

February 21, 2025: 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 – December 2024.

Q4 Highlights

- ARR increased to MSEK 60.0 (50.3), an annual growth of 19%.
- Net revenue amounted to MSEK 22.8 (20.7), of which software revenue was MSEK 15.7 (14.4).
- Cash flow from operations amounted to MSEK -11.4 (-18.7).
- Adjusted EBIT¹ amounted to MSEK -11.6 (-14.6).
- Operating expenses were MSEK 38.8 (35.6), including non-recurring items of MSEK 3.2 (0.0) and development costs of MSEK 12.6 (14.1).
- Net profit amounted to MSEK -14.1 (-13.4).
- Earnings per share amounted to SEK -0.82 (-1.22) before dilution.

January – December in Summary

- Net revenue amounted to MSEK 83.6 (79.0), of which software revenues were MSEK 58.1 (53.1).
- Adjusted EBIT¹ amounted to MSEK -49.4 (-55.3).
- Operating expenses were MSEK 147.3 (137.0), including non-recurring items of MSEK 11.8 (1.9).
- Net profit amounted to MSEK -59.4 (-55.6).
- Earnings per share amounted to SEK -4.23 (-5.05) before dilution.
- The board proposes that no dividend is paid for the 2024 financial year.

Summary Financials

MSEK	Q4, Oct - Dec			YTD, Jan - Dec		
	2024	2023	Change	2024	2023	Change
Annual recurring revenue, ARR	60.0	50.3	19%	60.0	50.3	19%
Net revenues	22.8	20.7	10%	83.6	79.0	6%
Software revenues	15.7	14.4	9%	58.1	53.1	9%
- whereof recurring revenue	15.0	12.7	18%	55.8	48.1	16%
Service revenues	7.1	6.4	12%	25.5	26.0	-1%
Other operating income	1.2	0.2		2.5	0.9	
EBIT	-14.8	-14.6	-	-61.2	-57.2	-
EBIT margin	-64.6%	-70.3%		-73.2%	-72.4%	
Adjusted EBIT ¹	-11.6	-14.6	-	-49.4	-55.3	-
Adj. EBIT margin	-50.7%	-70.3%		-59.1%	-70.0%	
Net profit after tax	-14.1	-13.4	-	-59.4	-55.6	-
Earnings per share (SEK) before dilution	-0.82	-1.22		-4.23	-5.05	
Cash balance	62.6	59.0	6%	62.6	59.0	6%

¹ Adjusted EBIT excl. non-recurring items related to denied employer tax deductions (Q4) and restructuring (YTD).

Significant events during Q4 2024

- On Dec 4, Modelon announced a two-year contract with a major North American provider of social media services for software and services worth MUS\$ 0.63 for data center climate control simulation.
- On Dec 16, Modelon received a decision from Swedish Tax authorities, denying employer tax reductions of MSEK 4.0. Modelon is preparing an appeal of the decision with legal advisors.

Significant events after the period

- On Feb 20, Modelon announced updated financial targets.

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Investor presentation

Modelon will hold a presentation of the Q4 2024 report at 12:00 p.m. CET on February 21, 2025. CEO Jan Häglund and CFO Jonas Eborn will present the Q4 earnings in a webcast.

[Link to webcast](#)

Comments from the CEO

Business update

Revenues in the fourth quarter of 2024 amounted to MSEK 22.8, an increase of 10 percent compared with the year before. Annual recurring revenues (ARR) increased by 19 percent to MSEK 60.0, driven by robust growth of our cloud native simulation platform Modelon Impact (ARR +57 percent). The remaining parts of our software business, i.e., multi-platform libraries and software, were stable. Regarding license renewals in the fourth quarter, we are pleased that customers across many industries extended their subscriptions and expanded into new areas and more simulation users. License expansions were driven by North America, where thermofluid systems in energy and climate control applications generated revenue growth. The services business increased by 12 percent, thanks to new onboarding, training, and model development projects. During the quarter, we gained new customers, including a major contract worth MUSD 0.63 in data center climate control. Our underlying operating costs started to decrease, thanks to efficiency measures launched during the third quarter, and we expect this trend to continue as the effects of cost reduction programs take full effect from Q1 2025. In December 2024, Swedish tax authorities rejected previous reductions of employer tax related to research and development. This generated additional costs, which we recognized in the fourth quarter. We will appeal against the decision with the help of legal advisors.

