

March 3, 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 fourth quarter and full year 2022.

Q4 Highlights

- ARR increased to MSEK 44.7 (39.8), an annual growth of 12%.
- Net revenue increased to MSEK 18.6 (15.8), of which software revenues were MSEK 13.0 (9.6).
- EBIT amounted to MSEK -18.5 (-12.1), including development costs of MSEK 16.7 (13.4)².
- Net result amounted to MSEK -18.6 (-1.2).
- Earnings per share amounted to SEK -1.69 (-0.11) before dilution.
- The financial result for the period reflects the ongoing investment phase for accelerated growth.

January – December 2022

- Net revenue amounted to MSEK 67.6 (68.9¹), of which software revenues were MSEK 46.0 (36.4).
- EBIT amounted to MSEK -64.6 (-39.4), including development costs of MSEK 57.4 (48.5)².
- Net result amounted to MSEK -64.8 (-28.5).
- Earnings per share amounted to SEK -5.88 (-2.59) before dilution.
- The financial result for the period reflects the ongoing investment phase for accelerated growth.
- The board proposes that no dividend is paid for the 2022 financial year.



Summary Financials

MSEK	Q4, Oct-Dec			YTD, Jan - Dec		
	2022	2021	Change	2022	2021	Change
Annual recurring revenue, ARR	44.7	39.8	12%	44.7	39.8	12%
Net revenues	18.6	15.8	18%	67.6	68.9	-2%
Software revenues	13.0	9.6	36%	46.0	36.4	26%
- whereof recurring revenue	11.2	9.3	21%	41.8	33.0	27%
Service revenues ¹	5.5	6.2	-11%	21.6	32.4	-34%
Other operating income	0.4	0.3		1.3	2.9	
EBIT	-18.5	-12.1	-	-64.6	-39.4	-
EBIT margin	-99.7%	-76.5%		-95.7%	-57.3%	
Net result after tax	-18.6	-1.2	-	-64.8	-28.5	-
Earnings per share (SEK) before dilution	-1.69	-0.11		-5.88	-2.59	
Cash balance	111.9	169.4	-34%	111.9	169.4	-34%

1. The comparison number for 2021 YTD includes co-development activities related to a U.S. enterprise customer amounting to MSEK 9.9, see Revenues section on page 3.

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

Significant events during Q4 2022

- On November 10, Modelon announced updated financial targets.
- Extraordinary general meeting of shareholders (EGM) on November 29 approved new share incentive programs for all employees.

Significant events after the period

- No significant events.

Investor presentation

Modelon will hold a presentation of the year-end report at 10am CET on March 3, 2022. CEO Magnus Gäfvert and CFO Jonas Eborn will present the Q4 and full year earnings in a webcast.

 [Link to webcast](#)

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Comments from the CEO

Solid software revenue growth in Q4

Software revenue growth in the fourth quarter amounted to a solid 36% compared to Q4 2021, which is a significant increase versus the 18% growth reported in Q3 2022. Annual Recurring Revenues continue the double-digit growth at 12% in Q4 vs. previous year, driven by our cloud flagship product Modelon Impact.

Notable new software wins in the fourth quarter include:

- Asian global ICT solutions provider
- US multinational medical technology company
- European expert engineering consultancy in maritime and offshore renewable energy
- European fuel cell innovator.

We are pleased to continue seeing the global spread of new customers, and the adoption of Modelon Impact for highly innovative and high value sectors such as renewable energy, de-carbonization and hydrogen applications. The sales mix continues to be dominated by new accounts, with good potential for future upsell.

Pipeline volume and market activity in the quarter was steady. The US region stood out with high activity in the HVAC&R (heating, ventilation, air conditioning & refrigeration) sector. In addition, the activity related to our professional services to support and drive software sales was notably higher than during previous quarters.

In the quarter we signed an agreement for participation in the European Defence Fund research project NEUMANN, funding our product R&D investment with M5EK 11.2 over four years. The project aims to address novel propulsion and energy system technologies for air dominance with the next generation of fighter aircraft. This will accelerate Modelon product roadmaps and provide exposure and collaboration with key industry actors in related sectors. We expect the defense sector to provide increasing opportunity for Modelon over the next years.

