

August 21, 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 - June 2024.

Q2 Highlights

- ARR increased to MSEK 53.9 (45.5), an annual growth of 18%.
- Net revenue amounted to MSEK 21.9 (21.1), of which software revenues were MSEK 14.4 (14.4).
- Cash flow from operations amounted to MSEK -14.6 (-19.8).
- EBIT amounted to MSEK -12.9 (-12.8).
- Operating expenses were MSEK 34.8 (34.1), including development costs of MSEK 13.5 (12.4)¹.
- Net income amounted to MSEK -12.4 (-12.4).
- Earnings per share amounted to SEK -1.13 (-1.13) before dilution.



January – June in Summary

- Net revenue amounted to MSEK 40.2 (39.1), of which software revenues were MSEK 27.9 (26.4).
- EBIT amounted to MSEK -27.4 (-31.1).
- Net income amounted to MSEK -26.6 (-30.6).
- Earnings per share amounted to SEK -2.41 (-2.78) before dilution.

Summary Financials

MSEK	Q2, Apr - Jun			YTD, Jan - Jun		
	2024	2023	Change	2024	2023	Change
Annual recurring revenue, ARR	53.9	45.5	18%	53.9	45.5	18%
Net revenues	21.9	21.1	4%	40.2	39.1	3%
Software revenues	14.4	14.4	0%	27.9	26.4	6%
- whereof recurring revenue	13.5	11.5	17%	26.6	23.3	14%
Service revenues	7.5	6.7	11%	12.3	12.8	-3%
Other operating income	-0.1	0.2		1.1	0.6	
EBIT	-12.9	-12.8	-	-27.4	-31.1	-
EBIT margin	-59.0%	-60.5%		-68.0%	-79.4%	
Net result after tax	-12.4	-12.4	-	-26.6	-30.6	-
Earnings per share (SEK) before dilution	-1.13	-1.13		-2.41	-2.78	
Cash balance	39.9	90.4	-56%	39.9	90.4	-56%

1. Development costs are taken as operating expenses and not capitalized, see page 3 and definition on page 9.

Significant events during Q2 2024

- New CEO Jan Häglund was announced on April 11 and has replaced Magnus Gäfvert from July 1.
- Annual General Meeting on May 14 resolved according to nominating committee proposal and elected a Board with four members. AGM also resolved on authorization for the Board to decide on issue of new shares and approved a new share incentive program for all employees.
- Extraordinary General Meeting on June 7 resolved to approve the Board's proposal of a rights issue.

Significant events after the period

- Final outcome of rights issue was announced on July 4.
- Extraordinary General Meeting on August 16 approved a share incentive program for the CEO.
- Notice for an Extraordinary General Meeting to be held September 19 was sent out on August 16, with proposal to amend the articles of association and remove the division into shares of class A and B.

Investor presentation

Modelon will hold a presentation of the Q2 interim report at 12:00 p.m. CET on August 21, 2024. CEO Jan Häglund and CFO Jonas Eborn will present the Q2 earnings in a webcast.

 [Link to Webcast](#)

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Comments from the CEO

My first day as CEO of Modelon was July 1st, and I am proud to have been entrusted to lead this great company. I look forward to working with colleagues to build customer success and shareholder value. I will share my initial thoughts and impressions, together with a summary of the second quarter's key events and results.

Commercial update

Net revenue in the second quarter of 2024 was 21.9 MSEK, an increase of 4 percent compared with the same period last year. Software revenue was 14.4 MSEK, flat versus last year. Operating loss was in line with last year at -12.9 MSEK, affected by increased operating expenses. Our company has higher growth and profitability ambitions, and my focus is on accelerating revenue and profit generation by aligning our go-to-market efforts with growing customer segments, improving our product-market fit through targeted product enhancements, and by implementing efficiency measures based on automation and adoption of new cloud technology.

