# MODELON AB (publ) – INTERIM REPORT

## January 1 – June 30, 2026

**July 21, 2026: 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 - June 2026.**

## Quarter, April – June

- ARR amounted to MSEK 45.9 (53.1), an annual decrease of 14%.
- Net revenue amounted to MSEK 16.6 (18.5), of which software revenue was MSEK 12.1 (14.4).
- Cash flow from operations amounted to MSEK -7.6 (-14.6).
- Adjusted EBIT[1] amounted to MSEK -4.4 (-9.4).
- Operating expenses were MSEK 21.4 (33.2), including non-recurring items of MSEK 0.0 (5.2) and development costs of MSEK 7.1 (10.5).
- Net income amounted to MSEK -4.3 (-14.6).
- Earnings per share amounted to SEK -0.24 (-0.85) before dilution.

## Period, January – June

- Net revenue amounted to MSEK 31.9 (38.9), of which software revenues were MSEK 24.2 (29.6).
- Adjusted EBIT[1] amounted to MSEK -11.6 (-17.7).
- Operating expenses were MSEK 45.1 (62.8), including non-recurring items of MSEK 0.5 (5.2).
- Net income amounted to MSEK -12.1 (-23.7).
- Earnings per share amounted to SEK -0.66 (-1.37) before dilution.

## Summary Financials

| | Quarter, Apr - Jun | | | Period, Jan - Jun | | |
|---|---|---|---|---|---|---|
| **MSEK** | **2026** | **2025** | **Change** | **2026** | **2025** | **Change** |
| Annual recurring revenue, ARR | 45.9 | 53.1 | -14% | 45.9 | 53.1 | -14% |
| Net revenues | 16.6 | 18.5 | -10% | 31.9 | 38.9 | -18% |
| Software revenues | 12.1 | 14.4 | -16% | 24.2 | 29.6 | -18% |
| - whereof recurring revenue | 11.5 | 13.9 | -17% | 23.3 | 28.9 | -19% |
| Service revenues | 4.4 | 4.0 | 10% | 7.7 | 9.4 | -18% |
| Other operating income | 0.4 | 0.1 | | 1.1 | 0.9 | |
| EBIT | -4.4 | -14.6 | - | -12.1 | -22.9 | - |
| EBIT margin | -26.7% | -79.3% | | -38.0% | -58.9% | |
| Adjusted EBIT[1] | -4.4 | -9.4 | - | -11.6 | -17.7 | - |
| Adj. EBIT margin | -26.7% | -50.9% | | -36.4% | -45.4% | |
| Net income | -4.3 | -14.6 | - | -12.1 | -23.7 | - |
| Earnings per share (SEK) before dilution | -0.24 | -0.85 | | -0.66 | -1.37 | |
| Cash balance | 32.2 | 49.3 | -35% | 32.2 | 49.3 | -35% |

1. Adjusted EBIT excl. non-recurring items related to restructuring costs.

## Significant events during Q2 2026

- Annual General Meeting on May 6 resolved according to the nominating committee proposal and elected a Board with six members. AGM also resolved on authorization for the Board to decide on issue of new shares and approved a new share incentive program for all employees.

## Significant events after the period

- On July 20, Modelon announced updated financial targets.


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## Investor presentation

Modelon will hold a presentation of the Q2 interim report at 10:00 a.m. CET on July 21, 2026. CEO Jan Häglund and CFO Jonas Eborn will present the Q2 earnings in a webcast.

**Link to webcast**

# Comments from the CEO

## Business update

The second quarter of 2026 showed continued reduction of operating losses, a return to growth in services, and major product launches in Physical AI, while software revenue was affected by earlier license churn. Net revenue amounted to MSEK 16.6, a decrease of 10 percent compared with last year. Software revenue was MSEK 12.1 (-16 percent) while services amounted to MSEK 4.4 (+10 percent). Currency effects contributed MSEK -0.6 to the revenue change from last year. The year-over-year decrease in software revenue reflects churn among software licenses customers with temporary projects and single users, while long-term customers with several users are stable and show high satisfaction with our products and services. The growth of services in the second quarter is a positive trend shift, indicating that our offering is better aligned with customer demand.