Cloud Scaling

Product development focused on cloud scaling, as reported in the third quarter, continued in the fourth quarter, and aims at releasing substantial new capabilities starting in the first half of 2023. These capabilities will support our growth strategy and journey towards our financial goals by leveraging unique customer values enabled by the cloud from our pioneering market position.

Building the global Modelon Impact community

We have, with Modelon Impact on the market for about two years in October 2022, attracted a significant

international user base for community building. To kick off this initiative, we organized our first international user conference, Modelon Innovate, in Stockholm on October 19-20, with users from more than 50 companies from 15 countries attending. The event was successful with great feedback from attendees on the high value of networking with other users and Modelon experts, and with enormous value for our product teams to get insights into our customers' needs and expectations. We had ten customers presenting use cases at the conference, and all turned into video testimonials where the first five have been published in our digital marketing channels:

- Heliogen, a US innovator in solar power, is using Modelon Impact to gain insights for engineering decisions for optimal design and operation of concentrated solar power plants. They are highlighting the high-value expert implementation support by Modelon. Their vision is to extend the use of Modelon Impact to systems-of-systems applications and connecting engineering workflows within the company.
- Collins Aerospace, one of the world's largest suppliers of aerospace and defense products, has been using Modelon simulation solutions for many years and is adopting Modelon Impact for the design of air management systems for commercial aircraft. Their testimonial highlights the benefits of working with Modelon as a long-term partner for system simulation solutions.
- Newcastle Marine Services is a UK specialist in zero emission ship propulsion that uses Modelon Impact to investigate and validate the substitution of diesel fuels with alternative fuels such as liquid hydrogen. Their testimonial highlights the value of combining high level energy flow with detailed physics modeling. Their vision with Modelon Impact is to apply it for new ship design and digital twins.
- Electric Power Research Institute is a US research institute collaborating with more than 450 energy companies in 45 countries on clean, safe, reliable and affordable access to electricity around the globe. They are using Modelon Impact for optimizing configuration, design and operation of green hydrogen generation and storage for gas turbine electricity generation. Their testimonial highlights how Modelon Impact enables rapid and meaningful results for engineering decisions.
- Volvo Autonomous Solutions is using Modelon Impact for physics-based vehicle dynamics simulation in the testing and validation of autonomous driving systems. Their testimonial highlights the value of using a standards-based simulation solution for toolchain integration and sharing.

We concluded 2022 and enter 2023 with confidence and a clear picture of our priorities and opportunities. We are committed to meeting our recently updated financial goals to exceed an overall ARR annual growth in the medium term of 35% and an EBIT to long-term, in a mature state, exceed 20%. Our customers repeatedly validate and confirm that Modelon Impact is a pioneering cloud native system simulation solution that brings unique value to the industry. Accurate simulations – better engineering decisions!



Magnus Gäfvert, CEO



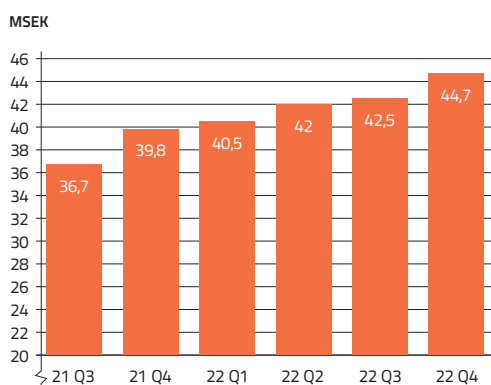
Financial development

Revenues

Annual recurring revenue

The total software annual recurring revenue at constant currency (ARR) amounted to MSEK 44.7 (39.8), an increase of 12% compared to Q4 2021 and an increase of 5% compared to MSEK 42.5 in Q3 2022. Modelon Impact is the principal growth driver, and the total software ARR includes an annual growth rate of 63% in recurring revenues for Modelon Impact. The total ARR before adjusting for currency effects amounted to MSEK 44.7 (37.0), the differences in exchange rate at the end of Q4 gave an FX adjustment of MSEK +2.8 for the comparison period.

