

November 7, 2024: The Board of Directors and Chief Executive Officer of Modelon AB (publ.), listed on Nasdaq First North Growth Market, present the following report for the period January - September 2024.

## Q3 Highlights

- ARR increased to MSEK 56.4 (47.1), an annual growth of 20%.
- Net revenue amounted to MSEK 20.5 (19.1), of which software revenue was MSEK 14.4 (12.4).
- Cash flow from operations amounted to MSEK -17.6 (-11.9).
- Adjusted EBIT<sup>1</sup> amounted to MSEK -12.0 (-11.5).
- Operating expenses were MSEK 39.8 (30.7), including non-recurring items of MSEK 7.1 (0.0) and development costs of MSEK 13.8 (11.4).
- Net income amounted to MSEK -18.8 (-11.6).
- Earnings per share amounted to SEK -1.11 (-1.05) before dilution.



## January – September in Summary

- Net revenue amounted to MSEK 60.8 (58.3), of which software revenues were MSEK 42.3 (38.8).
- Adjusted EBIT<sup>1</sup> amounted to MSEK -37.9 (-40.7).
- Operating expenses were MSEK 108.5 (101.5), including non-recurring items of MSEK 8.6 (1.9).
- Net income amounted to MSEK -45.4 (-42.2).
- Earnings per share amounted to SEK -3.49 (-3.83) before dilution.

## Summary Financials

MSEK	Q3, Jul - Sep			YTD, Jan - Sep		
	2024	2023	Change	2024	2023	Change
Annual recurring revenue, ARR	56.4	47.1	20%	56.4	47.1	20%
Net revenues	20.5	19.1	7%	60.8	58.3	4%
Software revenues	14.4	12.4	16%	42.3	38.8	9%
- whereof recurring revenue	14.1	12.1	17%	40.8	35.4	15%
Service revenues	6.1	6.7	-9%	18.4	19.5	-5%
Other operating income	0.2	0.1		1.3	0.6	
EBIT	-19.1	-11.5	-	-46.4	-42.6	-
EBIT margin	-92.9%	-60.2%		-76.4%	-73.1%	
Adjusted EBIT <sup>1</sup>	-12.0	-11.5	-	-37.9	-40.7	-
Adj. EBIT margin	-58.5%	-60.2%		-62.3%	-69.9%	
Net result after tax	-18.8	-11.6	-	-45.4	-42.2	-
Earnings per share (SEK) before dilution	-1.11	-1.05		-3.49	-3.83	
Cash balance	73.8	78.2	-6%	73.8	78.2	-6%

1. Adjusted EBIT excl. non-recurring items for restructuring.

### Significant events during Q3 2024

- The outcome of rights issue was announced on July 4.
- An extraordinary General Meeting on August 16 approved a share incentive program for the CEO.
- An extraordinary General Meeting on September 19 approved amendment to the articles of association and removing the division into shares of class A and B.
- On September 25, a restructuring program was announced, with 25 MSEK of annual cost reductions from Q1 2025.

### Significant events after the period

- No significant events

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### Investor presentation

Modelon will hold a presentation of the Q3 interim report at 10:00 a.m. CET on November 7, 2024. CEO Jan Häglund and CFO Jonas Eborn will present the Q3 earnings in a webcast.

 [Link to Webcast](#)

## Comments from the CEO

### Commercial update

Revenues in the third quarter were SEK 20.5 million, an increase of 7 percent compared with the same period last year. Growth was driven by software license sales, and total annual recurring revenues were up by 20 percent. Our flagship product Modelon Impact showed an ARR increase of 53 percent, thanks to new customer wins and increased license sales to existing customers. A new contract with a North American supplier of sustainable energy storage was among the new deals in the quarter. Operating profit was SEK -12.0 million, adjusted for non-recurring items. Operating cash flow was SEK -17.6 million.

During the third quarter, we launched an efficiency program to accelerate the path to profit and positive cash flow. This program will take full effect from 2025 and is expected to yield annual savings of SEK 25 million. We achieve this by reducing external costs, and by removing sites and overhead functions. I am convinced that these changes will make us leaner and increase focus on software growth. Our service expertise enables an increased adoption of our platform and supports development of high quality content for software customers. All restructuring costs associated with the efficiency program, SEK 7.1 million, are booked in the third quarter.