Annual Recurring Revenue (ARR) was MSEK 45.9 (-14 percent), a decrease attributable to the loss of license subscriptions among some customers in recent quarters. New business in Q2 2026 included contracts with several Korean customers: KIA Corporation increased Vehicle Dynamics subscriptions, Hanon Systems - a multinational automotive supplier - introduced Modelon Impact as a system simulation platform, and a large Korean power company acquired Thermal Power Library licenses.

EBIT in Q2 2026 was MSEK -4.4, an improvement of MSEK 5.0 compared with the adjusted result for the same quarter last year (+MSEK 10.2 versus the reported result, which included one-off items of MSEK 5.2). We have reduced operating losses consistently over the last six quarters, thanks to increased operational efficiency and cost reductions. Operating cash flow in Q2 2026 was MSEK -7.6, MSEK 7.0 better than last year, thanks to an improved operating income.

Modelon has been awarded a grant from Sweden's innovation agency Vinnova for a research project in AI data center cooling simulation and validated digital twins, together with Research Institutes of Sweden (RISE) and several other leading companies in the area. The project will run for 36 months, starting in September 2026. Modelon's part of the project funding is MSEK 4.3.

## Physical AI

*Physical AI* describes the next frontier of generative AI, where the technology is used in combination with domain knowledge, data, and workflows to address real-world industrial problems. Modelon is exceptionally well positioned for this emerging area, thanks to a strong legacy in physics-based simulation, a broad portfolio of application libraries, and a customer base spanning the HVAC, Energy, Automotive, and Aerospace industries.

During the second quarter, we announced two major releases and several minor updates introducing new AI functionality. The integrated AI assistant provides an easy-to-use, multilingual interface, powered by capabilities to plan, execute, and analyze advanced system simulations. We have based our implementation on the Model Context Protocol (MCP), an open industry standard, which creates flexibility for integration with best-of-breed AI services and language models. Modelon's Physical AI implementation has an efficient way of building simulation models, compared with a pure AI approach based on measurement data and neural networks. Together with the open Modelica standard for physics-based system modeling, we provide unique opportunities for customers to add their own skills and know-how, on top of industry-grade libraries and ready-to-use workflows in Modelon Impact.

The AI assistant works on our simulation models, including the Data Center library, which was released during June. This new library represents a significant step into the growing market of cooling and energy systems for high-capacity data centers, built for AI workloads. The library contains models for liquid-cooled racks of GPUs, as well as key data center components such as coolant distribution units (CDU), computer room air handlers (CRAH), chillers, and cooling towers. We provide generic components as well as validated supplier-specific models. Executable reference systems for entire data centers are included as starting points for suppliers and integrators who want to explore design alternatives and optimize the resource utilization of an existing data center.

We expect AI functionality in combination with simulation libraries to support revenue growth through faster adoption of simulation software and through additional business models, such as consumption-based pricing. We will continue to drive innovation in Physical AI, investing in feature updates and frequent product releases.

## Outlook

We expect ARR growth in the second half of the year, based on a growing sales funnel as well as business opportunities created by new AI features and simulation libraries.

Operating income has improved since H2 2024, albeit at a slower rate than needed to reach cash flow break-even in 2026. We expect further profitability and cash flow improvements through growth of recurring software revenues, leading to positive cash flow from Q1 2028. Multi-year deals and additional research grants could further accelerate our path to positive cash flow.