Customer and market news

I continue to meet customers to discuss how they use system simulation to create new products, cut development lead-time, and reduce costs. I get positive feedback on our strategic direction and software services, especially on the openness of our solutions compared with those of competitors. Customers that build virtual physics-based models in Modelon Impact get a common foundation and collaborative environment for dimensioning, parametrization, and control software development. A good example is Volvo Autonomous Solutions that uses our tools to build virtual models of self-driving trucks. Many customers value the fact that our platform allows them to develop their own simulation models, with Modelon libraries as a starting point. I have also met companies that successfully integrate Modelon Impact with proprietary or third-party software, e.g., for version handling, analysis, and product life-cycle management. I appreciate all the customer feedback I have received, and we will use it to further improve our cloud-based simulation platform and libraries.

We were pleased to be selected as the provider of simulation platforms, component libraries, and expertise by a major North American provider of social media services, as announced on December 4. The contract, worth MUSD 0.63, is a key win in the growing market for data center climate control. Data center capacity across the world is increasing to meet demand for public computing and storage solutions. Increasing AI training and inference demands lead to investments in new generations of GPU servers with higher capacity and energy consumption. This requires efficient and sustainable cooling solutions to ensure the integrity of equipment as well as the health and safety of staff. I see further potential in the data center market, and we are in commercial discussions with several service and equipment providers.

We recently published a case study that describes how Babcock Power, a US-based leader in power generation products, selected Modelon Impact to design and improve their products. Babcock's boilers are powered by traditional fuels (e.g., natural

gas) or by renewables (e.g., biomass) and can be used for baseload as well as peak hour production in large energy systems. System simulations in Modelon Impact are used to optimize both steady-state and transient behavior, and we are proud to support Babcock Power in improving product performance and increasing their customers' confidence and satisfaction.

During the quarter, Modelon exhibited at the Exergie Industrial Heat Pumps conference in Prague, which generated new business leads and opportunities. Heat pumps are used across several industries, from small units (e.g., cars), medium-sized equipment (e.g., houses and apartments) to large deployments (e.g., industries and cities), and I see good momentum in this area. Many companies face the challenge of improving performance vs. cost, while adapting to new regulations, e.g., sustainable refrigerant media. System simulations are not yet widely deployed in the energy sector, which creates opportunities for Modelon Impact as a state-of-the-art cloud-based tool.

Summary and outlook

Based on customer feedback during my first six months as CEO, I am confident that our products have unique advantages compared with all other alternatives on the market. We have a combination of openness, ease-of-use, physics-based libraries, and a modern cloud platform that makes Modelon Impact the preferred choice of leading companies. I see opportunities to expand with existing accounts and to win new customers in growing markets, e.g., climate control and renewable energy solutions.

Financially, our ambition is to generate software ARR growth above 20 percent and positive free cash flow latest during 2026. Longer term, we target an EBIT margin above 20 percent.

I want to thank employees, customers, and investors for your support and confidence. I'm convinced of the market potential for our product offerings, and I have started 2025 with optimism about our business.

