

November 11, 2022: 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 third quarter and the period January - September 2022.

## Q3 Highlights

- ARR increased by 16% to MSEK 42.1 (36.4).
- Net revenue increased to MSEK 16.1 (14.1), software revenues increased to MSEK 10.9 (9.2).
- EBIT amounted to MSEK -15.9 (-11.0), including development costs of MSEK 13.1 (11.7)<sup>2</sup>.
- Net result amounted to MSEK -15.9 (-10.9).
- Earnings per share amounted to SEK -1.45 (-0.99) before dilution.
- Financial result for the period reflects the ongoing investment phase for accelerated growth.

## January – September in Summary

- Net revenue amounted to MSEK 49.0 (53.1)<sup>1</sup>, of which software revenues were MSEK 33.0 (26.8).
- EBIT amounted to MSEK -46.1 (-27.4).
- Net result amounted to MSEK -46.2 (-27.3).
- Earnings per share amounted to SEK -4.19 (-2.48) before dilution.
- Financial result for the period reflects the ongoing investment phase for accelerated growth.



## Summary Financials

MSEK	Q3, Jul - Sep			YTD, Jan - Sep		
	2022	2021	Change	2022	2021	Change
Annual recurring revenue, ARR	42.1	36.4	16%	42.1	36.4	16%
Net revenues	16.1	14.1	14%	49.0	53.1	-8%
Software revenues	10.9	9.2	18%	33.0	26.8	23%
- whereof recurring revenue	10.5	9.1	16%	30.7	23.8	29%
Service revenues <sup>1</sup>	5.2	4.9	7%	16.0	26.2	-39%
Other operating income	0.3	0.2		0.9	2.6	
EBIT	-15.9	-11.0	-	-46.1	-27.4	-
EBIT margin	-98.7%	-77.9%		-94.1%	-51.6%	
Net result after tax	-15.9	-10.9	-	-46.2	-27.3	-
Earnings per share (SEK) before dilution	-1.45	-0.99		-4.19	-2.48	
Cash balance	127.1	184.9	-31%	127.1	184.9	-31%

1. The comparison number for 2021 YTD includes co-development activities related to a U.S. enterprise customer amounting to MSEK 9.9, see Revenues section on page 3.  
 2. Development costs are taken as operating expenses and not capitalized, see page 3 and definition on page 10.

### Significant events during the period

- No significant events.

### Significant events after the period

- On Nov 10, Modelon announced updated financial targets.

## Investor presentation

Modelon will hold a presentation of the Q3 interim report at 10am CET on November 11, 2022. CEO Magnus Gäfvert and CFO Jonas Eborn will present the Q3 earnings in an audiocast.

 [Link to audiocast](#)

## Modelon AB (publ)

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

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

## Comments from the CEO

### ARR growth and new customer acquisitions

Annual recurring revenues in the third quarter of 2022 increased 16% compared to Q3 2021. Software revenues in the quarter increased 18% compared to 2021 and comprised 68% of total revenue vs. 65% in 2021.

Notable new software wins in the third quarter include:

- US multinational consumer goods corporation
- Leading European home appliance manufacturer
- European aerospace institute
- European aircraft engine manufacturer
- Chinese automotive research institute
- Multi-national nuclear reactor provider
- US global energy technology company
- US geothermal HVAC company
- US defense research laboratory
- Swedish global automotive company

This list of new customers continues to demonstrate how leading and global innovation driven technology companies across Europe, the Americas and Asia are adopting Modelon Impact. Most of these companies are new customers, while some are longer term Modelon software and services customers who are starting to adopt or migrate to Modelon Impact. The energy sector remains strong in the sales mix, while we also see a good spread across our other industry focus segments with increasing activity in defense. The pattern with larger deal sizes in the US compared to other regions continues. New customers continue driving Modelon Impact sales, building a solid foundation for future upselling. The summer seasonal effect means that the third quarter orders are concentrated late in the quarter, contributing to Q3 ARR with a smaller portion of the order value with the full effects from Q4.