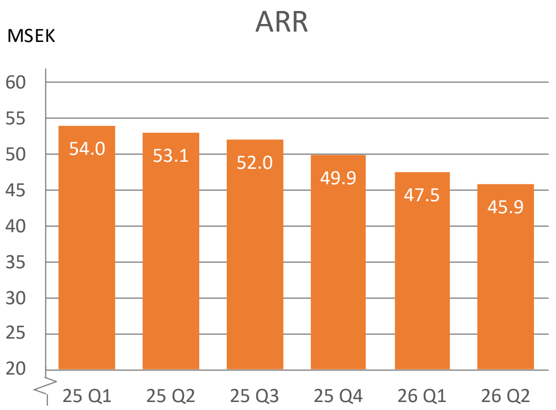
Jan Häglund, CEO

# Financial development

## Revenues

**Annual recurring revenue**

Total annual recurring software revenue in constant currency (ARR) amounted to MSEK 45.9 (53.1), a decrease of 14 percent compared to Q2 2025, and a decrease of 3 percent compared to Q1 2026. Modelon Impact recurring revenues declined (ARR -21 percent), as did the legacy multi-platform business (ARR -7 percent). Total ARR before adjusting for currency effects amounted to MSEK 45.9 (55.5). The differences in exchange rates at the end of Q2 correspond to an FX adjustment of MSEK -2.4 for the comparison period.



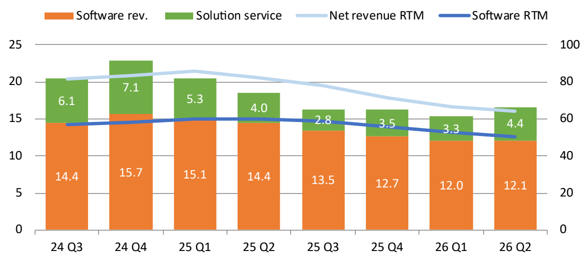

*Software ARR is reported at constant currency, see quarterly figures and KPI definition on page 9. Total ARR numbers include revenue from Modelon Impact and from multi-platform libraries and software.*

**Quarter, April – June 2026**

Net revenues amounted to MSEK 16.6 (18.5), a decrease of 10 percent. Software revenues amounted to MSEK 12.1 (14.4), a decrease of 16 percent. Total service revenues amounted to MSEK 4.4 (4.0), an increase of 10 percent.

**Period, January – June 2026**

Net revenues amounted to MSEK 31.9 (38.9), a decrease of 18 percent. Software revenues in the period amounted to MSEK 24.2 (29.6), a decrease of 18 percent. Total service revenues in the period amounted to MSEK 7.7 (9.4).




*Software and Service revenue development over past two years. Higher software revenue in the fourth quarter of 2024 and the second quarter of 2026 reflects non-recurring software sales in the quarter. Note that revenues are not FX adjusted.*

## Costs

**Quarter, April – June 2026**

Other external expenses decreased to MSEK 6.0 (6.5). Personnel costs amounted to MSEK 15.0 (26.8), including non-recurring costs of MSEK 0.0 (5.2). Depreciation amounted to MSEK 0.1 (0.2), and other operating expenses were MSEK 0.2 (-0.3).

**Period, January – June 2026**

Other external expenses amounted to MSEK 12.1 (13.6); lower cost is mainly related to less use of external consultants. Personnel costs amounted to MSEK 31.8 (48.7), including non-recurring costs of MSEK 0.5 (5.2). Depreciation amounted to MSEK 0.3 (0.5) and other operating expenses were MSEK 0.8 (0.1).

**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.

Development costs in the second quarter amounted to MSEK 7.1 (10.5), a decrease of 32 percent. For the trailing twelve-month (TTM) period, development costs were MSEK 29.3 (47.4), a decrease of 38 percent. Development costs are expected to stay around the current yearly level.

## Key Performance Indicator

KPIs are defined on page 9, under Quarterly development.

| | Quarter, Apr - Jun | | | Period, Jan - Jun | | |
|---|---|---|---|---|---|---|
| **MSEK** | **2026** | **2025** | **Change** | **2026** | **2025** | **Change** |
| ARR* | 45.9 | 53.1 | -14% | 45.9 | 53.1 | -14% |
| Development costs | 7.1 | 10.5 | -32% | 14.6 | 21.1 | -31% |

*) Annual recurring revenue

## Earnings

**Quarter, April – June 2026**

EBIT for the quarter amounted to MSEK -4.4 (-14.6). Adjusted EBIT for the quarter amounted to MSEK -4.4 (-9.4).

