

February 29, 2024: The Board of Directors and Chief Executive Officer of Modelon AB (publ), listed on Nasdaq First North Growth Market, present the following report for the fourth quarter and full year 2023.

## Q4 Highlights

- ARR increased to MSEK 50.9 (45.7), an annual growth of 11%.
- Net revenue amounted to MSEK 20.7 (18.6), of which software revenues were MSEK 14.4 (13.0).
- EBIT<sup>1</sup> amounted to MSEK -14.6 (-18.5), including development costs of MSEK 14.1 (16.7).
- Net income<sup>1</sup> amounted to MSEK -13.4 (-18.6).
- Earnings per share<sup>1</sup> amounted to SEK -1.22 (-1.69) before dilution.

## January – December 2023

- Net revenue increased to MSEK 79.0 (67.6), of which software revenues were MSEK 53.1 (46.0).
- EBIT<sup>1</sup> amounted to MSEK -57.2 (-64.6), including development costs of MSEK 53.5 (57.4).
- Net income<sup>1</sup> amounted to MSEK -55.6 (-64.8).
- Earnings<sup>1</sup> per share amounted to SEK -5.05 (-5.88) before dilution.
- The board proposes that no dividend is paid for the 2023 financial year.



## Summary Financials

MSEK	Q4, Oct-Dec			YTD, Jan - Dec		
	2023	2022	Change	2023	2022	Change
Annual recurring revenue, ARR	50.9	45.7	11%	50.9	45.7	11%
Net revenues	20.7	18.6	12%	79.0	67.6	17%
Software revenues	14.4	13.0	10%	53.0	46.0	15%
- whereof recurring revenue	12.7	11.2	14%	48.1	41.8	15%
Service revenues	6.3	5.5	15%	26.0	21.6	21%
Other operating income	0.2	0.4		0.9	1.3	
EBIT	-14.6	-18.5	-	-57.2	-64.6	-
EBIT margin	-70.3%	-99.7%		-72.4%	-95.7%	
Net result after tax	-13.4	-18.6	-	-55.6	-64.8	-
Earnings per share (SEK) before dilution	-1.22	-1.69		-5.05	-5.88	
Cash balance	59.0	111.9	-47%	59.0	111.9	-47%

1. Development costs are taken as operating expenses and not capitalized, see page 3 and definition on page 9.

### Significant events during Q4 2023

- No significant events

### Significant events after the period

- No significant events

## Investor presentation

Modelon will hold a presentation of the Q4 year-end report at 10:00 a.m. CET on February 29, 2024. CEO Magnus Gäfvert and CFO Jonas Eborn will present the Q4 and 2023 earnings in a webcast.

 [Webcast registration](#)

## Modelon AB (publ)

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

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

## Comments from the CEO

### Q4 concludes transitional 2023 with continued growth

The fourth quarter concluded 2023 with double digit growth in software and service revenues vs. 2022, with full year net revenue growth of 17% and 15%, respectively, vs. 2022. Annual Recurring Revenue at end of Q4 amounted to 50.9 MSEK and sequential 6.0% growth vs. Q3. FY 2023 EBIT improved by +7.4 MSEK vs. 2022 driven by revenue growth and cost containment.

All of 2023 has been affected by the cloud transition activities as previously described. We are pleased to have concluded this development in Q4 and enter 2024 with a significantly strengthened cloud product offering.

Our flagship cloud platform Modelon Impact remains the strategic growth driver, with the Library Suite and FMI (Functional Mock-Up Interface) products as entry-level offerings. In Q4 we maintained a good business mix across this full portfolio. Our complementary professional services business drove product business by accelerating onboarding and model-based workflow implementation with our product customers. The professional services business developed well in 2023 with 21% growth over the full year.