### Customer testimonials demonstrate Modelon Impact positioning

Pipeline activity is healthy. We are pleased to continue seeing good effects in our lead generation from the return of face-to-face events and visits. For example, in the third quarter Modelon experts and commercial staff attended ThermoSim in Braunschweig, Germany and the GE Edge Symposium in New York. The quarter ended with the final preparations for Modelon's first international user conference Modelon Innovate, held in Stockholm October 19-20. The event was a great success and will be described further in the upcoming year-end report.

We published two exciting case studies during the quarter: One from Saab that explains how Saab worked with Modelon to incorporate model-based systems engineering (MBSE) and greatly enhance the Gripen multi-role fighter aircraft without overextending its in-house resources. We published a second case study from Siemens Energy that explains how they adopted Modelon Impact for integration of heat-pumps into evolving energy technology and district heating systems.

### Accelerating the transition to public cloud

The Modelon Impact public cloud offering was announced in August 2022, after a soft launch in Q2. The market reception has exceeded our expectations, with more than a third of all new Modelon Impact licenses in Q2 and Q3 on the public cloud version. To meet demand, we are currently and in the near term prioritizing the product roadmap to optimize the transition towards public cloud. In Q3, we see this ongoing shift slowing ARR growth compared to the target growth rate, until the new functionality is established, while after the transition we will be in an even stronger position for scaling.

We continue to have great confidence in our growth strategy and goals by pioneering system simulation on the cloud with Modelon Impact. Accurate simulations give better engineering decisions and make technology companies more successful, innovative and competitive. That holds true in any market or macro situation, and will drive our success for many years to come.



A handwritten signature in black ink, appearing to read 'Magnus Gäfvert'.

**Magnus Gäfvert, CEO**

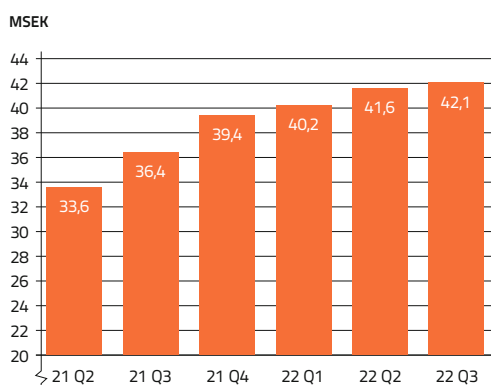
## Financial development

### Revenues

#### Annual recurring revenue

Total software annual recurring revenue at constant currency (ARR) amounted to MSEK 42.1 (36.4), an increase of 16% compared to Q3 2021 and an increase of 1% compared to MSEK 41.6 in Q2 2022. Modelon Impact ARR grew 12% quarter-to-quarter and is the principal growth driver in the total software ARR. Total ARR before adjusting for currency effects amounted to MSEK 42.1 (34.2), the differences in exchange rate at the end of Q3 gave an FX adjustment of MSEK +2.2 for the comparison period.

#### ARR



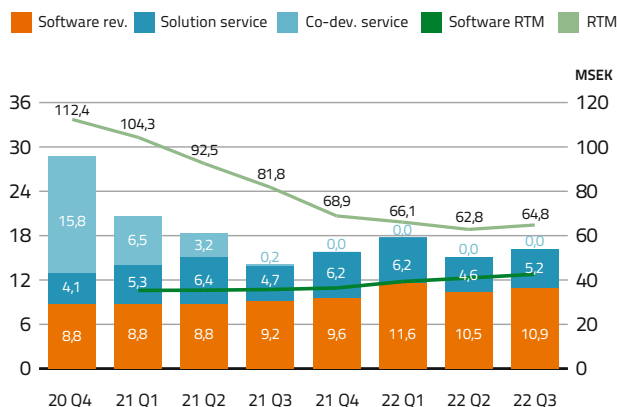
Software ARR has grown at a steady pace since the launch of Modelon Impact in July 2020, see quarterly development figures in the table on page 13. Total ARR numbers include revenue from Modelon Impact and from multi-platform library and deployment products.

#### Third quarter 2022

Software revenues amounted to MSEK 10.9 (9.2), an increase of 18%. Total service revenues amounted to MSEK 5.2 (4.9). Net revenues amounted to MSEK 16.1 (14.1).

#### January – September 2022

Software revenues in the period amounted to MSEK 33.0 (26.8), an increase of 23%. Total service revenues in the period amounted to MSEK 16.0 (26.0). The comparison number for 2021 includes a co-development service project with a U.S. enterprise customer. The service revenues from this customer during the period amounted to MSEK 0.0 (9.9). Net revenues amounted to MSEK 49.0 (53.1).