ARR



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

Fourth quarter 2022

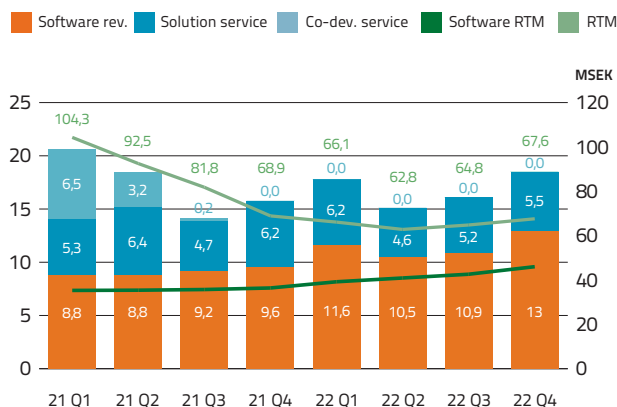
Net revenues amounted to MSEK 18.6 (15.8). Software revenues amounted to MSEK 13.0 (9.6), an increase of 36%. The significant increase in Q4 is partly due to paid-up licenses, primarily from Asian customers. Total service revenues amounted to MSEK 5.5 (6.2). Net revenues amounted to MSEK 18.6 (15.8).

January – December 2022

Net revenues amounted to MSEK 67.6 (68.9). Software revenues in the period increased by 26% and amounted to MSEK 46.0 (36.4). Total service revenues in the period amounted to MSEK 21.6 (32.4). The comparison number for 2021 includes a co-development service project with a U.S. enterprise customer. The service revenues from this customer during the period amounted to MSEK 0.0 (9.9).

Key Performance Indicators

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



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

Costs

Fourth quarter 2022

Other external expenses amounted to MSEK 15.0 (9.8), mainly related to sales activities, consultancy fees and premises. Personnel costs amounted to MSEK 22.0 (18.0). Depreciation amounted to MSEK 0.3 (0.2) and other operating expenses were MSEK 0.2 (0.1).

January – December 2022

Other external expenses amounted to MSEK 48.6 (36.5), mainly related to sales activities, consultancy fees and premises. Personnel costs amounted to MSEK 81.5 (71.3). Depreciation amounted to MSEK 0.9 (0.8) and other operating expenses were MSEK 2.5 (2.6). The average number of full-time employees was 89 (84).

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 16.7 (13.4), an increase of 24%. For the full year the development costs increased to MSEK 57.4 (48.5). The higher development cost in Q4 is partly due to external consultants whose engagement have ended in December, while the 19% annual increase in development costs reflects the shift to self-funded product development and is in line with the company's strategy. As communicated in our financial targets, product sales and ARR are expected to grow at a faster pace than development costs.

MSEK	Q4, Oct-Dec			YTD, Jan - Dec		
	2022	2021	Change	2022	2021	Change
Annual recurring revenue, ARR	44.7	39.8	12%	44.7	39.8	12%
Development costs	16.7	13.4	24%	57.4	48.5	19%

Earnings

Fourth quarter 2022

The financial development in Q4 reflects the planned increased investment pace in product development and commercial expansion using proceeds from financing activities. EBIT amounted to MSEK -18.5 (-12.1), including research and development costs of MSEK 16.7 (13.4).

January – December 2022

EBIT for the period amounted to MSEK -64.6 (-39.4), including research and development costs of MSEK 57.4 (48.5), 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 0.1 (0.2). Net result from financial items for January – December 2022 amounted to MSEK 0.1 (0.2).

Net result after tax

Net result after tax in the quarter amounted to MSEK -18.6 (-1.2), corresponding to SEK -1.69 per share. Net result after tax for January – December 2022 amounted to MSEK -64.8 (-28.5), corresponding to SEK -5.88 per share. Tax revenues refer to deferred tax assets for the Swedish entity and do not affect cash flow.

