



4C STRATEGIES

**Be Ready.
Be Resilient.
Foresee.**

Annual Report 2023

Exonaut



Expertise



What
we offer

Training and
Exercise Solutions

Resilience
Solutions

Expert
Services

Global operations with local presence



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Drive growth.
Uphold continuity.
Take strategic advantage of risk.
And thrive in adversity.

The dashboard displays the following information:

- Filter:**
 - From: 22/01/2023
 - To: 22/02/2024
 - Activity type:
 - ☒ Include sub-activities
 - ☐ Include not active
- Map:**
 - INCIDENT marker in Sweden
 - ID- A101 LONDON - 15:48 Power outage [OPEN]
 - ID- A807 LUND - 13:09 Kidnapping attempt [OPEN]
- Snapshot:**
 - Facts:**
 - ☒ 4 deaths in the Stockholm area
 - ☒ Deaths are caused by cyanide poisoning
 - ☒ All four had been eating "Italian pasta sauce"
 - Assumptions:**
 - ☒ More people might die
 - ☒ Our involvement can not be ruled out in relation to:
 - Production
 - Distribution
 - Retail
 - Directions:**
 - ☒ Co-ordinate with key stakeholders
 - ☒ Limit customer impact:
 - Stop production
 - Stop distribution
 - Recall pasta sauce
 - ☒ Ensure safety of employees
 - Communications:**
 - ☒ Notify: Production and distribution of pasta are investigating.
 - ☒ Notify: Service desk if you have any questions. are investigating.
- Strategic Direction:**
 - ☒ [Green dot]
 - ☒ [Green dot]
- Incident Checklist:**
 - Active shooter checklist: 20%
 - ☒ Assess incident severity
 - ☒ Consult emergency service agencies guidelines, e.g. evacuations, access routes etc.
 - ☐ Refer toofficial broadcasting and/or relevant websites for further information; alerts and warnings
 - ☐ Account for all present persons
 - ☐ Identify any injured people
 - ☐ Start event log
 - Buttons: [SAVE ACTIONS], [SAVE AS CLOSED], [ESCALATE]

Year 2023

In 2023, 4C Strategies grew its customer base and extended many long-term contracts with existing customers. Change was implemented to address North America defence market challenges, and new offices and entities were established in Finland and the US respectively. Development of the Exonaut software continued at pace to implement new AI and automation capabilities, and enhance integration with external systems.

The year in brief

A challenging year

● 4C Strategies second year as a public company ended on a strong note after experiencing a challenging year. The trend of longer purchase and procurement processes, particularly noticeable in the North America segment, and an uncertain global situation contributed to volatility in quarterly performance. Results outside of the North America matched expectations given the market circumstances.

Continued global expansion

● We continued to grow our international presence with a new company and office in Helsinki, Finland, as well as a new business unit in North America. This was done to promote existing relations with the Finnish defence market and to increase the targeting of the corporate and public sectors in the Finnish, Baltic and North American regions.

Exonaut next generation

● 2023 saw significant development of the Resilience platform, as we increase integration across the product suite. We also launched Climate Resilience, which is built on the Exonaut Resilience environment.

This will help drive growth as the demand for digital solutions to tackle climate and environmental risks increases. And, once again Exonaut was recognized by Gartner including being listed as a complete solution supplier in Gartner's 2023 BCM Vendor Identification Toolkit.

Significant signings in the defence sector

● Multiple new framework agreements were signed while others were extended. New contracts include the Swedish Armed Forces and in Q2 a notable extension with the British Army was secured. In Q4 we signed additional significant agreements with NATO, the Australian and Swiss Armed Forces. We also signed a collaborative development agreement with Hadean, the AI-powered Spatial computing provider.

Satisfied customers and a strong pipeline

● We have a strong pipeline of 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 remains high and existing customers are extending their contracts and upgrading the software.

New Senior Management

● Former Brigadier General Guy Jones joined 4C as President of 4C North America Defence, Mikael Grape transferred from the Nordics becoming MD of the newly established North America business unit concentrating on the public and private sector. He was replaced as MD 4C Nordics by former Operations Director Josefine Rosén.

New Board Members

● Jörgen Ericsson, who has held executive roles in Silicon Valley at tech companies such as Snowflake and Cisco, was elected as member of the Board of Directors of 4C Group at the annual general meeting 2023. In our subsidiary North America Inc., targeted at the defence sector, Former US Army Lieutenant General, and current President and CEO of Rafael Systems Global Sustainment LLC, Joseph Anderson; Former Assistant Secretary of the US Navy, James Geurts; and Private Equity Advisor to early-stage technology companies, Tim Solms, joined the Board.

Key ratios	2023	2022	2021
Net sales (MSEK)	332.1	331.3	261.2
Net sales growth (%)	0%	27%	41%
FX-adjusted organic net sales growth (%)	-3%	18%	44%
Software revenue (MSEK)	210.4	211.6	159.5
Software revenue in relation to net sales (%)	63%	64%	61%
EBIT (MSEK)	-5.9	28.6	47.1
EBIT margin (%)	-2%	9%	18%
Adjusted EBIT (MSEK)	-5.3	49.6	49.6
Adjusted EBIT margin (%)	-2%	13%	19%
Net income for the year (MSEK)	-9.3	26.3	39.0
Earnings per share before dilution (SEK)	-0.27	0.79	1.26
Earnings per share after dilution (SEK)	-0.27	0.74	1.17

332.1

(331.3) Net sales, MSEK

-2%

(13%) Adjusted EBIT margin

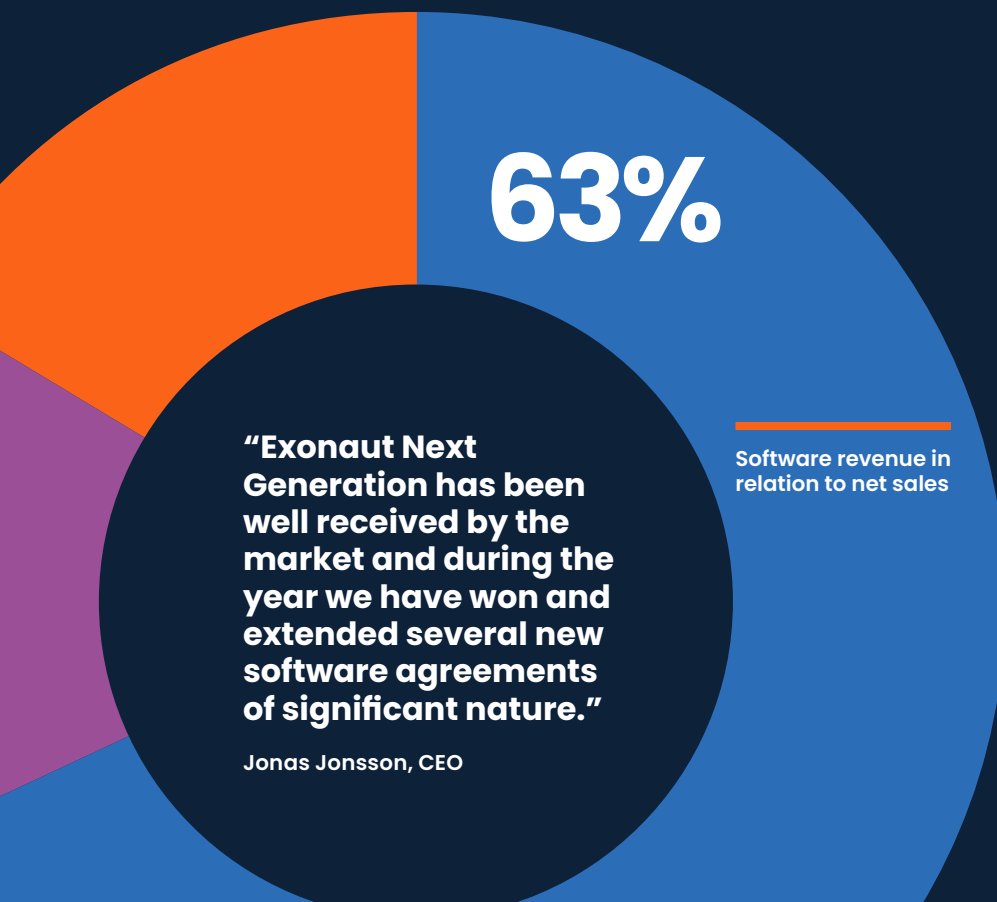
63%

(64%) Software revenue in relation to net sales

-3%

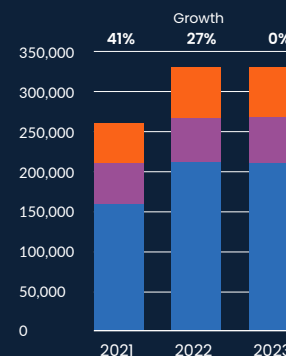
(18%) FX-adjusted organic net sales growth

Selected key figures 2023



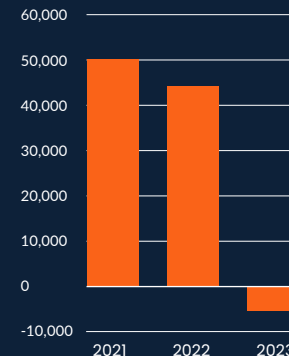
Net sales, KSEK

Software
Software-related services
Expert services



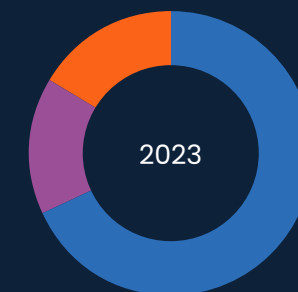
EBIT

EBIT



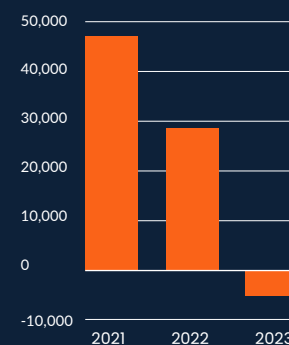
Net sales per customer group, KSEK

Defence 226,292
Public 56,652
Corporate 48,333



Adjusted EBIT

Adjusted EBIT



A portrait of a man with light brown hair, wearing a dark blue suit jacket over a light blue button-down shirt. He is smiling slightly and looking towards the camera. The background is a blurred outdoor setting with warm lighting.

“Several strategic initiatives have been successful during the year. We have seen strong growth in the International segment”

A word from the CEO

Strategic initiatives strengthen us in challenging times

During 2023, several strategic initiatives proved successful, and despite the year being challenging at times, we finished in a strong way. We have seen significant growth in the International segment, which increased its revenue by MSEK 71, partly offsetting the challenges we experienced in the North America segment, where full-year results came in well below our expectations. Our revenue is approximately MSEK 60 short of our full-year ambition, which is mainly due to challenges and delays in the North America segment.

Overall, the group reports unchanged net sales of MSEK 332.1 and an EBIT margin of -2 percent. The software revenue's share of net sales decreased marginally from 64 to 63 percent. Looking forward for the full year 2024, we expect strong sales growth and improved margins, however, with continued quarterly volatility, which will gradually decrease as our business grows.

The year in review

The global situation

The invasion of Ukraine and the changing security landscape have forced countries to reconsider their security assessment and readiness state. Additionally, with increased

tensions in areas such as the Middle East and Asia, the world has moved towards a continuous state of crisis. Countries are now strengthening both their military and civilian defences. Given these geopolitical circumstances, and with both Sweden and Finland now joining NATO, 4C Strategies' offering is more relevant than ever.

Strategic focus areas

During the year, we made significant investments in three strategic areas:

Expansion of our geographical presence.

To address an increased demand in a so far relatively unaddressed market, we have expanded our operations in the Nordics by

opening a company and office in Finland. Furthermore, we have established a North American company focused on the non-military sector to penetrate both the corporate and public sectors in this very significant market. At the same time, the expansion within the APAC (Asia-Pacific) region has continued and is now delivering very promising and positive results.

Increase in our brand awareness. Given the restrictions the pandemic previously imposed on the opportunity to meet potential customers, which coincided with the launch of Exonaut Next Generation, it has been especially important to be active and visible at relevant events and trade shows around the world. We have therefore sponsored and participated in these events in all our segments and will continue this investment in 2024. We have also organized several of our own customer events, which has provided good exposure for our products, services, and innovations. Another significant indicator of our brand awareness in our sectors is that 4C Strategies, for the fifth year in a row, has been recognized by global research and advisory firm Gartner as a prominent provider of resilience solutions. Overall, our efforts to improve brand awareness have had a positive effect, but the full return on investment on these initiatives are yet to be seen. Additionally, our investments in digital channels have resulted in a very good increase in new customer inquiries.

Development of our product suite. During the year, the roll-out of the Exonaut Next Generation software platform continued. This version upgrade gives Exonaut increased user-friendliness, scalability, and improved abilities to integrate with external systems. The upgrade also

enables us to meet customer requirements faster through a much higher pace in our innovation process. Exonaut Next Generation has been well received by the market, and during the year, we have won and extended several new software agreements of significant character.