Jan Häglund, CEO

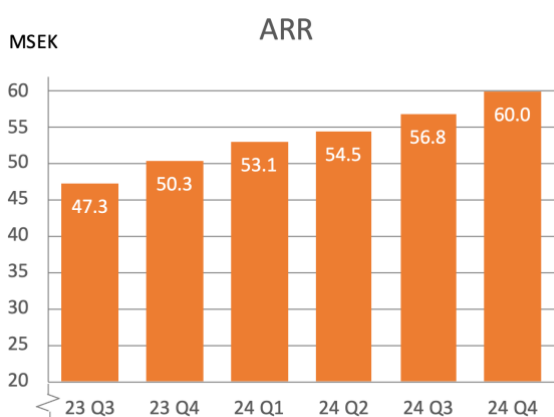


Financial development

Revenues

Annual recurring revenue

Total annual recurring software revenue in constant currency (ARR) amounted to MSEK 60.0 (50.3), an increase of 19 percent compared to Q4 2023, and an increase of 6 percent compared to Q3 2024. We saw continued growth from new Modelon Impact customers, while the multi-platform business was flat. Total software ARR included an annual growth rate of 57 percent in recurring revenues from Modelon Impact. Total ARR before adjusting for currency effects amounted to MSEK 60.0 (50.9). The differences in exchange rates at the end of Q4 correspond to an FX adjustment of MSEK -0.7 for the comparison period.



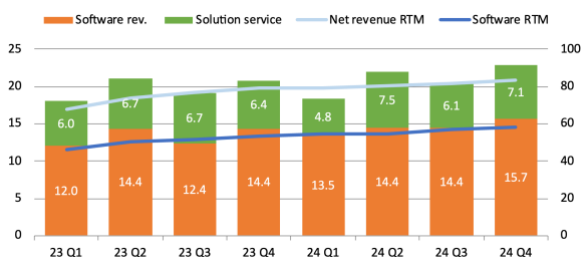
Software ARR has grown since the launch of Modelon Impact in July 2020, see quarterly development figures in the table on page 9. Total ARR numbers include revenue from Modelon Impact and from multi-platform libraries and software.

October – December 2024

Net revenues amounted to MSEK 22.8 (20.7), an increase of 10 percent. Software revenues amounted to MSEK 15.7 (14.4), an increase of 9 percent. This included recurring software revenues of MSEK 15.0 (12.7), an increase of 18 percent. Total service revenues amounted to MSEK 7.1 (6.4), an increase of 12 percent.

January – December 2024

Net revenues amounted to MSEK 83.6 (79.0), an increase of 6 percent. Software revenues in the period amounted to MSEK 58.1 (53.1), an increase of 9 percent. Total service revenues in the period amounted to MSEK 25.5 (26.0).



Revenue development shows consistent growth in software revenues. Higher software revenue in the second and fourth quarters of 2023 reflects non-recurring software sales in the quarter. Note that revenues are not FX adjusted.

Costs

October – December 2024

Other external expenses amounted to MSEK 10.0 (13.4). The decrease is mainly related to less use of external consultants. Personnel costs amounted to MSEK 27.3 (22.0), including non-recurring costs of MSEK 3.2 related to denied employer tax reductions for the years 2021-2023. Higher personnel costs in Q4 2024 also include a retroactive effect of higher employer tax in Q1-Q3 2024 of MSEK 2.2. Depreciation amounted to MSEK 0.2 (0.2), and other operating expenses were MSEK 1.2 (0.0).

January – December 2024

Other external expenses amounted to MSEK 40.4 (48.8). The decrease is mainly related to less use of external consultants. Personnel costs amounted to MSEK 103.3 (86.3), including non-recurring costs of MSEK 11.8 (1.9). Depreciation amounted to MSEK 1.0 (1.1), and other operating expenses were MSEK 2.6 (0.9).

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 fourth quarter amounted to MSEK 12.6 (14.1), a decrease of 10 percent. For the full year, development costs increased by 2 percent to MSEK 54.7 (53.5). Development costs are expected to decrease further as an effect of the efficiency program which was launched in the third quarter.

Key Performance Indicators

KPIs are defined on page 9, under Quarterly development.

MSEK	Q4, Oct - Dec			YTD, Jan - Dec		
	2024	2023	Change	2024	2023	Change
ARR*	60.0	50.3	19%	60.0	50.3	19%
Development costs	12.6	14.1	-10%	54.7	53.5	2%

*) Annual recurring revenue

Earnings

October – December 2024

The financial development in Q4 partially reflects the effects of lower costs from restructuring; full impact of this is expected from the first quarter of 2025. EBIT for the quarter amounted to MSEK -14.8 (-14.6). Adjusted EBIT for the quarter amounted to MSEK -11.6 (-14.6), excluding the non-recurring cost due to denied employer tax reductions concerning 2021-2023.