Financing and cash flow

As of December 31, Modelon's total available liquidity amounted to MSEK 121.9 (179.4), of which the cash balance amounted to MSEK 111.9 (169.4) and unutilized credit facilities amounted to MSEK 10.0 (10.0). Cash flow from operating activities amounted to MSEK -15.1 (-15.8) for the quarter and MSEK -55.6 (-19.3) for the year. The change in working capital amounted to MSEK +2.4 (-3.4) in the quarter and MSEK 6.5 (22.2) for the year. The positive change in working capital for 2022 is primarily related to the increase of software sales resulting in higher deferred (pre-paid) revenue. Cash flow from investing activities amounted to MSEK -0.1 (0.0) during the quarter and MSEK -2.7 (-0.2) for the year. Cash flow from financing activities amounted to MSEK 0.0 (0.0) during the quarter and MSEK -0.1 (137.7) for the year.

The share

As of December 31, 2022, 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 11,111,471. 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.

Largest shareholders

The table below shows the major shareholders in the company per December 31, 2022.

Owner	A shares	B shares	Votes	Capital
Noledom Holding AB ¹	802,551	3,214,894	47.2%	36.5%
Accendo Capital	345,270	2,328,099	24.3%	24.3%
RoosGruppen AB	72,843	1,031,371	7.4%	10.0%
Ansys Inc.	129,000	516,000	7.6%	5.9%
Lancelot Asset Management	0	297,000	1.2%	2.7%
Total top 5	1,349,664	7,387,364	87.4%	78.9%
Other owners	71,554	2,207,889	12.6%	21.1%
Total number of shares	1,421,218	9,595,253		

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

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 95,000, and the total dilution effect from share incentive programs if all warrants and options are allotted, vested and exercised for acquisition of shares is 0.86% per December 31, 2021.

Related party transactions

During the fourth quarter, consulting fees of 594 (112) TSEK have been paid to two board members for assignments outside of ordinary board work. All transactions with related parties are deemed to be conducted under market conditions.

Parent Company

January – December 2022

Total revenues of the parent company for the period amounted to MSEK 41.0 (51.0) with an EBIT of MSEK -63.5 (-39.0). Net result from financial items for the period amounted to MSEK 0.2 (0.4) and the net result was MSEK -63.3 (-28.1).

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 2021.

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 2021.



Financial statement

Condensed Consolidated Income Statement

MSEK	Q4, Oct - Dec		YTD, Jan - Dec	
	2022	2021	2022	2021
Net revenue	18.6	15.8	67.6	68.9
Other operating income	0.4	0.3	1.3	2.9
Total revenue	18.9	16.1	68.9	71.8
Operating expenses				
Other external expenses	-15.0	-9.8	-48.6	-36.5
Personnel costs	-22.0	-18.0	-81.5	-71.3
Depreciation and amortization	-0.3	-0.2	-0.9	-0.8
Other operating expenses	-0.2	-0.1	-2.5	-2.6
Total operating expenses	-37.5	-28.1	-133.5	-111.2
Operating result	-18.5	-12.1	-64.6	-39.4
Financial items				
Interest income and similar items	0.1	0.2	0.2	0.3
Interest expenses and similar items	0.0	0.0	-0.1	-0.1
Net result from financial items	0.1	0.2	0.1	0.2
Profit/loss before tax	-18.4	-11.9	-64.6	-39.2
Tax	-0.3	10.7	-0.3	10.7
Net profit/loss	-18.6	-1.2	-64.8	-28.5

Condensed Consolidated Balance Sheet

MSEK	2022-12-31	2021-12-31
Fixed assets		
Patents, licenses, trademarks and similar	0.2	0.4
Equipment, tools and installations	3.3	1.2
Deferred tax assets	15.7	15.8
Total fixed assets	19.2	17.5
Current assets		
Accounts receivable	20.7	15.6
Other receivables	8.5	10.2
Cash and bank	111.9	169.4
Total current assets	141.0	195.2
TOTAL ASSETS	160.3	212.7

Consolidated Balance Sheet, cont.