### Customer wins and testimonials with increasing pipeline activity

Notable wins in Q4 include both new accounts and upsell:

- Swedish-Swiss multinational leader in electrification and automation (new)
- Italian multidisciplinary research institute (upsell)
- US fuel cell company (new)
- Chinese commercial aircraft corporation (new)
- Spanish industrial automation company (new)
- Korean automotive company (upsell)
- US supplier of aerospace products (upsell)
- US global automotive motion control technology company (new)
- US multinational HVAC&R corporation (upsell)



Global pipeline activity increased in Q4 and provides a solid starting position for 2024. Lead generation and development are supported by the flow of customer testimonials and case studies from our well recognized customers across industries. Opportunities continued to be related to clean and sustainable energy and technologies in the Energy, Aerospace, Automotive and Industrial Equipment industries, where Modelon Impact provides demonstrated high value across the engineering life cycle and particularly in the innovation and development phases.

In the fourth quarter, we were delighted to add another strong testimonial to our portfolio from Universal Hydrogen: "Pioneering Hydrogen-Powered Aviation with System Modeling and Simulation." Universal Hydrogen is a recognized US innovator in hydrogen-powered carbon-free commercial flight, relying on system simulation and Modelon Impact for rapid and cost-effective development of their disruptive liquid hydrogen technologies. Universal Hydrogen explains that Modelon Impact shortens their simulation lead time with a factor of 2 to 3 compared to other options and enables effective team collaboration on the cloud as they build a more sustainable aviation industry.

### Modelon Innovate 2024 User Conference

The planning of our second international user conference Modelon Innovate is underway with a strong line-up of planned customer presentations under the "Where Simulation Meets Sustainability" theme. The event will take place in Copenhagen on October 10–11.

### Cloud transition development completed in Q4

The cloud transition development activities that have been ongoing throughout 2023 were successfully completed in Q4 with a significantly improved offering for on-premise installations of Modelon Impact. This new capability has been validated with pilot customers and is included in the 2024.1 release in Q1 alongside other high-value capabilities and improvements to be announced.

During Q4, Modelon has been assessed by independent auditors to meet the high security and regulatory compliance requirements of the Trusted Information Security Assessment Exchange (TISAX®). TISAX® is a global information security standard developed by the German Association of the Automotive Industry. Our structured and focused efforts on information security enables Modelon to grow business and establish confidence as supplier under increasingly demanding information security requirements.

We look back on 2023 as a transitional period with continued albeit subdued growth, substantial strengthening of our cloud product offering and the onboarding of a good number of great customers representing the most innovative, successful and demanding technology companies across the globe. With the good pipeline activity in Q4 and the new software release 2024.1 in Q1 we head into 2024 with great anticipation and confidence. We look forward to a year of success and accelerated growth towards meeting our financial goals!

**Magnus Gäfvert, CEO**

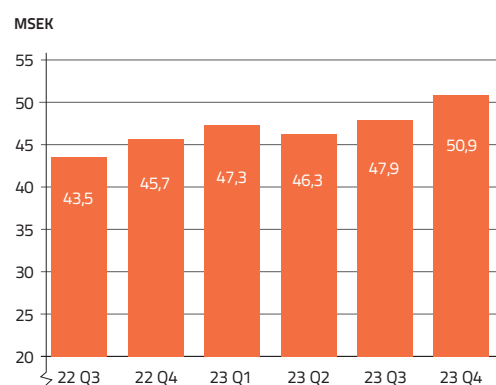
## Financial development

### Revenues

#### Annual recurring revenue

The total software annual recurring revenue at constant currency (ARR) amounted to MSEK 50.9 (45.7), an increase of 11% compared to Q4 2022 while increasing 6% compared to MSEK 47.9 in Q3 2023. Modelon Impact is the strategic growth driver, and the total software ARR includes an annual growth rate of 4% in recurring revenues for Modelon Impact. The total ARR before adjusting for currency effects amounted to MSEK 50.9 (44.7). The differences in exchange rate at the end of Q4 gave an FX adjustment of MSEK +1.0 for the comparison period.

#### ARR



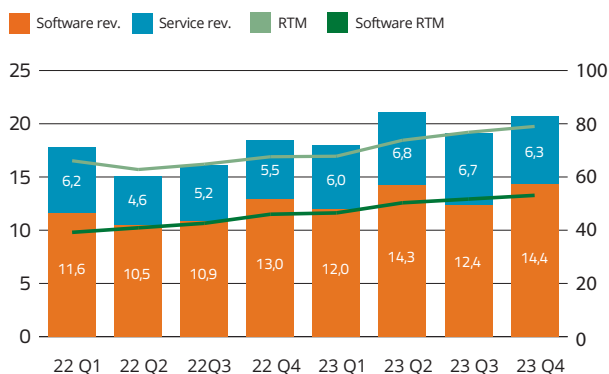
Software ARR has grown since the launch of Modelon Impact in July 2020, see quarterly development figures in the table on page 13. Total ARR numbers include revenue from Modelon Impact and from multi-platform library and deployment products.