**Period, January – June 2026**

EBIT for the period amounted to MSEK -12.1 (-22.9). Adjusted EBIT for the period amounted to MSEK -11.6 (-17.7).

## Net financial income

Net income from financial items for the quarter amounted to MSEK 0.1 (0.1). Net income from financial items for January – June amounted to MSEK -0.1 (-0.4).

## Net income after tax

Net income after tax in the quarter amounted to MSEK -4.3 (-14.6), corresponding to SEK -0.24 per share. Net income after tax for January – June amounted to MSEK -12.1 (-23.7), corresponding to SEK -0.66 per share.

## Financing and cash flow

As of June 30, Modelon's total available liquidity amounted to MSEK 42.2 (59.3), of which the cash balance amounted to MSEK 32.2 (49.3), and unutilized credit facilities amounted to MSEK

10.0 (10.0). Cash flow from operating activities amounted to MSEK -7.6 (-14.6) for the second quarter. The change in working capital amounted to MSEK -3.1 (+0.1) in the quarter.

## The share

As of June 30, 2026, the total number of shares in Modelon was 18,224,706 (17,224,706). The total number of shares after full dilution was 21,411,672. The company's registered share capital was SEK 1,526,358. The average number of shares in the quarter was 18,224,706 (17,224,706). The average number of shares in the period January - June was 18,224,706 (17,224,706).

## Share incentive programs

Modelon has five active share incentive programs: 2024/2027 for CEO Jan Häglund, and 2023/2027, 2024/2028, 2025/2029 and 2026/2030 for all employees. Additionally, a share program 2025/2028 for Briarwood Capital Partners is split into two series. Each of the employee incentive programs 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 five programs is 3,186,966, and the total dilution effect from share incentive programs if all warrants and options are allotted, vested, and exercised for acquisition of shares is 14.88 percent per June 30, 2026.

## Parent Company

**January – June 2026**

Total revenues of the parent company for the period amounted to MSEK 23.2 (27.0) with an EBIT of MSEK -11.7 (-20.6). Since the parent company owns all IP rights in Modelon's software products, it is also carrying all development costs. Net income from financial items for the period amounted to MSEK -0.2 (-0.5) and the total net income was MSEK -12.0 (-21.2).

## Largest shareholders

The table below shows the major shareholders in the company per June 30, 2026.

| Owner | Shares | Capital |
|---|---|---|
| Noledom Holding AB[1] | 5,021,806 | 27.6% |
| Accendo Capital | 4,010,053 | 22.0% |
| RoosGruppen AB | 1,766,796 | 9.7% |
| Challengers Europe | 1,232,083 | 6.8% |
| Briarwood Capital Partners | 1,000,000 | 5.5% |
| Ansys Inc. | 645,000 | 3.5% |
| Ålandsbanken | 405,000 | 2.2% |
| Hubertus Tummescheit | 329,670 | 1.8% |
| Johan Andreasson | 293,959 | 1.6% |
| Nordnet Pension | 284,081 | 1.6% |
| Total top 10 | 14,988,448 | 82.2% |
| Other owners | 3,236,258 | 17.8% |
| Total number of shares | 18,224,706 | |

1. Noledom Holding AB comprises company co-founders that currently are or previously have been active in the company management or board.

## Risk factors

Modelon operates in a market where competitors are both global and local. Some of Modelon's competitors are companies with significantly more extensive sales and marketing organizations. These companies can expose Modelon to competition by selling 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; and disputes and litigations. 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 2025 annual report.

## Sustainability

Modelon's sustainability work includes two areas: internal activities to become more sustainable and offerings to customers. Modelon can, with its deep expertise in digitization based on system modeling and simulation, support customers' sustainability initiatives and product offerings. Digitalization generally entails a reduction or elimination of transport, travel, and resource intensive prototype construction, and Modelon's solutions are often used to enable and drive innovation and conversion of products into more sustainable technology and solutions. Read more about sustainability in our 2025 annual report.