Revenue development shows the transition to Software and Solutions. Comparison numbers in 2020 and 2021 includes a co-development service project with a U.S. enterprise customer, reported separately. Note that revenues are not FX adjusted.

### Costs

#### Third quarter 2022

Other external expenses amounted to MSEK 11.3 (7.7), mainly related to sales activities, consultancy fees and premises. Personnel costs amounted to MSEK 19.8 (17.0). Depreciation amounted to MSEK 0.3 (0.2) and other operating expenses were MSEK 0.9 (0.4).

#### January – September 2022

Other external expenses amounted to MSEK 33.5 (26.7), mainly related to sales activities, consultancy fees and premises. Personnel costs amounted to MSEK 59.5 (53.3). Depreciation amounted to MSEK 0.7 (0.6) and other operating expenses were MSEK 2.4 (2.5).

#### Research and development costs are included in OPEX

Modelon recognizes all research and development costs as operating expenses and does not capitalize any development costs. This approach is consistent with that of most SaaS companies, since product development expenses are a recurring cost that is matched to recurring revenues.

Development costs in the third quarter amounted to MSEK 13.1 (11.7), an increase of 12%. For the period Jan-Sep the development costs amounted to MSEK 40.7 (35.0) and the development costs were MSEK 54.2 (42.8) for the rolling twelve-month (RTM) period. The 26% increase in development costs for the RTM period is primarily due to the shift from customer-funded to self-funded product development and is in line with the company's strategy. As communicated in our financial targets, product sales and ARR are expected to grow at a faster pace than development costs.

### Key Performance Indicators

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

MSEK	Q3, Jul - Sep			YTD, Jan - Sep		
	2022	2021	Change	2022	2021	Change
Annual recurring revenue, ARR	42.1	36.4	16%	42.1	36.4	16%
Development costs	13.1	11.7	12%	40.7	35.0	16%

## Earnings

### Third quarter 2022

The financial development in Q3 reflects the planned increased investment pace in product development and commercial expansion using proceeds from financing activities. EBIT for the quarter amounted to MSEK -15.9 (-11.0), including research and development costs of MSEK 13.1 (11.7).

### January – September 2022

EBIT for the period amounted to MSEK -46.1 (-27.4), including research and development costs of MSEK 40.7 (35.0), and is in line with expectations considering the planned self-funding of software development.

### Net financial income

Net result from financial items for the quarter amounted to MSEK 0.1 (0.2). Net result from financial items for January – September amounted to MSEK -0.1 (0.0).

### Net result after tax

Net result after tax in the quarter amounted to MSEK -15.9 (-10.9), corresponding to SEK -1.45 per share. Net result after tax for January – September amounted to MSEK -46.2 (-27.3), corresponding to SEK -4.19 per share.

## Financing and cash flow

As of September 30, Modelon's total available liquidity amounted to MSEK 137.1 (194.9), of which the cash balance amounted to MSEK 127.1 (184.9) and unutilized credit facilities amounted to MSEK 10.0 (10.0). Cash flow from operating activities amounted to MSEK -20.3 (-6.8) for the quarter. The change in working capital amounted to MSEK -4.6 (5.2) in the quarter. The change in working capital for the quarter is related to lower deferred (pre-paid) revenue, which are typically at the lowest point at the end of third quarter. Cash flow from investing activities amounted to MSEK -0.9 (-0.0) during the quarter. Cash flow from financing activities amounted to MSEK 0.0 (-0.1) during the quarter.

## The share

As of September 30, 2022, the total number of shares in Modelon was 11,016,471 (11,016,471), comprising 1,426,218 A shares and 9,590,253 B shares. The total number of shares after full dilution is 11,235,971. The number of shares did not change during the period. The company's registered share capital is SEK 922,653.

Modelon has shares in two series, A and B. Each A share has 10 votes, and each B share has 1 vote. Series B shares are listed on Nasdaq First North Growth Market. Series A shares are not exchange-listed but can be converted into B shares upon request of the shareholder.

## Largest shareholders

The table below shows the major shareholders in the company per September 30, 2022.