#### Fourth quarter 2023

Software revenues amounted to MSEK 14.4 (13.0), an increase of 10%. Total service revenues amounted to MSEK 6.3 (5.5), an increase of 15%. Net revenues amounted to MSEK 20.7 (18.6), an increase of 12%.

#### January – December 2023

Software revenues in the period amounted to MSEK 53.0 (46.0), an increase of 15%. Total service revenues in the period amounted to MSEK 26.0 (21.6), an increase of 21%. Net revenues amounted to MSEK 79.0 (67.6), an increase of 17%.



Revenue development shows the transition to Software and Solutions, with consistent growth in software revenue. Higher software revenue in the second quarter of 2023 reflects non-recurring software sales in Asia. Note that revenues are not FX adjusted.

### Costs

#### Fourth quarter 2023

Other external expenses amounted to MSEK 13.4 (15.0), mainly related to sales activities, consultancy fees and premises. Personnel costs amounted to MSEK 22.0 (22.0), with cost savings counteracting effects of inflation. Depreciation amounted to MSEK 0.2 (0.3) and other operating expenses were MSEK 0.0 (0.2).

#### January – December 2023

Other external expenses amounted to MSEK 48.8 (48.6), mainly related to sales activities, consultancy fees and premises. Personnel costs amounted to MSEK 86.3 (81.5), including the one-time cost of MSEK 1.9 for organization changes as previously reported. Depreciation amounted to MSEK 1.1 (0.9) and other operating expenses were MSEK 0.9 (2.5).

#### 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 fourth quarter amounted to MSEK 14.1 (16.7), a decrease of 16%. For the full year the development costs decreased by 7% to MSEK 53.5 (57.4). The development costs for the period reflect the current investment pace and are 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.

### Key Performance Indicators

KPI's are defined on page 9, under Quarterly development.

MSEK	Q4, Oct-Dec			YTD, Jan - Dec		
	2023	2022	Change	2023	2022	Change
Annual recurring revenue, ARR	50.9	45.7	11%	50.9	45.7	11%
Development costs	14.1	16.7	-16%	53.5	57.4	-7%

### Earnings

#### Fourth quarter 2023

The financial development in Q4 reflects the planned investment pace in product development and commercial expansion using proceeds from financing activities. EBIT for the quarter amounted to MSEK -14.6 (-18.5), including research and development costs of MSEK 14.1.

#### January – December 2023

EBIT for the period amounted to MSEK -57.2 (-64.6), including research and development costs of MSEK 53.5, and is in line with expectations considering the planned self-funding of software development.

#### Net financial income

Net result from financial items for the quarter amounted to MSEK 1.5 (0.1). Net result from financial items for January – December amounted to MSEK 1.8 (0.1).

## Net result after tax

Net result after tax in the quarter amounted to MSEK -13.4 (-18.6), corresponding to SEK -1.22 per share (comparable figure). Net result after tax for January – December amounted to MSEK -55.6 (-64.8), corresponding to SEK -5.05 per share (comparable figure).

## Financing and cash flow

As of December 31, Modelon's total available liquidity amounted to MSEK 69.0 (121.9), of which the cash balance amounted to MSEK 59.0 (111.9) and unutilized credit facilities amounted to MSEK 10.0 (10.0). Cash flow from operating activities amounted to MSEK -18.7 (-15.1) for the fourth quarter. The change in working capital amounted to MSEK -7.3 (2.4) in the fourth quarter. The negative change in working capital for the quarter is related to higher accounts receivable vs. the third quarter, with payments expected to be received in 2024. Cash flow from investing activities amounted to MSEK 0.0 (-0.1) during the fourth quarter. Cash flow from financing activities amounted to MSEK 0.0 (0.0) during the fourth quarter. Operating cash flow for the full year amounted to MSEK -52.2 (-55.6), improving mainly due to higher revenue.