## Updated financial targets (previous targets)

| | |
|---|---|
| **Revenue** | Annual Recurring Revenue growth above 20 percent<br>(unchanged) |
| **Cash Flow** | Free Cash Flow positive from Q1 2028<br>(Free Cash Flow positive from 2026) |
| **Operating Profit** | Long-term Operating Profit Margin above 20 percent<br>(unchanged) |

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

# Financial statements

## Condensed Consolidated Income Statement

| | Quarter, Apr - Jun | | Period, Jan - Jun | |
|---|---|---|---|---|
| **MSEK** | **2026** | **2025** | **2026** | **2025** |
| Net revenue | 16.6 | 18.5 | 31.9 | 38.9 |
| Other operating income | 0.4 | 0.1 | 1.1 | 0.9 |
| Total revenue | 16.9 | 18.5 | 33.0 | 39.8 |
| | | | | |
| **Operating expenses** | | | | |
| Other external expenses | -6.0 | -6.5 | -12.1 | -13.6 |
| Personnel costs | -15.0 | -21.5 | -31.3 | -43.4 |
| Non-recurring items[1] | 0.0 | -5.2 | -0.5 | -5.2 |
| Depreciation and amortization | -0.1 | -0.2 | -0.3 | -0.5 |
| Other operating expenses | -0.2 | 0.3 | -0.8 | -0.1 |
| Total operating expenses | -21.4 | -33.2 | -45.1 | -62.8 |
| Operating result | -4.4 | -14.6 | -12.1 | -22.9 |
| | | | | |
| **Financial items** | | | | |
| Interest income and similar items | 0.1 | 0.2 | 0.1 | 0.3 |
| Interest expenses and similar items | 0.0 | -0.1 | -0.3 | -0.7 |
| Net result from financial items | 0.1 | 0.1 | -0.1 | -0.4 |
| Profit/loss before tax | -4.3 | -14.6 | -12.2 | -23.3 |
| Tax | 0.0 | 0.0 | 0.2 | -0.4 |
| Net profit/loss | -4.3 | -14.6 | -12.1 | -23.7 |

1. Non-recurring items consist of personnel costs related to restructuring.

## Condensed Consolidated Balance Sheet

| MSEK | 2026-06-30 | 2025-06-30 | 2025-12-31 |
|---|---|---|---|
| **Fixed assets** | | | |
| Licenses | 0.0 | 0.0 | 0.0 |
| Equipment | 1.3 | 1.5 | 1.3 |
| Deferred tax assets | 16.8 | 16.3 | 16.5 |
| Total fixed assets | 18.1 | 17.8 | 17.8 |
| | | | |
| **Current assets** | | | |
| Accounts receivable | 5.2 | 8.2 | 15.3 |
| Other receivables | 5.1 | 4.8 | 4.0 |
| Other short-term investments | 0.0 | 0.0 | 0.0 |
| Cash and bank | 32.2 | 49.3 | 42.1 |
| Total current assets | 42.5 | 62.3 | 61.3 |
| TOTAL ASSETS | 60.6 | 80.1 | 79.1 |

## Consolidated Balance Sheet, cont.

| MSEK | 2026-06-30 | 2025-06-30 | 2025-12-31 |
|---|---|---|---|
| **Shareholders' equity** | | | |
| Share capital | 1.5 | 1.4 | 1.5 |
| Other equity incl. net profit/loss | 19.2 | 21.4 | 31.8 |
| Total shareholders' equity | 20.7 | 22.9 | 33.3 |
| | | | |
| **Liabilities** | | | |
| Deferred tax liabilities | 0.0 | 0.0 | 0.0 |
| Accounts payable | 1.8 | 1.9 | 1.6 |
| Deferred revenue, prepaid licenses | 24.6 | 32.4 | 30.2 |
| Other liabilities | 13.5 | 22.9 | 14.0 |
| Total liabilities | 39.9 | 57.2 | 45.8 |
| TOTAL EQUITY AND LIABILITIES | 60.6 | 80.1 | 79.1 |

