



4C STRATEGIES

4C Group AB Q3 Interim report 2023

Be Ready.
Be Resilient.
Foresee.

“Focused actions to ensure
conversion of pipeline”

The period in summary

2023 Q3

● Net sales (MSEK)
49.1 (81.0)

● Net sales growth
-39% (30%)

● FX adjusted organic net sales growth
-42% (16%)

● Software revenue in relation to net sales
53% (72%)

● Adjusted EBIT margin
-70% (17%)

2023 Q1-Q3

● Net sales (MSEK)
224.4 (240.3)

● Net sales growth
-7% (47%)

● FX adjusted organic net sales growth
-11% (36%)

● Software revenue in relation to net sales
62% (65%)

● Adjusted EBIT margin
-10% (14%)

- Delayed and longer sales process in primarily the Nordics and North America during the quarter.
- New Managing Director, Guy Jones, appointed to lead 4C's defence operations in North American. Guy will officially start his role 9th November 2023.
- Continued geographical expansion - establishment of new business unit in Finland, will promote already existing relations with the Finnish Defense as well as targeting the corporate and public sector.

“We see that the uncertain global situation continues to challenge companies and organizations.”

Key ratios

	2023	2022	2023	2022	2023	2022
	Q3	Q3	Q1-Q3	Q1-Q3	Q3 RTM	Q1-Q4
Net sales (MSEK)	49.1	81.0	224.4	240.3	315.4	331.3
FX adjusted organic net sales growth (%)	-42%	16%	-11%	36%	-11%	18%
Software revenue (MSEK)	26.2	58.7	138.2	157.3	192.5	211.6
Software revenue in relation to net sales (%)	53%	72%	62%	65%	61%	64%
EBIT (MSEK)	-34.3	13.1	-22.5	18.9	-12.8	28.6
EBIT margin (%)	-70%	16%	-10%	8%	-4%	9%
Adjusted EBIT (MSEK)	-34.2	13.6	-21.9	34.2	-12.3	43.9
Adjusted EBIT margin (%)	-70%	17%	-10%	14%	-4%	13%
Net income for the period (MSEK)	-34.2	13.3	-25.5	21.1	-20.4	26.3
Earnings per share before dilution (SEK)	-1.01	0.40	-0.75	0.64	-0.60	0.79
Earnings per share after dilution (SEK)	-1.01	0.38	-0.75	0.60	-0.60	0.74

-11%

FX-adjusted
organic net sales
growth RTM

61%

Software revenue
in relation to net
sales RTM

-4%

Adjusted
EBIT margin RTM



“The level of activity remains high and the interest in 4C Strategies’ products and services is at a good level in all regions, which unfortunately is not reflected in net sales for the third quarter.”

A word from the CEO

Focused actions to ensure conversion of pipeline

The third quarter was characterized by delayed and longer sales processes which meant we were unable to convert expected deals into large new software contracts. Therefore, we announced our preliminary results on October 10, 2023. However, the level of activity and interest in new business from all regions remains high.

Results in the third quarter

The uncertain global situation continues to challenge companies and organisations. Although our offering is becoming more relevant than ever, purchasing and procurement processes are becoming longer. As a result, several software deals have been delayed, not lost, during the third quarter. Net sales reached MSEK 49.1 (81.0) in the third quarter, which represents a negative growth rate despite a positive currency effect of 3% (14%). The level of activity remains high and the interest in 4C Strategies’ products and services is at a good level in all regions, which unfortunately is not reflected in net sales for the third quarter.

4C Strategies has a large and stable global customer base that generates recurring revenues. ARR at the end of the quarter amounted to MSEK 110.5 compared to MSEK 99.8 last year, indicating a growth of 11%. Profitability, adjusted EBIT, amounted to MSEK -34.2 (13.6) in the third quarter. The negative development is due to the weaker sales conversion in the quarter. Profitability on an RTM basis amounted to MSEK -12.7, a margin of -4%.

What happens in the sales processes?

In the North America segment, we expected ongoing projects/programs to transition into permanent rollouts in the third quarter. In these projects/programs, which are led by prime-contractors, negotiations with the US government have been delayed, resulting in smaller contracts being established in the meantime until a permanent roll-out or full purchase can be completed. The procurements are thus on hold, and we expect more clarity in the coming quarters. During the third quarter, however, sales activity has been high, which has resulted in several new potential contracts in both the US and Canada.

Another contributing factor to the weaker performance in the third quarter is linked to the Nordic segment. As a result of delayed decision-making processes at an existing defence customer, delivery could not begin during the quarter. However, we are hopeful that this will happen in the coming quarters.

In contrast to weaker performance in North America and the Nordics, our segment International, which covers the rest of Europe and APAC has delivered a strong quarter with several new contracts in all customer verticals.

We continue to receive positive response from new and existing customers in the public and private sectors when demonstrating the Exonaut Resilience Platform, however we see that the market is currently somewhat hesitant about major IT investments. Our view is that we have a competitive offering to meet market demands. We are therefore proceeding according to plan with sales and marketing activities and expect better conversion in the coming quarters.

New management in North America

In November, Guy Jones will assume the role of Managing Director of our military operations in North America. With a long and distinguished career in the US Army where he served for 32 years, I am confident that Guy possesses the knowledge and experience required to expand our defence business in North America.

Senior sales management and increased conversion

4C has strengthened its sales organization, in all three segments. Focus has been to strengthen the teams with a combined experience in software sales and subject matter expertise. A major focus has been to accelerate onboarding of these key individuals for them to contribute in existing and upcoming sales processes. 4Cs Group management has during the third quarter further increased focus on monitoring existing sales processes, as several of these are complex in nature.

“I am confident that Guy possesses the knowledge and experience required to expand our defence business in North America.”

Increased focus on optimization and streamlining

During the third quarter, most of the investments announced in connection with the IPO in May 2022 have been completed. Investments that are largely allocated to geographic expansion, sales resources, sales activities, and improving our offering. The focus during the last quarter of the year and especially in 2024 is on leveraging the full effect of these investments and optimizing support functions.

Satisfied customers and a strong pipeline of potential deals create opportunities

We have a strong pipeline of new potential customers and contracts. Our existing customer base of more than 150 customers in the US, Europe and APAC is a key strength. Customer satisfaction is high and existing customers are extending their contracts and upgrading the software. The focus is now on converting delayed deals into new customer contracts and I strongly believe the sales organization will deliver.

Our ambition is to achieve an average annual currency-adjusted organic net sales growth of more than 20% in the medium term, that 70% of total net sales are generated by software revenues and that we reach an adjusted EBIT margin of at least 20%.

We are convinced that with a strong global sales organization, combined with an expanded offering, we can retain and attract new customers and achieve our financial targets.

Magnus Bergqvist
CEO

Financial overview

Net sales

Net sales in the quarter decreased by -39% (30%) compared to same period previous year and amounted to MSEK 49.1 (81.0). Software revenue amounted to MSEK 26.2 (58.7) for the period.

Our service business, which comprises of software-related services and expert services, contributed with a revenue of MSEK 22.9 (22.3) during the quarter. With the market conditions continuously shifting towards a tougher climate, we realize a current regression towards our strategic objective of increasing our share of software sales in relation to overall sales. Though, as predicted in earlier quarters, purchasing and procurement processes now take longer time which has had an impact on all our products and services. In our service-related revenue streams we have observed a stagnation in progression as the market turns more hesitant.

Net sales for the first nine months amounted to MSEK 224.4 (240.3) reflecting in a decrease of -7% (47%), compared to same period previous year. Software revenue amounted to MSEK 138.2 (157.3), while our service revenue accounted for MSEK 86.2 (83.0) during the first nine months.

The annual rate of recurring revenue (ARR) at the end of the quarter was MSEK 110.5 (99.8). Software accounted for MSEK 75.0 (63.2).