### Customer feedback

During my first months, I had meetings with more than 15 customers and prospects in North America and Europe. I received a lot of positive feedback on our company, especially on the responsiveness and expertise of our employees, as well as on the usability of Modelon Impact. The combination of a user-friendly interface, a cloud-native software architecture, and a rich library of simulation components gives us a position to challenge all existing players on the system simulation market. In addition, we provide flexibility for customers to add their own knowledge, thanks to development and simulation environments that are based on open standards and interfaces.

My discussions with customers showed that we have expansion opportunities by deploying Modelon Impact to a wider group of users in each company. These users are often domain experts without experience of simulations, which puts additional demands on us to have simple workflows, interfaces, and tool configurations. I also see future growth coming from customers that create virtual sensors and digital twins of their physical systems, to improve system performance and reduce maintenance costs.

### Strategic review findings

One of my first actions as CEO was to initiate a strategic business review, covering the market potential, competitive landscape, product offering, and internal efficiency. A key finding is that the market for system simulation has a higher potential than we had previously considered. A growing number of companies have decided that the traditional way of developing new products, through prototyping of innovative technology, takes a long time and is too costly. Instead, they are moving their engineering activities into a virtual environment with our system simulation platform as the main tool. This means faster revenue generation for our customers, thanks to shorter design cycles and products that are better optimized for market requirements.

As a result of the strategic review, I decided to adjust and simplify Modelon's organization from October 1. All customer interfaces for sales and delivery are consolidated under a Chief Revenue Officer, with a mission to acquire new contracts and

generate success for existing customers. A Chief Product Officer and Chief Technology Officer will together ensure that we invest in growing markets, prioritize customer requirements, and execute effectively. A new Chief Strategy Officer role increases our focus on innovation, both internally and through contacts with partners and academia. The Chief Finance and Human Resources Officers drive external reporting, process development, recruitment, and competence development to continuously improve operational efficiency.

### Market references

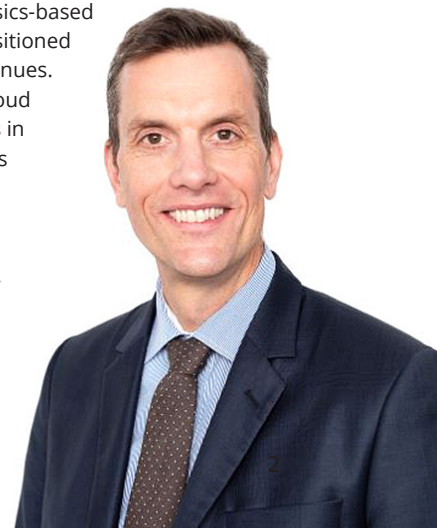
A few weeks ago, we hosted the conference *Modelon Innovate* in Copenhagen on the theme of "sustainability meets simulations." The list of speakers included representatives from Meta, Volvo, Siemens, MAN, and EPRI, sharing experiences from their respective application domains. It was fantastic to hear how companies address some of the most important questions of our time, like carbon-free fuels, carbon capture, environmentally friendly datacenters, digital health care, and autonomous vehicles. The conference was a success, and I feel encouraged by the optimism among all conference participants that system simulation is the way to accelerate progress towards a more sustainable future.

We are always grateful when customers publicly share their experience of our products. A recent case study with MAN Energy Systems is a fitting example of how a market leader in energy systems is shifting focus to decarbonization. MAN ES develop large industrial heat pumps that use carbon dioxide as an environment friendly refrigerant. This has many advantages but requires precise engineering to be effective. MAN ES selected Modelon Impact for virtual prototyping and testing, both for steady-state and for dynamic behavior during start, stop, and varying operating conditions. The next step is to compare simulation results with real-world operations in the Danish city of Esbjerg, where MAN heat pumps are deployed at large scale. More details about the MAN case can be found on our home page, [www.modelon.com](http://www.modelon.com).