January – December 2024

EBIT for the period amounted to MSEK -61.2 (-57.2). Adjusted EBIT for the period amounted to MSEK -49.4 (-55.3), excluding the non-recurring cost due to the restructuring reported in Q3 and denied employer tax reductions in Q4.

Net financial income

Net result from financial items for the quarter amounted to MSEK 0.4 (1.5). Net result from financial items for January – December amounted to MSEK 1.3 (1.8).

Net result after tax

Net result after tax in the quarter amounted to MSEK -14.1 (-13.4), corresponding to SEK -0.82 (-1.22) per share. Net result after tax for January – December amounted to MSEK -59.4 (-55.6), corresponding to SEK -4.23 (-5.05) per share.

Financing and cash flow

As of December 31, Modelon's total available liquidity amounted to MSEK 72.6 (69.0), of which the cash balance was MSEK 62.6 (59.0), and unutilized credit facilities were MSEK 10.0 (10.0). Cash flow from operating activities amounted to MSEK -11.4 (-18.7) for the fourth quarter. Cash flow from the change in net working capital amounted to MSEK +3.4 (-6.6) in the quarter, mainly due to other liabilities from the denied employer tax deductions. The increase in deferred (pre-paid) revenue from product sales is offset by higher accounts receivable. Cash flow from investing activities amounted to MSEK -0.1 (0.0) during the fourth quarter. Cash flow from financing activities amounted to MSEK 0.0 (0.0).

The share

As of December 31, 2024, the total number of shares in Modelon was 17,224,706 (11,016,471). The total number of shares after full dilution was 17,635,206. The company's registered share capital was SEK 1,442,605. The average number of shares in the quarter was 17,224,706 (11,016,471). The average number of shares in the period January - December was 14,069,701 (11,016,471).

Share incentive programs

Modelon has four active share incentive programs: 2024/2027 for CEO Jan Häglund, and 2022/2026, 2023/2027, and 2024/2028 for all employees. 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 of Sweden. The number of outstanding warrants and stock options in these four programs is 410,500, and the total dilution effect from share incentive programs if all warrants and options are allotted, vested, and exercised for acquisition of shares is 2.38 percent per December 31, 2024.

Related party transactions

During the fourth quarter, consulting fees of TSEK 0 (140) 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 2024

Total revenues of the parent company for the period amounted to MSEK 53.2 (49.7) with an EBIT of MSEK -52.7 (-54.5). Since the parent company owns all IP rights in Modelon's software products, it is also carrying all development costs. Net result from financial items for the period amounted to MSEK 1.3 (1.7) and the net result was MSEK -51.5 (-52.8).

Largest shareholders

The table below shows the major shareholders in the company per December 31, 2024.

Owner	Shares	Capital
Noledom Holding AB ¹	5,021,806	29.2%
Accendo Capital	4,010,053	23.3%
RoosGruppen AB	1,766,796	10.3%
ES Aktiehandel AB	690,687	4.0%
Ansys Inc.	645,000	3.7%
Total top 5	12,134,342	70.4%
Other owners	5,090,364	29.6%
Total number of shares	17,224,706	100.0%

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 larger sales and marketing organizations. These companies can sell broad, comprehensive software solutions, higher up in customer organizations, with 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 2023.

Sustainability

Modelon's sustainability work has two parts: internal initiatives to become more sustainable, and the offerings to customers. Modelon uses deep expertise in digitization and system simulation to help customers with sustainability initiatives. Digitalization generally entails a reduction or elimination of transport, travel, and resource-intensive prototype construction and testing. Modelon's solutions are often used to enable and drive innovation and conversion of products into more sustainable technologies and solutions. Read more about sustainability in our annual report for 2023.