Exchange rate fluctuations had a positive impact on net sales during the quarter, as the Swedish krona been at

historically low levels. During the third quarter, the exchange rate effect on net sales was 3% (14%) in comparison to same period previous year, and for the first nine months the exchange rate effect on net sales was 4% (11%).

Software revenue

The third quarter was characterized by delayed and longer sales processes in primarily the Nordics and North America segment. Software revenue therefore accounted for 53% (72%) of total net sales during the quarter, a decrease by -26% (3%).

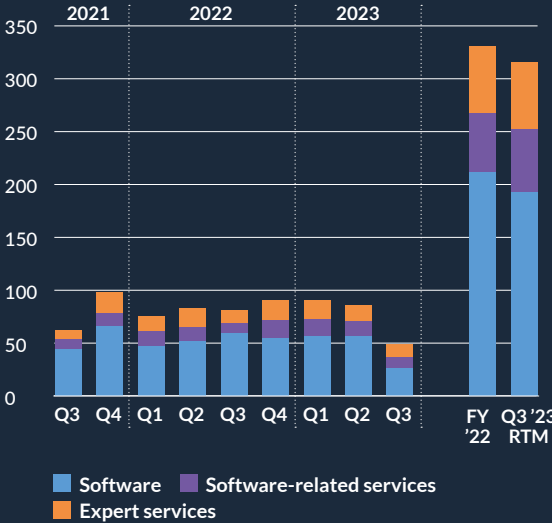
Software revenue accounted for 62% (65%) of total net sales during the first nine months, a decline in financial figures corresponding to -6% (14%).

EBITDA

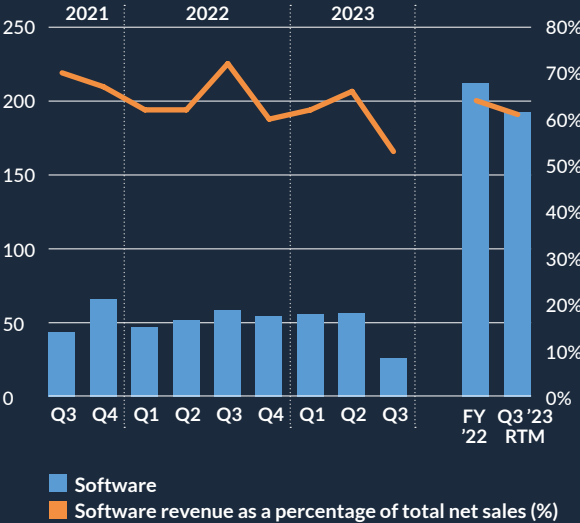
Operating income before depreciation and amortization (EBITDA) amounted to MSEK -24.5 (19.4), rendering an EBITDA margin of -50% (24%) during the quarter. EBITDA development is in line with the weaker sales conversion and lower software revenues for the third quarter.

During the third quarter, most of the investments announced in connection with the IPO have been completed. Strategic investments that impacts the total cost base and are largely allocated to geographic expansion, sales resources, sales activities and improving our offering.

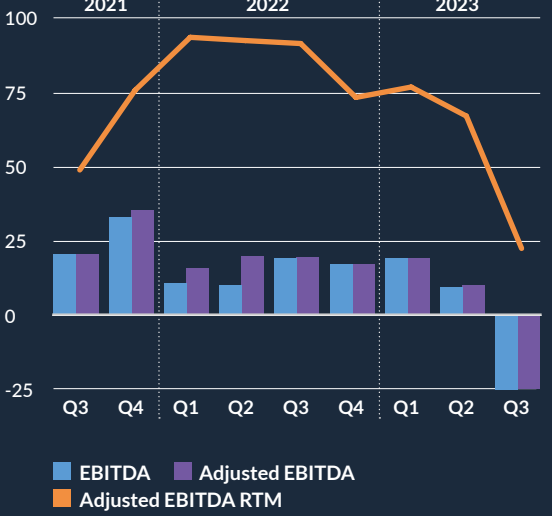
Net sales, MSEK



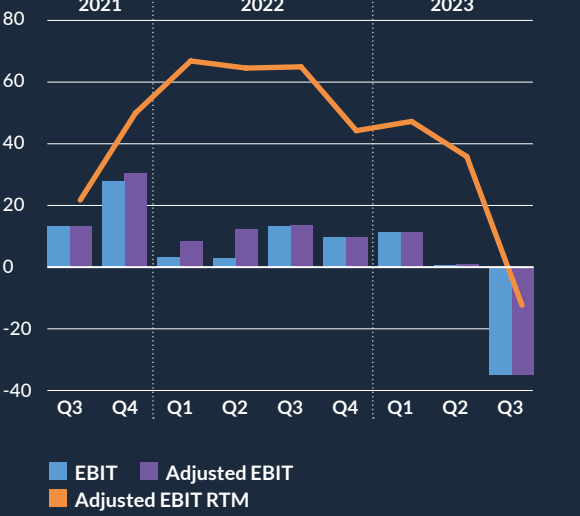
Software revenue, MSEK



EBITDA, MSEK



EBIT, MSEK



EBITDA amounted to MSEK 4.7 (40.6) during the first nine months, rendering an EBITDA margin of 2% (17%).

Adjusted EBITDA for the quarter was MSEK -24.4 (19.8) with a margin of -50% (24%). Adjustment of EBITDA corresponds to expenses related to public listing of MSEK 0.1 (0.5). Adjusted EBITDA for the first nine months was MSEK 5.3 (55.8) with a margin of 2% (23%). Adjustment of EBITDA corresponds to expenses related to public listing of MSEK 0.6 (15.3).

Adjusted EBITDA on a rolling twelve months (RTM) basis was MSEK 22.8 (91.5) with a margin of 7% (27%).

EBIT

Operating income (EBIT) amounted to MSEK -34.3 (13.1), rendering an EBIT margin of -70% (16%) in the quarter. EBIT for the first nine months was MSEK -22.5 (18.9) with a margin of -10% (8%).

Adjusted EBIT for the quarter amounted to MSEK -34.2 (13.6) with an adjusted EBIT margin of -70% (17%). Adjusted EBIT for the first nine months amounted to MSEK -21.9 (34.2) with an adjusted EBIT margin of -10% (14%).

Adjusted EBIT on a rolling twelve months (RTM) basis was MSEK -12.3 (64.6) with a margin of -4% (19%).

Financial position

The equity ratio at the end of the quarter was 59% (64%). Interest-bearing debt amounted to MSEK 69.1 (51.2) at the end of the year whereof MSEK 52.1 (22.8) refers to leasing liabilities. The rest of the interest-bearing debt of MSEK 17.0 (28.4) refers to postponed tax payments. The total debt of postponed tax payments is planned to be repaid during 2023-2024.

Cash and cash equivalents amounted to MSEK 70.2 (119.5) at the end of period. The net debt position thereby totalled to MSEK -1.1 (-68.3).

Equity amounted to MSEK 208.1 (227.0) corresponding to a SEK 6.1 (6.7) per outstanding share and SEK 5.7 (6.3) per outstanding share after dilution at the end of the quarter.

Cash flow

- Cash flow from operating activities for the quarter amounted to MSEK -18.5 (-14.0). The cash flow has been negatively affected by the delay of larger sales contracts during the quarter, which has decreased our operating income as we have had a cost base in line with expectations.
- Cash flow from investing activities for the quarter amounted to MSEK -8.8 (-8.2). The change in cash flow refers to development and investments of Exonaut.
- Cashflow from financing activities for the quarter amounted to MSEK -12.7 (-2.3). The change in cash flow for the comparable quarter relates to payments of postponed tax and lease amortization. For the period we have made payments related to tax of MSEK 8.9 (1.5).
- Cash and cash equivalents amounted to MSEK 70.2 at the end of period, and MSEK 110.3 at the beginning of the period.

