|------------|------------|------------|
| Annual recurring revenue             | 47.2       | 45.6       | 43.4       | 42.9       | 41.4       |
| Change                               | 4%         | 5%         | 1%         | 4%         | 2%         |
| Net revenues                         | 18.0       | 18.6       | 16.1       | 15.1       | 17.8       |
| Software revenues                    | 12.0       | 13.0       | 10.9       | 10.5       | 11.6       |
| Service revenues                     | 6.0        | 5.5        | 5.2        | 4.6        | 6.2        |
| Other operating income               | 0.3        | 0.4        | 0.3        | 0.3        | 0.3        |
| EBIT                                 | -18.3      | -18.5      | -15.9      | -17.5      | -12.7      |
| EBIT margin                          | -101.6%    | -99.7%     | -98.7%     | -115.9%    | -71.5%     |
| Net result after tax                 | -18.1      | -18.6      | -15.9      | -17.5      | -12.8      |
| Net result per share (SEK)           | -1.65      | -1.69      | -1.45      | -1.59      | -1.16      |
| Deferred revenue (pre-paid), per EOQ | 30.0       | 24.5       | 20.6       | 23.4       | 23.6       |
| Cash flow from operations            | -1.8       | -15.1      | -20.3      | -9.0       | -11.2      |
| Development costs                    | 15.6       | 16.7       | 13.1       | 14.2       | 13.5       |
| Average number of shares             | 11,016,471 | 11,016,471 | 11,016,471 | 11,016,471 | 11,016,471 |

### 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.

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.

## Annual General Meeting

Modelon will hold its annual general meeting on May 16, 2023. 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
- Matt Zack, representing Ansys Inc.
- Christer Ljungberg, Chairman of the Board, adjunct member

The Board proposes that no dividend is paid, as communicated in the announcement of the annual general meeting.

More information about the AGM is available at [www.modelon.com/agm2023](http://www.modelon.com/agm2023).

## Financial Calendar

|                          |                             |
|--------------------------|-----------------------------|
| <b>May 16, 2023</b>      | Annual General Meeting      |
| <b>August 23, 2023</b>   | Q2 Interim Report           |
| <b>November 10, 2023</b> | Q3 Interim Report           |
| <b>February 29, 2024</b> | Q4 and Year-End Report 2023 |

## Review

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

## 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 historically demonstrated consistent growth in annual recurring revenues.

### 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

|                            |                            |   |
|----------------------------|----------------------------|---|
| <b>Growth</b>              | ARR >35%                   | Overall ARR growth shall in the medium term exceed 35% annually. Modelon Impact is expected to grow at a substantially higher rate than 35% |
| <b>Profitability</b>       | EBIT margin >20%           | EBIT shall after a negative period turn positive and long-term in a mature state exceed 20%   |
| <b>Operating cash flow</b> | Positive in the short term | Modelon seeks to attain positive cash flow from operations in the short term.   |

(Short term = 1-3 years, Medium term = 3-5 years, Long term = >5 years)

Financial targets should not be viewed as a forecast but rather as the ambition that the board of directors and executive management believe is a reasonable long-term objective for the company.

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

[www.linkedin.com/company/modelon](https://www.linkedin.com/company/modelon)

### Hydrogen Propulsion: The Advantages and Challenges

MARCH 30, 2023

In the third blog of our Sustainable Aviation series, learn what hydrogen propulsion is, and the advantages and challenges surrounding this emerging technology.

[www.modelon.com/news-blog/](https://www.modelon.com/news-blog/)



### Modelon and Iquant Consulting form Partnership to Deliver Digital Twin Solutions for Predictive Maintenance

MARCH 8, 2023

Modelon and Iquant Consulting have entered a strategic partnership to deliver a digital twin-based approach for the predictive maintenance of power plants and energy infrastructure. Most predictive maintenance solutions available today do not involve the physical modeling of critical components of an asset and are based on assumptions of component performance.

[modelon.com/blog/modelon-iquant-predictive-maintenance-partnership/](https://modelon.com/blog/modelon-iquant-predictive-maintenance-partnership/)



### 2023 Sustainable Aircraft Technology and Trends

FEBRUARY 22, 2023

Continuing the Sustainable Aviation Series, our experts explain trends and improvements in existing aircraft technologies that can be achieved reasonably soon.

[www.modelon.com/news-blog/](https://www.modelon.com/news-blog/)



### CUSTOMER CASE STUDY:

#### Driving Towards Carbon Neutrality with System Simulation

[modelon.com/support/](https://modelon.com/support/)

[becoming-carbon-neutral-with-system-simulation-honda/](https://modelon.com/support/becoming-carbon-neutral-with-system-simulation-honda/)



## About Modelon

Modelon offers systems modeling and simulation software that accelerates product innovation, development and operations in a range of industries. 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. Headquartered in Lund, Sweden, and with global reach, Modelon is an expert industry leader in model-based systems engineering with a focus on leveraging open standard technologies.

Welcome to our blog on [www.modelon.com/news-blog](https://www.modelon.com/news-blog)  
and to follow us on LinkedIn: [www.linkedin.com/company/modelon](https://www.linkedin.com/company/modelon)