Financial statements

Condensed Consolidated Income Statement

MSEK	Q4, Oct-Dec		YTD, Jan - Dec	
	2024	2023	2024	2023
Net revenue	22.8	20.7	83.6	79.0
Other operating income	1.2	0.2	2.5	0.9
Total revenue	24.0	21.0	86.1	79.9
Operating expenses				
Other external expenses	-10.0	-13.4	-40.4	-48.8
Personnel costs	-24.2	-22.0	-91.6	-84.4
Non-recurring items ¹	-3.2	0.0	-11.8	-1.9
Depreciation and amortization	-0.2	-0.2	-1.0	-1.1
Other operating expenses	-1.2	0.0	-2.6	-0.9
Total operating expenses	-38.8	-35.6	-147.3	-137.0
Operating result	-14.8	-14.6	-61.2	-57.2
Financial items				
Interest income and similar items	0.6	1.5	2.0	1.9
Interest expenses and similar items	-0.3	0.0	-0.6	-0.1
Net result from financial items	0.4	1.5	1.3	1.8
Profit/loss before tax	-14.4	-13.1	-59.9	-55.4
Tax	0.3	-0.3	0.4	-0.2
Net profit/loss	-14.1	-13.4	-59.4	-55.6

¹ Non-recurring items consist of personnel costs related to denied employer tax reductions (Q4) and restructuring (YTD).

Condensed Consolidated Balance Sheet

MSEK	2024-12-31	2023-12-31
Fixed assets		
Licenses	0.0	0.0
Equipment	2.1	2.6
Deferred tax assets	16.5	15.8
Total fixed assets	18.6	18.4
Current assets		
Accounts receivable	34.2	20.1
Other receivables	5.6	6.7
Other short-term investments	0.0	20.0
Cash and bank	62.6	39.0
Total current assets	102.3	85.8
TOTAL ASSETS	121.0	104.2

Consolidated Balance Sheet, cont.

MSEK	2024-12-31	2023-12-31
Shareholders' equity		
Share capital	1.4	0.9
Other equity incl. net profit/loss	45.1	53.0
Total shareholders' equity	46.5	53.9
Liabilities		
Deferred tax liabilities	0.0	0.0
Accounts payable	2.5	5.4
Deferred revenue, prepaid licenses	45.7	30.2
Other liabilities	26.2	14.8
Total liabilities	74.4	50.3
TOTAL EQUITY AND LIABILITIES	121.0	104.2

Condensed Consolidated Cash Flow Statement

MSEK	Q4, Oct-Dec		YTD, Jan-Dec	
	2024	2023	2024	2023
Operating income	-14.8	-14.6	-61.2	-57.2
Adjustment for non-cash items	-0.6	0.7	-0.2	1.9
Interests and paid taxes	0.6	1.7	1.4	1.6
Change in working cap. receivables	-20.6	-12.2	-9.7	-0.2
Change in working cap. liabilities	23.9	5.7	22.0	1.6
Cash flow from operating activities	-11.4	-18.7	-47.7	-52.2
Investments	-0.1	0.0	-0.4	-0.3
Cash flow from investing activities	-0.1	0.0	-0.4	-0.3
New share issue	0.0	0.0	56.5	0.0
Transaction costs, new share issue	0.0	0.0	-5.2	0.0
Repurchased warrants	0.0	0.0	0.0	0.0
Premiums received for warrants	0.0	0.0	0.3	0.0
Cash flow from financing activities	0.0	0.0	51.6	0.0
Net increase/decrease in cash and equiv.	-11.6	-18.7	3.5	-52.5
Cash and liquid assets at start of period	73.8	78.2	59.0	111.9
Exchange rate differences	0.4	-0.5	0.1	-0.4
Cash and liquid assets at end of period	62.6	59.0	62.6	59.0