The 4C share

4C Group AB (publ) is listed on Nasdaq First North Premier Growth Market since 24 May 2022.

Number of new shares issued were 0 (0) during the period. Total shares at the end of period were 33,919,142 (33,919,142).

The general meeting held on 1st June 2023 resolved to issue a maximum of 339,000 warrants (the "Incentive Program 2023/2026"). During the third quarter, 222,000 warrants were transferred to senior management and employees. These warrants can be utilized for subscription of shares during the period from 15th June 2026 until 30th June 2026.

Number of employees

Number of employees are presented as an average of full-time employees during the last 12-month period considering normal working hours during a year. The number of full-time employees at the end of the period was 200 (184) whereof 61 (49) were women.

The Parent Company

The Parent Company business is primarily focused on product development and group administration. The financial statements for the Parent Company can be found on page 12-13.

Other significant events during the period

As we are closing the third quarter, we can conclude that the uncertainties in the world continue to challenge organizations around the world. The war in Ukraine continues, which continuously keep the defence sector on high alert. The conflict in Middle East concerning Israel and Palestine has once again flared up, adding to the global security uncertainties and destabilization indicators. Inflation and interest rates create instability in the economy as they remain at high levels. However, recent macro-economic developments indicate a declining interest hike. 4C Strategies has established internal measures that will be evaluated continuously and revised to make sure that we act, and can act, proactively

to manage this challenging situation.

During the quarter a new entity has been established in Finland, 4C Strategies Finland Oy, located in its capital Helsinki. The local presence will promote further relations with the Finnish defense as well as the public and corporate sectors. The Finnish business will be part of the segment 4C Nordics.

Other significant events after the period

Guy Jones, former US Army Brigadier has been appointed to lead 4C's defence operations in North America. He will take over from Michael Coss, who will instead transition into an advisory role. As well as leading the North American defense organization, Guy will join the Group Management Team. He will officially start in the role of Managing Director on 9 November 2023.

Annual general meeting (AGM)

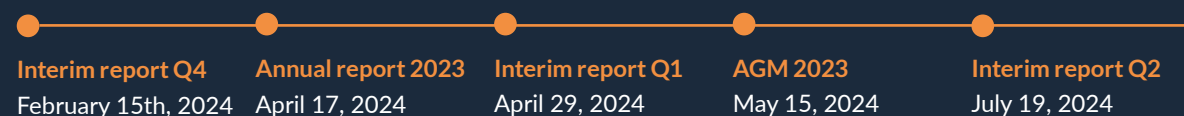
The AGM 2023 was held on the 1st of June 2023.

The Board of Directors proposed no dividend for the financial year of 2022, which is in line with our dividend policy. 4C Strategies intend to use generated cash flow for investments and further growth of the company, and no dividend is proposed in the short and medium term. In addition, the following decisions were made (in brief):

- The income and balance statement for the financial year of 2022 were adopted.
- The board members and CEO were discharged of liability for the financial year of 2022.
- Further information can be obtained from the minutes that can be found on our website.

Financial Reporting Information

Financial calendar



Report information

4C Group AB (publ) has published the report in both English and Swedish. This is an unaudited translation of the Swedish interim report. If any disparities between the Swedish and the English version would exist, the Swedish version shall prevail. This report has been subject to review by the company's auditor. The information inside this report is information that 4C Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation (MAR).

Financial reports and calendar are available on 4C's website, investors.4cstrategies.com.

Contact

4C Group AB (publ)
Vattugatan 17 | 111 52 Stockholm | Sweden
+46 (0)8-522 27 900 | info@4cstrategies.com
www.4cstrategies.com

For investor enquiries,
investor.relations@4cstrategies.com.



Magnus Bergqvist
CEO



Anders Nordgren
CFO

Stockholm 31st October 2023

Magnus Bergqvist, CEO
4C Group AB (publ)

Consolidated statement of profit and loss

KSEK	2023 Q3	2022 Q3	2023 Q1-Q3	2022 Q1-Q3	2022 Q1-Q4
Net sales	49,096	81,010	224,408	240,318	331,277
Other revenue	177	457	2,483	1,991	3,075
Total revenue	49,274	81,467	226,891	242,309	334,351
Operating expenses					
Other external costs	-21,682	-18,595	-64,283	-62,371	-87,397
Personnel costs	-58,813	-50,070	-180,577	-156,754	-214,383
Capitalized work for own account	8,443	7,175	24,661	18,159	26,298
Other operating expenses	-1,699	-607	-1,946	-762	-836
Total operating expenses	-73,751	-62,098	-222,146	-201,729	-276,319
Operating income before depreciation and amortization	-24,477	19,369	4,745	40,580	58,033
Depreciation	-4,978	-2,639	-14,605	-10,136	-14,425
Amortization	-4,862	-3,637	-12,678	-11,504	-14,969
Operating income	-34,317	13,092	-22,538	18,940	28,638
Financial income	2,171	4,423	9,643	14,243	13,911
Financial expenses	-3,258	-527	-8,366	-5,823	-9,978
Income after financial items	-35,404	16,988	-21,262	27,360	32,572
Taxes	1,251	-3,731	-4,277	-6,240	-6,281
Net income for the period	-34,153	13,257	-25,539	21,120	26,291
Income attributable to:					
Parent company's shareholders	-34,153	13,257	-25,539	21,120	26,291
Other information					
Earnings per share before dilution (SEK)	-1.01	0.40	-0.75	0.64	0.79
Earnings per share after dilution (SEK)	-1.01	0.38	-0.75	0.60	0.74

Consolidated statement of other comprehensive income

KSEK	2023 Q3	2022 Q3	2023 Q1-Q3	2022 Q1-Q3	2022 Q1-Q4
Net income for the period	-34,153	13,257	-25,539	21,120	26,291
Other comprehensive income					
<i>Items which will be reclassified to the income statement (net of tax)</i>					
Translation adjustments attributable to foreign operations	-845	819	1,182	2,088	1,643
Other comprehensive income for the period, net of tax	-845	819	1,182	2,088	1,643
Total comprehensive income for the period	-34,998	14,076	-24,356	23,208	27,933

Consolidated statement of financial position in summary

KSEK	2023-09-30	2022-09-30	2022-12-31
ASSETS			
Intangible assets	67,073	50,417	55,091
Tangible assets	4,345	4,006	4,306
Right-to-use assets	55,389	24,599	46,436
Financial fixed assets	1,441	1,047	1,023
Contract assets	32,792	30,645	25,125
Deferred tax asset	529	351	298
Total non-current assets	161,569	111,065	132,279
Accounts receivables	16,858	30,258	35,258
Tax receivables	10,658	8,470	6,313
Contract assets	85,586	79,137	61,061
Other current receivables	10,038	8,935	9,931
Cash and cash equivalents	70,167	119,502	146,805
Total current assets	193,309	246,302	259,369
Total assets	354,877	357,367	391,648

KSEK	2023-09-30	2022-09-30	2022-12-31
EQUITY AND LIABILITIES			
Equity			
<i>Equity attributable to the parent company's shareholders</i>	208,083	227,030	231,756
Total equity	208,083	227,030	231,756
Interest-bearing non-current liabilities	-	6,485	5,955
Non-current lease liabilities	33,004	12,924	30,704
Deferred tax liability	15,749	11,931	13,281
Other non-current liabilities	830	1,240	1,176
Total non-current liabilities	49,583	32,580	51,115
Interest-bearing current liabilities	17,008	21,962	21,962
Current lease liabilities	19,061	9,832	11,930
Accounts payables	8,900	5,612	9,092
Tax liabilities	3,709	10,430	2,689
Contract liabilities	15,551	17,171	19,591
Other current liabilities	32,982	32,749	43,512
Total current liabilities	97,211	97,756	108,776
Total equity and liabilities	354,877	357,367	391,648