## Condensed Consolidated Cash Flow Statement

| | Quarter, Apr - Jun | | Period, Jan - Jun | |
|---|---|---|---|---|
| **MSEK** | **2026** | **2025** | **2026** | **2025** |
| Operating income | -4.4 | -14.6 | -12.1 | -22.9 |
| Adjustment for non-cash items | -0.1 | -0.2 | -0.5 | 1.4 |
| Interests and paid taxes | 0.0 | 0.1 | -0.1 | -0.1 |
| Change in working cap. receivables | 1.1 | 1.4 | 10.1 | 24.0 |
| Change in working cap. liabilities | -4.3 | -1.3 | -7.1 | -13.9 |
| Cash flow from operating activities | -7.6 | -14.6 | -9.6 | -11.6 |
| | | | | |
| Investments | -0.2 | 0.0 | -0.3 | 0.0 |
| Cash flow from investing activities | -0.2 | 0.0 | -0.3 | 0.0 |
| | | | | |
| New share issue | 0.0 | 0.0 | 0.0 | 0.0 |
| Transaction costs, new share issue | 0.0 | 0.0 | 0.0 | 0.0 |
| Repurchased warrants | 0.0 | 0.0 | 0.0 | 0.0 |
| Premiums received for warrants | 0.0 | 0.0 | 0.0 | 0.0 |
| Cash flow from financing activities | 0.0 | 0.0 | 0.0 | 0.0 |
| | | | | |
| Net increase/decrease in cash and equiv. | -7.8 | -14.6 | -9.9 | -11.6 |
| Cash and liquid assets at start of period | 39.8 | 64.1 | 42.1 | 62.6 |
| Exchange rate differences | 0.2 | -0.2 | 0.0 | -1.7 |
| Cash and liquid assets at end of period | 32.2 | 49.3 | 32.2 | 49.3 |

### Condensed Consolidated Changes in Equity

| MSEK | Share capital | Other contr. of equity | Other equity incl. profit | Total equity |
|---|---|---|---|---|
| As of January 1, 2025 | 1.4 | 251.3 | -206.3 | 46.5 |
| Exchange differences | | | -0.1 | -0.1 |
| Net loss for the period | | | -23.7 | -23.7 |
| ***Transactions with owners:*** | | | | |
| Issued warrants | | 0.1 | | 0.1 |
| Repurchased warrants | | 0.0 | | 0.0 |
| As of June 30, 2025 | 1.4 | 251.5 | -230.1 | 22.9 |
| Exchange differences | | | -0.3 | -0.3 |
| Net loss for the period | | | -9.0 | -9.0 |
| ***Transactions with owners:*** | | | | |
| New share issue | 0.1 | 19.9 | | 20.0 |
| Transaction costs, new share issue | | -0.3 | | -0.3 |
| Repurchased warrants | | 0.0 | | 0.0 |
| Share-based payments | | 0.0 | | 0.0 |
| Move of share-based payments 2019-2024 | | 0.2 | -0.2 | 0.0 |
| As of January 1, 2026 | 1.5 | 271.3 | -239.5 | 33.3 |
| Exchange differences | | | -0.6 | -0.6 |
| Net loss for the period | | | -12.1 | -12.1 |
| ***Transactions with owners:*** | | | | |
| Issued warrants | | 0.1 | | 0.1 |
| Repurchased warrants | | 0.0 | | 0.0 |
| As of June 30, 2026 | 1.5 | 271.3 | -252.1 | 20.7 |

### Condensed Income Statement, Parent company

| | Period, Jan - Jun | |
|---|---|---|
| **MSEK** | **2026** | **2025** |
| Net revenue | 22.1 | 26.1 |
| Other operating income | 1.1 | 0.9 |
| Total revenue | 23.2 | 27.0 |
| | | |
| **Operating expenses** | | |
| Other external expenses | -13.1 | -15.4 |
| Personnel costs | -20.8 | -29.9 |
| Depreciation and amortization | -0.2 | -0.2 |
| Other operating expenses | -0.8 | -2.1 |
| Total operating expenses | -34.9 | -47.6 |
| Operating result | -11.7 | -20.6 |
| | | |
| **Financial items** | | |
| Loss from shares in group companies | -0.1 | -0.1 |
| Interest income and similar items | 0.1 | 0.3 |
| Interest expenses and similar items | -0.3 | -0.7 |
| Net result from financial items | -0.2 | -0.5 |
| Profit/loss before tax | -12.0 | -21.2 |
| Tax | 0.0 | 0.0 |
| Net profit/loss | -12.0 | -21.2 |