Results

For the full year 2023, net sales amounted to MSEK 332.1, in line with last year. The EBIT margin was -2 percent. 63 percent of total net sales were generated by software revenues, a marginal decrease compared to last year's 64 percent.

Nordics

The Nordics segment secured several strategic contracts during the year. As an example, we signed a new five-year framework agreement with the Swedish Armed Forces, with the possibility of a two-year extension, worth up to MSEK 150. Another example is that we entered into an agreement with a global life science company to help them build resilience against various threats through our Exonaut product suite.

At the same time, this segment has been affected by delays in sales processes, which has had a negative impact on growth for the segment during the year. Revenue for the year came in at MSEK 106.9, a decrease of 9 percent from last year. Contracts signed in the defence sector during the year include licenses and new developments, confirming our strong position in the industry. This will have a positive effect on revenue in the coming year. To strengthen our position in the Nordic region, significant investments have been made in the sales

“For the full year 2024, we expect good sales growth and improved margins, though with continued quarterly volatility”

organization, as well as in a geographical expansion to Finland.

North America

In 2023, the North America segment was characterized by delayed sales processes, which had a negative impact on revenues. Revenue for the year decreased by 47 percent compared to the previous year to MSEK 67.0. The fundamental reason for this was that the U.S. defence budget became delayed and were not approved by Congress during 2023. Procurements of new projects could not be started and were therefore put on hold. We expect more clarity in the first half of 2024 and have a positive outlook towards progressing with opportunities in this sector.

In the North America segment, the defence sector accounts for 98 percent of revenues. The remaining revenues are generated within the private sector, where we have invested in expansion and secured new contracts during the year. With the opening of our new office in the fourth quarter for non-military customers in Washington D.C., we will now be able to offer a complete range of products and services in North America, with training solutions for defence customers and resilience solutions for the private and public sectors. With the increased interest from these sectors, combined with an already strong presence and existing customer base in the U.S., we see great potential for successful market penetration. As previously announced, new Presidents have been recruited for both companies and a new board of directors has been appointed in one of the companies to strengthen cooperation with the U.S. Armed Forces.

International

The International segment has significantly advanced its positions during 2023. As a result, revenue increased by 182 percent compared to the previous year's revenue of MSEK 158.1. Thus, this segment accounts for 48 percent of the group's total revenue during the year. The growth is primarily driven by Europe and APAC. Through investments in the sales organization, we have expanded our international presence, which has driven growth over the year. Important for the future are the extension agreements with NATO, where we have also expanded our presence with new solutions. Sweden's membership of NATO is also expected to give us improved access to procurements and potential new customers and users. A major success in 2023 is also that we delivered solutions to one of the world's largest humanitarian organizations (NGOs), an area where we see great potential. 81 percent of the segment's revenues come from the defence sector and the remainder mainly from the private sector.

In the first quarter of the year, we entered into an agreement with a significant customer in the financial sector to strengthen their operational resilience, which underscores the value of Exonaut in protecting critical parts of society, and ensuring effective readiness assessment and increased capability development. In the second quarter, we extended our main contract with the British Army. This confirms our long-term support and expands our collaboration with a committed contract value of approximately MSEK 89. Our expansion into new geographic markets, especially following the successes in Australia and new contracts

in APAC, marks an important milestone in our growth journey.

Outlook for 2024

During the upcoming year, many of the delayed sales processes from 2023 are expected to materialize, and due to the size of individual deals, they may have a significant quarterly impact. We therefore anticipate continued quarterly volatility but expect growth to pick up during 2024.

One of 4C Strategies' key strengths is our high customer satisfaction, retention and loyalty, with continued marginal churn rates. The high customer satisfaction is reflected in existing customers not only renewing their contracts, but also expanding their businesses with us. We see no reason for our historical growth to stagnate. With a comprehensive and stable global customer base of over 150 customers in North America, Europe, and APAC, we generate increasing recurring revenues while attracting new customers.

At the group level, we expect strong growth moving forward and that we will be able to expand the Exonaut family with additional new NATO countries. In the Nordics segment, we expect that a growing pipeline and our investments in Finland will contribute to growth during the year. Regarding the North America segment, there is continued uncertainty concerning the timing of contract signings for defence deals, but we anticipate strong development over the year. The International segment will continue to be the engine of our growth also in 2024.

Over the past two years, 4C Strategies has made significant investments, especially in research and development (R&D) and sales and marketing efforts. The work to strengthen our global brand continues, but we do not expect investments in R&D and support functions to increase. Ongoing and upcoming R&D work is shifting from the transformation to Exonaut Next Generation to an increased innovation focus on, among other things, implementing AI as an integrated part of Exonaut.

Starting from April 2, 2024, I assumed the role as the new CEO and Group President of 4C Strategies. I have been with the group company for over 10 years, holding various operational leadership positions, most recently as Managing Director for the International segment, where I led our geographical expansion. My focus and that of the company in the near term will be on how we can further operationalize the strategy and our continued journey through global expansion and profitable product sales. I look forward to keeping you updated regularly.

Jonas Jonsson
CEO

This is 4C

4C Strategies was founded in 2000 with the aim to digitalize and streamline the planning, execution and evaluation of training and exercises. Through the Exonaut software platform, 4C Strategies offers a complete platform for building organizational readiness (resilience). In addition to Exonaut, 4C Strategies also provides software-related services and expert advice.

A global software provider

4C Strategies operates in the global and fast-growing market for organizational resilience and training and exercise management solutions for the public, private and defence sectors.

The Exonaut Software

Through the Exonaut software platform, 4C Strategies offers a complete platform for building organizational readiness. Exonaut enables efficient, secure, and seamless management of incidents, crises, risks and ensuring regulatory compliance. Exonaut also supports the maintenance of continuity in operations affected by disruptions and crises and provides a software solution for both military and civilian customers in exercise management and capability development. Exonaut's Exercise Management and Capability Development platform is designed to plan, run, and evaluate training and exercises to consistently develop capabilities, while users identify key areas for improvement. Exonaut is developed in close collaboration with 4C Strategies' experts and customers and is based on international standards and best practices. It is a highly secure solution with IASME Cyber Essentials PLUS and NATO Secret accreditation.

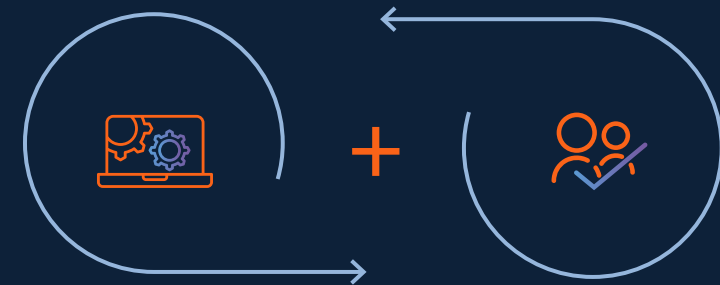
Since the company was founded in 2000, we have established a strong position as a

global software provider to the defence sector. Thanks to a combination of an innovative digital solution and an experienced team of former high-ranking military leaders, our defence clients include NATO and the Swedish, U.S., British, and Australian armed forces, among others.

In the private and public sectors, we can count Fortune 500 companies, international banks, communications and aid organizations, government departments and local authorities among our customers. To simplify the buying process, Exonaut is available as easy-to-scale modules within the categories of risk, business continuity and crisis management. These are available as separate products or as an integrated solution to meet the resilience needs of the organization.

Organizations that use Exonaut streamline operations, train faster and more effectively, understand their risks and vulnerabilities, and are more prepared for and better at managing and recovering from a crisis. Moving forward we will continue to improve the software with a stronger focus on the user experience, introduce even more integration between the products and further explore how to best utilize AI capabilities, among other things.

Our offering



Exonaut

Resilience platform

Exonaut is a complete platform for building organizational resilience and enabling the efficient, secure and seamless management of incidents, crises and risks.

Training and exercise platform

Exonaut is a world-leading software solution for both military and civilian customers in training management and capability development.

Expertise

Software-related services

Our software consultants provide ongoing technical support to our customers. To begin with, this relates to scoping, initiating and implementing 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.

→ [Read more about our offering](#)

Strategy

Our strategy is anchored in four fundamental pillars to drive profitable organic growth. That has seen us expand into new geographical markets stepwise built on the backbone of our innovative software, customer dedication and long-term client relationships.

2023 saw the release of new software modules linked to our Resilience platform. Climate resilience, business continuity and crisis management, as well as the integration of key products into market-ready packages – such as Duty of Care and Security Management – for key customer groups were launched during the year. This scalable offering simplifies the sales process and meets growing demands for off-the-shelf resilience solutions from the market.

Our strategy of entering a market through our military offering and expanding into the private and public sector took a big step forward in North America where we opened a new entity to concentrate on this market. We already have enterprise clients in the US and expect to see sales increase in this market. Globally, we are also targeting highly regulated sectors such as finance, healthcare, communications and infrastructure, where we are traditionally strong.

Our defence business remains stable during 2023 where we have been awarded significant contracts across Europe, in Australia, and

from NATO. Our strategy is to continue to build these relationships while expanding our footprint through, for example, strategic collaborations – such as the one Hadean, and AI-powered spatial computing provider, which was announced at the world's largest military training trade show in December.

Finally, our geographical expansion remains on track. Our new Finnish office will see us develop our presence not only in Finland but also in the Baltic region, targeting the defence, private and public sectors. While our new North American entity will give us better access to and focus on the private and public sectors in the region.



Vision

4C's 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.



Mission

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



Financial targets

● 4C Strategies strives to achieve an average annual currency-adjusted organic net sales growth exceeding 20 per cent 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.

Strategic pillars

Several initiatives underway to continue profitable organic growth journey

1 Accelerate organic software growth

- Explore and implement AI and automation capabilities
- Launched Exonaut Next Generation software in 2021
- Introduce additional software modules to further broaden the software's product suite

2 Expand further into the Corporate sector

- Leverage credibility and knowledge from Defence industry
- Target new customers in highly relevant sectors: financial, infrastructure, telecom, and public

3 Continue expanding across the Defence industry

- Offer new integrations and solutions targeting the Defence industry
- Broaden the client base with a focus on cross-selling
- Partner with innovative defence firms to develop solution and access new customers

4 Expand geographical footprint

- Continue to expand global reach by entering new markets through organic and partner growth
- Use geographic footholds to expand customer relations and increase cross- and upselling, as well as introduce new customers

Today



Future

Case: Incident & Crisis Management,
Training & Exercise Management (corporate)

WISE 23 – Delivering one of the largest industry exercises ever

Challenge: Find a way to collectively measure, evaluate and strengthen the crisis preparedness and overall resilience of the entire Hong Kong financial services sector in a way that utilizes the industry's three key regulators and gives participants an idea of their overall capability.

Solution: A 7 month-project involving crisis management training for senior executives, culminating in a simulated exercise for 42 of the world's largest banks, including a majority of the Global Systemically Important Banks. A plausible industry-wide crisis scenario that puts entire crisis teams, including senior leadership and communications teams, to the test. House all of this work within an integrated, immersive and auditable platform; Exonaut.

Result: One of the largest simulated exercises of its kind. 1000's of participants all collaborating at one time within Exonaut, bringing together senior leaders, communications teams, regulators, policymakers and BCM experts in hub. An industry-wide post-exercise report reveals the overall resilience of the sector and benchmarks individual organizations against this.

→ [Read more about Wise 23](#)



42

of the world's largest banks

1,000's

of participants

500+

injects

Operations

4C Strategies headquarter is based in Sweden and has a global presence with offices in the Nordic region, the UK, the US, and Australia. 4C Strategies has over 150 clients with users in more than 100 countries.

Customers and Services

4C Strategies has a global customer base. Our solutions are typically used by organizations, in highly-regulated industries, whether that's finance, food and beverage, healthcare, infrastructure, government or military.

Training & Exercises

Our training and exercise offering is built on our NATO Secret Accredited Exonaut software that has been in use by armed forces for over two decades. As a pioneer in bringing digital solutions to training and exercises, Exonaut continues to transform training across the world, where our clients include NATO and many of its members and allies. Exonaut provides a data-driven approach to training to ensure key improvement areas are identified and improved upon – delivering better and more effective training with fewer resources. Recent developments in the software have seen individual tracking and motivation apps launched, as well as AI-driven reporting of training progress and results.