Changes in consolidated equity

KSEK	Share capital	Other contributed capital	Reserves	Profit/loss brought forward	Total equity
Opening balance 1 January 2022	170	54,858	1,202	51,363	107,593
Net income for the period	-	-	-	26,291	26,291
Other comprehensive income	-	-	1,643	-	1,643
Total other comprehensive income	0	0	1,643	26,291	27,933
Transaction with owners					
New share issues	50	94,260	-	-	94,310
Payment warrants	-	1,920	-	-	1,920
Bonus issue	374	-	-	-374	0
Total transaction with owners	424	96,180	0	-374	96,230
Closing balance 31 December 2022	594	151,038	2,844	77,280	231,756
Opening balance 1 January 2023	594	151,038	2,844	77,280	231,756
Net income for the period	-	-	-	-25,539	-25,539
Other comprehensive income	-	-	1,182	0	1,182
Total other comprehensive income	0	0	1,182	-25,539	-24,356
Transaction with owners					
Payment warrants	-	721	-	-	721
Repurchased warrants	-	-38	-	-	-38
Total transaction with owners	0	683	0	0	683
Closing balance 30 September 2023	594	151,722	4,026	51,742	208,083

Consolidated cash flow statement in summary

KSEK	2023 Q3	2022 Q3	2023 Q1-Q3	2022 Q1-Q3	2022 Q1-Q4
Cash flow from operating activities					
Operating income	-34,317	13,092	-22,538	18,940	28,638
Adjustment for non-cash items	10,362	5,900	25,505	20,791	28,445
Financial items	-1,087	4,272	1,277	9,269	4,883
Income tax paid	-2,019	-1,367	-5,386	-1,476	-5,610
Cash flow from operating activities, before changes in working capital	-27,060	21,897	-1,142	47,524	56,356
Change in working capital	8,603	-35,924	-27,470	-63,721	-31,733
Cash flow from operating activities	-18,458	-14,027	-28,612	-16,197	24,623
Cash flow from investing activities					
Acquisition of intangible assets	-8,443	-7,174	-24,661	-18,159	-26,298
Acquisition of tangible assets	-165	-1,062	-869	-1,769	-2,324
Acquisition of financial assets	-367	-	-367	-	-
Repayment of deposits	203	47	-	83	84
Other	0	-	-3	-	-
Cash flow from investing activities	-8,772	-8,189	-25,900	-19,845	-28,538

KSEK	2023 Q3	2022 Q3	2023 Q1-Q3	2022 Q1-Q3	2022 Q1-Q4
Cash flow from financing activities					
New share issues	-	889	-	94,310	94,310
Warrant premiums	721	1,920	683	1,920	1,920
Repayment of interest bearing debts	-8,924	-1,455	-10,909	-1,808	-2,338
Cash payments for principal portion of the lease liability	-4,510	-4,082	-13,266	-10,721	-15,367
Other	-	390	-	390	395
Cash flow from financing activities	-12,713	-2,338	-23,492	84,091	78,920
Cash flow for the period	-39,943	-24,554	-78,004	48,049	75,005
Change in cash and cash equivalents					
Cash and cash equivalents at the beginning of the year	110,319	143,765	146,805	66,026	66,026
Exchange rate differences in cash and cash equivalents	-209	291	1,366	5,428	5,775
Cash and cash equivalents at the end of the year	70,167	119,502	70,167	119,502	146,805

Parent company income statement

KSEK	2023 Q3	2022 Q3	2023 Q1-Q3	2022 Q1-Q3	2022 Q1-Q4
Operating revenue					
Net sales	27,239	59,490	131,915	159,034	201,846
Other revenue	-8	-1	-21	14	7
Total revenue	27,230	59,489	131,894	159,048	201,853
Operating expenses					
Other external costs	-25,962	-16,205	-71,035	-57,450	-77,794
Personnel costs	-29,351	-26,229	-92,448	-86,325	-116,391
Other operating expenses	-	-	-	-2	-15
Total operating expenses	-55,312	-42,435	-163,482	-143,778	-194,199
Operating income before depreciation and amortization	-28,082	17,054	-31,588	15,271	7,653
Depreciation and amortization	-126	-59	-326	-173	-256
Operating income	-28,208	16,995	-31,914	15,097	7,397
Financial income and expenses	-515	2,219	3,691	8,417	6,023
Income after financial items	-28,723	19,214	-28,224	23,514	13,420
Appropriations	-3,750	-5,700	-11,850	-5,700	-300
Income before tax	-32,473	13,514	-40,074	17,814	13,120
Taxes	-	-2,821	-	-3,818	-1,795
Net income for the period	-32,473	10,693	-40,074	13,996	11,325

Parent company balance statement

KSEK	2023-09-30	2022-09-30	2022-12-31
ASSETS			
Fixed assets			
<i>Tangible assets</i>			
Machinery and equipment	1,842	869	1,497
Total tangible fixed assets	1,842	869	1,497
<i>Financial fixed assets</i>			
Shares in subsidiaries	21,680	21,560	21,560
Total financial fixed assets	21,680	21,560	21,560
Total non-current assets	23,522	22,429	23,057
<i>Current assets</i>			
Current intercompany receivables	107,977	124,617	118,484
Other current receivables	5,378	2,354	1,486
Accrued income and prepaid expenses	9,443	9,060	8,215
Cash and cash equivalents	29,450	91,572	119,861
Total current assets	152,248	227,604	248,046
Total assets	175,770	250,033	271,103

KSEK	2023-09-30	2022-09-30	2022-12-31
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	594	594	594
Total restricted equity	594	594	594
<i>Unrestricted equity</i>			
Additional paid in capital	151,722	151,038	151,038
Profit/loss brought forward	25,630	14,304	14,304
Net income for the period	-40,074	13,996	11,325
Total unrestricted equity	137,278	179,338	176,668
Total equity	137,871	179,932	177,262
Untaxed reserves	9,380	9,380	9,380
Total non-current liabilities	0	0	0
<i>Current liabilities</i>			
Accounts payables	5,634	2,888	3,553
Current intercompany liabilities	3,131	22,230	42,092
Current tax liabilities	1,789	9,615	1,789
Other current liabilities	8,460	17,734	28,126
Accrued expenses and prepaid income	9,505	8,254	8,902
Total current liabilities	28,519	60,721	84,462
Total equity and liabilities	175,770	250,033	271,103

Auditors' Review Report

This is a translation from the Swedish original.

4C Group AB (publ)

Corporate identity number 556706-0412

To the Board of 4C Group AB (publ)

Introduction

We have reviewed the condensed interim report for 4C Group AB as at September 30, 2023 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Malmö, October 31, 2023

Ernst & Young AB

Peter Gunnarsson

Authorized Public Accountant

Notes

Accounting principles

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts act. The group's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and the accounting policies which constitute the accounting standard for this interim report, are stated in the most recent annual report. New accounting principles that came into effect on 1 January 2023 have not had any significant impact on the Group's reporting as of 30 September 2023. Preparing the financial reports in accordance with IFRS requires the 4C management team to decide on how to apply the accounting policies which may impact the reported figures of assets, liabilities and result.

The Parent Company prepares its financial statements in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities. The same accounting policies have been applied in the interim report.

Note that rounding in the financial tables may incur differences of maximally 1 KSEK in column subtotals or totals.

Alternative Performance measures (APM)

Alternative performance measures (APM) have been identified, which are believed to enhance management and investors' possibility to evaluate the company's performance. The APMs presented in the report may differ from equivalently named measures used by other companies, thereby a definition of each measure can be found under the section Key Ratios. The APMs should be seen as a supplement to the key ratios defined by IFRS.