Condensed Consolidated Changes in Equity

MSEK	Share capital	Other contr. of equity	Other equity incl. profit	Total equity
As of January 1, 2023	0.9	200.1	-91.2	109.8
Exchange differences			-0.4	-0.4
Net loss for the period			-55.6	-55.6
Transactions with owners:				
Issued warrants		0.1		0.1
Repurchased warrants		0.0		0.0
Share-based payments			0.0	0.0
As of January 1, 2024	0.9	200.2	-147.2	53.9
Exchange differences			0.4	0.4
Net loss for the period			-59.4	-59.4
Transactions with owners:				
New share issue	0.5	56.0		56.5
Transaction costs, new share issue		-5.2		-5.2
Premiums received for warrants		0.3		0.3
Issued warrants		0.1		0.1
Repurchased warrants		0.0		0.0
Share-based payments			0.0	0.0
As of December 31, 2024	1.4	251.3	-206.3	46.5

Condensed Income Statement, Parent company

MSEK	YTD, Jan - Dec	
	2024	2023
Net revenue	50.9	48.8
Other operating income	2.3	0.9
Total revenue	53.2	49.7
Operating expenses		
Other external expenses	-46.7	-56.9
Personnel costs	-57.3	-45.1
Depreciation and amortization	-0.4	-0.6
Other operating expenses	-1.5	-1.6
Total operating expenses	-106.0	-104.2
Operating result	-52.7	-54.5
Financial items		
Loss from shares in group companies	-0.1	-0.1
Interest income and similar items	1.9	1.9
Interest expenses and similar items	-0.6	-0.1
Net result from financial items	1.3	1.7
Profit/loss before tax	-51.5	-52.8
Tax	0.0	0.0
Net profit/loss	-51.5	-52.8

Condensed Balance Sheet, Parent company

MSEK	2024-12-31	2023-12-31
Fixed assets		
Licenses	0.0	0.0
Equipment	0.9	1.3
Shares in group companies	6.2	6.2
Deferred tax assets	15.5	15.5
Total fixed assets	22.5	23.0
Current assets		
Accounts receivable	9.8	4.6
Receivables from group companies	2.4	0.0
Other receivables	4.0	5.0
Other short-term investments	0.0	20.0
Cash and bank	51.0	31.1
Total current assets	67.2	60.7
TOTAL ASSETS	89.7	83.6
Shareholders' equity	49.8	49.6
Liabilities		
Accounts payable	2.3	5.1
Short-term liabilities to group companies	2.1	7.0
Other liabilities	35.5	21.9
Total liabilities	39.9	34.0
TOTAL EQUITY AND LIABILITIES	89.7	83.6

Accounting principles and currency exposure

The consolidated interim quarterly report for the Modelon 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 2023 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, which is 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., the difference between sales and costs in USD) is expected to be somewhat higher in 2025 compared to 2024, approximately 1.5 MUSD, corresponding to 16.5 MSEK per the USD rate at the end of the period. A ± 5 percent change in the USD/SEK exchange rate would affect the net result by approximately ± 0.8 MSEK over the fiscal year. A higher USD exchange rate vs. SEK would result in increased revenue and EBIT.

Quarterly development

MSEK	2024 Q4	2024 Q3	2024 Q2	2024 Q1	2023 Q4
Annual recurring revenue	60.0	56.8	54.5	53.1	50.3
Change QoQ	6%	4%	3%	6%	6%
Net revenues	22.8	20.5	21.9	18.3	20.7
Software revenues	15.7	14.4	14.4	13.5	14.4
Service revenues	7.1	6.1	7.5	4.8	6.4
Other operating income	1.2	0.2	-0.1	1.2	0.2
Adjusted EBIT	-11.6	-12.0	-11.4	-14.4	-14.6
Adj. EBIT margin	-50.7%	-58.5%	-52.1%	-78.7%	-70.3%
Net result after tax	-14.1	-18.8	-12.4	-14.2	-13.4
Net result per share (SEK)	-0.82	-1.09	-1.13	-1.29	-1.22
Deferred revenue (pre-paid), per EOQ	45.7	25.2	32.9	31.5	30.2
Cash flow from operations	-11.4	-17.6	-14.6	-4.1	-18.7
Development costs	12.6	13.8	13.5	14.8	14.1
Average number of shares	17,224,706	16,954,783	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 recognizes all research and development costs as operating expenses and does not capitalize any development costs.