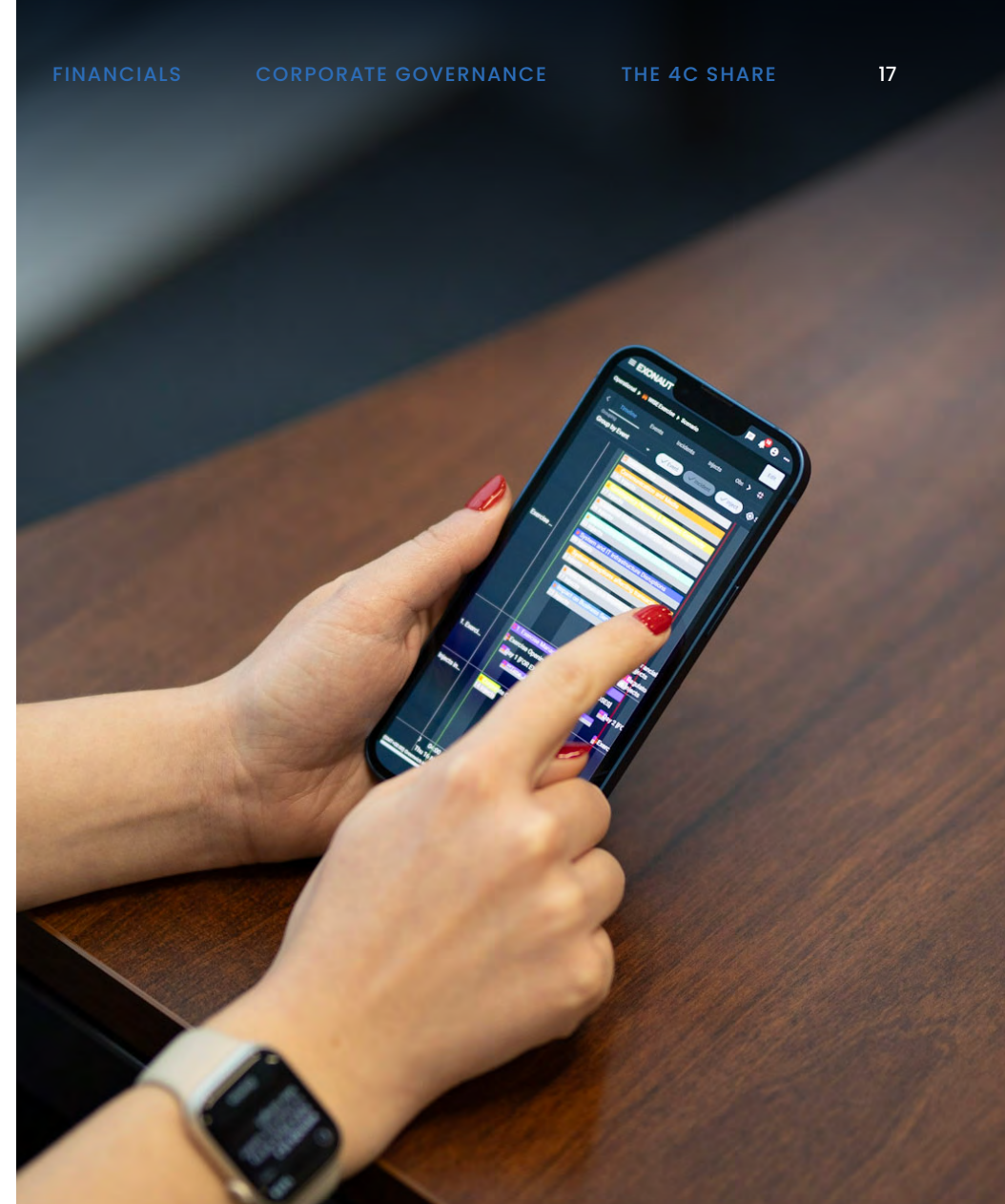
Exonaut users in the defence sector include the Australian, British, Canadian, Emirati, Finnish Norwegian, Portuguese, Swiss and US Armed Forces as well as NATO. Customer cases vary from solely software- based contracts

to integrated software and consultancy services where 4C staff support training and exercises from anything between 10 and 10,000 participants. 2024 will see Exonaut and 4C consultants support NATO with their biggest ever exercise since the cold war, consisting of some 90,000 troops.

The powerful training software is now being incorporated into Exonaut Resilience software, bringing learnings from supporting the world's militaries to train better to the private and public sectors.

Building organizational readiness (resilience)

Our resilience solutions include software and consulting for the public and private sectors. Our clients include some of the world's most high-profiled organizations, including international institutions such as the UN, NATO, the European Central Bank, and companies such as Cytiva, JP Morgan and Oatly. The platform is, for example, used by the EU's European External Action Service to support crisis communication among all member state consular departments around the world, by Shell to train staff in a crisis such as an oil spill, by Oatly to manage risks to operations, and by one of the UK's largest insurers to manage their



operational resilience. To meet the growing demands for flexible software and to support a simple sales process, Exonaut can now be bought in scalable modules per solution or different packages can be integrated from the platform to meet a customer's demand for, for instance, a fully integrated risk and business continuity solution. The Exonaut platform encompasses the full spectrum of organizational resilience from risk, business continuity and incident & crisis management through to emergency and security operations centers, training management and operational resilience. With these solutions, customers can effectively prevent, prepare for, protect, respond to, and recover from major disruptions.

Our resilience consulting services mirror Exonaut Resilience and are available in addition to our software or as a service in their own right. Many of our consultancy customers have been working with 4C for many years and have inhouse 4C consultants at their premises to support them on a daily basis. Where possible our consultants use Exonaut in their customer deliveries to showcase the capabilities of the software. Consultant customers include the Swedish Civil Contingency Agency, Uniper, the European Central Bank and Europol, among many others.

Heavily invested platform

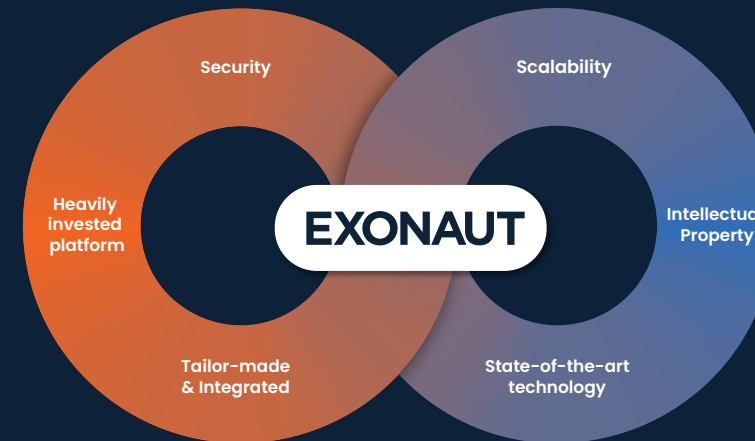
- Developed over 20 years with 70 employees working within R&D
- R&D spend amounted to approximately 20% of net sales in 2021, excluding external consultants

Tailor-made & highly integrated solutions

- Tailor-made and modular solutions based on multiple different software modules to suit specific customers
- Available as on premise, SaaS/cloud-based, or hybrid option

Achieved scalability

- Achieved scalability by enabling rapid onboarding of complex client processes



Thoroughly secure platform

- Proven software security with NATO accreditation
- Annual penetration test carried out by third party to uphold security requirements

Maintaining rights to IP

- Co-developed and co-financed by clients to achieve optimal interface; 4C maintains rights to IP
- The co-developed IP can be used in other projects, increasing value and efficiency

State-of-the-art technology

- State-of-the-art technology used to achieve a configurable platform approach, available to approximately 2 million users per customer

→ [Read more about Exonaut](#)

Our Market

The defence forces in the United States, the Nordic countries, Australia and the United Kingdom, as well as a number of other NATO-affiliated or allied countries, currently constitute the company's largest customers. At the same time, the customer base in the public and private sectors is growing steadily. 4C's segments Nordics, International (rest of world) and North America, accounted for 32%, 48% and 20% respectively of net sales in 2023.

4C's total addressable market for the three customer groups, the defence, public and private sectors, was estimated in a 2021 market study* to be a total value of SEK 190 billion, of which the private sector corresponded to 88 per cent, the public sector eight per cent and the defence sector four per cent.

The current instability in the world is putting greater demands on governments and businesses to build resilience and improve the readiness of their defence forces. This trend has seen an increased growth potential for our solutions, with the caveat that organizations have extended their evaluation and procurement cycles to ensure they get the right solution for their particular requirements.

The defence training sector corresponded to a SEK 7 billion market* in 2021. Since then, defence spending has significantly increased. 4C's directly addressable market represents approximately 20 per cent of the segment, or approximately 1.4 billion. Of this, the U.S. accounts for just under 80 per cent of the

market, while Europe accounted for about 14 per cent. To meet this market share we take a high risk-high reward approach in the US, which has achieved a considerable increase in sale year-on-year from our market entry in 2016 to 2022. 2023 saw us lose ground for the first time, however, we continue to invest in the North America market and believe with our new leadership and board in the region that we can regain missed opportunities and further our growth in the US defence market. At the same time, we expect to expand outside of this region, building on the recent contract agreements signed with the defence forces within Australia, UK, Sweden and Switzerland as well as NATO.

In the public and private sectors, the total addressable market in the public sector amounted to SEK 16 billion and SEK 167.0 billion respectively in 2021* whereby software accounted for just over 50 per cent. Geographically, the US, Europe and Asia Pacific together accounted for a total of 90 per cent of the market, with approximately 30 per cent each. The increased pressure on organizations from stakeholders, shareholders and regulators to secure their assets and meet sustainability goals should see this market increase substantially. As we introduce greater automation to our regulatory aligned software, while simplifying the sales process through modular solutions, we expect to increase our market share in these markets. And with a new business entity in the US and an expanding office in Australia we have enhanced our ability to support local customers in North America and APAC.

* Market study from Arthur D Little, 2021



Financials



Directors' report

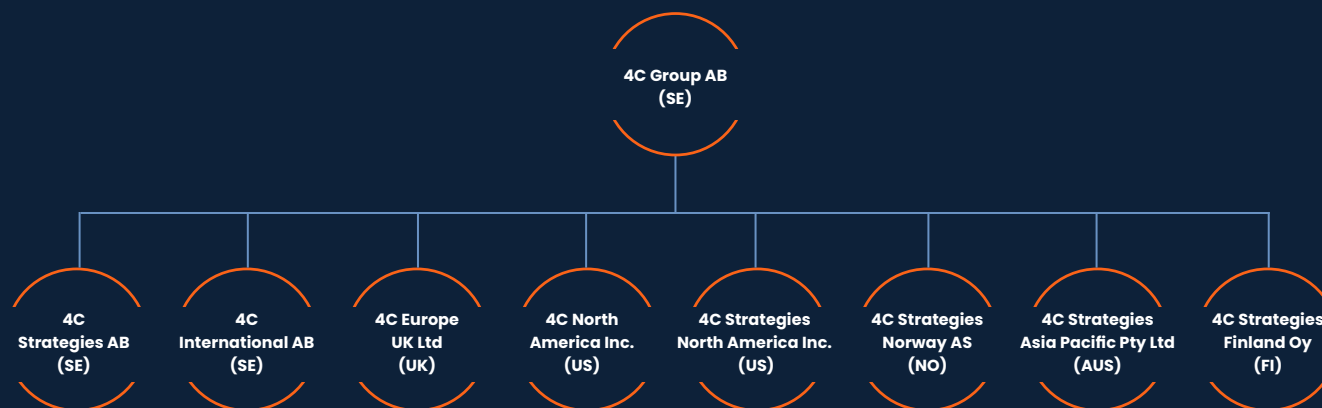
The Board of Directors and Chief Executive Officer (CEO) of 4C Group AB (publ) with registration number 556706-0412 hereby submit the annual report and consolidated financial statements for the Parent Company's and the Group's operations during the financial year 1 January 2023 to 31 December 2023. The annual report has been prepared in Swedish kronor.

Our business & organizational structure

Information in parentheses refers to the previous financial year, i.e. 2022. 4C Group AB (publ) is referred to as "4C Group", "4C", "the Company", "the Group" or similar, which in all cases refers to 4C Group AB and its subsidiaries.

4C Group AB is the Parent Company of the Group and is headquartered in Stockholm. The Group currently consists of eight subsidiaries based in Sweden, Norway, Finland, the United Kingdom, the United States and Australia. All subsidiaries are operational units and work with sales and delivery to our addressable markets. The Parent Company, 4C Group AB, is responsible for product development, support functions and management, and is located in the offices in Malmö and Stockholm. The Group is marketed under the name "4C Strategies".

Group structure



Founded in 2000, 4C Strategies is a leading global provider of software solutions and expert services for organizational resilience, training and crisis management, with a unique range of services and products in the market. Through the Exonaut software platform, 4C Strategies offers a complete platform for building organizational readiness. Exonaut enables efficient, secure and seamless management of incidents, crises, risks and compliance assurance. Exonaut also supports the maintenance and continuity of operations affected by disruptions and crises and provides a software solution for both military and civilian customers in exercise management and capability development.

In addition to Exonaut, 4C Strategies also provides software-related services and expert services. The company offers its solutions primarily to customers in public and business-critical areas such as defence forces, government organizations and private sector companies who have a need to manage risks and prepare for sudden and critical events. Common among 4C Strategies customers is that high security is a high priority. The company's Exonaut software platform is accredited by, among others, NATO at the Secret Level and Cyber Essentials Plus level, which creates a high degree of trustworthiness for the company's software solutions.