### Condensed Balance Sheet, Parent company

| MSEK | 2026-06-30 | 2025-06-30 | 2025-12-31 |
|---|---|---|---|
| **Fixed assets** | | | |
| Licenses | 0.0 | 0.0 | 0.0 |
| Equipment | 0.6 | 0.7 | 0.6 |
| Shares in group companies | 6.2 | 6.2 | 6.2 |
| Deferred tax assets | 15.5 | 15.5 | 15.5 |
| Total fixed assets | 22.2 | 22.4 | 22.3 |
| | | | |
| **Current assets** | | | |
| Accounts receivable | 1.4 | 1.6 | 2.9 |
| Receivables from group companies | 0.7 | 0.9 | 2.9 |
| Other receivables | 3.7 | 3.6 | 3.0 |
| Other short-term investments | 0.0 | 0.0 | 0.0 |
| Cash and bank | 22.8 | 40.4 | 31.2 |
| Total current assets | 28.6 | 46.5 | 40.0 |
| TOTAL ASSETS | 50.8 | 68.8 | 62.3 |
| | | | |
| Shareholders' equity | 26.7 | 28.8 | 38.6 |
| | | | |
| **Liabilities** | | | |
| Accounts payable | 1.7 | 1.9 | 1.4 |
| Short-term liabilities to group companies | 3.4 | 8.7 | 1.8 |
| Other liabilities | 18.9 | 29.4 | 20.5 |
| Total liabilities | 24.1 | 40.0 | 23.7 |
| TOTAL EQUITY AND LIABILITIES | 50.8 | 68.8 | 62.3 |

## Accounting principles and currency exposure

The consolidated interim quarterly report for the Group is prepared in accordance with K3 Swedish GAAP, annual accounting act, following the same principles as the annual report. There has been no change in principles since the 2025 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. Foreign subsidiaries are included in the consolidation. Sales are largely generated in foreign currencies, with USD as 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., the difference between sales and costs in USD) is expected to be somewhat higher in 2026 compared to 2025, approximately MUSD 1.5, corresponding to MSEK 13.5 per the USD rate at the end of the period. A ±5 percent change in the USD/SEK exchange rate would affect the net income by approximately MSEK ±0.7 over the fiscal year. A higher USD exchange rate vs. SEK would result in increased revenue and EBIT.

## Quarterly development

| MSEK | 2026 Q2 | 2026 Q1 | 2025 Q4 | 2025 Q3 | 2025 Q2 |
|---|---|---|---|---|---|
| Annual recurring revenue | 45.9 | 47.5 | 49.9 | 52.0 | 53.1 |
| Change QoQ | -3% | -5% | -4% | -2% | -2% |
| Net revenues | 16.6 | 15.3 | 16.3 | 16.3 | 18.5 |
| Software revenues | 12.1 | 12.0 | 12.7 | 13.5 | 14.4 |
| Service revenues | 4.4 | 3.3 | 3.5 | 2.8 | 4.0 |
| Other operating income | 0.4 | 0.8 | 2.8 | 0.1 | 0.1 |
| Adjusted EBIT | -4.4 | -7.2 | -5.2 | -4.0 | -9.4 |
| Adj. EBIT margin | -26.7% | -47.0% | -32.1% | -24.7% | -50.9% |
| Net income | -4.3 | -7.8 | -5.0 | -3.9 | -14.6 |
| Earnings per share (SEK) | -0.24 | -0.43 | -0.28 | -0.22 | -0.85 |
| Deferred revenue (pre-paid), per EOQ | 24.6 | 28.2 | 30.2 | 23.2 | 32.4 |
| Cash flow from operations | -7.6 | -2.0 | -9.0 | -16.9 | -14.6 |
| Development costs | 7.1 | 7.5 | 7.1 | 7.6 | 10.5 |
| Average number of shares | 18,224,706 | 18,224,706 | 18,224,706 | 17,529,054 | 17,224,706 |

## 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** are defined as fully loaded R&D expenses, net of external R&D funding.