	2022-12-31	2021-12-31
MSEK		
Shareholders' equity		
Share capital	0.9	0.9
Other equity incl. net profit/loss	108.9	172.2
Total shareholders' equity	109.8	173.1
Liabilities		
Accounts payable	5.1	4.3
Deferred revenue, prepaid licenses	24.5	21.5
Other liabilities	20.8	13.7
Total liabilities	50.4	39.5
TOTAL EQUITY AND LIABILITIES	160.3	212.7

Condensed Consolidated Cash Flow Statement

MSEK	Q4, Oct-Dec		YTD, Jan - Dec	
	2022	2021	2022	2021
Operating income	-18.5	-12.1	-64.6	-39.4
Adjustment for non-cash items	0.2	0.0	2.4	-0.8
Interests and paid taxes	0.9	-0.3	0.2	-1.3
Change in working cap. receivables	-10.9	-7.8	-1.9	17.5
Change in working cap. liabilities	13.3	4.4	8.4	4.6
Cash flow from operating activities	-15.1	-15.8	-55.6	-19.3
Investments	-0.1	0.0	-2.7	-0.2
Cash flow from investing activities	-0.1	0.0	-2.7	-0.2
New share issue	0.0	0.0	0.0	150.0
Transaction costs, new share issue	0.0	0.0	0.0	-12.2
Repurchased warrants	0.0	0.0	-0.1	0.0
New borrowings/amortization	0.0	0.0	0.0	0.0
Cash flow from financing activities	0.0	0.0	-0.1	137.7
Net increase/decrease in cash and equiv.	-15.2	-15.8	-58.4	118.2
Cash and liquid assets at start of period	127.1	184.9	169.4	50.3
Exchange rate differences	0.0	0.4	0.8	0.9
Cash and liquid assets at end of period	111.9	169.4	111.9	169.4

Condensed Consolidated Changes in Equity

MSEK	Share capital	Other contr. of equity	Other equity incl. profit	Total equity
As of January 1, 2021	0.6	62.6	-0.3	62.9
Exchange differences			0.9	0.9
Net loss for the period			-28.5	-28.5
Transactions with owners:				
New share issue	0.3	149.7		150.0
Transaction costs		-12.2		-12.2
Issued warrants		0.0		0.0
Repurchased warrants		0.0		0.0
Share-based payments			0.0	0.0
As of January 1, 2022	0.9	200.1	-27.9	173.1
Exchange differences			1.5	1.5
Net loss for the period			-64.8	-64.8
Transactions with owners:				
New share issue				0.0
Transaction costs				0.0
Issued warrants		0.1		0.1
Repurchased warrants		-0.1		-0.1
Share-based payments			0.0	0.0
As of December 31, 2022	0.9	200.1	-91.2	109.8

Condensed Income Statement, Parent company

MSEK	YTD, Jan - Dec	
	2022	2021
Net revenue	40.1	48.2
Other operating income	0.9	2.8
Total revenue	41.0	51.0
Operating expenses		
Other external expenses	-57.9	-42.4
Personnel costs	-44.7	-45.0
Depreciation and amortization	-0.6	-0.6
Other operating expenses	-1.3	-2.1
Total operating expenses	-104.5	-90.0
Operating result	-63.5	-39.0
Financial items		
Interest income and similar items	0.4	0.6
Interest expenses and similar items	-0.2	-0.1
Net result from financial items	0.2	0.4
Profit/loss before tax	-63.3	-38.6
Tax	0.0	10.4
Net profit/loss	-63.3	-28.1

Condensed Balance Sheet, Parent company

MSEK	2022-12-31	2021-12-31
Fixed assets		
Patents, licenses, trademarks and similar	0.2	0.4
Equipment, tools and installations	1.7	0.5
Long-term receivables from group comp.	0.0	5.2
Deferred tax assets	21.7	16.5
Total fixed assets	23.5	22.7
Current assets		
Accounts receivable	4.0	2.0
Receivables from group companies	0.0	0.0
Other receivables	6.1	7.3
Cash and bank	104.3	160.4
Total current assets	114.4	169.7
TOTAL ASSETS	137.9	192.4
Shareholders' equity	102.4	165.6
Liabilities		
Accounts payable	4.8	4.1
Short-term liabilities to group companies	11.1	5.9
Other liabilities	19.7	16.8
Total liabilities	35.5	26.8
TOTAL EQUITY AND LIABILITIES	137.9	192.4