Risks and uncertainties

4C Strategies is exposed to risks in its operations, both business and financial, and these are described together with other risks in the latest published report, the Annual Report, 3rd of May 2023. With the ongoing Russian invasion in Ukraine, escalation in the Israel-Palestinian conflict, continued high inflation rates and interest rates, as well as other uncertainties across the world, 4C Strategies has implemented measures for securing that risks that are emerge and actualized can be handled. There have been no other changes to risk and uncertainty factors during the period.

Currency translations

The Group operates in different countries and currently the following currencies are managed: Swedish Krona (SEK), Sterling Pound (GBP), US Dollar (USD), Norwegian Krone (NOK), Australian Dollar (AUD) and Euro (EUR). Assets and liabilities in foreign exchange are translated at the closing rate on the date of the balance statement.

Transaction differences of operational balance items due to translation are recognized as 'Other Revenue' and 'Other Operating Expenses'. The differences of other balance sheet items in foreign currency, such as 'Cash and cash

equivalents', are recognized within financial items. Differences that occur from translating net sales and operating expenses in foreign currency are recognized under respective revenue and cost item.

Transactions with related parties

Any transactions with related parties have been conducted on market terms. No significant transactions with related parties to be considered for the period.

Taxes

The tax expense has been based on the earnings in each subsidiary and the current tax situation in each domestic area.

Earnings per share

The calculation of Earnings per share is based on the period's earnings in the Group attributable to the parent company's owners and on the weighted average number of shares outstanding during the period. When calculating Earnings per share after dilution, the average number of shares is adjusted to take into account the effects of issued options. The dilution effect from warrants is only accounted for if a conversion to shares results in a lower profit per share or a higher loss per share.

Financial instruments

The Group's financial instruments are valued at accrued acquisition value. The carrying amount of all the Group's financial instruments is considered to be a good approximation of the fair value.

Segment summary

The Group's operating segments are divided into the Nordics, International and North America. The evaluation of the business performance is divided into three geographical regions. These operating segments have the same business model, i.e. sales and delivery.

The operating segments are reported in compliance with the internal reporting structure as provided to the chief operating decision maker for the Group (CODM). The CODM is the function responsible for allocation of resources and assessment of the operating segments' profit or loss. In the Group, this function is identified as the Chief Executive Officer.

Operating segments are assessed based on net sales and EBITDA. The evaluation excludes the management of assets and liabilities, which instead are managed centrally by group management. Internal transactions between the segments refer to cost allocation.

KSEK	Nordics	International	North America	Total Segment	Group Common	Eliminations	Group
Q3 2023							
Software	5,154	13,787	7,224	26,165	-	-	26,165
Software-related services	784	8,930	381	10,094	-	-	10,094
Expert services	10,742	2,095	-	12,837	-	-	12,837
Revenue from contracts with customers	16,679	24,812	7,605	49,096	0	0	49,096
Other revenue	-16	-342	0	-357	535	-	177
Internal revenue	340	6,631	7,610	14,581	2,937	-17,518	0
Total revenue	17,004	31,102	15,215	63,321	3,472	-17,518	49,274
Personnel costs	-13,714	-16,521	-11,736	-41,971	-16,842	-	-58,813
Other external costs	-2,065	-6,345	-1,771	-10,181	-4,757	-	-14,938
Internal costs	-1,748	-1,505	-163	-3,416	-14,103	17,518	0
Total cost	-17,527	-24,372	-13,670	-55,568	-35,701	17,518	-73,751
EBITDA	-523	6,730	1,545	7,753	-32,230	0	-24,477
Amortization	-	-	-	0	-4,862	-	-4,862
Depreciation	-	-	-	0	-4,978	-	-4,978
Financial income	-	-	-	0	2,171	-	2,171
Financial expenses	-	-	-	0	-3,258	-	-3,258
Income before tax	-523	6,730	1,545	7,753	-43,157	0	-35,404
Items affecting comparability	-	-	-	0	80	-	80
Adjusted EBT	-523	6,730	1,545	7,753	-43,077	0	-35,324

KSEK	Nordics	International	North America	Total Segment	Group Common	Eliminations	Group
Q3 2022							
Software	7,383	8,631	42,716	58,729	-	-	58,729
Software-related services	2,387	6,710	1,280	10,377	-	-	10,377
Expert services	11,436	468	-	11,904	-	-	11,904
Revenue from contracts with customers	21,206	15,808	43,996	81,010	0	0	81,010
Other revenue	43	415	-	457	0	-	457
Internal revenue	127	5,757	6,727	12,611	3,356	-15,968	0
Total revenue	21,375	21,980	50,723	94,079	3,356	-15,968	81,467
Personnel costs	-10,888	-12,228	-10,356	-33,472	-16,598	-	-50,070
Other external costs	-1,710	-4,493	-3,206	-9,409	-2,619	-	-12,027
Internal costs	-2,164	-708	-30	-2,902	-13,066	15,968	0
Total cost	-14,761	-17,429	-13,592	-45,783	-32,283	15,968	-62,098
EBITDA	6,614	4,551	37,131	48,296	-28,927	0	19,369
Amortization	-	-	-	0	-3,637	-	-3,637
Depreciation	-	-	-	0	-2,639	-	-2,639
Financial income	-	-	-	0	4,423	-	4,423
Financial expenses	-	-	-	0	-527	-	-527
Income before tax	6,614	4,551	37,131	48,296	-31,308	0	16,988
Items affecting comparability	-	-	-	0	464	-	464
Adjusted EBT	6,614	4,551	37,131	48,296	-30,844	0	17,452

KSEK	Nordics	International	North America	Total Segment	Group Common	Eliminations	Group
Q1-Q3 2023							
Software	23,843	58,335	56,023	138,202	-	-	138,202
Software-related services	5,491	34,102	2,141	41,734	-	-	41,734
Expert services	41,055	3,418	-	44,472	-	-	44,472
Revenue from contracts with customers	70,389	95,855	58,165	224,408	0	0	224,408
Other revenue	1	1,411	0	1,412	1,070	-	2,483
Internal revenue	966	20,903	22,400	44,269	10,396	-54,665	0
Total revenue	71,356	118,169	80,565	270,090	11,466	-54,665	226,891
Personnel costs	-43,441	-46,735	-33,324	-123,500	-57,077	-	-180,577
Other external costs	-7,921	-18,421	-6,994	-33,336	-8,233	-	-41,569
Internal costs	-5,624	-5,476	-440	-11,540	-43,125	54,665	0
Total cost	-56,987	-70,632	-40,757	-168,376	-108,435	54,665	-222,146
EBITDA	14,369	47,537	39,807	101,714	-96,968	0	4,745
Amortization	-	-	-	0	-12,678	-	-12,678
Depreciation	-	-	-	0	-14,605	-	-14,605
Financial income	-	-	-	0	9,643	-	9,643
Financial expenses	-	-	-	0	-8,366	-	-8,366
Income before tax	14,369	47,537	39,807	101,714	-122,975	0	-21,262
Items affecting comparability	-	-	-	0	589	-	589
Adjusted EBT	14,369	47,537	39,807	101,714	-122,386	0	-20,673