Significant events during 2023 fiscal year

2023 has been marked by turbulence in the outside world, which has created unpredictable challenges for companies and organizations around the world. Much of the turbulence is due to macroeconomic factors such as a change in interest rates, an increase in inflation and a

volatile energy market. The war in Ukraine has continued without an immediate end in sight. In the Middle East the conflict involving Israel and Palestine has once more flared up, adding to the geopolitical destabilization and global uncertainties. The effects on both the security policy situation in the world and the stability of the financial market has been significant. This has affected all actors from companies, government organizations to consumers. Looking at the market we operate in, we have noticed increased uncertainties in our customers.

During the financial year, further growth and expansion in our addressable markets has been in focus. 4C Strategies has expanded to Finland through a new office in Helsinki, which will promote further relations with the Finnish defence as well as the public and corporate sector. In addition, a second entity has established in North America with office in Washington D.C., which are targeting the public and corporate sector. The International segment have seen increased growth in our markets, both in the form of new software development projects as well as the expansion of existing agreements for Exonaut.

To support growth, 4C Strategies have continued to invest in our Exonaut software during the year and launched a new version of the software platform Exonaut New Generation. By investing in the product department, 4C Strategies are able to develop more comprehensive and modern solutions for our customers. The company estimates that the investment will accelerate growth and increase the number of software deals going forward. Financially, this year's software revenue in relation to net sales amounts to 63% (64%).

During the year we have appointed a new Managing Director for our Nordic segment. Josefine Rosén who has been with 4C Strategies for 13 years started her role as Managing Director on 1st August, 2023. In addition, 4C Strategies have recruited new Presidents for both of our North American entities. For 4C North America Inc., our North American entity focused on defence sector, Guy Jones was appointed President and started his role on 9th November, 2023. In our newly established second entity in North America, 4C Strategies North America inc., Mikael Grape entered the role as President after previously holding the role as Managing Director for 4C Nordics.

Significant events after the end of fiscal year 2023

4C Strategies' operations have not changed since the end of 2023. The company's activities continue as planned and the strategic focus on growth remains in place.

The Board of Directors of 4C Strategies has appointed Jonas Jonsson as the CEO of 4C Strategies. Jonas Jonsson took office as of 2nd of April 2024. Jonas Jonsson joined 4C Strategies in 2013 and has since had several operational and executive positions, most recently as the Managing Director of 4C International, leading the company's expansion in the EMEA and APAC regions.

Revenue and earnings

Revenue

Net sales increased by KSEK 824 or 0%, from KSEK 331,277 for the financial year ended 31 December 2022 to KSEK 332,101 for the financial year ended 31 December 2023. The company has had a stable share of software revenue totalling KSEK

210,448 (211,612). 4C Strategies has a financial target of software revenues amounting to at least 70% of net sales in the medium term. The software share amounted to 63% (64%). Like 2022, the company benefited from continued software sales in a number of important and strategically important customers and markets.

In the International segment, net sales amounted to KSEK 158,140 (86,942) corresponding to an increase of 82%, our investments in the sales organization have expanded our international presence, which has significantly contributed to the growth within the segment. Sales in the Nordics segment amounted to KSEK 106,924 (117,422), a decrease by 9%. Net sales in the North America segment amounted to KSEK 67,037 (126,912), corresponding to an decrease of 47%, which is due to delayed sales processes. Net sales per customer group indicate growth within each vertical. The defence sector are unchanged compared to previous year, 0% (22%), in the public sector we see an decrease by 9% (30%) and in the private sector a increase by 12% (50%).

Other operating income amounted to KSEK 3,082 (3,075) corresponding to an increase of 0.2%. Other operating income consists of exchange rate gains from operating receivables and other items that cannot be defined in any of the other revenue categories, such as Rounding. Total revenue amounted to KSEK 335,183 (334,351) for the financial year 2023, resulting in an increase of 0.2%.

Operating expenses

Other external costs

Other external costs increased by KSEK 4,417, corresponding to an increase of 5%. In total,

the other external costs amounted to KSEK 91,814 (87,397) and were mainly related to costs for expansion and growth in all functions. In 2023, 4C Strategies has also upgraded existing premises, invested in IT and work equipment to meet the increased number of employees.

Personnel costs

As of 31 December 2023, personnel costs amounted to KSEK 244,550 (214,383). Personnel costs increased by KSEK 30,167, or 14%, which is mainly due to investments in our product development with more developers and a broadened sales department globally. Between 2022 and 2023, the company increased the average number of full-time employees (FTEs) from 189 to 204. At the same time, the share of personnel costs in relation to net sales amounted to 74% (65%).

Capitalized work for own account

Capitalized work for own account increased by KSEK 9,787, corresponding to an increase of 37%. Total own work capitalized amounted to KSEK 36,085 (26,298). This item refers to the company's development of its Exonaut software. 4C Strategies continuously invests in its software to be able to broaden and develop its range to reach the target growth of at least 20% in the medium term.

Other operating expenses

Other operating expenses amounted to KSEK 3,274 (836), corresponding to an increase of 292%. Other operating expenses consist of exchange rate losses on operating liabilities and any minor nontangible items.

Operating income before depreciation/amortization, EBITDA

Operating income before depreciation/amortization (EBITDA) amounted to KSEK 31,629 (58,033), which corresponds to a margin of 10% (18%). During the year, the company had delayed costs for the IPO, which is reported as an item affecting comparability. Items affecting comparability amounted to KSEK 589 (15,259). Adjusted EBITDA amounted to KSEK 32,218 (73,292) with a margin of 10% (22%) for the year.

Depreciation of fixed assets

Depreciation of tangible fixed assets increased by KSEK 5,569 (585), corresponding to 39%. In total, depreciation of tangible fixed assets amounted to KSEK 19,995 (14,425) and is mainly attributable to right-of-use assets such as IT equipment and premises which refers to servers, computers and office leases.

Amortization of intangible fixed assets

Amortization of intangible fixed assets increased by KSEK 2,568 (2,717), corresponding to 17%. In total, amortization of intangible fixed assets amounted to KSEK 17,537 (14,969) and is attributable to research and development of our own software.

Operating income, EBIT

Operating income (EBIT) amounted to KSEK -5,902 (28,638), which corresponds to a margin of -2% (9%). During the year, the company had costs for the IPO, which is reported as an item affecting comparability. Items affecting comparability amounted to KSEK 589 (15,259). Adjusted EBIT amounted to KSEK -5,313 (43,898) with a margin of -2% (13%) for the year.

Income after financial net

Financial income and expenses amounted to KSEK 2,619 (3,933), of which financial income of KSEK 16,370 (13,911) and financial expenses of KSEK 18,989 (9,978). Income after financial net amounted to KSEK -8,521 (32,572).

Net income

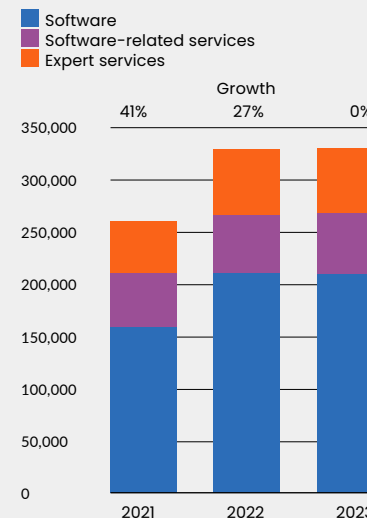
This year's taxes amounted to KSEK 822 (6,281), corresponding to a tax rate of 20.6% (20.6%). Net income amounted to KSEK -9,343 (26,291), corresponding to earnings per share before dilution amounting to SEK -0.27 (0.79) and after dilution of SEK -0.27 (0.74).

Financial position

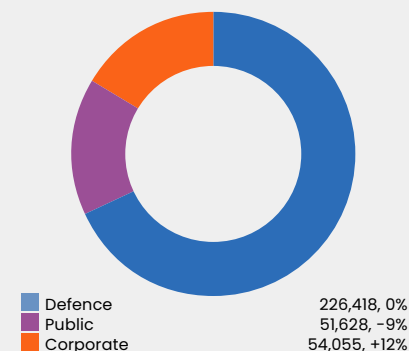
At the end of the year, the equity ratio was 59% (59%). Interest-bearing liabilities amounted to KSEK 61,589 (70,551) at the end of the year, of which KSEK 49,204 (42,634) relates to leasing liabilities. The remaining part of the interest-bearing debt of KSEK 12,386 (27,917) relates to deferral on tax payments as a result of Covid-19, which has previously increased our cash and cash equivalents. The total deferral on tax payments is planned to be repaid during the period 2024-2025. Cash and cash equivalents amounted to KSEK 62,227 (146,805) at the end of the year. Net debt thus amounted to KSEK -637 (-76,255) moving into fiscal year 2024.

Equity amounted to KSEK 226,501 (231,756) corresponding to SEK 6.6 (6.8) per outstanding share and SEK 6.4 (6.4) per outstanding share after dilution at the end of the year.

Net sales, KSEK



Net sales per customer group, KSEK, and growth rate for 2023, %



Cash flow

Cash flow from operating activities for the year amounted to KSEK -17,746 (24,623). During the year, cash flow has been affected by decrease in operating income. Furthermore, the change in working capital has been negatively impacted by major software sales which have been recognized in the balance sheet as contract assets.

Cash flow from investing activities for the year amounted to KSEK -37,445 (-28,538). The change in cash flow relates to the development of Exonaut and is in line with expected growth compared to the previous year.

Cash flow from financing activities for the year amounted to KSEK -29,084 (78,920). During the year, cash flow has mostly been affected by amortization of leasing liabilities and payment of deferrals on tax payments. In 2022, the cash new issue of KSEK 94,310 was the most significant increase, affecting comparability in current year cash flow.

Employees

In 2023, the Group has had 204 (189) full-time employees on average (FTEs), of which 63 (52) women. The number of employees is presented as an average of full-time employees over the past 12 months taking into account normal working hours over a year.

4C Group's offering is based on our combined expertise in exercise, crisis management and expertise in resilience and readiness. It is therefore of the utmost importance that everyone complies with and acts in accordance with our values, to ensure that we continuously attract but also retain critical expertise within the company.

To ensure this, we follow up our business by measuring both staff turnover and employee's commitment, where we during the year 2023 had a staff turnover above our target of 15%. Employee's commitment is measured in an annual employee survey, and we are above our target, both for the Group and for all operating units. We are very proud of this as it indicates that we have an organization with a strong culture and a high commitment to 4C. We work continuously to analyze areas for improvement and act, if necessary, to continue to be an attractive employer in a difficult labour market with skills shortages. We see that our actions have yielded results during the year.

The breakdown of the number of employees between the Group's companies is set out in Note G5.

Investments

4C Strategies is a growth company and continuously invests in our business. This year's investments are mainly linked to software development of our Exonaut software, Exonaut Next Generation, strengthening of our sales department and marketing capacity, and geographical expansion in the form of new and expanded offices.

Risk and risk management

4C is exposed to a number of risks that may affect the Group's result and financial position. 4C continuously evaluates, identifies and manages the company's risks. The risks that are deemed to be most significant are presented below:

Risks related to the operations

Risks related to 4C Strategies' IT-infrastructure och security systems

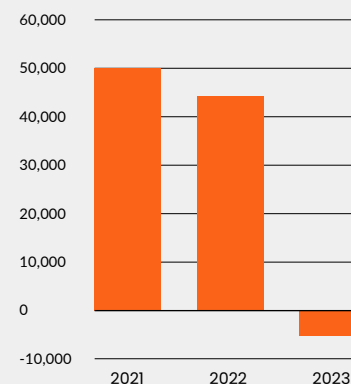
Among other factors, given the purposes for which Exonaut is used, and by whom, the company and its customers are subjects to risks related to the resilience and security of its IT infrastructure and related security systems. The approaches and techniques used to gain unauthorised access to data and software (for example techniques such as "scraping") are constantly evolving and the company may fail to ensure the software's success in anticipation or prevention of unauthorised access to data related to, among other factors, trade secrets or customers and employees. Attacks on 4C Strategies' and its customers' IT infrastructure and security systems may cause system failures, disruptions, loss of data, delays in the delivery of services, and/or service disruptions, which may result in the loss of critical data or unauthorised access to personal data (related to both the company and its customers) and may result in claims for damages against the company.

Risks related to confidential information

4C Strategies' activities involve the handling of sensitive and confidential information. In addition to the technical measures taken by 4C Strategies to protect access to information, the company also relies on confidentiality agreements to protect internal and external know-how, confidential information and trade secrets of the company and its customers. Nevertheless, unauthorised, intentional or unintentional disclosure or use of the company's and its customers' information may occur.