Accounting principles and currency exposure

The consolidated year-end 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 2021 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 2 MUSD, corresponding to 21 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 ± 1 MSEK over the fiscal year. A higher USD exchange rate vs. SEK would result in an increased revenue and EBIT.

Quarterly development

MSEK	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4
Annual recurring revenue	44.7	42.5	42.0	40.5	39.8
Change	5%	1%	4%	2%	8%
Net revenues	18.6	16.1	15.1	17.8	15.8
Software revenues	13.0	10.9	10.5	11.6	9.6
Service revenues	5.5	5.2	4.6	6.2	6.2
Other operating income	0.4	0.3	0.3	0.3	0.3
EBIT	-18.5	-15.9	-17.5	-12.7	-12.1
EBIT margin	-99.7%	-98.7%	-115.9%	-71.5%	-76.5%
Net result after tax	-18.6	-15.9	-17.5	-12.8	-1.2
Net result per share (SEK)	-1.69	-1.45	-1.59	-1.16	-0.11
Deferred revenue (pre-paid), per EOQ	24.5	20.6	23.4	23.6	21.5
Cash flow from operations	-15.1	-20.3	-9.0	-11.2	-15.8
Development costs	16.7	13.1	14.2	13.5	13.4
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 2022.

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 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 <https://modelon.com/investor-relations>

Financial Calendar

Financial reports are published and made available at <https://modelon.com>

March 30, 2023	2022 Annual Report
May 16, 2023	Q1 Interim Report
August 23, 2023	Q2 Interim Report
November 10, 2023	Q3 Interim Report
February 29, 2024	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

Growth (CAGR)	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%
Profitability	EBIT margin >20%	EBIT shall after a negative period turn positive and long-term in a mature state exceed 20%
Operating cash flow	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:

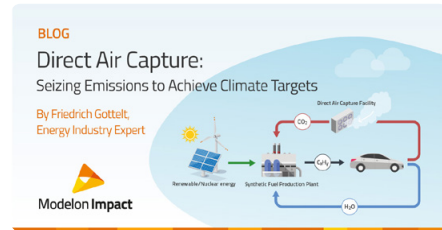
www.linkedin.com/company/modelon

DIRECT AIR CAPTURE: SEIZING EMISSIONS TO ACHIEVE CLIMATE TARGETS

NOVEMBER 8, 2022

Direct Air Capture (DAC) is a technology that captures and scrubs carbon dioxide from the atmosphere. In this blog, learn the DAC process step-by-step and how this technology can be integrated into current systems by simulating prebuilt model examples in Modelon Impact.

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



MODELON INNOVATE 2022 RECAP

NOVEMBER 3, 2022

Chief Commercial Officer, David Higbie, recaps the system simulation event of the year – Modelon Innovate 2022!

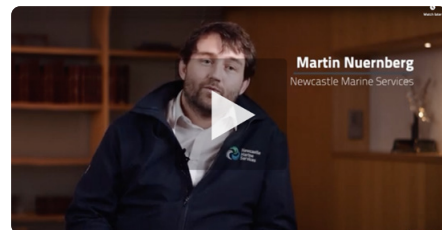
<https://www.modelon.com/news-blog/>



CUSTOMER TESTIMONIAL:

DECARBONIZING OFFSHORE SERVICE VESSELS AT NEWCASTLE MARINE SERVICES

[modelon.com/support/decarbonizing-offshore-vessels-newcastle-marine-services/](https://www.modelon.com/support/decarbonizing-offshore-vessels-newcastle-marine-services/)



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
and to follow us on LinkedIn: www.linkedin.com/company/modelon