KSEK	Nordics	International	North America	Total Segment	Group Common	Eliminations	Group
Q1-Q3 2022							
Software	24,313	34,047	98,951	157,310	-	-	157,310
Software-related services	10,160	22,409	5,081	37,650	-	-	37,650
Expert services	43,151	2,206	-	45,357	-	-	45,357
Revenue from contracts with customers	77,624	58,663	104,032	240,318	0	0	240,318
Other revenue	149	1,827	-	1,976	15	-	1,991
Internal revenue	565	16,259	17,741	34,565	10,982	-45,547	0
Total revenue	78,338	76,749	121,773	276,859	10,996	-45,547	242,309
Personnel costs	-36,917	-35,768	-25,158	-97,842	-58,912	-	-156,754
Other external costs	-6,022	-12,466	-7,065	-25,553	-19,422	-	-44,974
Internal costs	-7,492	-3,070	-132	-10,694	-34,853	45,547	0
Total cost	-50,431	-51,304	-32,355	-134,089	-113,186	45,547	-201,729
EBITDA	27,907	25,445	89,418	142,771	-102,190	0	40,580
Amortization	-	-	-	0	-11,504	-	-11,504
Depreciation	-	-	-	0	-10,136	-	-10,136
Financial income	-	-	-	0	14,243	-	14,243
Financial expenses	-	-	-	0	-5,823	-	-5,823
Income before tax	27,907	25,445	89,418	142,771	-115,410	0	27,360
Items affecting comparability	-	-	-	0	15,259	-	15,259
Adjusted EBT	27,907	25,445	89,418	142,771	-100,151	0	42,620

Net sales by income stream

The Group's income streams are Software, Software-related services and Expert services. Software consists of revenue from our Exonaut software which can be divided into licenses, software development and service and support agreements (SSA). Software-related services refers to software consultancy related to Exonaut. Software consultancy involves both implementation and integration of software, as well as Managed Services. Expert Services incorporate our advisory and consulting services which refer to building risk, business continuity and crisis management capability of organizations.

KSEK	2023 Q3	2022 Q3	2023 Q1-Q3	2022 Q1-Q3
Software	26,165	58,729	138,202	157,310
Software-related services	10,094	10,377	41,734	37,650
Expert services	12,837	11,904	44,472	45,357
Net sales	49,096	81,010	224,408	240,318

Net sales by customer group

The Group finds their customers in three different sectors which are named Defence, Public and Corporate. In the Defence sector, most of the customers can be found in the world's leading armed forces. In the Public and Corporate sector, the majority of the customer originates from government institutions and large international corporations. Net sales by customer groups is presented to describe how the Group's revenue is divided depending on what type of market the customers are operating in.

KSEK	2023 Q3	2022 Q3	2023 Q1-Q3	2022 Q1-Q3
Defence	31,640	61,196	156,112	161,062
Public	8,140	9,411	37,600	41,516
Corporate	9,316	10,403	30,697	37,740
Net sales	49,096	81,010	224,408	240,318

Net sales per customer group and segment

The Group's operating segments are divided into the Nordics, International and North America. Net sales by customer group and segment are presented to describe how the segment operates in each sector.

Net sales per customer group and segment	2023 Q3	2022 Q3	2023 Q1-Q3	2022 Q1-Q3
Defence	3,457	3,762	17,405	19,489
Public	8,048	9,377	35,743	36,948
Corporate	5,174	8,067	17,241	21,186
Nordics	16,679	21,206	70,389	77,624
Defence	20,578	13,438	80,543	37,541
Public	91	34	1,857	4,568
Corporate	4,026	2,336	13,339	16,554
International	24,696	15,808	95,738	58,663
Defence	7,605	43,996	58,165	104,032
Public	-	-	-	-
Corporate	117	-	117	-
North America	7,722	43,996	58,281	104,032
Defence	31,640	61,196	156,112	161,062
Public	8,140	9,411	37,600	41,516
Corporate	9,316	10,403	30,697	37,740
Net sales	49,096	81,010	224,408	240,318

Key Ratios

The Group’s key ratios are presented in this section. Alternative Performance Measures (APM) have been identified to enhance the evaluation of 4C Strategies’ performance as a company. The APMs should be seen as a supplement to the existing measures defined by IFRS.

FX adjusted organic net sales growth

FX adjusted organic net sales growth consists of organic net sales growth adjusted for foreign exchange effects. The measure neutralizes the effects of currency effects on the net sales growth and indicates what the real growth is. This is a financial target for 4C.

KSEK	2023 Q3	2022 Q3	2023 Q1-Q3	2022 Q1-Q3
Software	26,165	58,729	138,202	157,310
Software-related services	10,094	10,377	41,734	37,650
Expert services	12,837	11,904	44,472	45,357
Net sales	49,096	81,010	224,408	240,318
Net sales growth (%)	-39%	30%	-7%	47%
FX adjusted organic net sales growth (%)	-42%	16%	-11%	36%

The currency translation effect on net sales growth during the quarter amounted to 3%, (14%), and during the first nine months 4% (11%).

FX adjusted organic net sales growth on a rolling twelve months (RTM) basis refers to figures over the latest 12 months. The measure neutralizes the effects of seasonality and indicates the growth on an annualized basis.

KSEK	2023 Q3 RTM	2022 Q3 RTM
Software	192,504	222,969
Software-related services	59,474	50,435
Expert services	63,389	64,928
Net sales RTM	315,367	338,331
Net sales RTM growth (%)	-7%	60%
FX adjusted organic net sales growth RTM (%)	-11%	51%
Software as a percentage of net sales (%)	61%	66%

The currency translation effect on net sales during the last twelve months amounted to 4% (9%).

Software revenue

Software revenue consists of revenue from our Exonaut software. Software as a percentage of net sales indicates the share of total sales that is derived from Exonaut sales. This is a financial target for 4C.

KSEK	2023 Q3	2022 Q3	2023 Q1-Q3	2022 Q1-Q3
Software	26,165	58,729	138,202	157,310
Software-related services	10,094	10,377	41,734	37,650
Expert services	12,837	11,904	44,472	45,357
Net sales	49,096	81,010	224,408	240,318
Software as a percentage of net sales (%)	53%	72%	62%	65%

Recurring revenue

Revenue of an annually recurring nature such as software and software-related services related income. The measure obtains the amount of revenue that are of recurring nature of the total revenue during the period.

KSEK	2023 Q3	2022 Q3	2023 Q1-Q3	2022 Q1-Q3
Software	24,062	17,898	68,848	49,866
Software-related services	4,350	6,777	24,820	22,514
Recurring revenue	28,413	24,675	93,668	72,380
Recurring revenue growth (%)	15%	23%	29%	12%

KSEK	2023 Q3	2022 Q3	2023 Q1-Q3	2022 Q1-Q3
Recurring revenue	28,413	24,675	93,668	72,380
Net sales	49,096	81,010	224,408	240,318
Recurring revenue, as percentage of net sales (%)	58%	30%	42%	30%

Annual recurring revenue (ARR)

Recurring revenue at the last month of the quarter, recalculated to a 12-month period. There is thus no direct connection between the ARR-figure and future software revenues. The figure should be seen as an indication. The total recognized recurring revenue is affected by contract initiation date and especially, by the initiation date of contract extensions.

KSEK	2023 Q3	2022 Q3
Software	74,974	63,231
Software-related services	35,492	36,537
Annual recurring revenue	110,465	99,768
Annual recurring revenue growth (%)	11%	1%

EBITDA

Earnings before depreciation and amortization on fixed assets. The measure indicates the performance of the operational activities.

KSEK	2023 Q3	2022 Q3	2023 Q1-Q3	2022 Q1-Q3
Operating income	-34,317	13,092	-22,538	18,940
Depreciation	4,978	2,639	14,605	10,136
Amortization	4,862	3,637	12,678	11,504
EBITDA	-24,477	19,369	4,745	40,580
Net sales	49,096	81,010	224,408	240,318
EBITDA (%)	-50%	24%	2%	17%

EBIT

Earnings before interest and tax. The measure indicates the performance of the operational activities including the cost of capital investments and the company's earning ability.

KSEK	2023 Q3	2022 Q3	2023 Q1-Q3	2022 Q1-Q3
Operating income	-34,317	13,092	-22,538	18,940
EBIT	-34,317	13,092	-22,538	18,940
Net sales	49,096	81,010	224,408	240,318
EBIT (%)	-70%	16%	-10%	8%

Items affecting comparability

Items affecting comparability refers to items that are reported separately since they affect comparability and are considered to be divergent to the company’s ordinary operations. Examples are expenses related to public listing, restructuring and acquisition-related expenses, which are defined in the table below.