Despite the second quarter's flat trend in total revenues and operating profit/loss, there are underlying growth trends that give me confidence that we are on the right track and that our Software-as-a-Service business model has potential to generate healthy long-term cash flows. Our total ARR in Q2 2024 was 53.9 MSEK, an increase of 18 percent versus last year. Growth came mainly from our flagship product, Modelon Impact, where ARR increased 37 percent year-over-year. Software revenues from our multi-platform business, i.e., Modelon libraries running on third-party simulation platforms, had a lower growth rate, primarily because these revenues are from legacy customers running applications and third-party platforms that are stable in terms of number of users.

The increased sales of Modelon Impact were mainly driven by new software license contracts, and customer wins in the second quarter include multi-billion-dollar revenue companies in energy supply and hyperscale cloud services. Growth in ARR also came from customers expanding their deployment of Modelon Impact from a few simulation experts to a wider group of users. For example, one customer that recently selected Modelon Impact has plans to significantly increase the number of users compared to their previous deployment on a competing platform. This customer has a strategy to use Model Based Simulation throughout the full product life cycle to reduce design lead times, cut costs, and improve performance.

Service revenues were up by 11 percent on last year. There are variations in how service projects generate revenue and the trend for our services business over the trailing 12-month period has been flat. This is because many of our service projects are delivered to legacy customers running Modelon's libraries on third-party platforms, a business that is growing more slowly than our Modelon Impact business. I am impressed by the level of experience and competence in our services team. I see potential to expand and better leverage consulting services in driving Modelon Impact sales, combining that part of our offering with enhanced training and onboarding for a robust value proposition to our customers.

Product enhancements

We have during the quarter launched a new solution where simulation models for hydrogen, electricity, and thermal production are included in Modelon Impact in a prepackaged and more easy-to-use format. I believe that our new product offering, supported by experts in our Services team, will strengthen our

position in energy solutions and help customers find faster and better ways to solve the energy supply challenges of the future.

The value of a simulation depends on the customer's ability to understand and draw conclusions from it. Often a simulation model is set up by one expert but it is needed in many different engineering departments. Therefore, post-processing of simulation results is a focus area for R&D investments in Modelon Impact. While we continually enhance the analysis capabilities of our own product, we note that many customers have their favorite tools that they have used for years together with other applications. We have therefore launched an Excel Add-In with which users can set up, simulate, optimize, and analyze their Modelon Impact experiments directly in Excel. I believe that flexibility and openness to complementary third-party and in-house tools is the right strategy and a path we will continue to explore.

Modelon Impact is primarily sold as a cloud service, offering efficient onboarding, quick scaling of capacity, and fast access to new product features and enhancements. Our hosted cloud solution is designed for the highest level of information integrity, and our product plans prioritize further investments in cybersecurity. The Modelon Impact cloud service replaces the desktop version, which is still used by some customers. The migration of these customers started during the quarter and is expected to continue until all desk-top customers have transitioned to the cloud. As a complement to the hosted cloud service, we offer a self-managed solution for customers that run Modelon Impact on their own private cloud. I see that we have processes and competence to deliver to these customers, in parallel with running our hosted cloud solution.

Customer focus

I have started meeting customers to learn more about their businesses and requirements. Their feedback about Modelon is positive. It is encouraging to hear that we are enabling companies in several industries to reduce development times and find better technical solutions. I look forward to the upcoming Modelon Innovate event October 10-11 in Copenhagen, which will be an excellent opportunity for customers to share their experiences and ideas. I will personally use the event to establish contact with as many customers as possible, to learn more about their challenges, and to get input for Modelon's future success.