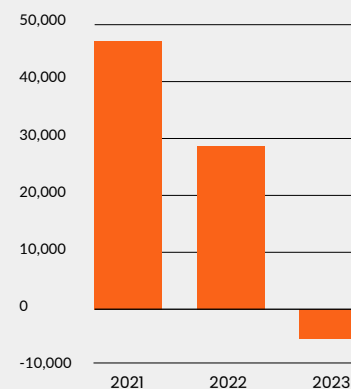
Adjusted EBIT

Adjusted EBIT



EBIT

EBIT



Risks related to internal control

As there is a risk that the company may be exposed to attempts at various types of intrusions, espionage, fraud, hacking, fraudulent invoices and other improper actions, it is important that the Company's employees can identify and know how to manage these types of risks and events. There is a risk that the company's governing documents have not considered each relevant risk or that the company's employees do not act in the particular situation as stipulated in the company's governing documents, which could result in harm to the company and the company's customers if, for example, it leads to the unauthorised disclosure of sensitive information.

Risks related to sales to publicly funded entities

During the financial year 2023, 84% of 4C Strategies' revenues were attributable to the defence and public sectors. There is a risk that the purchasing power of 4C Strategies' publicly funded customers could decline as a result of government or public austerity programs and other policy decisions. This could include, for example, political decisions to reduce defence budgets in countries where 4C Strategies customers are defence forces, which could lead to a reduction in military exercises and thus a reduced need for the company's service offering. There is also a risk that 4C Strategies' public sector customers may decide to reduce current or future investments in, for example, total defence or in other areas in which 4C Strategies provides services.

Monitor global changes to adapt 4C's offering

As 4C Strategies helps its customers solve complex needs in mission-critical environments, the company needs to constantly monitor changes in the world around it, including political, security, global and local conflicts, wars or other civil disruptions. If the company fails to keep abreast of changes in the world or misjudges the impact of those changes, there is a risk that the company will not be able to deliver the expert services or service offering requested or will not adapt its Exonaut® platform or service offering to new world events and customer requirements in a timely manner.

Evaluate and adapt 4C's offerings to technological advancements

As society in general digitises, new risks, and thus new needs, arise for virtually all industries, including with respect to product and service offerings similar to the company's. 4C Strategies believes that continued technological development will require the company to be able to continually deliver valuable updates to Exonaut. It is therefore necessary for 4C Strategies to continue to evaluate its product and service offerings and adapt them to customer preferences, environmental considerations and technological developments generally. This may prove difficult if the technology desired by the customer is not available to the company on reasonable terms or at all within the company's platform, or if the company is unable to develop its product and service offering on its own to match the needs/requirements of the customers at the time.

Financial risks**Risks related to future capital requirements**

The company has grown strongly in terms of increased net sales in recent years and the company intends to maintain its focus on growth in existing markets and to expand into new ones. The company believes that future growth will require access to working capital and investment primarily in global expansion and new technology. The Board of Directors of the company has adopted financial targets which include that 4C Strategies aims to exceed an average annual organic net sales growth rate of 20 per cent in the medium term.

Although the company has historically been able to finance its operations with primarily internally generated funds, in the future the company may need to seek additional funding to intensify development projects and marketing efforts. The availability of capital in the capital and credit markets depends, among other factors, on the general state of the financial markets, the company's creditworthiness and its ability to increase its indebtedness. Therefore, depending on the circumstances in which additional capital is sought, the company may be required to accept financing on less favourable terms. In addition, market disruptions or uncertainties in the external environment may limit the availability of the capital required to operate the business. There is a risk that the company may not be able to access additional capital when needed or that available capital may only be obtainable on unfavourable terms. If these risks materialise, this could have an adverse impact on the company's business,

results of operations, financial condition and prospects.

Risks related to exchange rate fluctuations

The Group operates in several countries with a local currency cost base and is therefore exposed to currency risk. Currency risk refers to the risk that currency fluctuations will have a negative impact on the Group's cash flow, income statement or balance sheet and will affect the Group's results if sales and procurements are made in different currencies. Currency risk to the Group arises primarily from the Group's sales and, to a more limited extent, purchases, in foreign currencies, known as transaction exposure. In addition, the Group is exposed to risks related to the translation of the assets and liabilities of foreign operations into the functional currency of the parent company, known as translation exposure.

For 4C Strategies' transactions, exposures arise mainly in GBP, USD and EUR as primarily sales bases and some other cost bases are denominated in those currencies. Of all incoming cash flows in 2023, GBP and USD accounted for the vast majority. For this reason, there is a risk that unfavourable changes in foreign exchange rates could impact the Group's revenues, which could adversely affect 4C Strategies' margins and operating income. The company does not hedge estimated cash flows denominated in foreign currencies, which could increase the risk that any major currency fluctuations could adversely affect the operating income (EBIT).

Tax related risks

4C Strategies operates in several countries and the tax strategies applied by the Group

are based on interpretations of current tax legislation in the various countries where the company operates, including with respect to corporate income tax, VAT, classification of various intra-group and other transactions, employer's contributions and similar taxes and duties. If the Group's interpretation or application of tax laws, tax treaties or other tax regulations proves to be incorrect, or if applicable tax laws, tax treaties, regulations or interpretations by authorities, or practices in relation thereto change, including with retroactive effect, the Group's past and current tax position may be subject to reassessment by tax authorities. There is a risk that a reallocation of income will be required, meaning that as taxable income increases in one country of operation, a corresponding decrease will occur in the other country of operation. The overall tax burden may increase if it is allocated to a country with a higher tax rate. A reallocation may therefore affect the Group's global effective tax rate and impact the Group's financial position and results of operations. Furthermore, if a tax authority were to consider that the Group has made incorrect allocations of profits between countries, resulting in incorrect tax losses, or if intra-group transactions have not taken place at arm's length, this could lead to litigation or arbitration proceedings. If a tax authority were to prevail in such reassessments or disputes, an increased tax cost could be incurred, including fees, interest costs and tax penalties.

Furthermore, changes in tax rules may adversely affect the Group in terms of one-off effects on the revaluation of tax assets and liabilities, as well as have a negative impact on the Group's ongoing business operations.

If any of these risks were to materialize, this could result in an increased tax expense for the Group, which could have a material adverse effect on the Group's financial position and results.

Guidelines for remuneration to senior executives

General

The Board of Directors approved on the 2023 Annual General Meeting the following guidelines for remuneration to senior executives. The guidelines shall apply to remuneration that may be agreed upon or to changes in already agreed remunerations after the guidelines have been adopted by the annual general meeting. The guidelines do not apply to any remunerations that has specifically been approved by the general meeting or any remuneration in the form of shares, warrants, convertibles or other share-related instruments such as synthetic options or employ stock options, which require specific approval by the general meeting. These guidelines apply to the CEO and other senior executives in the group as well as to any remuneration to members of the board other than approved director fees. Regarding employment conditions that are governed by rules other than Swedish, appropriate adjustments may be made in order to comply with such mandatory rules or established local practice, whereby the general objectives of these guidelines shall, to the extent possible, be met.

The guidelines' promotion of the company's business strategy, long-term interest and sustainability

The guidelines shall contribute to establish conditions for the company to recruit and maintain qualified senior executives in order to successfully implement the company's business strategy and achieve the company's long-term interests, including sustainability. The guidelines shall also stimulate an increased interest in the business and the result as a whole as well as increase the motivation of the senior executives and increase the belonging within the company. The guidelines' purpose is further to create alignment between the company's shareholders and the senior executives. The guidelines shall also contribute to a good ethics and culture within the Company.

In order to achieve the company's business strategy, total annual remuneration must be market-based and competitive in the employment market where the senior executive is located, as well as take into account the individual's qualifications and experience; furthermore, exceptional performance should be reflected in the total remuneration. Variable cash remuneration covered by these guidelines is intended to promote the Company's business strategy and long-term interests, including sustainability.

The forms of remuneration

Fixed remuneration

The remuneration to the senior executives in the company shall comprise of fixed cash salary, possible variable cash salary, other customary benefits and pension payments in accordance with the company's policy, as applicable. The total cash remuneration, including pension

benefits, shall, on a yearly basis, be in line with market practice and competitive on the labor market where the senior executive is based and take into account the individual responsibilities, competences, qualifications and experiences of the senior executive as well as reflecting any notable achievements. Fixed and variable cash salary shall be related to the senior executives' responsibility and authority. The fixed cash salary shall be revised on a yearly basis.

Variable remuneration

The senior executives may receive variable cash remuneration in addition to fixed cash salaries. The variable remuneration shall be based on the outcome of actual predetermined targets based on the company's business strategy and the long-term business plan approved by the board of directors. The targets may include share based or financial targets, on group level, operational goals and goals for sustainability and social responsibility, employee engagement or customer satisfaction. These targets are to be established and documented annually. The variable cash remuneration shall also be designed with the aim of achieving alignment between the participating senior executive and the company's shareholders in order to contribute to the company's long-term interest.

The conditions of any variable cash remuneration should be designed so that the board of directors may reduce or withhold payment of variable remuneration in the event of exceptional economic circumstances, or if the board of directors finds the payments unreasonable and incompatible with the company's responsibility to its shareholders.

With respect to potential yearly bonuses, it shall be possible to reduce or withhold payments, if the board of directors deems it reasonable because of any other reasons. The company has no right according to agreements to reclaim variable remuneration paid in cash.

Pension and other benefits

The company may provide other benefits to senior executives in accordance with the company's policies. Such other benefits may include company healthcare and education. Pension premiums shall amount to a maximum of 25 percent of the pensionable salary. Pension benefits shall be premium-defined. Normally, entitlement to pension is at the age of 65. Variable cash remuneration do not qualify for any pension entitlements/contributions. If the company is bound by a collective bargaining agreement, deviations from what is stated herein may occur to meet requirements in any such applicable collective bargaining agreement. For executives who are stationed in a country other than their home country, additional remuneration and other benefits may be paid to a reasonable extent, taking into account the particular circumstances associated with such expatriation, whereby the overall purpose of these guidelines is to be met as far as possible.

Other relevant information

If a director performs services on behalf of the company, which do not constitute board work additional consultancy fees or other additional remuneration may be paid to directors upon decision by the board of directors following recommendation by the remuneration committee. Any such remuneration shall be designed in accordance with these guidelines.

When the measurable period for fulfilment of the criteria for payment of variable cash compensation has ended, the extent to which the criteria have been met shall be determined. The board of directors, after following recommendation by the remuneration committee, is responsible for the assessment of variable cash remuneration to the CEO and the CEO is responsible for the assessment of variable cash remuneration to other executives. With respect to financial targets the evaluation shall be based on the company's latest publicly available financial information.

Notice of termination and severance pay

Fixed salary during the notice period and any severance pay shall in total not exceed an amount corresponding to a maximum of one years' fixed salary. The maximum notice period in any senior executive's contract may be no more than twelve months during which time salary payment will continue.

Deviations from the guidelines

The Board of Directors shall be entitled to deviate from the guidelines with regards to the recruitment of senior executives on the global labor market to be able to offer competitive terms and conditions, in an individual case if there are special reasons for it and a deviation is necessary to ensure the company's long term interests and sustainability or to ensure the company's economic viability. Such deviation shall also be approved by the remuneration committee. An arrangement deviating from the guidelines can be renewed but each such arrangement shall be limited in time and shall not exceed a period of 12 months or an amount that is twice the remuneration that the individual would have received had no additional arrangement been made.

Preparation and decision processes

Decisions regarding salary and other remuneration to the CEO and other senior executives are prepared by the remuneration committee and resolved by the Board of Directors and, where applicable, the CEO.

The remuneration committee shall also prepare the board of directors' decisions on issues concerning principles for remuneration. The remuneration committee shall also monitor and evaluate programs for variable remuneration, both ongoing and those that have ended during the year, for the senior executives and monitor and evaluate the application of these guidelines for remuneration to senior executives, as well as current remuneration structures and levels in the company.

The company believes remuneration is one of several key components in attracting and retaining the right employees. The company shall offer a total rewards package that is:

- **Fair and equitable:** No employee should be discriminated against on the basis of gender, ethnicity, age, disability or any other factor unrelated to performance or experience. Remuneration shall be paid in relation to the level of responsibility and impact on the business that a certain role has.
- **In line with market:** The company strives for market-based remuneration and benefits. Base and variable pay, as well as benefits and pensions should be in line with what each local market offers for similar positions.
- **Performance based:** The company recognizes people who are committed

to sustainable longterm performance that drives the business and develops the company in line with our values and principles. High performance is the main differentiator for employee's rewards packages.

In preparing the Board of Directors' proposal for these guidelines, salary and terms of employment for the company's employees have been taken into account, with respect to information on the employees' total remuneration, the components of the remuneration and the rate of increase and increase over time, when the remuneration committees and the boards of directors have decided on the evaluation of the reasonableness of these guidelines and the limitations that follows from the guidelines.