KSEK	2023 Q3	2022 Q3	2023 Q1-Q3	2022 Q1-Q3
Expenses related to public listing	80	464	589	15,259
Items affecting comparability	80	464	589	15,259

Adjusted EBITDA

EBITDA before items affecting comparability. The measure is a supplement to EBITDA adjusted for items affecting comparability and enables the comparison with other periods.

KSEK	2023 Q3	2022 Q3	2023 Q1-Q3	2022 Q1-Q3
EBITDA	-24,477	19,369	4,745	40,580
Items affecting comparability	80	464	589	15,259
Adjusted EBITDA	-24,397	19,833	5,334	55,840
Net sales	49,096	81,010	224,408	240,318
Adjusted EBITDA (%)	-50%	24%	2%	23%

Adjusted EBITDA rolling twelve months (RTM) over the latest 12 months. The measure neutralizes the effect of seasonality and indicates the result on annualized basis.

KSEK	2023 Q3 RTM	2022 Q3 RTM
EBITDA RTM	22,198	73,718
Items affecting comparability RTM	589	17,762
Adjusted EBITDA RTM	22,787	91,480
Net sales RTM	315,367	338,331
Adjusted EBITDA RTM (%)	7%	27%

Adjusted EBIT

EBIT before items affecting comparability. The measure is a supplement to EBIT adjusted for items affecting comparability and enables comparison with other periods. The measure is a financial target for 4C.

KSEK	2023 Q3	2022 Q3	2023 Q1-Q3	2022 Q1-Q3
EBIT	-34,317	13,092	-22,538	18,940
Items affecting comparability	80	464	589	15,259
Adjusted EBIT	-34,237	13,557	-21,949	34,200
Net sales	49,096	81,010	224,408	240,318
Adjusted EBIT (%)	-70%	17%	-10%	14%

Adjusted EBIT rolling twelve months (RTM) over the latest 12 months. The measure neutralizes the effect of seasonality and indicates the result on annualized basis.

KSEK	2023 Q3 RTM	2022 Q3 RTM
EBIT RTM	-12,840	46,884
Items affecting comparability RTM	589	17,762
Adjusted EBIT RTM	-12,251	64,646
Net sales RTM	315,367	338,331
Adjusted EBIT RTM (%)	-4%	19%

Net working capital

Net of current assets excluding cash and cash equivalents, and current liabilities excluding interest-bearing items. The purpose is to show the business' short term liquidity and operational efficiency.

KSEK	2023-09-30	2022-09-30	2022-12-31
Current assets excl cash and cash equivalents	123,141	126,800	112,563
Current liabilities excl interest-bearing items	61,142	65,962	74,884
Net working capital	62,000	60,838	37,680

Net debt

Net of cash and cash equivalents and interest-bearing liabilities. Net debt ratio calculated as a percentage of adjusted EBITDA RTM. The measure shows the real level of debt and indicates the ability to fulfil financial commitments.

KSEK	2023-09-30	2022-09-30	2022-12-31
Interest-bearing non-current liabilities	33,004	19,409	36,659
Interest-bearing current liabilities	36,069	31,794	33,892
Cash and cash equivalents	70,167	119,502	146,805
Net debt	-1,094	-68,299	-76,255
Adjusted EBITDA RTM	22,787	91,480	73,292
Net debt ratio	-0.05	-0.75	-1.04

Earnings per share

Earnings per share and Earnings per share after dilution are defined in accordance to IFRS.

	2023 Q3	2022 Q3	2023 Q1-Q3	2022 Q1-Q3
Weighted average number of shares	33,919,142	32,966,761	33,919,142	32,966,761
Dilution effect after dilutive shares	0	2,310,000	0	2,310,000
Weighted average number of shares after dilution	33,919,142	35,276,761	33,919,142	35,276,761

The dilution effect from warrants is only accounted for if a conversion to shares results in a lower profit per share or a higher loss per share.

	2023 Q2	2022 Q2	2023 Q1-Q2	2022 Q1-Q2
Net income for the period (KSEK)	-34,153	13,257	-25,539	21,120
Income attributable to Parent company's shareholders (KSEK)	-34,153	13,257	-25,539	21,120
Weighted average number of shares	33,919,142	32,966,761	33,919,142	32,966,761
Earnings per share before dilution (SEK)	-1.01	0.40	-0.75	0.64
Weighted average number of shares after dilution	36,229,142	35,276,761	36,229,142	35,276,761
Earnings per share after dilution (SEK)	-1.01	0.38	-0.75	0.60

Selected historical financials per quarter and year

	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3	2022 YTD	2021 YTD	2020 YTD
Net sales (MSEK)	49.1	85.4	89.9	91.0	81.0	83.3	76.0	98.0	62.2	331.3	261.2	185.3
Net sales growth (%)	-39%	3%	18%	-7%	30%	29%	110%	101%	17%	27%	41%	4%
FX adjusted organic net sales growth (%)	-42%	-1%	13%	-13%	16%	22%	97%	99%	20%	18%	44%	5%
Software revenue (MSEK)	26.2	56.3	55.8	54.3	58.7	51.4	47.2	65.7	43.8	211.6	159.5	86.1
Software as a percentage of net sales (%)	53%	66%	62%	60%	72%	62%	62%	67%	70%	64%	61%	46%
Recurring revenue (MSEK)	28.4	39.5	25.8	41.7	24.7	29.7	18.0	43.1	20.0	114.0	107.9	93.1
Annual recurring revenue (MSEK)	110.5	109.8	108.2	107.2	99.8	100.2	97.2	106.6	99.0	107.2	106.6	93.0
Annual recurring revenue - Software (MSEK)	75.0	73.4	72.7	70.5	63.2	63.3	60.9	60.7	57.3	70.5	60.7	51.4
Annual recurring revenue - Software-related services (MSEK)	35.5	36.4	35.5	36.8	36.5	36.8	36.3	45.9	41.7	36.8	45.9	41.6
EBITDA (MSEK)	-24.5	9.7	19.5	17.5	19.4	10.4	10.8	33.1	20.8	58.0	73.2	36.8
EBITDA margin (%)	-50%	11%	22%	19%	24%	12%	14%	34%	33%	18%	28%	20%
EBIT (MSEK)	-34.3	0.5	11.3	9.7	13.1	2.7	3.1	27.9	13.1	28.6	47.1	13.1
EBIT margin (%)	-70%	1%	13%	11%	16%	3%	4%	29%	21%	9%	18%	7%
Items affecting comparability (MSEK)	0.1	0.5	-	-	0.5	9.6	5.2	2.5	-	15.3	2.5	-
Adjusted EBITDA (MSEK)	-24.4	10.2	19.5	17.5	19.8	20.0	16.0	35.6	20.8	73.3	75.7	36.8
Adjusted EBITDA margin (%)	-50%	12%	22%	19%	24%	24%	21%	36%	33%	22%	29%	20%
Adjusted EBIT (MSEK)	-34.2	1.0	11.3	9.7	13.6	12.3	8.3	30.4	13.1	43.9	49.6	13.1
Adjusted EBIT margin (%)	-70%	1%	13%	11%	17%	15%	11%	31%	21%	13%	19%	7%
Net income for the period (MSEK)	-34.2	1.0	7.6	5.2	13.3	5.0	2.8	23.9	12.0	26.3	39.0	7.4
Earnings per share before dilution (SEK)	-1.01	0.03	0.22	0.16	0.40	0.16	0.09	0.77	0.38	0.79	1.26	0.24
Earnings per share after dilution (SEK)	-1.01	0.03	0.21	0.15	0.38	0.15	0.08	0.71	0.36	0.74	1.17	0.23
Net working capital (MSEK)	62.0	69.6	61.3	37.7	60.8	20.3	18.6	21.4	64.4	37.7	21.4	11.8
Net debt (MSEK)	-1.1	-44.1	-54.5	-76.3	-68.3	-99.3	-11.9	-16.6	65.3	-76.3	-16.6	12.7

Definitions

SEK
The currency Swedish Krona.
KSEK
The currency Swedish Krona in thousands.
MSEK
The currency Swedish Krona in millions.
RTM
Rolling twelve months, the past 12 consecutive months.
Software (revenue)
The total revenue from our Exonaut software, which can be divided into licenses and software development, as well as income from service and support agreements (SSA).
Software-related services
The total revenue of our software consultancy services, which include both implementation and integration of software, as well as income from managed services.
Expert services
The total revenue of advisory and consulting related income.
Net sales
The total revenue of software, software-related services and expert services.