Outlook

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

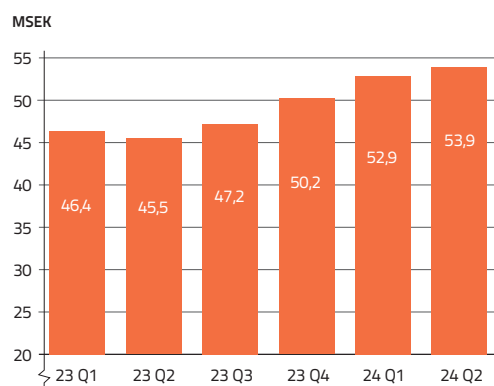
Financial development

Revenues

Annual recurring revenue

Total software annual recurring revenue at constant currency (ARR) amounted to MSEK 53.9 (45.5), an increase of 18% compared to Q2 2023 and an increase of 2% compared to MSEK 52.9 in Q1 2024. We saw continued growth from new Modelon Impact customers, while the multi-platform business had a slower development. Total software ARR includes an annual growth rate of 37% in recurring revenues from Modelon Impact. Total ARR before adjusting for currency effects amounted to MSEK 53.9 (46.1). The differences in exchange rates at the end of Q2 gave an FX adjustment of MSEK -0.6 for the comparison period.

ARR

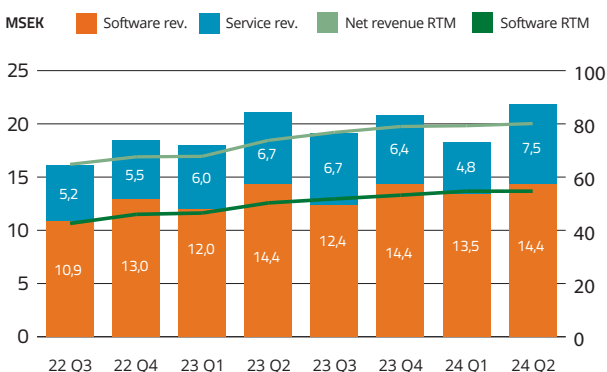


Software ARR has grown since the launch of Modelon Impact in July 2020, see quarterly development figures in the table on page 9. Total ARR numbers include revenue from Modelon Impact and from multi-platform library and deployment products.

April – June 2024

Net revenues amounted to MSEK 21.9 (21.1), an increase of 4%. Software revenues amounted to MSEK 14.4 (14.4), no change. The difference between ARR and software revenue growth in the second quarter is explained by one-time license revenues of MSEK 2.9 in Q2 2023.

Total service revenues amounted to MSEK 7.5 (6.8), an increase of 11%. Service delivery recovered in Q2, after a temporary decrease in Q1.



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.

January – June 2024

Net revenues amounted to MSEK 40.2 (39.1), an increase of 3%. Software revenues in the period amounted to MSEK 27.9 (26.3), an increase of 6%. Total service revenues in the period amounted to MSEK 12.3 (12.8).

Costs

April – June 2024

Other external expenses amounted to MSEK 9.8 (11.6), mainly related to sales activities, consultancy fees and premises. Personnel costs amounted to MSEK 25.0 (21.7) including non-recurring costs of MSEK 1.5 in the second quarter. Depreciation amounted to MSEK 0.2 (0.3), and other operating expenses were MSEK -0.2 (0.5).

January – June 2024

Other external expenses amounted to MSEK 20.9 (24.0), mainly related to sales activities, consultancy fees and premises. Personnel costs amounted to MSEK 45.9 (45.2). Depreciation amounted to MSEK 0.5 (0.7) 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 second quarter amounted to MSEK 13.5 (12.4), an increase of 8%. For the trailing twelve-month (TTM) period from Q3 2023 development costs decreased by 7% to MSEK 53.8 (57.8).

Key Performance Indicators

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

MSEK	Q2, Apr - Jun			YTD, Jan - Jun		
	2024	2023	Change	2024	2023	Change
Annual recurring revenue, ARR	53.9	45.5	18%	53.9	45.5	18%
Development costs	13.5	12.4	8%	28.3	28.1	1%

Earnings

April – June 2024

The financial development in Q2 reflects the planned investment pace in product development and commercial expansion. EBIT for the quarter amounted to MSEK -12.9 (-12.8).

January – June 2024

EBIT for the period amounted to MSEK -27.4 (-31.1), which 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 0.6 (0.2). Net result from financial items for January – June amounted to MSEK 0.6 (0.2).