4C's share

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

The warrant program 2017/2023 had its subscription period during December 2023. Of the total of 700,000 options in the program the number of newly issued shares was 280,000 (2,857,052) during the period. In Q1 2024 388,000 options will be converted into newly issued shares, the remaining 32,000 warrants have been chosen not to be subscribed for by the warrant holders. The total number of shares at the end of the period was 34,199,142 (33,919,142).

The warrant program 2019/2024 had its subscription period during March 2024. Of a total of 560,000 options in the program, the number of newly issued shares was 545,000.

An additional incentive programme was issued during the year. On 1 June 2023, the General Meeting approved the issue of 222,600 warrants that was transferred to senior management and employees. These can be used for subscription of shares during the period 15 June 2026 to 30 June 2026. For more information, see note G5.

Financial targets and dividend policy

Financial goals

4C Strategies' overall financial targets have been defined in the following areas: Growth, Software Revenue and Profitability:

- 4C Strategies aims to exceed an average annual FX-adjusted organic net sales growth of 20 per cent in the medium term.
- 4C Strategies aims to reach software revenue in relation to net sales exceeding 70 per cent in the medium term.
- 4C Strategies aims to reach an adjusted EBIT margin exceeding 20% in the medium term. 4C Strategies' financial targets should not be seen as a forecast, but rather as the ambition for the Group decided by the Board and executive management.

Dividend policy

The Board has 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.

Corporate governance report

The corporate governance report is submitted on page 70–83 with a separate auditor statement.

Parent Company

The Parent Company's activities are primarily focused on product development and groupwide functions such as legal support, financial management and marketing activities. At the end of the year, the Parent Company had 70 (70) in average number of employees (FTEs).

- Net sales amounted to KSEK 187,246 (201,846)
- Operating income amounted to KSEK -29,870 (7,397)
- Income after financial net amounted to KSEK -28,793 (13,420)
- The Parent Company's cash and cash equivalents as of 31 December 2023 amounted to KSEK 34,543 (119,861)

The Parent Company's financial information can be found on page 56–65 of the annual report.

Outlook

The Group's revenues cover the costs and with this year's capital increase there is liquidity to invest in future growth. With investments in product development and sales organisation, the company's management sees great opportunities to support future growth and maintain profitability as well as sufficient liquidity.

Risks and uncertainties

The wars in Ukraine and the Middle East continue to play out with no immediate end in sight. Inflation and interest rates have stabilised, and the macroeconomic environment is becoming less volatile. 4C Strategies has established internal measures that will be evaluated and revised to ensure that we act and can act proactively to deal with challenging situations. The Board of Directors

and the CEO believe that 4C Strategies is equipped to achieve continued strong growth with competitive software and services as well as an efficient organization to maintain profitable growth.

Proposed allocation of profits

The following unrestricted equity of the Parent Company is at the disposal of the Annual General Meeting (KSEK):

	KSEK
Additional paid in capital	155,149
Profit/loss brought forward	25,630
Net income for the year	-16,012
Total	164,767

The Board of Directors proposes to the Annual General Meeting that no dividend be paid, that the following (KSEK) be carried forward:

	KSEK
To be carried forward	164,767
Total	164,767

Overview fiscal years

	2023 Q1-Q4	2022 Q1-Q4	2021 Q1-Q4	2020 Q1-Q4	2019 Q1-Q4
Net sales (MSEK)	332.1	331.3	261.2	185.3	178.6
EBIT (MSEK)	-5.9	28.6	47.1	13.1	9.0
EBIT margin (%)	0.0%	9%	18%	7%	5%
Adjusted EBIT (MSEK)	-5.3	43.9	49.6	13.1	13.1
Adjusted EBIT margin (%)	0.0%	13%	19%	7%	7%
Income after financial items (MSEK)	-8.5	32.6	49.7	9.7	9.7
Total assets (MSEK)	386.4	391.6	243.9	158.1	158.1
Equity ratio (%)	0.6%	59%	44%	42%	38%
Average FTE	204	189	154	130	124
Earnings per share before dilution (SEK)	-0.27	0.79	1.26	0.24	0.26
Earnings per share after dilution (SEK)	-0.27	0.74	1.17	0.23	0.25

Consolidated statement of profit and loss

KSEK	Note	2023	2022
Net sales	2,3	332,101	331,277
Other revenue	2,8	3,082	3,075
Total revenue		335,183	334,351
Operating expenses			
Other external costs	4	-91,814	-87,397
Personnel costs	4	-244,550	-214,383
Capitalized work for own account	10	36,085	26,298
Other operating expenses	8	-3,274	-836
Total operating expenses		-303,553	-276,319
Operating income before depreciation and amortization		31,629	58,033
Depreciation	11,12	-19,995	-14,425
Amortization	10	-17,537	-14,969
Operating income		-5,902	28,638
Financial items			
Financial income	6	16,370	13,911
Financial expenses	7	-18,989	-9,978
Income after financial items		-8,521	32,572
Taxes	9	-822	-6,281
Net income for the year		-9,343	26,291
Income attributable to:			
Parent company's shareholders		-9,343	26,291
Other information			
Earnings per share before dilution (SEK)	18	-0.27	0.79
Earnings per share after dilution (SEK)	18	-0.27	0.74

Consolidated statement of other comprehensive income

KSEK	Note	2023	2022
Net income for the year		-9,343	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		-28	1,643
Other comprehensive income for the year, net of tax		-28	1,643
Total comprehensive income for the year		-9,371	27,933
Income attributable to:			
Parent company's shareholders		-9,371	27,933

Consolidated statement of financial position

KSEK	Note	2023-12-31	2022-12-31
ASSETS			
Intangible assets	10	73,639	55,091
Tangible assets	11	4,014	4,306
Right-to-use assets	12	50,328	46,436
Financial fixed assets		1,362	1,023
Contract assets	3	38,781	25,125
Deferred tax asset	9	4,093	298
Total non-current assets		172,217	132,279
Accounts receivables	13,19	38,675	35,258
Tax receivables		8,379	6,313
Contract assets	3	93,211	61,061
Other current receivables		11,731	9,931
Cash and cash equivalents	15,19	62,227	146,805
Total current assets		214,222	259,369
Total assets		386,440	391,648

KSEK	Note	2023-12-31	2022-12-31
EQUITY AND LIABILITIES			
Equity	17		
Share capital		598	594
Other contributed capital		155,149	151,038
Reserves		2,816	2,844
Retained earnings including net income for the period		67,937	77,280
Equity attributable to the parent company's shareholders		226,501	231,756
Total equity		226,501	231,756
Interest-bearing non-current liabilities		1,985	5,955
Non-current lease liabilities	12,13	29,801	30,704
Deferred tax liability	9	15,170	13,281
Other non-current liabilities	13,19	497	1,176
Total non-current liabilities		47,453	51,115
Interest-bearing current liabilities	13,19	10,401	21,962
Current lease liabilities	12,13	19,402	11,930
Accounts payables	13,19	10,815	9,092
Tax liabilities		694	2,689
Contract liabilities	3	28,291	19,591
Other current liabilities	13,19	42,882	43,512
Total current liabilities		112,486	108,776
Total equity and liabilities		386,440	391,648

Changes in consolidated equity

KSEK	Note	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	5,17					
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		-	-	-	-9,343	-9,343
Other comprehensive income		-	-	-28	-	-28
Total other comprehensive income		0	0	-28	-9,343	-9,371
Transaction with owners	5,17					
New share issues		5	3,372	-	-	3,377
Payment warrants		-	777	-	-	777
Repurchased warrants		-	-38	-	-	-38
Total transaction with owners		5	4,111	0	0	4,116
Closing balance 31 December 2023		598	155,149	2,816	67,937	226,501

Consolidated cash flow statement

KSEK	Note	2023	2022
Cash flow from operating activities			
Operating income		-5,902	28,638
Adjustment for non-cash items	21	36,676	28,445
Interest received		361	63
Interest paid		-1,578	-425
Financial items		-1,402	5,245
Income tax paid	9	-6,702	-5,610
Cash flow from operating activities, before changes in working capital		21,453	56,356
Change in working capital		-39,199	-31,733
Cash flow from operating activities		-17,746	24,623
Cash flow from investing activities			
Acquisition of intangible assets	10	-36,085	-26,298
Acquisition of tangible assets	11	-990	-2,324
Acquisition of financial assets		-370	-
Repayment of deposits		-	84
Cash flow from investing activities		-37,445	-28,538

KSEK	Note	2023	2022
Cash flow from financing activities			
New share issues		3,377	94,310
Warrant premiums		739	1,920
Repayment of interest bearing debts		-15,531	-2,338
Cash payments for principal portion of the lease liability	12,19	-17,669	-15,367
Other		-	395
Cash flow from financing activities		-29,084	78,920
Cash flow for the period		-84,275	75,005
Change in cash and cash equivalents	15		
Cash and cash equivalents at the beginning of the year		146,805	66,026
Exchange rate differences in cash and cash equivalents		-303	5,775
Cash and cash equivalents at the end of the year		62,227	146,805

Group notes

Note 1 Significant accounting principles

Corporate information

4C Group AB's (reg.no. 556706-0412) and its subsidiaries' main business is to provide solutions for creating, verifying and maintaining readiness. The Group's customised solutions combine expertise and innovation to enable customers to manage both expected and unexpected events. The parent company is headquartered in Stockholm, Sweden. The address of the head office is Vattugatan 17, 111 52 Stockholm.

The Annual Report and Consolidated Financial Statements have been approved for publication by the Board of Directors on 16 April and presented to the Annual General Meeting on 15 May 2024.

Basis of consolidated accounts

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as adopted by the European Union (EU). In addition, the Group applies the Annual Accounts Act (1995:1554) and RFR 1 "Supplementary Accounting Rules for Groups" issued by the Financial Reporting Council.

The consolidated accounts have been prepared on a going concern basis. Assets and liabilities are measured at cost, except for certain financial instruments which are measured at fair value. The consolidated financial statements have been prepared in accordance with the purchase method of accounting.

The parent company applies the Annual Accounts Act (1995:1554) and RFR 2 Accounting for Legal Entities. The deviations that occur are due to restrictions in the possibilities to apply IFRS in the Parent Company as a result of the Annual Accounts Act and the applicable tax rules.

Changes in accounting principles 2023 and beyond

A number of new and amended accounting standards and interpretations have been published and will be valid from 2023 or later. The standards below are expected to have an effect on 4C's financial statements.

2023

IAS 1 Disclosures of Accounting Policy

Instead of disclosing significant accounting policies, as of the 2023 annual report, companies are required to disclose significant accounting policies. The amendment involves removing redundant text, revising and clarifying existing areas.

2024

No material changes in accounting standards in 2024 will occur that affect 4C or its preparation of financial statements.

Consolidation Subsidiaries

Subsidiaries are all companies over which the Group has a controlling influence. 4C Group AB controls a company when it is exposed to or has the right to a variable return from its holding in the company and has the ability to influence the return through its influence in the company. Subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Group, and are excluded from the consolidated accounts from the date on which control ceases. Subsidiaries are accounted for using the acquisition method.

Related party transactions

A list of the Group's subsidiaries, which are also the parent company's related parties, is given in Note G16 Consolidated companies.

For information on remuneration of senior executives, see Note G5 Employees and personnel expenses.

The Group has no related party transactions to disclose as defined in IAS 24 other than those disclosed in Note G5. Transactions between companies within the Group are made at arm's length.

Currencies

Functional currency and presentation currency

The functional currency of the parent company is Swedish kronor, which is the reporting currency for the parent company and the Group. All amounts are stated in thousands of SEK unless otherwise stated.

Transactions, assets and liabilities in foreign currency

Transactions in foreign currency are translated into the functional currency at the exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate on the balance sheet date.

Non-monetary items measured at historical cost in a foreign currency are not translated. Exchange differences arising on translation are recognised in the income statement. Exchange gains and losses on operating assets and liabilities are included in the operating result as part of operating income and operating expense, while exchange gains and losses on financial assets and liabilities are recognised as financial items.

Restatement of foreign subsidiaries

Assets and liabilities of foreign operations are translated from the functional currency of the foreign operation into the Group's reporting currency at the exchange rate prevailing at the balance sheet date. Revenues and expenses of a foreign operation are translated into Swedish kronor at an average rate approximating the exchange rates prevailing at the dates of the transactions.

Translation differences arising on the translation of foreign operations are recognised in other comprehensive income and accumulated in the translation reserve in equity. When control of a foreign operation ceases, the related translation differences are reclassified from the translation reserve in equity to profit or loss.

Revenue from contracts with customers

Revenue is recognised when a performance obligation is fulfilled, which is when control of a promised good or service is transferred to the customer. The Group's revenue is mainly divided into the following revenue streams; Software (software products), Software related services (software consulting services) and Expert services. Software is divided into the sale of time-limited and perpetual licenses which are either hosted/ operated by the customer or by 4C Strategies. The licences are also sold with associated support services (SSA) and software development projects. Software related services consist of implementation and configuration of sold software and management/maintenance of the customer's software (managed services). Expert services are mainly divided into risk consulting, business continuity management and crisis management.