Owner	A shares	B shares	Votes	Capital
Noledom Holding AB <sup>1</sup>	802,551	3,214,894	47.1%	36.5%
Accendo Capital	345,270	2,328,099	24.2%	24.3%
RoosGruppen AB	72,843	1,031,371	7.4%	10.0%
Ansys Inc.	129,000	516,000	7.6%	5.9%
Lancelot Avalon Master	0	297,000	1.2%	2.7%
<b>Total top 5</b>	<b>1,349,664</b>	<b>7,382,849</b>	<b>87.6%</b>	<b>79.3%</b>
<b>Other owners</b>	<b>76,554</b>	<b>2,202,889</b>	<b>12.4%</b>	<b>20.7%</b>
Total number of shares	1,426,218	9,590,253		

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

## Share incentive programs

Modelon has three active share incentive programs for all employees, 2019/2023, 2020/2024 and 2021/2025. Each program is split into two series in which warrants are offered to Swedish employees, and stock options are offered to employees outside Sweden. The number of outstanding warrants and stock options in these programs is 219,500, and the total dilution effect from share incentive programs if all warrants and options are allotted, vested and exercised for acquisition of shares is 1.99% per September 30, 2022.

## Related party transactions

During the third quarter, consulting fees of total TSEK 408 (0) have been paid to two 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 2022

Net revenues of the parent company for the period amounted to MSEK 29.6 (36.8) with an EBIT of MSEK -43.4 (-28.9). Net result from financial items for the period amounted to MSEK 0.1 (0.2) and the net result was MSEK -43.2 (-28.7).

## 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 have an impact on the customer's entire organization. Read more about company-specific risk factors in our annual report for 2021.

## Sustainability

Modelon's sustainability work is in two parts: internal activities and initiatives to become more sustainable, and the offerings to customers, which is about Modelon with its deep expertise in digitalization based on system modeling and simulation, being able to help its customers in the field of sustainability. Digitalization generally entails a reduction or elimination of transport, travel and resource-intensive prototype construction and related testing, and above all Modelon's solutions are often used to enable and drive innovation and conversion of products to more sustainable technology and solutions. The work revolves around Modelon's most important stakeholders: employees, customers, owners and the community in which the group operates. Read more about sustainability in our annual report for 2021.



## Financial statement

### Condensed Consolidated Income Statement

MSEK	Q3, Jul-Sept		YTD, Jan - Sept	
	2022	2021	2022	2021
Net revenue	16.1	14.1	49.0	53.1
Other operating income	0.3	0.2	0.9	2.6
<b>Total revenue</b>	<b>16.4</b>	<b>14.3</b>	<b>49.9</b>	<b>55.7</b>
<b>Operating expenses</b>				
Other external expenses	-11.3	-7.7	-33.5	-26.7
Personnel costs	-19.8	-17.0	-59.5	-53.3
Depreciation and amortization	-0.3	-0.2	-0.7	-0.6
Other operating expenses	-0.9	-0.4	-2.4	-2.5
<b>Total operating expenses</b>	<b>-32.3</b>	<b>-25.2</b>	<b>-96.1</b>	<b>-83.1</b>
<b>Operating result</b>	<b>-15.9</b>	<b>-11.0</b>	<b>-46.1</b>	<b>-27.4</b>
<b>Financial items</b>				
Interest income and similar items	0.0	0.1	0.0	0.1
Interest expenses and similar items	0.1	0.1	-0.1	-0.1
<b>Net result from financial items</b>	<b>0.1</b>	<b>0.2</b>	<b>-0.1</b>	<b>0.0</b>
<b>Profit/loss before tax</b>	<b>-15.8</b>	<b>-10.8</b>	<b>-46.2</b>	<b>-27.4</b>
Tax	-0.2	-0.1	0.0	0.0
<b>Net profit/loss</b>	<b>-15.9</b>	<b>-10.9</b>	<b>-46.2</b>	<b>-27.3</b>