Net result after tax

Net result after tax in the quarter amounted to MSEK -12.4 (-12.4), corresponding to SEK -1.13 per share (comparable figure). Net result after tax for January – June amounted to MSEK -26.6 (-30.6), corresponding to SEK -2.41 per share (comparable figure).

Financing and cash flow

As of June 30, Modelon's total available liquidity amounted to MSEK 49.9 (100.4), of which the cash balance amounted to MSEK 39.9 (90.4), and unutilized credit facilities amounted to MSEK 10.0 (10.0). After the period, on July 4, Modelon closed a financing round which raised MSEK 56.5 before transaction costs. Cash flow from operating activities amounted to MSEK -14.6 (-19.8) for the second quarter. The change in working capital amounted to MSEK -2.9 (-7.7) in the quarter. The small negative change in working capital for the quarter is mainly related to higher accounts receivable, and to slightly higher deferred (pre-paid) revenue. Cash flow from investing activities amounted to MSEK -0.1 (-0.1) during the second quarter. Cash flow from financing activities amounted to MSEK 0.0 (0.0) during the quarter.

The share

As of June 30, 2024, the total number of shares in Modelon was 11,016,471 (11,016,471), comprising 1,421,218 A shares and 9,595,253 B shares. The total number of shares after full dilution is 11,170,971. 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.

Share incentive programs

Modelon has three active share incentive programs for all employees, 2022/2026, 2023/2027 and 2024/2028. 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 242,000, and the total dilution effect from share incentive programs if all warrants and options are allotted, vested and exercised for acquisition of shares is 2.20% per June 30, 2024.

Related party transactions

During the second quarter, consulting fees of TSEK 0 (216) 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.

Largest shareholders

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

Note that a new list resulting from the rights issue finalized in July and A/B conversion to be finalized in September will be published at the end of the third quarter.

Owner	A shares	B shares	Votes	Capital
Noledom Holding AB ¹	802,551	3,214,894	47.2%	36.5%
Accendo Capital	345,270	2,328,099	24.3%	24.3%
RoosGruppen AB	72,843	1,105,021	7.7%	10.7%
Ansys Inc.	129,000	516,000	7.6%	5.9%
Avanza Pension	0	306,296	1.3%	2.8%
Total top 5	1,349,664	7,470,310	88.1%	80.1%
Other owners	71,554	2,124,943	11.9%	19.9%
Total number of shares	1,421,218	9,595,253		

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

Parent Company

January – June 2024

Total revenues of the parent company for the period amounted to MSEK 26.1 (25.1) with an EBIT of MSEK -25.4 (-29.4). 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 0.6 (0.2) and the net result was MSEK -24.8 (-29.2).

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	Q2, Apr - Jun		YTD, Jan - Jun	
	2024	2023	2024	2023
Net revenue	21.9	21.1	40.2	39.1
Other operating income	-0.1	0.2	1.1	0.6
Total revenue	21.9	21.3	41.4	39.7
Operating expenses				
Other external expenses	-9.8	-11.6	-20.9	-24.0
Personnel costs	-25.0	-21.7	-45.9	-45.2
Depreciation and amortization	-0.2	-0.3	-0.5	-0.7
Other operating expenses	0.2	-0.5	-1.4	-0.9
Total operating expenses	-34.8	-34.1	-68.7	-70.8
Operating result	-12.9	-12.8	-27.4	-31.1
Financial items				
Interest income and similar items	0.8	0.2	1.0	0.3
Interest expenses and similar items	-0.2	0.0	-0.4	-0.1
Net result from financial items	0.6	0.2	0.6	0.2
Profit/loss before tax	-12.3	-12.6	-26.7	-30.8
Tax	-0.1	0.1	0.1	0.3
Net profit/loss	-12.4	-12.4	-26.6	-30.6

Condensed Consolidated Balance Sheet

MSEK	2024-06-30	2023-06-30	2023-12-31
Fixed assets			
Licenses	0.0	0.1	0.0
Equipment	2.4	3.0	2.6
Deferred tax assets	16.2	16.0	15.8
Total fixed assets	18.6	19.1	18.4
Current assets			
Accounts receivable	15.4	14.6	20.1
Other receivables	10.9	8.3	7.7
Other short-term investments	20.0	0.0	20.0
Cash and bank	19.9	90.4	39.0
Total current assets	66.2	113.2	86.8
TOTAL ASSETS	84.8	132.3	105.2

Consolidated Balance Sheet, cont.