## The share

As of December 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 11,188,471. 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 two active share incentive programs for all employees, 2022/2026 and 2023/2027. 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 162,000, and the total dilution effect from share incentive programs if all warrants and options are allotted, vested and exercised for acquisition of shares is 1.47% per December 31, 2023.

## Largest shareholders

The table below shows the major shareholders in the company per December 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	1,105,021	7.7%	10.7%
Ansys Inc.	129,000	516,000	7.6%	5.9%
Avanza Pension	0	340,524	1.4%	3.1%
<b>Total top 5</b>	<b>1,349,664</b>	<b>7,504,538</b>	<b>88.2%</b>	<b>80.4%</b>
<b>Other owners</b>	<b>71,554</b>	<b>2,090,715</b>	<b>11.8%</b>	<b>19.6%</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.

## Related party transactions

During the fourth quarter, consulting fees of SEK 140 thousand (594) were paid to board members for additional assignments outside of board work. All transactions with related parties are deemed to be conducted under market conditions.

## Parent Company

### January – December 2023

Total revenues of the parent company for the period amounted to MSEK 49.7 (41.0) with an EBIT of MSEK -54.5 (-63.5). 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 the period amounted to MSEK 1.7 (0.2) and the net result was MSEK -52.8 (-63.3).

## 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. Risks also include technical development and production safety, IT and information security and the ability to attract and retain key personnel. Financial risks include financing of the business and possible future financing, legal risks consist of new or changed regulations as well as disputes and litigation. Risks that are managed well can lead to opportunities and create value, while risks that are not managed properly can lead to damage and unnecessary costs for the company. 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.

## Financial statement

### Condensed Consolidated Income Statement

MSEK	Q4, Oct-Dec		YTD, Jan - Dec	
	2023	2022	2023	2022
Net revenue	20.7	18.6	79.0	67.6
Other operating income	0.2	0.4	0.9	1.3
<b>Total revenue</b>	<b>21.0</b>	<b>18.9</b>	<b>79.9</b>	<b>68.9</b>
<b>Operating expenses</b>				
Other external expenses	-13.4	-15.0	-48.8	-48.6
Personnel costs	-22.0	-22.0	-86.3	-81.5
Depreciation and amortization	-0.2	-0.3	-1.1	-0.9
Other operating expenses	0.0	-0.2	-0.9	-2.5
<b>Total operating expenses</b>	<b>-35.6</b>	<b>-37.5</b>	<b>-137.0</b>	<b>-133.5</b>
<b>Operating result</b>	<b>-14.6</b>	<b>-18.5</b>	<b>-57.2</b>	<b>-64.6</b>
<b>Financial items</b>				
Interest income and similar items	1.5	0.1	1.9	0.2
Interest expenses and similar items	0.0	0.0	-0.1	-0.1
<b>Net result from financial items</b>	<b>1.5</b>	<b>0.1</b>	<b>1.8</b>	<b>0.1</b>
<b>Profit/loss before tax</b>	<b>-13.1</b>	<b>-18.4</b>	<b>-55.4</b>	<b>-64.6</b>
Tax	-0.3	-0.3	-0.2	-0.3
<b>Net profit/loss</b>	<b>-13.4</b>	<b>-18.6</b>	<b>-55.6</b>	<b>-64.8</b>

### Condensed Consolidated Balance Sheet

MSEK	2023-12-31	2022-12-31
<b>Fixed assets</b>		
Licenses	0.0	0.2
Equipment	2.6	3.3
Deferred tax assets	15.8	15.7
<b>Total fixed assets</b>	<b>18.4</b>	<b>19.2</b>
<b>Current assets</b>		
Accounts receivable	20.1	20.7
Other receivables	7.7	8.5
Other short-term investments	20.0	0.0
Cash and bank	39.0	111.9
<b>Total current assets</b>	<b>86.8</b>	<b>141.0</b>
<b>TOTAL ASSETS</b>	<b>105.2</b>	<b>160.3</b>