### Condensed Consolidated Balance Sheet

MSEK	2022-09-30	2021-09-30	2021-12-31
<b>Fixed assets</b>			
Patents, licenses, trademarks and similar	0.2	0.5	0.4
Equipment, tools and installations	3.4	1.3	1.2
Deferred tax assets	16.1	5.1	15.8
<b>Total fixed assets</b>	<b>19.7</b>	<b>7.0</b>	<b>17.5</b>
<b>Current assets</b>			
Accounts receivable	10.4	7.6	15.6
Other receivables	8.8	10.2	10.2
Cash and bank	127.1	184.9	169.4
<b>Total current assets</b>	<b>146.3</b>	<b>202.7</b>	<b>195.2</b>
<b>TOTAL ASSETS</b>	<b>166.0</b>	<b>209.6</b>	<b>212.7</b>

## Consolidated Balance Sheet, cont.

	2022-09-30	2021-09-30	2021-12-31
<b>MSEK</b>			
<b>Shareholders' equity</b>			
Share capital	0.9	0.9	0.9
Other equity incl. net profit/loss	127.7	173.1	172.2
<b>Total shareholders' equity</b>	<b>128.7</b>	<b>174.0</b>	<b>173.1</b>
<b>Liabilities</b>			
Accounts payable	3.9	2.0	4.3
Deferred revenue, prepaid licenses	20.6	18.4	21.5
Other liabilities	12.9	15.3	13.7
<b>Total liabilities</b>	<b>37.4</b>	<b>35.6</b>	<b>39.5</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>166.0</b>	<b>209.6</b>	<b>212.7</b>

## Condensed Consolidated Cash Flow Statement

MSEK	Q3, Jul-Sept		YTD, Jan - Sept	
	2022	2021	2022	2021
Operating income	-15.9	-11.0	-46.1	-27.4
Adjustment for non-cash items	0.5	0.2	2.2	-0.7
Interests and paid taxes	-0.3	-1.2	-0.7	-1.0
Change in working cap. receivables	1.0	12.4	9.0	25.4
Change in working cap. liabilities	-5.7	-7.2	-4.9	0.2
<b>Cash flow from operating activities</b>	<b>-20.3</b>	<b>-6.8</b>	<b>-40.5</b>	<b>-3.5</b>
Investments	-0.9	0.0	-2.6	-0.2
<b>Cash flow from investing activities</b>	<b>-0.9</b>	<b>0.0</b>	<b>-2.6</b>	<b>-0.2</b>
New share issue	0.0	0.0	0.0	150.0
Transaction costs, new share issue	0.0	-0.1	0.0	-12.2
Repurchased warrants	0.0	0.0	-0.1	0.0
New borrowings/amortization	0.0	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>0.0</b>	<b>-0.1</b>	<b>-0.1</b>	<b>137.7</b>
<b>Net increase/decrease in cash and equiv.</b>	<b>-21.2</b>	<b>-6.9</b>	<b>-43.2</b>	<b>134.1</b>
Cash and liquid assets at start of period	148.1	191.4	169.4	50.3
Exchange rate differences	0.2	0.4	0.9	0.5
<b>Cash and liquid assets at end of period</b>	<b>127.1</b>	<b>184.9</b>	<b>127.1</b>	<b>184.9</b>

## Condensed Consolidated Changes in Equity

MSEK	Share capital	Other contr. of equity	Other equity incl. profit	Total equity
<b>As of January 1, 2021</b>	<b>0.6</b>	<b>62.6</b>	<b>-0.3</b>	<b>62.9</b>
Exchange differences			0.7	0.7
Net loss for the period			-27.3	-27.3
<b>Transactions with owners:</b>				
New share issue	0.3	149.7		150.0
Transaction costs		-12.2		-12.2
<b>As of September 30, 2021</b>	<b>0.9</b>	<b>200.0</b>	<b>-27.0</b>	<b>174.0</b>
Exchange differences			0.2	0.2
Net loss for the period			-1.2	-1.2
<b>Transactions with owners:</b>				
New share issue				0.0
Transaction costs				0.0
Issued warrants		0.0		0.0
Share-based payments		0.0	0.0	0.0
<b>As of January 1, 2022</b>	<b>0.9</b>	<b>200.1</b>	<b>-27.9</b>	<b>173.1</b>
Exchange differences			1.8	1.8
Net loss for the period			-46.2	-46.2
<b>Transactions with owners:</b>				
Repurchased warrants		-0.1		-0.1
<b>As of September 30, 2022</b>	<b>0.9</b>	<b>200.0</b>	<b>-72.3</b>	<b>128.7</b>