MSEK	2024-06-30	2023-06-30	2023-12-31
Shareholders' equity			
Share capital	0.9	0.9	0.9
Other equity incl. net profit/loss	26.7	78.7	53.0
Total shareholders' equity	27.6	79.7	53.9
Liabilities			
Deferred tax liabilities	0.0	0.0	0.0
Accounts payable	6.0	3.1	5.4
Deferred revenue, prepaid licenses	32.9	29.3	30.2
Other liabilities	18.3	20.2	15.8
Total liabilities	57.2	52.6	51.3
TOTAL EQUITY AND LIABILITIES	84.8	132.3	105.2

Condensed Consolidated Cash Flow Statement

MSEK	Q2, Apr - Jun		YTD, Jan - Jun	
	2024	2023	2024	2023
Operating income	-12.9	-12.8	-27.4	-31.1
Adjustment for non-cash items	0.6	0.8	0.5	1.1
Interests and paid taxes	0.5	-0.2	0.0	-0.4
Change in working cap. receivables	-8.5	-4.2	3.4	7.5
Change in working cap. liabilities	5.6	-3.5	4.8	1.4
Cash flow from operating activities	-14.6	-19.8	-18.7	-21.6
Investments	-0.1	-0.1	-0.3	-0.2
Cash flow from investing activities	-0.1	-0.1	-0.3	-0.2
New share issue	0.0	0.0	0.0	0.0
Transaction costs, new share issue	0.0	0.0	0.0	0.0
Repurchased warrants	0.0	0.0	0.0	0.0
New borrowings/amortization	0.0	0.0	0.0	0.0
Cash flow from financing activities	0.0	0.0	0.0	0.0
Net increase/decrease in cash and equiv.	-14.7	-19.9	-19.0	-21.8
Cash and liquid assets at start of period	55.0	109.9	59.0	111.9
Exchange rate differences	-0.4	0.4	-0.1	0.3
Cash and liquid assets at end of period	39.9	90.4	39.9	90.4

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			-30.6	-30.6
Transactions with owners:				
Issued warrants		0.1		0.1
Repurchased warrants		0.0		0.0
As of June 30, 2023	0.9	200.2	-121.4	79.7
Exchange differences			-0.8	-0.8
Net loss for the period			-25.0	-25.0
Transactions with owners:				
Issued warrants				0.0
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			0.3	0.3
Net loss for the period			-26.6	-26.6
Transactions with owners:				
Issued warrants		0.1		0.1
Repurchased warrants		0.0		0.0
As of June 30, 2024	0.9	200.3	-173.5	27.6

Condensed Income Statement, Parent company

MSEK	YTD, Jan - Jun	
	2024	2023
Net revenue	25.0	24.5
Other operating income	1.1	0.6
Total revenue	26.1	25.1
Operating expenses		
Other external expenses	-24.6	-29.2
Personnel costs	-25.7	-24.3
Depreciation and amortization	-0.2	-0.4
Other operating expenses	-1.0	-0.6
Total operating expenses	-51.5	-54.5
Operating result	-25.4	-29.4
Financial items		
Loss from shares in group companies	-0.1	-0.1
Interest income and similar items	1.0	0.3
Interest expenses and similar items	-0.4	-0.1
Net result from financial items	0.6	0.2
Profit/loss before tax	-24.8	-29.2
Tax	0.0	0.0
Net profit/loss	-24.8	-29.2