### Summary and outlook

I am inspired by many customer meetings during my first quarter as CEO and I am optimistic about the business prospects. Our customers work on important projects that increase efficiency and sustainability for people, industries, and society, and I am convinced that system simulations will help companies develop better solutions, faster and at lower cost. Based on customers' feedback, I am confident that we have a product that can win against any alternative on the market. However, competition is fierce, and we need to continue investments in usability and scalability to address new requirements of demanding customers.

We have unique knowledge in physics-based system simulation and are well-positioned to win market share and grow revenues. Our business model is based on cloud Software-as-a-Service, which scales in capacity as well as across industries and geographies. We are in an investment phase where product development and customer acquisition costs, in the short term, are higher than revenues, but we see opportunities in the mid- to long term to generate significant operating profit and cash flows.



Jan Häglund, CEO

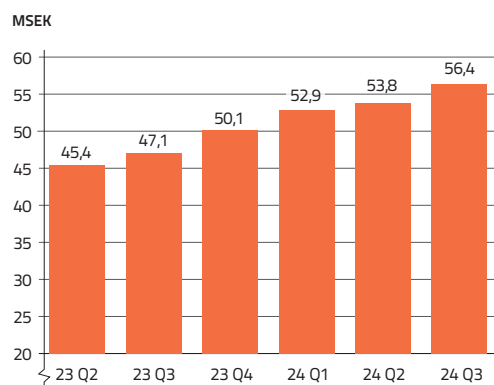
## Financial development

### Revenues

#### Annual recurring revenue

Total software annual recurring revenue in constant currency (ARR) amounted to MSEK 56.4 (47.1), an increase of 20% compared to Q3 2023 and an increase of 5% compared to Q2 2024. We saw continued growth from new Modelon Impact customers, while the multi-platform business was stable. Total software ARR includes an annual growth rate of 53% in recurring revenues from Modelon Impact. Total ARR before adjusting for currency effects amounted to MSEK 56.4 (48.0). The differences in exchange rates at the end of Q3 gave an FX adjustment of MSEK -0.9 for the comparison period.

#### ARR



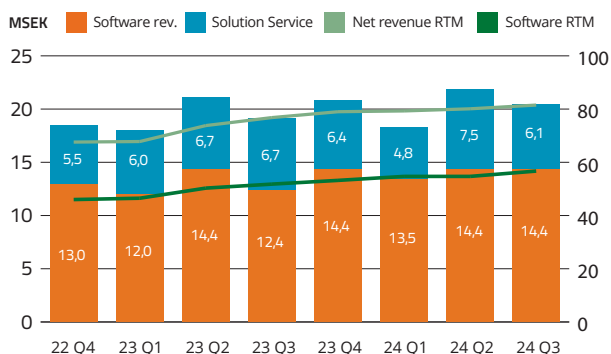
Software ARR has grown since the launch of Modelon Impact in July 2020, see quarterly development figures in the table on page 9. Total ARR numbers include revenue from Modelon Impact and from multi-platform library and deployment products.

#### July - September 2024

Net revenues amounted to MSEK 20.5 (19.1), an increase of 7%. Software revenues amounted to MSEK 14.4 (12.4), an increase of 16%. Total service revenues amounted to MSEK 6.1 (6.7), a decrease of 9%.

#### January – September 2024

Net revenues amounted to MSEK 60.8 (58.3), an increase of 4%. Software revenues in the period amounted to MSEK 42.3 (38.8), an increase of 9%. Total service revenues in the period amounted to MSEK 18.4 (19.5).



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

### Costs

#### July - September 2024

Other external expenses amounted to MSEK 9.4 (11.4); lower cost is mainly related to less use of external consultants. Personnel costs amounted to MSEK 30.1 (19.1), including non-recurring costs of MSEK 7.1 related to the restructuring announced in the third quarter. Depreciation amounted to MSEK 0.2 (0.3), and other operating expenses were MSEK 0.0 (0.0).

#### January – September 2024

Other external expenses amounted to MSEK 30.4 (35.4); lower cost is mainly related to less use of external consultants. Personnel costs amounted to MSEK 76.0 (64.2), including non-recurring costs of MSEK 8.6 (1.9). Depreciation amounted to MSEK 0.8 (1.0) and other operating expenses were MSEK 1.4 (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. 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 third quarter amounted to MSEK 13.8 (11.4), an increase of 21%. For the trailing twelve-month (TTM) period from Q4 2023 development costs were MSEK 56.1 (56.2). Development costs will decrease as a result of the announced restructuring, the effects of this will be seen from the fourth quarter.