## Condensed Income Statement, Parent company

MSEK	YTD, Jan - Sept	
	2022	2021
Net revenue	29.6	36.8
Other operating income	0.6	2.6
<b>Total revenue</b>	<b>30.2</b>	<b>39.3</b>
<b>Operating expenses</b>		
Other external expenses	-39.1	-31.9
Personnel costs	-33.1	-33.7
Depreciation and amortization	-0.4	-0.5
Other operating expenses	-0.9	-2.2
<b>Total operating expenses</b>	<b>-73.6</b>	<b>-68.2</b>
<b>Operating result</b>	<b>-43.4</b>	<b>-28.9</b>
<b>Financial items</b>		
Interest income and similar items	0.2	0.3
Interest expenses and similar items	-0.1	-0.1
<b>Net result from financial items</b>	<b>0.1</b>	<b>0.2</b>
<b>Profit/loss before tax</b>	<b>-43.2</b>	<b>-28.7</b>
Tax	0.0	0.0
<b>Net profit/loss</b>	<b>-43.2</b>	<b>-28.7</b>



## Condensed Balance Sheet, Parent company

MSEK	2022-09-30	2021-09-30	2021-12-31
<b>Fixed assets</b>			
Patents, licenses, trademarks and similar	0.2	0.5	0.4
Equipment, tools and installations	1.7	0.6	0.5
Long-term receivables from group comp.	5.1	5.2	5.2
Deferred tax assets	16.5	6.1	16.5
<b>Total fixed assets</b>	<b>23.6</b>	<b>12.4</b>	<b>22.7</b>
<b>Current assets</b>			
Accounts receivable	2.3	2.2	2.0
Receivables from group companies	0.0	0.0	0.0
Other receivables	5.7	6.8	7.3
Cash and bank	119.7	170.4	160.4
<b>Total current assets</b>	<b>127.7</b>	<b>179.4</b>	<b>169.7</b>
<b>TOTAL ASSETS</b>	<b>151.3</b>	<b>191.8</b>	<b>192.4</b>
<b>Shareholders' equity</b>	<b>122.3</b>	<b>165.1</b>	<b>165.6</b>
<b>Liabilities</b>			
Accounts payable	3.7	2.1	4.1
Short-term liabilities to group companies	9.8	6.2	5.9
Other liabilities	15.5	18.4	16.8
<b>Total liabilities</b>	<b>29.0</b>	<b>26.7</b>	<b>26.8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>151.3</b>	<b>191.8</b>	<b>192.4</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 2021 annual report was published.

Software license renewals and subscription revenue are accrued over the license validity period, and service revenue is generated as the services are completed (POC, percentage of completion).

The financial statements are presented in SEK, the functional currency of Modelon AB. Sales are largely generated in foreign

currency, mainly USD and EUR, in addition, foreign subsidiaries are included in the consolidation. USD is the dominant sales currency. The income statement is translated at the period-average exchange rate while balance sheet items are translated at the closing rate. Net exposure in USD (i.e., difference between sales and costs in USD) is expected to be similar in 2022 to 2021, approximately 2 MUSD, corresponding to 22 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  $\pm 1$  MSEK over the fiscal year.

## Quarterly development

MSEK	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3
Annual recurring revenue	42.1	41.6	40.2	39.4	36.4
Change	1%	4%	2%	8%	8%
Net revenues	16.1	15.1	17.8	15.8	14.1
Software revenues	10.9	10.5	11.6	9.6	9.2
Service revenues	5.2	4.6	6.2	6.2	4.9
Other operating income	0.3	0.3	0.3	0.3	0.2
EBIT	-15.9	-17.5	-12.7	-12.1	-11.0
EBIT margin	-98.7%	-115.9%	-71.5%	-76.5%	-77.9%
Net result after tax	-15.9	-17.5	-12.8	-1.2	-10.9
Net result per share (SEK)	-1.45	-1.59	-1.16	-0.11	-0.99
Deferred revenue (pre-paid), per EOQ	20.6	23.4	23.6	21.5	18.4
Cash flow from operations	-20.3	-9.0	-11.2	-15.8	-6.8
Development costs	13.1	14.2	13.5	13.4	11.7
Average number of shares	11,016,471	11,016,471	11,016,471	11,016,471	11,016,471