The Group's agreements with customers include the following performance commitments:

- Sale of licenses (time-limited or perpetual) hosted/operated by customer
- Sale of licenses (time-limited or perpetual) hosted/operated by 4C Strategies
- Software Support Agreement (SSA), including hosting in case the license is hosted by 4C Strategies
- Software development
- Software-related consultancy and expert services.

1. Sale of licenses (time-limited or perpetual) hosted/operated by customer

The sale of license rights is distinct from the other promises in the contract and entitles the customer to a license key on the day the contract is signed. Revenue is recognised upon completion of the contractual delivery and when the customer has obtained control of the purchased licence(s) and no material obligations remain after the delivery date. This means that the licence revenue is recognised on the date the licence key is transferred to the customer at the contractually agreed fixed price. Revenue recognized as software in the segment reporting.

2. Sale of licenses (time-limited or perpetual) hosted/operated by 4C Strategies

The software is not installed on the customer's own servers but on servers that 4C Strategies operates from. This service includes license, support and maintenance as well as operation. The customer receives the license key at the time of signing the contract. The customer has the right to transfer the licence to its own, or third-party's, IT-environment during the contract period. The licence is distinct from the other performance obligations in the agreement and revenue is recognised upon completion of delivery under the agreement and when the customer has obtained control of the purchased licences and no material obligations remain after the delivery date. This means that the licence revenue is recognised on the date the licence key is transferred to the customer at the

contractually agreed fixed price. Revenue recognized as software in the segment reporting.

3. Software support Agreement (SSA)

The Group sells support contracts for the software. Support agreements typically include maintenance and support as well as specified and/or unspecified upgrades. Support contracts are normally signed initially at the time of the sale of licenses and are then extended based on the agreed duration of the support contract. However, the license works regardless of whether the SSA is signed or not. SSA agreements are distinct from the license whether the license is hosted by the customer or by 4C Strategies.

Revenue from support contracts is recognised using an input method based on time spent and/or cost as well as upgrades. Input is verified through individual assessments for the majority of support agreements. Specified upgrades normally take place at contract renewal and are deemed to be distinct. The allocated revenue is recognized when the upgrade is carried out. Where the Group's commitments consist of an indefinite number of activities over the contract period, revenue is recognised on a straight-line basis over the duration of the contract. Where the licence is hosted by the 4C Group, the hosting service and the SSA service are integrated with each other and constitute a performance commitment. Invoicing is normally done annually in advance. Revenue recognized as software in the segment reporting.

4. Software development

Customers sometimes order customisation linked to software. If such an order is placed, it is treated as a separate service commitment.

These services are provided on a recurring basis or as fixed price contracts. Both revenue from current account and fixed price contracts is recognised over time as the service is performed (time input method) at the agreed prices. Revenue recognized as software in the segment reporting.

5. Software-related consultancy and expert services

In addition to the above, the Group sells software-related consulting services consisting of implementation and configuration (implementation projects) and management/maintenance of the customer's software (managed services). Revenue recognized as software-related services in the segment reporting.

The Group also provides risk management, business continuity management, training, incident and crisis management, and audit and review services with exercises and training to ensure that customers have the right capabilities and readiness. Revenue recognized as expert services in the segment reporting.

These services are provided on a recurring basis or as fixed price contracts. Both revenue from current account and fixed price contracts is recognised over time as the service is performed (time input method)

at the agreed prices. If any circumstances arise that could change the original estimate of revenue, costs or stage of completion, the estimates are revised. These revisions may result in increases or decreases in estimated revenue or costs and affect revenue in the period in which the circumstances giving rise to the change came to the attention management.

Employee benefits

Short-term benefits

Short-term employee benefits such as salaries, social security contributions and holiday pay are expensed in the period in which the employees render the services.

Retirement benefits (pensions)

The Group's pension commitments are exclusively defined contribution pensions.

Share-related compensation – Share warrant program

The Group has share-based incentive plans consisting of warrants that have been offered to certain employees and officers of the Group.

See Note G5 Employees and personnel expenses for more information on the Group's various warrant programs

Income tax

Income taxes consist of current tax and deferred tax. Income taxes are recognised in profit or loss except where the underlying transaction is recognised in other comprehensive income or in equity, in which case the related tax effect is recognised in other comprehensive income or in equity.

Deferred tax is recognised in full, using the balance sheet method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts.

Intangible assets

Internally generated intangible assets

4C's intangible assets consist mainly of internally generated intangible assets relating to development costs for the Exonaut® platform.

Expenditure incurred during the development phase is capitalised as an intangible asset when, in the opinion of management, it is probable that future economic benefits associated with the expenditure will flow to the Group, the criteria for capitalisation are met, the expenditure can be measured reliably, and it is technically feasible to complete the asset so that it can be used in operations. The Group defines each version of the Exonaut platform as a separate product, i.e. each version of Exonaut is capitalised separately.

Internally generated intangible assets are recognised during the development phase at cost less any write-down. Expenditure capitalised includes direct salary and other directly attributable expenditure. All other costs that do not qualify for capitalisation are expensed as incurred. Internally generated assets under development are tested for impairment at least annually.

When the internally generated intangible assets are ready for use, the Group assesses the useful life of the asset. Subsequent recognition is at cost less accumulated amortisation and any impairment losses.

Tangible assets

Tangible assets are stated in the Group at cost less accumulated depreciation and any impairment losses.

The carrying amount of an asset is derecognised on disposal or when no future economic benefits are expected from its use. Gains or losses arising on the disposal of an asset is the difference between the selling price and the carrying amount of the asset less any direct costs to sell. Gains and losses are recognised as other operating income/expense.

Leases

4C Strategies is a lessee only.

Lease liabilities

At the inception of a lease, the Group recognises a lease liability equal to the present value of the lease payments to be made during the lease term.

For the calculation of the present value of the lease payments, the Group uses the implicit interest rate of the lease if it can be easily determined and in other cases the marginal borrowing rate at the inception date of the lease is used. After the commencement date of a lease, the lease liability increases to reflect the interest on the lease liability and decreases by the lease payments made. In addition, the value of the lease liability is remeasured as a result of modifications, changes in the lease term, changes in lease payments or changes in an assessment to purchase the underlying asset.

Right-of-use assets

The cost of right-of-use assets includes the initial value recognised for the related lease liability, initial direct expenses, and any upfront payments made on or before the lease commencement date, net of any incentives received. The Group recognises right-of-use assets in the statement of financial position at the commencement date of the lease (i.e. the date on which the underlying asset becomes available for use). Right-of-use assets are measured at costless accumulated depreciation and any impairment losses, and adjusted for any revaluation of the lease liability, excluding foreign currency translation.

Provided that the Group is not reasonably certain that title to the underlying asset will pass at the end of the lease term, the right-of-use asset is depreciated on a straight-line basis over the shorter of the lease term and its useful life.

Application of practical exemptions

The Group applies the practical exceptions for short-term leases and leases where the underlying asset is of low value. Leases where the underlying asset is of low value include, for example, office furniture in the Group. Lease payments for short-term leases and leases where the underlying asset is of low value are expensed on a straight-line basis over the lease term. The Group also applies the exception of not separating non-lease components from lease components in lease agreements. Accordingly, lease components and related non-lease components are accounted for as a single lease component.

Impairment of non-financial assets

be impaired, i.e. whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. This also applies to right-of-use assets related to leases and internally generated intangible assets. The Group has no assets with indefinite useful lives which are tested for impairment at least annually.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Impairment losses are reversed only if there has been a change in the assumptions underlying the last calculation of the asset's recoverable amount. The amount reversed is not greater than the carrying amount that would have been determined had no impairment loss been recognised in prior periods. An impairment loss and any reversal of an impairment loss are recognised in the income statement.

Financial instruments

Financial instruments recognised in the Group's statement of financial position include, on the asset side, accounts receivables and cash and cash equivalents. Liabilities include amounts due to and trade payables. The presentation depends on the classification of the financial instruments.

Classification and valuation of financial liabilities

Financial liabilities, are classified at amortised cost. Financial liabilities carried at amortised cost are initially measured at fair value including transaction costs. After initial

recognition, they are measured at amortised cost using the effective interest method.

Fair value is determined as described in Note G13 Financial instruments.

Impairment of financial assets

Financial assets, other than those classified at fair value through profit or loss or equity instruments measured at fair value through other comprehensive income, are subject to impairment for expected credit losses. Impairment for credit losses is forward-looking and a loss allowance is recognised when there is an exposure to credit risk, usually at the initial recognition of an asset or receivable. Expected credit losses reflect the present value of any shortfall in cash flows attributable to defaults either over the next 12 months or over the expected remaining life of the financial instrument, depending on the type of asset and on credit deterioration since initial recognition. The simplified approach is applied to accounts receivables and contract assets. A loss reserve is recognised, under the simplified approach, for the expected remaining life of the receivable or asset.

The valuation of expected credit losses is based on different methods, see the Group's Note G13 Financial instruments. For credit-impaired assets and receivables, an individual assessment is made taking into account historical, current and prospective information. The valuation of expected credit losses takes into account any collateral and other credit enhancements in the form of guarantees.

Financial assets are recorded in the balance sheet at amortised cost, i.e. net of gross value and loss reserve. Changes in the loss reserve are recognised in the income statement as other operating expenses.

Cash flow

The cash flow statement is prepared using the indirect approach.

Key estimates and judgements

The preparation of the financial statements requires management and the board of directors to make certain judgements and assumptions that impacts the carrying amounts of assets and liabilities and income and expense items, respectively, and other disclosures. These judgements are based on experience and assumptions that management and the board of directors believe are reasonable under the circumstances. The actual outcome may then differ from these judgements if other conditions arise. The estimates and assumptions are evaluated on an ongoing basis and are not considered to present a significant risk of material adjustments to the carrying amounts of assets and liabilities during the next financial year. Changes in estimates are recognised in the period in which the change is made if the change affects only the current period, or in the period in which the change is made and future periods if the change affects both the current period and future periods. The judgements and sources of estimation uncertainty that are most material in preparing the company's financial statements are described below.

Estimates and assumptions**Leases**

Estimates are made regarding the Group's incremental borrowing rate used in lease agreements.

Internally generated intangible assets

The Group capitalises certain development expenditure as intangible assets in the balance sheet, mainly related to the development of its own platform Exonaut®. The capitalisation of development expenditure is based, inter alia, on the assessment that future economic benefits will be generated by the asset and that it is technically feasible to complete the asset so that it can be used in operations. The Group estimates that the useful life of these assets is 5 years, which corresponds to the period over which it is estimated that future economic benefits from their internal use will accrue to the Group. However, depending on technological developments, the actual useful life may be shorter, which would result in a material impact on results through potential impairment losses.

Significant judgements applicable to the company's accounting principles**Leases**

In accounting for leases where the Group is the lessee, management makes a number of assumptions regarding the duration of the leases including the notice period and the exercise of any renewal options.

Revenue from contracts with customers

In the case of the sale of licenses, it is the company's judgment that the license is distinct from other performance commitments in the customer agreements. This assessment applies to both customer-hosted solutions and 4C-hosted solutions. The customer obtains control of the licence at the time of handover of the licence key. This relationship applies to both operational solutions.

Where customers sign support contracts (with or without hosting/ operations), the Group has adopted an input model to determine revenue recognition. A model whereby revenue is recognised over time and from the commencement of the contract, based on hours and/or costs incurred. It is the company's judgement that a major part of the performance commitment (hours and/or costs) is delivered or met at the start of the contract.

Deferred tax assets

Deferred tax assets are recognised as described in the section "Deferred income tax" in Note G1 Significant accounting principles. The Group has made judgements about the extent to which there will be future taxable profits against which the accumulated tax losses can be utilised.

**Note G2
Operating segment**

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 (CEO).

The Group's operating segments are divided into Nordics, International and North America. The geographical segments share the same business model and are responsible for the sale and delivery of software, software-related services and expert services. Group common include product development and administration.

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 due to the use of resources between the entities.