#### Key Performance Indicators

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

MSEK	Q3, Jul - Sep			YTD, Jan - Sep		
	2024	2023	Change	2024	2023	Change
Annual recurring revenue, ARR	56.4	47.1	20%	56.4	47.1	20%
Development costs	13.8	11.4	21%	42.1	39.5	7%

### Earnings

#### July - September 2024

The financial development in Q3 reflects the planned investment pace in product development and commercial expansion. EBIT for the quarter amounted to MSEK -19.1 (-11.5). Adjusted EBIT for the quarter amounted to MSEK -12.0 (-11.5).

#### January – September 2024

EBIT for the period amounted to MSEK -46.4 (-42.6). Adjusted EBIT for the period amounted to MSEK -37.9 (-40.7).

#### Net financial income

Net result from financial items for the quarter amounted to MSEK 0.3 (0.1). Net result from financial items for January – September amounted to MSEK 1.0 (0.3).

#### Net result after tax

Net result after tax in the quarter amounted to MSEK -18.8 (-11.6), corresponding to SEK -1.11 per share (comparable figure). Net result after tax for January – September amounted to MSEK -45.4 (-42.2), corresponding to SEK -3.49 per share (comparable figure).

#### Financing and cash flow

As of September 30, Modelon's total available liquidity amounted to MSEK 83.8 (88.2), of which the cash balance amounted to MSEK 73.8 (78.2), and unutilized credit facilities amounted to MSEK 10.0 (10.0). Cash flow from operating

activities amounted to MSEK -17.6 (-11.9) for the third quarter. The change in working capital amounted to MSEK +1.6 (0.0) in the quarter. The small positive change in working capital for the quarter is related to lower accounts receivable, lower deferred (pre-paid) revenue and to higher liabilities from restructuring costs. Cash flow from investing activities amounted to MSEK 0.0 (0.0) during the third quarter. Cash flow from financing activities amounted to MSEK 51.6 (0.0) from the new share issue in the quarter.

## The share

As of September 30, 2024, the total number of shares in Modelon was 17,224,706 (11,016,471). The total number of shares after full dilution is 17,671,706. The number of shares has increased by 6,208,235 as a result of the rights issue on July 4. The company's registered share capital is SEK 1,442,605. The average number of shares in the quarter is 16,954,783 (11,016,471). The average number of shares in the period January - September is 13,010,357 (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 Sweden. The number of outstanding warrants and stock options in these four programs is 447,000, and the total dilution effect from share incentive programs if all warrants and options are allotted, vested, and exercised for acquisition of shares is 2.60% per September 30, 2024.

## Related party transactions

During the third 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 – September 2024

Total revenues of the parent company for the period amounted to MSEK 38.9 (36.6) with an EBIT of MSEK -36.9 (-39.8). Since the parent company owns all IP rights in Modelon software products, it is also carrying all development costs. Net result from financial items for the period amounted to MSEK 0.9 (0.2) and the net result was MSEK -36.0 (-39.6).

## Largest shareholders

The table below shows the major shareholders in the company per September 30, 2024.

Owner	Shares	Capital
Noledom Holding AB <sup>1</sup>	5,021,806	29.2%
Accendo Capital	4,010,053	23.3%
RoosGruppen AB	1,766,796	10.3%
ES Aktiehandel AB	647,423	3.8%
Ansys Inc.	645,000	3.7%
<b>Total top 5</b>	<b>12,091,078</b>	<b>70.2%</b>
<b>Other owners</b>	<b>5,133,628</b>	<b>29.8%</b>
Total number of shares	17,224,706	

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 competitive market where competitors are both global and local. Some of Modelon's competitors are companies with significantly more extensive sales and marketing organizations than Modelon. Such companies can expose Modelon to competition because they can sell broad, comprehensive software solutions, higher up in customer organizations, which in the long run has an impact on the customer's entire organization. Risks also include technical development and production safety, IT and information security and the ability to attract and retain key personnel. Financial risks include financing of the business and possible future financing, legal risks consist of new or changed regulations as well as disputes and litigation. Risks that are managed well can lead to opportunities and create value, while risks that are not managed properly can lead to damage and unnecessary costs for the company. Read more about company-specific risk factors in our annual report for 2023.