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 held its Annual General meeting in Lund on May 6, 2026.

More information about the AGM is available at www.modelon.com/agm2026.

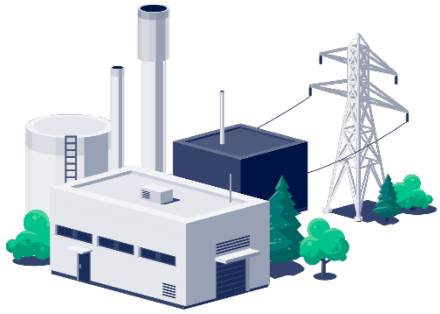
## Financial Calendar

Financial reports are published and made available at www.modelon.com

| | |
|---|---|
| October 23, 2026 | Q3 Interim Report |
| February 11, 2027 | Q4 and Year-end Report 2026 |

## Review

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



# Modelon Overview

## Business and Operations

Modelon is a global company, founded in 2004, with approximately 60 employees distributed among offices in five countries (Sweden, USA, Japan, Germany, and India). The company is headquartered in Lund, Sweden, where senior executives, group administration including finance, HR, and IT, as well as product development functions are based. Modelon has historically demonstrated consistent growth in annual recurring revenues.

Modelon offers software products and complementary consulting services in physics-based modelling, simulation, and analysis of complex technical systems, which enable companies to digitize, transform, and improve their product development and operations. Modelon is a global player with several industry-leading companies as clients, including Carrier, Toyota, MAN Group, and Mercedes-Benz.

Modelon's flagship product, Modelon Impact, is a cloud-native, AI-driven 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 including Modelica, a programming language for component-oriented modelling of complex systems, and Functional Mock-Up Interface (FMI), a tool-independent standard to support model exchange and simulation of dynamic models. Modelon Impact is based on technology that has been developed over 20 years and includes a cloud native simulation platform, an own-developed solver, and model libraries.

Modelon's vision is to be a global SaaS leader in system simulation, and to empower technology industries world-wide to accelerate their product innovation, development, and operations with Modelon Impact, the industry-leading cloud native systems modeling and simulation platform.

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

www.linkedin.com/company/modelon

### INTRODUCING THE DATA CENTER LIBRARY FOR MODELON IMPACT

JUNE 30, 2026


As AI workloads drive unprecedented increases in rack density, power consumption, and thermal complexity, data center teams are under pressure to evaluate new cooling technologies, reduce risk, and deliver infrastructure faster than ever before. Today, Modelon is introducing the Data Center Library, a new solution available exclusively in **Modelon Impact** that helps engineers design, simulate, and optimize complete data center cooling systems—from cooling plant to rack.
https://www.modelon.com/blog/introducing-the-data-center-library-for-modelon-impact/

### FROM AI GUIDANCE TO AGENTIC SIMULATION IN MODELON IMPACT

JUNE 24, 2026


Modelon's enhanced AI Assistant now helps engineers analyze models, launch simulations, and accelerate engineering workflows directly within the Modelon Impact platform.
https://www.modelon.com/blog/from-ai-guidance-to-agentic-simulation-in-modelon-impact/

### INSIGHTS FROM DC WORLD: AI LIQUID COOLING AT SYSTEM SCALE

APRIL 29, 2026


A recent presentation at Data Center World highlights how system simulation is becoming a critical capability for designing, procuring, and operating AI data centers.
https://www.modelon.com/blog/ai-liquid-cooling-at-system-scale/

## About Modelon

Modelon provides 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, AI-driven 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, Modelon is a global industry leader in model-based systems engineering.

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