### Definitions

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

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

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

## Annual General Meeting

Modelon will hold its annual general meeting in Lund on May 16, 2023. The three largest shareholders in Modelon have formed a nomination committee with the following representation:

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

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

## Financial Calendar

<b>March 3, 2023</b>	Q4 and Year-End Report
<b>March 30, 2023</b>	2022 Annual Report
<b>May 16, 2023</b>	Q1 Interim Report
<b>August 23, 2023</b>	Q2 Interim Report
<b>November 10, 2023</b>	Q3 Interim Report
<b>February 29, 2024</b>	Q4 and Year-End Report 2023

## Review

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

## Modelon Overview

### Business and Operations

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

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

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

### Vision

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

### Strategy

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

#### People

As a first-choice employer, Modelon attracts, grows, and retains a global team of world-class talent and thought leaders with a passion for solving real-world problems. Modelon nurtures a strong company culture based on our core values: Collaboration, Engagement, Openness, and Innovation.

#### Product

The roadmap for Modelon's flagship product Modelon Impact leads towards a fully SaaS-enabled, seamless, and scalable cloud-platform supporting all major model-based engineering workflows in the digital domain across a range of industries and throughout the full product lifecycle from early concept phases through design, integration, and testing to operations. As pioneers in bringing systems modeling and simulation to the cloud and with a current focus on on-premise and private cloud deployment, the pace towards public cloud and full SaaS is tuned with industry market trends and preferences. A modern and low threshold browser-based user experience with web-app customization enables true democratization of simulation to address a very broad and large user base of engineers and more. Natively built on the Modelica and FMI open standards and with a general philosophy of openness, Modelon Impact enables the formation of strong ecosystems of content, service and platform partners and high impact re-use, sharing, connectivity and integration of data, toolchains, and workflows.

#### Reach

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

### Financial targets

Modelon's updated financial targets maintain the ambition level of the previous targets and are based on the first two years of sales and the positive market reception of the Modelon Impact platform. They also reflect the expected growth of Modelon Impact and the sales cycles in the CAE industry.

#### Updated financial targets (previous targets):

<b>Growth (CAGR)</b>	ARR >35% (ARR ≈35% CAGR, 100 MSEK in 2024)	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% (Long-term 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 (>0 MSEK in 2024)	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)

### MODELON 2022.2 RELEASE: SYSTEM SIMULATION ON THE CLOUD HAS ARRIVED

AUGUST 29, 2022

We're happy to announce one of our biggest releases – Modelon Impact Cloud, our system simulation platform accessible via public cloud.

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



### WHEN TO USE PHYSICAL SYSTEM SIMULATION?

AUGUST 1, 2022

Engineers often explain the model-based engineering design process with a graphical representation called the "Design V." In part 2 of our blog series, we offer a new perspective of the "Design V", including how and when physical system simulation is essential to the development and lifecycle of a product.

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



CUSTOMER CASE STUDY:

### MODERNIZING FIGHTER AIRCRAFT USING OPEN-STANDARD TECHNOLOGY WITH SAAB

[modelon.com/support/modernizing-fighter-aircraft-with-open-standard-technology/](https://modelon.com/support/modernizing-fighter-aircraft-with-open-standard-technology/)



CUSTOMER CASE STUDY:

### ADAPTING TO THE FUTURE OF ENERGY TECHNOLOGY WITH SYSTEM SIMULATION

[modelon.com/support/heat-pump-technology-adapting-to-the-future-with-system-simulation/](https://modelon.com/support/heat-pump-technology-adapting-to-the-future-with-system-simulation/)



## About Modelon

Modelon provides software solutions and expert services to organizations that use model-based simulation tools to innovate, design and operate technical systems. Our customers are global technology and engineering companies in automotive, aerospace, energy, and industrial equipment industries. Modelon has approximately 100 employees with headquarters in Lund, Sweden, and offices in Sweden, USA, Germany, Japan, India, and Czech Republic.

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)



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Ideon Science Park, Beta-building Scheelevägen 17 | SE-223 70 Lund | Sweden | [info@modelon.com](mailto:info@modelon.com) | [www.modelon.com](https://www.modelon.com)