## Sustainability

Modelon's sustainability work is in two parts: internal activities and initiatives to become more sustainable, and the offerings to customers. Modelon can, with its deep expertise in digitization based on system modeling and simulation, 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 2023.

## Financial statements

### Condensed Consolidated Income Statement

MSEK	Q3, Jul-Sep		YTD, Jan - Sep	
	2024	2023	2024	2023
Net revenue	20.5	19.1	60.8	58.3
Other operating income	0.2	0.1	1.3	0.6
<b>Total revenue</b>	<b>20.7</b>	<b>19.2</b>	<b>62.1</b>	<b>58.9</b>
<b>Operating expenses</b>				
Other external expenses	-9.4	-11.4	-30.4	-35.4
Personnel costs	-23.0	-19.1	-67.4	-62.4
Non-recurring items*	-7.1	0.0	-8.6	-1.9
Depreciation and amortization	-0.2	-0.3	-0.8	-1.0
Other operating expenses	0.0	0.0	-1.4	-0.9
<b>Total operating expenses</b>	<b>-39.8</b>	<b>-30.7</b>	<b>-108.5</b>	<b>-101.5</b>
<b>Operating result</b>	<b>-19.1</b>	<b>-11.5</b>	<b>-46.4</b>	<b>-42.6</b>
<b>Financial items</b>				
Interest income and similar items	0.3	0.1	1.3	0.4
Interest expenses and similar items	0.0	0.0	-0.4	-0.1
<b>Net result from financial items</b>	<b>0.3</b>	<b>0.1</b>	<b>1.0</b>	<b>0.3</b>
<b>Profit/loss before tax</b>	<b>-18.7</b>	<b>-11.5</b>	<b>-45.5</b>	<b>-42.3</b>
Tax	0.0	-0.1	0.1	0.1
<b>Net profit/loss</b>	<b>-18.8</b>	<b>-11.6</b>	<b>-45.4</b>	<b>-42.2</b>

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

### Condensed Consolidated Balance Sheet

MSEK	2024-09-30	2023-09-30	2023-12-31
<b>Fixed assets</b>			
Licenses	0.0	0.1	0.0
Equipment	2.1	2.8	2.6
Deferred tax assets	16.1	15.9	15.8
<b>Total fixed assets</b>	<b>18.3</b>	<b>18.7</b>	<b>18.4</b>
<b>Current assets</b>			
Accounts receivable	9.5	10.6	20.1
Other receivables	9.4	8.1	7.7
Other short-term investments	20.0	0.0	20.0
Cash and bank	53.8	78.2	39.0
<b>Total current assets</b>	<b>92.7</b>	<b>96.9</b>	<b>86.8</b>
<b>TOTAL ASSETS</b>	<b>111.0</b>	<b>115.6</b>	<b>105.2</b>

### Consolidated Balance Sheet, cont.

MSEK	2024-09-30	2023-09-30	2023-12-31
<b>Shareholders' equity</b>			
Share capital	0.9	0.9	0.9
Other equity incl. net profit/loss	59.5	67.0	53.0
<b>Total shareholders' equity</b>	<b>60.5</b>	<b>67.9</b>	<b>53.9</b>
<b>Liabilities</b>			
Deferred tax liabilities	0.0	0.0	0.0
Accounts payable	2.7	4.4	5.4
Deferred revenue, prepaid licenses	25.2	27.3	30.2
Other liabilities	22.5	16.1	15.8
<b>Total liabilities</b>	<b>50.5</b>	<b>47.7</b>	<b>51.3</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>111.0</b>	<b>115.6</b>	<b>105.2</b>