Other revenue
The total revenue of FX-effects and items that cannot be defined into one of the other categories.
Recurring revenue
Revenue of a recurring nature such as software and software-related services related income.
Annual recurring revenue
Recurring revenue in the last month of the quarter, recalculated to a 12-month period. There is thus no direct connection between the ARR-figure and future software revenues. The figure should be seen as an indication.
FX adjusted organic net sales growth
Organic growth in net sales adjusted for foreign exchange effects.
Items affecting comparability
Items affecting comparability refers to items that are reported separately since they affect comparability and are considered to be divergent to the company's ordinary operations. Examples are expenses related to public listing, restructuring and acquisition-related expenses.
EBITDA
Operating income before depreciation and amortization.

Adjusted EBITDA
Operating income before depreciation, amortization and items affecting comparability.
EBITDA margin
EBITDA as a percentage of net sales.
EBIT
Operating income before financial income and expenses, and taxes.
Adjusted EBIT
Operating income before financial income and expenses, taxes and items affecting comparability.
EBIT margin
EBIT as a percentage of net sales.
EBT
Income before taxes, after financial income and expenses.
Adjusted EBT
Income before taxes and items affecting comparability, after financial income and expenses.
Net income
Net profit after tax.

Earnings per share before dilution
Net income divided by the average number of shares during the period.
Earnings per share after dilution
Net income divided by the average number of shares after dilution during the period.
Net working capital
Net of current assets excluding cash and cash equivalents, and current liabilities excluding interest-bearing items.
Equity ratio
Total equity as a percentage of total assets.
Net debt
Net of cash and cash equivalents and interest-bearing liabilities.
Net debt ratio
Net debt as a percentage of adjusted EBITDA RTM.
Number of employees
Number of employees are presented as an average of full-time employees during the last 12-month period considering normal working hours during a year.

4C Strategies' Roadmap



Mission

4C's mission is to combine the power of digital innovation with industrial expertise to build a safe society.



Vision

4C Strategies' vision is to always be the preferred provider of solutions that create and maintain organizational readiness.



Our values

4C is a value-driven organization. Our core values are primarily regard how we live and interact with each other, as well as with customers, partners, providers and other stakeholders. They are summed up in four words.

Results

We always strive to deliver clear results that exceed our customers' expectations and to advance the development of our solutions through incremental and ground-breaking innovations.

Integrity

We handle the information that we receive and the trust that has been granted to us with the utmost professionalism and discretion.

Fun

We enjoy going to work and we actively contribute to a pleasant, inclusive and respectful work environment.

Competence

We attract, develop and motivate exceptional colleagues to deliver value to our customers and grow as individuals and as an organization.



Financial targets

The overall target areas for 4C Strategies have been set to; Growth, Software revenue and Profitability.

● 4C Strategies strives to achieve an average annual currency-adjusted organic net sales growth exceeding 20% in the medium term.	20%
● 4C Strategies strives for software revenue to exceed 70 per cent of net sales in the medium term.	70%
● 4C Strategies aims to achieve an adjusted EBIT margin of at least 20 per cent in the medium term.	20%

Dividend policy: The Board of Directors have determined that generated cash flow is to be used for investments and further growth in the company, and no dividend is proposed in the short and medium term.

Strategy

To achieve its financial goals of profitable growth and to maintain its position as a leading software provider in organizational resilience and training readiness, 4C Strategies has formulated an ambitious growth strategy that focuses on four main pillars:

1. Accelerate organic software growth
2. Expand further in the private sector
3. Continued expansion in the defence sector
4. Continued geographical expansion to strategically important countries

This is 4C

4C Strategies

4C Strategies was founded in 2000 and is a leading global provider of software solutions and expert services for organizational readiness, training, and crisis management. Through the Exonaut® software platform, 4C Strategies offers a complete platform for building organizational readiness. Exonaut enables effective, secure, and seamless management of incidents, crises, risks, and compliance assurance. Exonaut also supports the sustainment and continuity of operations affected by disruptions and crises and provides a software solution for both military and civilian customers in training management and capability development.

In addition to Exonaut, 4C also provides software-related services and expert services. We provide our solutions primarily to customers in mission-critical environments such as defence forces, public organizations, and companies in the corporate sector that have a need of managing risks and training for sudden and critical events.

4C Strategies has its headquarter in Sweden and has a global presence with offices in the Nordics, UK, US and Australia.

Sustainability

4C Strategies recognizes that its business activities have direct and indirect environmental and social impacts, which the company believes it has an obligation to manage to the best of its abilities. Therefore, 4C Strategies has since 2005 been a member of the UN Global Compact, an initiative designed to encourage companies to adopt sustainable and socially responsible policies and to report on their implementation to bring about positive change in human rights, labour, the environment, and corruption.

For more examples of our sustainability work, please visit our website: investors.4cstrategies.com.



150+

Customers

100+

Countries with Exonaut users

4C

The stock is traded on the Nasdaq First North Premier Growth Market, under the abbreviated name "4C"

Our offering

Exonaut software

Resilience platform

Exonaut is a complete platform for building organizational readiness and enabling the efficient, secure and seamless management of incidents, crises and risks, as well as ensuring compliance. Exonaut is accredited for use by numerous defence forces, blue-light authorities (e.g. ambulance, police, fire, rescue services) and critical infrastructure providers and is classified for NATO SECRET and NATO UNCLASSIFIED, among other things.

Training and exercise platform

Exonaut is a world-leading software solution for both military and civilian customers in training management and capability development. Exonaut's exercise platform is used by, among others, NATO and the Swedish, US, British and Australian defence forces.

Consultancy services

Software-related services

Our software consultants provide ongoing technical support to our customers. To begin with, this relates to scoping, initiating and implementing Exonaut. After commissioning, we support customers for example on site during large-scale exercises and provide follow-up reports based on training data. Furthermore, our customers are offered technical support depending on the needs and service delivery model in the form of digital innovation and further development of Exonaut.

Expert services

We have an integrated approach to risk, continuity and crisis management with a focus on assisting our clients in building organizational resilience. Meeting our customers' expectations is key to us and we have high quality standards in everything we do. Together, we strengthen the client's capability to prevent, manage and learn from adverse events.



4C Strategies is the leading provider of training readiness and organizational resilience solutions. With over 20 years of expertise, we support high-profile international institutions, global enterprises and armed forces across 100 countries. We help our customers to train effectively and be ready for the resilience challenges ahead.

Our innovative Exonaut® platform empowers capability development, building on key insights for when it matters the most. Our experts work alongside our customers to prepare their operations for the future, allowing them to transform training, rethink risk, manage crises, and uphold continuity. With offices around the world, we are never far away.

Be Ready. Be Resilient. Foresee.



4C Group AB (publ)
556706-0412
Vattugatan 17
111 52 Stockholm
Sweden

Visit
[4C Investors Hub](#)
for more information.