## Consolidated Balance Sheet, cont.

MSEK	2023-12-31	2022-12-31
<b>Shareholders' equity</b>		
Share capital	0.9	0.9
Other equity incl. net profit/loss	53.0	108.9
<b>Total shareholders' equity</b>	<b>53.9</b>	<b>109.8</b>
<b>Liabilities</b>		
Deferred tax liabilities	0.0	0.0
Accounts payable	5.4	5.1
Deferred revenue, prepaid licenses	30.2	24.5
Other liabilities	15.8	20.8
<b>Total liabilities</b>	<b>51.3</b>	<b>50.4</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>105.2</b>	<b>160.3</b>

## Condensed Consolidated Cash Flow Statement

MSEK	Q4, Oct-Dec		YTD, Jan - Dec	
	2023	2022	2023	2022
Operating income	-14.6	-18.5	-57.2	-64.6
Adjustment for non-cash items	0.7	0.2	1.9	2.4
Interests and paid taxes	2.5	0.9	1.5	0.2
Change in working cap. receivables	-12.2	-10.9	-0.2	-1.9
Change in working cap. liabilities	4.9	13.3	1.7	8.4
<b>Cash flow from operating activities</b>	<b>-18.7</b>	<b>-15.1</b>	<b>-52.2</b>	<b>-55.6</b>
<b>Cash flow from investing activities</b>	<b>0.0</b>	<b>-0.1</b>	<b>-0.3</b>	<b>-2.7</b>
<b>Cash flow from financing activities</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.1</b>
<b>Net increase/decrease in cash and equiv.</b>	<b>-18.7</b>	<b>-15.2</b>	<b>-52.5</b>	<b>-58.4</b>
Cash and liquid assets at start of period	78.2	127.1	111.9	169.4
Exchange rate differences	-0.5	0.0	-0.4	0.8
<b>Cash and liquid assets at end of period</b>	<b>59.0</b>	<b>111.9</b>	<b>59.0</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			1.5	1.5
Net loss for the period			-64.8	-64.8
<b>Transactions with owners:</b>				
Issued warrants		-0.1		0.1
Repurchased warrants		-0.1		-0.1
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			-0.4	-0.4
Net loss for the period			-55.6	-55.6
<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 December 31, 2023</b>	<b>0.9</b>	<b>200.2</b>	<b>-147.2</b>	<b>53.9</b>

## Condensed Income Statement, Parent company

MSEK	YTD, Jan - Dec	
	2023	2022
Net revenue	48.8	40.1
Other operating income	0.9	0.9
<b>Total revenue</b>	<b>49.7</b>	<b>41.0</b>
<b>Operating expenses</b>		
Other external expenses	-56.9	-57.9
Personnel costs	-45.1	-44.7
Depreciation and amortization	-0.6	-0.6
Other operating expenses	-1.6	-1.3
<b>Total operating expenses</b>	<b>-104.2</b>	<b>-104.5</b>
<b>Operating result</b>	<b>-54.5</b>	<b>-63.5</b>
<b>Financial items</b>		
Loss from shares in group companies	-0.1	-0.1
Interest income and similar items	1.9	0.4
Interest expenses and similar items	-0.1	-0.1
<b>Net result from financial items</b>	<b>1.7</b>	<b>0.2</b>
<b>Profit/loss before tax</b>	<b>-52.8</b>	<b>-63.3</b>
Tax	0.0	0.0
<b>Net profit/loss</b>	<b>-52.8</b>	<b>-63.3</b>

## Condensed Balance Sheet, Parent company

MSEK	2023-12-31	2022-12-31
<b>Fixed assets</b>		
Licenses	0.0	0.2
Equipment	1.3	1.7
Shares in group companies	6.2	6.2
Deferred tax assets	15.5	15.5
<b>Total fixed assets</b>	<b>23.0</b>	<b>23.5</b>
<b>Current assets</b>		
Accounts receivable	4.6	4.0
Other receivables	6.0	6.1
Other short-term investments	20.0	0.0
Cash and bank	31.1	104.3
<b>Total current assets</b>	<b>61.6</b>	<b>114.4</b>
<b>TOTAL ASSETS</b>	<b>84.6</b>	<b>137.9</b>
<b>Shareholders' equity</b>	<b>49.6</b>	<b>102.4</b>
<b>Liabilities</b>		
Accounts payable	5.1	4.8
Short-term liabilities to group companies	7.0	11.1
Other liabilities	22.9	19.7
<b>Total liabilities</b>	<b>35.0</b>	<b>35.5</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>84.6</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 somewhat higher in 2024 compared to 2023, approximately 1.5 MUSD, corresponding to 15.0 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  $\pm 0.8$  MSEK over the fiscal year. A higher USD exchange rate vs. SEK would result in an increased revenue and EBIT.