### Condensed Consolidated Cash Flow Statement

MSEK	Q3, Jul-Sep		YTD, Jan - Sep	
	2024	2023	2024	2023
Operating income	-19.1	-11.5	-46.4	-42.6
Adjustment for non-cash items	0.0	0.1	0.4	1.2
Interests and paid taxes	0.0	-0.5	0.0	-1.0
Change in working cap. receivables	7.5	4.6	10.8	12.1
Change in working cap. liabilities	-5.9	-4.6	-1.1	-3.2
<b>Cash flow from operating activities</b>	<b>-17.6</b>	<b>-11.9</b>	<b>-36.3</b>	<b>-33.5</b>
Investments	0.0	0.0	-0.3	-0.2
<b>Cash flow from investing activities</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.3</b>	<b>-0.2</b>
New share issue	56.5	0.0	56.5	0.0
Transaction costs, new share issue	-5.2	0.0	-5.2	0.0
Repurchased warrants	0.0	0.0	0.0	0.0
Premiums received for warrants	0.3	0.0	0.3	0.0
<b>Cash flow from financing activities</b>	<b>51.6</b>	<b>0.0</b>	<b>51.6</b>	<b>0.0</b>
<b>Net increase/decrease in cash and equiv.</b>	<b>34.0</b>	<b>-11.9</b>	<b>15.0</b>	<b>-33.8</b>
Cash and liquid assets at start of period	39.9	90.4	59.0	111.9
Exchange rate differences	-0.2	-0.2	-0.3	0.1
<b>Cash and liquid assets at end of period</b>	<b>73.8</b>	<b>78.2</b>	<b>73.8</b>	<b>78.2</b>

## Condensed Consolidated Changes in Equity

MSEK	Share capital	Other contr. of equity	Other equity incl. profit	Total equity
<b>As of January 1, 2023</b>	<b>0.9</b>	<b>200.1</b>	<b>-91.2</b>	<b>109.8</b>
Exchange differences			0.2	0.2
Net loss for the period			-42.2	-42.2
<b>Transactions with owners:</b>				
Issued warrants		0.1		0.1
Repurchased warrants		0.0		0.0
<b>As of September 30, 2023</b>	<b>0.9</b>	<b>200.2</b>	<b>-133.2</b>	<b>67.9</b>
Exchange differences			-0.6	-0.6
Net loss for the period			-13.4	-13.4
<b>Transactions with owners:</b>				
Issued warrants				0.0
Repurchased warrants				0.0
Share-based payments			0.0	0.0
<b>As of January 1, 2024</b>	<b>0.9</b>	<b>200.2</b>	<b>-147.2</b>	<b>53.9</b>
Exchange differences			0.3	0.3
Net loss for the period			-45.4	-45.4
<b>Transactions with owners:</b>				
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
<b>As of September 30, 2024</b>	<b>1.4</b>	<b>251.4</b>	<b>-192.3</b>	<b>60.5</b>

## Condensed Income Statement, Parent company

MSEK	YTD, Jan - Sep	
	2024	2023
Net revenue	37.7	36.0
Other operating income	1.2	0.6
<b>Total revenue</b>	<b>38.9</b>	<b>36.6</b>
<b>Operating expenses</b>		
Other external expenses	-35.8	-42.0
Personnel costs	-38.5	-33.2
Depreciation and amortization	-0.3	-0.5
Other operating expenses	-1.2	-0.7
<b>Total operating expenses</b>	<b>-75.8</b>	<b>-76.5</b>
<b>Operating result</b>	<b>-36.9</b>	<b>-39.8</b>
<b>Financial items</b>		
Loss from shares in group companies	-0.1	-0.1
Interest income and similar items	1.3	0.4
Interest expenses and similar items	-0.4	-0.1
<b>Net result from financial items</b>	<b>0.9</b>	<b>0.2</b>
<b>Profit/loss before tax</b>	<b>-36.0</b>	<b>-39.6</b>
Tax	0.0	0.0
<b>Net profit/loss</b>	<b>-36.0</b>	<b>-39.6</b>