Modelon presents selected financial Key Performance Indicators (KPI's) that are not defined by Swedish GAAP, and which are considered to provide valuable complementary information to investors in assessing company performance. Since companies may define such metrics differently, we suggest caution in using these for comparison among companies. These metrics should not be considered as replacing any metrics defined in Swedish GAAP.

Annual General Meeting

Modelon will hold its annual general meeting in Lund on May 6, 2025. 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
- Håkan Roos, representing RoosGruppen AB
- Christer Ljungberg, Chairman of the Board, adjunct

More information about the AGM will be made available at www.modelon.com/investor-relations.

Dividend

The Board of Directors proposes that no dividend is paid for 2024.

Financial Calendar

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

March 27, 2025	2024 Annual Report
April 30, 2025	Q1 Interim Report
July 24, 2025	Q2 Interim Report
October 30, 2025	Q3 Interim Report
February 17, 2026	Q4 and Year-end Report 2025

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 100 employees distributed among seven 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, 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 including Modelica, an open modeling 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 modeling and simulation technology that has been developed over 20 years and includes a cloud native simulation platform, compiler, and model libraries.

Modelon's vision is to be a global SaaS leader 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.

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, testing, and operations. As pioneers in bringing systems modeling and simulation to the cloud, we offer both managed and on-premises 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 broad user base. 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 with excellent support for re-use, sharing, connectivity and integration of data, toolchains, and workflows.

Reach

Modelon's market reach is driven by a global team of experienced business developers, a dedicated customer success team of application engineers, and subject matter experts on modeling and simulation in a range of industry applications and domains. The direct sales force is complemented by selected reseller partners to increase the market contact surface in relevant regions. Systematic lead generation, branding, and awareness are managed by a team of marketing specialists with a focus on digital channels and content marketing, including 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 consulting services to support and ensure success of digitalization, 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.

Updated financial targets (previous targets)

Revenue	Annual Recurring Revenue growth above 20 percent	(Medium term ARR growth > 35 percent)
Cash Flow	Free Cash Flow positive from 2026	(Positive cash flow in the short term)
Operating Profit	Long-term Operating Profit Margin above 20 percent	(Long-term EBIT margin > 20 percent)

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:

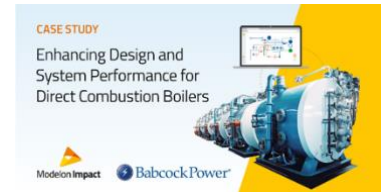
www.linkedin.com/company/modelon

ENHANCING DESIGN AND SYSTEM PERFORMANCE FOR DIRECT COMBUSTION BOILERS

CASE STUDY

Babcock Power uses Modelon Impact to predict and improve utility-scale boiler performance in a changing energy landscape, incorporating new fuels and renewable energy sources.

<https://modelon.com/support/enhancing-design-and-system-performance-for-direct-combustion-boilers/>



BUILDING AN FMU FACTORY AT VOLVO AUTONOMOUS SOLUTIONS

CUSTOMER TESTIMONIAL

Volvo Autonomous Solutions is on a mission to transform the movement of goods through efficient, sustainable, and safe autonomous transport solutions within selected industry verticals. In this testimonial, Mohamed Takkoush, Vehicle Dynamics Analyst, explains their "FMU factory," a unique approach that streamlines the development of their AV stack, and how Modelon Impact enables this work.

<https://modelon.com/support/building-an-fmu-factory-at-volvo-autonomous-solutions/>



AIRCRAFT HYDRAULIC ACTUATOR SYSTEM DESIGN AND OPTIMIZATION

NOVEMBER 14, 2024

Part 5 of a blog series that demonstrates how the Modelon Hydraulics Library can be used for the model-based development of an Aircraft Hydraulic Actuation System.

<https://modelon.com/blog/aircraft-hydraulic-actuator-system-design-and-optimization/>



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