## Quarterly development

MSEK	2023 Q4	2023 Q3	2023 Q2	2023 Q1	2022 Q4
Annual recurring revenue	50.9	47.9	46.3	47.3	45.7
Change	6%	4%	-2%	4%	5%
Net revenues	20.7	19.1	21.1	18.0	18.6
Software revenues	14.4	12.3	14.3	12.0	13.0
Service revenues	6.4	6.8	6.8	6.0	5.5
Other operating income	0.2	0.1	0.2	0.3	0.4
EBIT	-14.6	-11.5	-12.8	-18.3	-18.5
EBIT margin	-70.3%	-60.2%	-60.5%	-101.6%	-99.7%
Net result after tax	-13.4	-11.6	-12.4	-18.1	-18.6
Net result per share (SEK)	-1.22	-1.05	-1.13	-1.65	-1.69
Deferred revenue (pre-paid), per EOQ	30.2	27.3	29.3	30.0	24.5
Cash flow from operations	-18.7	-11.9	-19.8	-1.8	-15.1
Development costs	14.1	11.4	12.4	15.6	16.7
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.

## Dividend

The Board of Directors proposes that no dividend is paid for 2023.

## Annual General Meeting

Modelon will hold its annual general meeting in Lund on May 14, 2024. The three largest shareholders in Modelon have formed a nomination committee with the following representation:

- Johan Andreasson, Chairman, representing Noledom Holding AB
- Kai Tavakka, representing Accendo Capital SICAV RAIF
- Matt Zack, representing Ansys Inc.
- Christer Ljungberg, Chairman of the Board, adjunct member

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

## Financial Calendar

Financial reports are published and made available at [www.modelon.com](http://www.modelon.com).

<b>March 28, 2024</b>	2023 Annual Report
<b>May 14, 2024</b>	Q1 Interim Report
<b>August 21, 2024</b>	Q2 Interim Report
<b>November 7, 2024</b>	Q3 Interim Report
<b>February 27, 2025</b>	Q4 and Year-End Report 2024

## 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, we offer a balanced mix of managed and on-premise delivery tuned to 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:

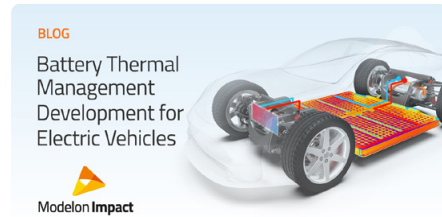
[www.linkedin.com/company/modelon](https://www.linkedin.com/company/modelon)

## BATTERY THERMAL MANAGEMENT DEVELOPMENT FOR ELECTRIC VEHICLES

NOVEMBER 28, 2023

This blog post explains the process of modeling an automotive battery system in an electric vehicle. A structured approach is used to adapt the model detail and analyze different aspects of thermal management system solutions throughout the stages of development in Modelon Impact.

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



## COGENERATION POWER PLANTS: IMPROVING OPERATIONS IN COMPLEX CONDITIONS

OCTOBER 26, 2023

Much of the world's natural gas power generation infrastructure uses gas turbines connected to Heat Recovery Steam Generators (HRSGs). These HRSGs capture waste heat from gas turbine exhaust and use the heat to generate steam for cogeneration, drive a steam turbine (in a combined cycle plant), or a combination of both. Learn how model-based design is helping combined cycle cogeneration plants adapt to hydrogen challenges.

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



## CUSTOMER TESTIMONIAL:

### PIONEERING HYDROGEN-POWERED AVIATION WITH SYSTEM MODELING AND SIMULATION

<https://modelon.com/support/pioneering-hydrogen-powered-aviation-with-system-modeling-and-simulation/>



## 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)