## Condensed Balance Sheet, Parent company

MSEK	2024-09-30	2023-09-30	2023-12-31
<b>Fixed assets</b>			
Licenses	0.0	0.1	0.0
Equipment	1.0	1.3	1.3
Shares in group companies	6.2	6.2	6.2
Deferred tax assets	15.5	15.5	15.5
<b>Total fixed assets</b>	<b>22.6</b>	<b>23.0</b>	<b>23.0</b>
<b>Current assets</b>			
Accounts receivable	1.8	2.0	4.6
Receivables from group companies	0.0	0.0	0.0
Other receivables	6.5	5.2	6.0
Other short-term investments	20.0	0.0	20.0
Cash and bank	44.4	69.1	31.1
<b>Total current assets</b>	<b>72.8</b>	<b>76.3</b>	<b>61.6</b>
<b>TOTAL ASSETS</b>	<b>95.4</b>	<b>99.4</b>	<b>84.6</b>
<b>Shareholders' equity</b>	<b>65.3</b>	<b>62.8</b>	<b>49.6</b>
<b>Liabilities</b>			
Accounts payable	2.9	4.2	5.1
Short-term liabilities to group companies	4.3	9.3	7.0
Other liabilities	22.9	23.0	22.9
<b>Total liabilities</b>	<b>30.1</b>	<b>36.5</b>	<b>35.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>95.4</b>	<b>99.4</b>	<b>84.6</b>

## Accounting principles and currency exposure

The consolidated interim quarterly report for the Group is prepared in accordance with Swedish GAAP, annual accounting act, according to the same principles as the annual report. There has been no change in principles since the 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, the functional currency of Modelon AB. Sales are largely generated in foreign currency, mainly USD and EUR, in addition, foreign subsidiaries are included in the consolidation. USD is the dominant sales currency.

The income statement is translated at the period-average exchange rate while balance sheet items are translated at the closing rate.

Net exposure in USD (i.e., difference between sales and costs in USD) is expected to be somewhat higher in 2024 compared to 2023, approximately 1.5 MUSD, corresponding to 15.0 MSEK per the USD rate at the end of the period. A  $\pm 5$  percent change in the USD/SEK exchange rate would impact the net result by approximately  $\pm 0.8$  MSEK over the fiscal year. A higher USD exchange rate vs. SEK would result in an increased revenue and EBIT.



## Quarterly development

MSEK	2024 Q3	2024 Q2	2024 Q1	2023 Q4	2023 Q3
Annual recurring revenue	56.4	53.8	52.9	50.1	47.1
Change QoQ	5%	2%	6%	6%	4%
Net revenues	20.5	21.9	18.3	20.7	19.1
Software revenues	14.4	14.4	13.5	14.4	12.4
Service revenues	6.1	7.5	4.8	6.4	6.7
Other operating income	0.2	-0.1	1.2	0.2	0.1
Adjusted EBIT	-12.0	-11.4	-14.4	-14.6	-11.5
Adj. EBIT margin	-58.5%	-52.1%	-78.7%	-70.3%	-60.2%
Net result after tax	-18.8	-12.4	-14.2	-13.4	-11.6
Net result per share (SEK)	-1.09	-1.13	-1.29	-1.22	-1.05
Deferred revenue (pre-paid), per EOQ	25.2	32.9	31.5	30.2	27.3
Cash flow from operations	-17.6	-14.6	-4.1	-18.7	-11.9
Development costs	13.8	13.5	14.8	14.1	11.4
Average number of shares	16,954,783	11,016,471	11,016,471	11,016,471	11,016,471

## Definitions

**Annual Recurring Revenue (ARR)** is defined as the recurring software revenue from the reporting quarter multiplied by four. ARR for previous periods is reported at constant currency, evaluated at the current period's average exchange rate.

**Development costs** include the operating costs and investments in our complete software product portfolio.

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

## Annual General Meeting

Modelon held its Annual General meeting in Lund on May 14, 2024.

More information about the AGM is available at [www.modelon.com/agm2024](http://www.modelon.com/agm2024).

## Financial Calendar

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

February 27, 2025

Q4 and Year-End Report 2024

## Review

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

## Modelon Overview

### Business and Operations

Modelon offers software products and complementary consulting services in industrial mathematical modelling, simulation, and analysis of complex technical systems, which enables companies to digitize, transform and improve their product development and operations. The company has established itself as a global player with several industry-leading companies as clients, including Carrier, NASA JPL, Toyota, MAN Group and Daimler.