Condensed Balance Sheet, Parent company

MSEK	2024-06-30	2023-06-30	2023-12-31
Fixed assets			
Licenses	0.0	0.1	0.0
Equipment	1.1	1.5	1.3
Shares in group companies	6.2	6.2	6.2
Deferred tax assets	15.5	15.5	15.5
Total fixed assets	22.7	23.2	23.0
Current assets			
Accounts receivable	3.1	2.2	4.6
Receivables from group companies	0.0	1.1	0.0
Other receivables	7.6	5.8	6.0
Other short-term investments	20.0	0.0	20.0
Cash and bank	13.3	81.3	31.1
Total current assets	43.9	90.4	61.6
TOTAL ASSETS	66.7	113.7	84.6
Shareholders' equity	24.8	73.2	49.6
Liabilities			
Accounts payable	5.6	3.1	5.1
Short-term liabilities to group companies	10.8	11.0	7.0
Other liabilities	25.4	26.4	22.9
Total liabilities	41.8	40.4	35.0
TOTAL EQUITY AND LIABILITIES	66.7	113.7	84.6

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 ± 5 percent change in the USD/SEK exchange rate would impact the net result by approximately ± 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 Q2	2024 Q1	2023 Q4	2023 Q3	2023 Q2
Annual recurring revenue	53.9	52.9	50.2	47.2	45.5
Change	2%	6%	6%	4%	-2%
Net revenues	21.9	18.3	20.7	19.1	21.1
Software revenues	14.4	13.5	14.4	12.4	14.4
Service revenues	7.5	4.8	6.4	6.7	6.7
Other operating income	-0.1	1.2	0.2	0.1	0.2
EBIT	-12.9	-14.4	-14.6	-11.5	-12.8
EBIT margin	-59.0%	-78.7%	-70.3%	-60.2%	-60.5%
Net result after tax	-12.4	-14.2	-13.4	-11.6	-12.4
Net result per share (SEK)	-1.13	-1.29	-1.22	-1.05	-1.13
Deferred revenue (pre-paid), per EOQ	32.9	31.5	30.2	27.3	29.3
Cash flow from operations	-14.6	-4.1	-18.7	-11.9	-19.8
Development costs	13.5	14.8	14.1	11.4	12.4
Average number of shares	11,016,471	11,016,471	11,016,471	11,016,471	11,016,471

Definitions

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

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

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

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.

Financial Calendar

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

September 19, 2024	Extraordinary General Meeting
November 7, 2024	Q3 Interim Report
February 27, 2025	Q4 and Year-End Report 2024

Review

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

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-premise 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

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

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

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

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

www.linkedin.com/company/modelon

COOLING SYSTEMS FOR ELECTRIC VEHICLE POWERTRAINS

MAY 9, 2024

Thermal management for EV powertrains is a crucial capability for key customer attributes such as vehicle performance, range, and comfort. The thermal management system keeps the vehicle batteries, motors, and power electronics operating within each component's safe and target temperature range. In addition, other components, such as the DC fast charger, e-axes, and steering/brake pumps, also require thermal management.

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

INTRODUCING ENERGY SYSTEMS OPTIMIZATION – A NEW MODELON SOLUTION

APRIL 22, 2024

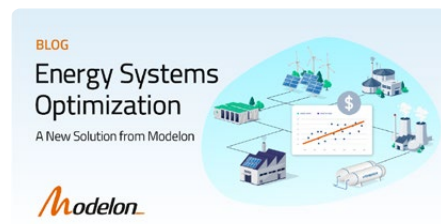
Modelon is thrilled to announce Energy Systems Optimization as a new solution. Energy Systems Optimization is designed to help system engineers in the energy sector make better decisions about their facilities' longevity and economic impact. The solution combines Modelon's flagship system simulation platform, Modelon Impact, with one-on-one guidance from its team of energy industry experts.

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

SECOND INTERNATIONAL USER CONFERENCE: MODELON INNOVATE 2024: WHERE SIMULATION MEETS SUSTAINABILITY

Join an international community of engineers in discovering new ways to design technology that lasts with system simulation.

<https://modelon.com/innovate2024/>



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