Modelon's flagship product, Modelon Impact, is a cloud-native system simulation software platform featuring a collaborative browser-based interface and thousands of proven models and components spanning a broad range of applications. Modelon's solutions are built on international open standards with a focus on Modelica, an open modeling language for component-oriented modelling of complex systems, and Functional Mock-Up Interface (FMI), a tool-independent standard to support both model exchange and simulation of dynamic models. Modelon Impact is built on and embeds the modeling and simulation technology developed over 15 years and industry proven in our multi-platform software portfolio including the Modelon Library Suite, Modelon Deployment Suite and OEM components.

Modelon is a global company founded in 2004 with approximately 100 employees distributed among ten offices in six countries. The company is headquartered in Lund, Sweden, where senior executives, group administration including finance, HR, and IT, as well as product development functions are centered. There are local offices in Stockholm and Gothenburg. Furthermore, the company has subsidiaries in the USA, Japan, Germany, and India. Modelon has historically demonstrated consistent growth in annual recurring revenues.

### Vision

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

### Strategy

Modelon's strategy builds on three pillars: People, Product and Reach.

#### People

As a first-choice employer, Modelon attracts, grows, and retains a global team of world-class talent and thought leaders

with a passion for solving real-world problems. Modelon nurtures a strong company culture based on our core values: Collaboration, Engagement, Openness, and Innovation.

#### Product

The roadmap for Modelon's flagship product Modelon Impact leads towards a fully SaaS-enabled, seamless, and scalable cloud-platform supporting all major model-based engineering workflows in the digital domain across a range of industries and throughout the full product lifecycle from early concept phases through design, integration, and testing to operations. As pioneers in bringing systems modeling and simulation to the cloud, we offer a balanced mix of managed and on-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 very broad and large user base of engineers and more. Natively built on the Modelica and FMI open standards and with a general philosophy of openness, Modelon Impact enables the formation of strong ecosystems of content, service and platform partners and high impact re-use, sharing, connectivity and integration of data, toolchains, and workflows.

#### Reach

Modelon's market reach is defined by a global commercial team of experienced business developers working with a dedicated customer success team of application engineers and supported by subject matter experts on modeling and simulation in a range of industry applications and domains. The direct sales force is complemented by carefully selected reseller partners to increase the market contact surface and cover all relevant regions. Systematic lead generation, branding and awareness is managed by a team of marketing specialists with a focus on digital channels and content marketing with blogs, webinars, and success stories. The software business is accelerated and boosted by a global solution services expert team to accelerate adoption and scaling of Modelon software by high impact and transformational consulting services to support and ensure success of digital transformation, workflow implementation, customizations, and deployment. The transformation towards a SaaS business tears down barriers for adoption, deployment, and scaling of Modelon Impact to exploit the full potential of the large and growing global addressable market.

## Financial targets

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

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

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

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

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

### CREATING A VIRTUAL TEST BED FOR NEXT-GEN INDUSTRIAL HEAT PUMPS

CASE STUDY

For over two centuries, MAN Energy Solutions (MAN ES) has been at the forefront of technological advancements that drive societal progress. Recently, the company has shifted its focus towards pioneering decarbonization as an energy systems design and industrial solutions provider.

<https://modelon.com/support/creating-a-virtual-test-bed-for-next-gen-industrial-heat-pumps/>



### OPTIMIZING ENERGY SYSTEMS FOR FOSSIL-FREE STEEL PRODUCTION

SEPTEMBER 9, 2024

[Knightec](#) is a strategic partner in product and service development, dedicated to creating positive change. We're committed to fueling business innovation, paving the way for a better society. In this guest blog, we explore an approach to optimizing energy systems using Modelon's Energy Systems Library.

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



### CLOUD OR SELF-MANAGED: HOSTING OPTIONS FOR MODELON IMPACT

JULY 30, 2024

Before using Modelon Impact, you'll have to answer an important question. Between Modelon Impact Cloud and Modelon Impact Self-Managed, which one is right for you?

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



## About Modelon

Modelon offers systems modeling and simulation software that accelerates product innovation, development and operations in a range of industries. Modelon's flagship product, Modelon Impact, is a cloud-native system simulation software platform featuring a collaborative browser-based interface and thousands of proven models and components spanning a broad range of applications. Headquartered in Lund, Sweden, and with global reach, Modelon is an expert industry leader in model-based systems engineering with a focus on leveraging open standard technologies.

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