2023-01-01 - 2023-12-31	Nordics	International	North America	Total Segment	Group Common	Eliminations	Group
Software	40,129	105,772	64,547	210,448	-	-	210,448
Software-related services	6,080	50,007	2,172	58,259	-	-	58,259
Expert services	60,715	2,362	317	63,394	-	-	63,394
Revenue from contracts with customers	106,924	158,140	67,037	332,101	-	-	332,101
Other revenue	143	2,846	87	3,075	7	-	3,082
Internal revenue	3,396	26,166	32,050	61,612	14,677	-76,289	0
Total revenue	110,463	187,152	99,173	396,788	14,684	-76,289	335,183
Personnel costs	-59,819	-63,810	-43,873	-167,502	-77,049	-	-244,550
Other external costs	-12,328	-27,000	-9,755	-49,082	-9,921	-	-59,003
Internal costs	-7,889	-8,167	-3,339	-19,394	-56,895	76,289	0
Total cost	-80,036	-98,976	-56,967	-235,978	-143,864	76,289	-303,553
EBITDA	30,427	88,176	42,207	160,810	-129,180	0	31,629
Amortization	-	-	-	-	-17,537	-	-17,537
Depreciation	-	-	-	-	-19,995	-	-19,995
Financial income	-	-	-	-	15,039	-	15,039
Financial expenses	-	-	-	-	-17,657	-	-17,657
Income before tax	30,427	88,176	42,207	160,810	-169,331	0	-8,521

2022-01-01 - 2022-12-31	Nordics	International	North America	Total Segment	Group Common	Eliminations	Group
Software	42,553	49,141	119,919	211,612	-	-	211,612
Software-related services	13,790	34,607	6,994	55,391	-	-	55,391
Expert services	61,079	3,194	-	64,274	-	-	64,274
Revenue from contracts with customers	117,422	86,942	126,912	331,277	-	-	331,277
Other revenue	290	2,205	0	2,496	579	-	3,075
Internal revenue	1,187	22,077	25,628	48,893	14,229	-63,122	0
Total revenue	118,900	111,225	152,541	382,665	14,808	-63,122	334,351
Personnel costs	-50,184	-49,246	-37,117	-136,547	-77,837	-	-214,383
Other external costs	-10,119	-20,234	-9,765	-40,118	-21,817	-	-61,936
Internal costs	-9,274	-4,441	-163	-13,878	-49,243	63,122	0
Total cost	-69,577	-73,921	-47,045	-190,544	-148,897	63,122	-276,319
EBITDA	49,323	37,304	105,495	192,122	-134,089	0	58,033
Amortization	-	-	-	-	-14,969	-	-14,969
Depreciation	-	-	-	-	-14,425	-	-14,425
Financial income	-	-	-	-	13,911	-	13,911
Financial expenses	-	-	-	-	-9,978	-	-9,978
Income before tax	49,323	37,304	105,495	192,122	-159,550	0	32,572

Net sales per customer group and segment	2023-01-01-2023-12-31	2022-01-01-2022-12-31
Defence	32,168	38,993
Public	49,670	51,499
Corporate	25,086	26,930
Nordics	106,924	117,422
Defence	128,495	60,386
Public	1,958	5,152
Corporate	27,687	21,404
International	158,140	86,942
Defence	65,755	126,912
Public	-	-
Corporate	1,283	-
North America	67,037	126,912
Defence	226,418	226,292
Public	51,628	56,652
Corporate	54,055	48,333
Net sales	332,101	331,277

	2023-12-31			
Timing of revenue recognition	Nordics	International	North America	Total Segment
Software, Software-related services and Expert services delivered at a given time	6,678	85,973	33,976	126,627
Software, Software-related services and Expert services delivered over time	100,246	72,167	33,061	205,474
Revenue from contracts with customers	106,924	158,140	67,037	332,101

	2022-12-31			
Timing of revenue recognition	Nordics	International	North America	Total Segment
Software, Software-related services and Expert services delivered at a given time	29,194	29,251	56,367	114,812
Software, Software-related services and Expert services delivered over time	88,228	57,691	70,545	216,465
Revenue from contracts with customers	117,422	86,942	126,912	331,277

Geographical region

Assets and liabilities

Assets and liabilities are not monitored in segment reporting but only at Group level.

Non-current operating assets	2023-01-01-2023-12-31	2022-01-01-2022-12-31
Sweden	126,564	111,418
United Kingdom	37,630	9,991
United States	7,794	10,869
Rest of the world	229	-
Total	172,217	132,279

Non-current assets for this purpose consists of intangible assets, tangible assets, right-to-use assets and contract assets.

Revenues

In 2023, two customers' revenues exceeded 33% of the Group's total revenue. The revenue from one customer amounts to KSEK 44,174 and is attributable to the North America segment and the revenue from the other customer amounts to KSEK 64,483 and is attributable to the International segment.

Geographical region	2023-01-01-2023-12-31	2022-01-01-2022-12-31
Sweden	103,628	114,115
United Kingdom	97,947	63,475
United States	67,964	130,291
Rest of the world	62,562	23,395
Total	332,101	331,277

External revenues are based on where customers are located and where each country represents more than 10% of the Group's revenue.

Note G3 Revenues from contracts with customers

Contract assets	2023-12-31	2022-12-31
Opening balance	86,186	52,609
Invoiced contract assets	-55,628	-31,193
Translation effects	-402	2,409
Additional contact assets	101,835	62,361
Closing balance	131,991	86,186

Contract liabilities	2023-12-31	2022-12-31
Opening balance	19,591	24,519
Recognized contractual liabilities	-11,393	-24,039
Additional agreements	20,093	19,111
Changes relating to ordinary business	-	-
Closing balance	28,291	19,591

Contract liabilities	2023-12-31	2022-12-31
Within a year	17,471	17,184
More than a year	10,820	2,407
Closing balance	28,291	19,591

Contract assets consist of accrued income, to which the company's right is conditional on continued performance under the contract. When the company's right to receive payment becomes unconditional, the asset is recognised as an account receivable. During the year, the impact of currency adjustments on the opening balances of contract assets has had only a marginal impact on the Group's income statement.

In terms of the company's commitments at contract level, the company has agreed with customers that payment will be made over the duration of the contract. The contracts relate both to

components delivered at a specific time and to commitments delivered over time. Thus, there is no financing component.

Contract liabilities relate to advance payments from customers for which performance commitments have not been met. Contract liabilities are recognised as revenue when the contractual performance obligations are (or have been) fulfilled.

The Group has contract liabilities of KSEK 28,291 (19,591) of which KSEK 8,090 (17,184) is expected to be recognised as income within one year.

Accounts receivables	2023-12-31	2022-12-31
Opening balance	35,258	43,168
Paid accounts receivables	-34,501	-39,513
Impairment	-757	-6,197
Translation effects	-772	396
Additional accounts receivables	39,447	37,403
Closing balance	38,675	35,258

Accounts receivables at the end of the financial year are presented above. Unpaid accounts receivables and exchange rate gains and losses that occurs on payments from customers in foreign currency are translated into SEK in the Group's financial statements. The impairment of accounts receivables is assessed continuously, see Note G19 for handling impairment needs within the Group.

During the year, an impairment of KSEK 757 (6,197) occurred.

Note G4 Auditor's fees

Audit engagement refers to the auditor's work for the statutory audit. Other services are those not included in the audit engagement or tax advice.

Ernst & Young AB	2023-01-01- 2023-12-31	2022-01-01- 2022-12-31
Audit	1,873	1,563
Tax advice	58	-
Other services	304	1,235
Total	2,235	2,798

Harmer Slater	2023-01-01- 2022-12-31	2022-01-01- 2022-12-31
Audit	97	34
Tax advice		6
Other services		22
Total	97	62

Note G5 Employees and personnel costs

	2023-01-01 - 2023-12-31		2022-01-01 - 2022-12-31	
	Average number of employees	Of whom women, %	Average number of employees	Of whom women, %
Average FTE				
Parent company	70	25%	70	23%
Subsidiaries in:	0	0%		
Sweden	49	49%	45	40%
United Kingdom	48	24%	44	25%
United States	32	25%	28	25%
Norway	1	0%	1	0%
Finland	1		1	0%
Australia	3	20%		
Australia	204	31%	189	27%

	2023-01-01 - 2023-12-31		2022-01-01 - 2022-12-31	
	Average number of employees	Of whom women, %	Average number of employees	Of whom women, %
Gender balance, board of directors and senior executives				
Board members	6	50%	6	50%
CEO and other senior executives	10	20%	10	10%
Total in the Group	16	31%	16	25%

	2023-01-01 - 2023-12-31	2022-01-01 - 2022-12-31
Personnel costs		
Parent company		
<i>Board of directors and other senior executives</i>		
Salaries and other remunerations	10,962	11,205
Social security contributions	3,444	3,521
Pension costs	1,891	1,746
Total	16,297	16,472
<i>Other employees</i>		
Salaries and other remunerations	41,212	41,344
Social security contributions	10,146	10,562
Pension costs	7,216	7,200
Total	58,574	59,106
Benefits, allowance and other personnel related costs	2,099	2,153
Total, parent company	76,970	77,731
Subsidiaries		
<i>Board of directors and other senior executives</i>		
Salaries and other remunerations	13,525	10,611
Social security contributions	1,667	1,102
Pension costs	952	1,907
Total	16,144	13,619
<i>Other employees</i>		
Salaries and other remunerations	121,177	94,445
Social security contributions	19,312	16,271
Pension costs	8,660	6,721
Total	149,149	117,438
Benefits, allowance and other personnel related costs	2,287	5,595
Total subsidiaries	167,580	136,652
Carrying amount, Group	244,550	214,383

Remuneration to senior executives

The chair of the board and the board members shall be remunerated in accordance with the decision of the annual general meeting. At the annual general meeting held on 1 June 2023 it was resolved that the board of director's remuneration for 2023 shall be paid in the following amounts:

- SEK 175,000 to each non-employed board member and SEK 350,000 to the chairman of the board, provided he is not employed.
- SEK 25,000 to committee chairman and SEK 15,000 to other members.

The total board of director's fee paid amounts to SEK 1,124,166 (SEK 450,833). For information on remuneration to other senior executives, see the previous table on personnel expenses.

Severance pay

There are no agreements on severance pay or similar to the CEO exceeding the equivalent of 6 months' remuneration.

Warrant programs

The Group has the following share warrant programs for employees and executives. The warrants are acquired at market value which means that they are not seen as a benefit and thus has no accounting impact.

Warrant program 2017/2023

The warrant program 2017/2023 had its subscription period during December 2023. Of the total of 700,000 options in the program the number of newly issued shares was 280,000 (2,857,052) during the period. In Q1 2024 388,000 options will be converted into newly issued shares, the remaining 32,000 warrants have

been chosen not to be subscribed for by the warrant holders. The total number of shares at the end of the period was 34,199,142 (33,919,142).

Warrant program 2019/2024

Includes a maximum of 28,000 warrants. The premium earned on the warrants was equal to the market value calculated using the Black-Scholes model. Exercise can take place during the period 1/3 2024 – 31/3 2024. Each warrant enables the right to subscribe for 20 shares in the company. The quota value is SEK 0.01750 per share and thus the increase in the company's share capital can amount to a maximum of SEK 9,800 upon full exercise of the warrants.

Warrant program 2020/2025

Includes a maximum of 750 warrants. The premium earned on the warrants was equal to the market value calculated using the Black-Scholes model. Exercise can take place during the period 5/4 2025 – 5/5 2025. Each warrant enables the right to subscribe for 20 shares in the company. The quota value is SEK 0.01749 per share and thus the increase in the company's share capital can amount to a maximum of SEK 263 upon full exercise of the warrants.

Warrant program 2021/2026

Includes a maximum of 50,750 warrants. The premium earned on the warrants was equal to the market value calculated using the Black-Scholes model. Exercise can take place during the period 16/1 2026 – 16/2 2026. Each warrant enables the right to subscribe for 20 shares in the company. The quota value is SEK 0.01749 per share and thus the increase in the company's share capital can amount to a maximum of SEK 17,763 upon full exercise of the warrants.

Warrant program 2022/2027

Includes a maximum of 446,260 warrants. The premium earned on the warrants was equal to the market value calculated using the Black-Scholes model. Exercise can take place during the period 15/6 2022 – 30/6 2027. Each warrant enables the right to subscribe for one share in the company. The quota value is SEK 0.01749 per share and thus the increase in the company's share capital can amount to a maximum of SEK 7,809 upon full exercise of the warrants.

Warrant program 2023/2026

Includes a maximum of 222 600 warrants. The premium earned on the warrants was equal to the market value calculated using the Black-Scholes model. Exercise can take place during the period 30/6 2023 – 30/6 2026. Each warrant enables the right to subscribe for one share in the company. The quota value is 0.01749 per share and thus the increase in the company's share capital can amount to a maximum of SEK 7,809 upon full exercise of the warrants.

Provisions

All employees have paid market value for the options. As a result of local regulations, social security contributions must be paid on the increase in value between the time of award and the time when the option is exercised, which is applied to our foreign subsidiaries in the US and United Kingdom.

The group makes a provision for warrant programs on an ongoing basis regarding social security contributions where the exercise price is lower than the share price on the balance sheet date, which means that the social security contributions reserved are based on the fair value of the warrants. This only applies to personnel employed in foreign subsidiaries. The provision as of 31 December 2023 is KSEK 112 and at the beginning of the year it amounted to KSEK 1,176.

	Average exercise price per warrant	Number of warrants
Number of warrant outstanding as of 2022-01-01	15	2,310,000
Allocated	57	446,260
Number of warrants outstanding as of 2022-12-31	86	2,756,260
Redeemable per 2022-12-31	86	2,756,260
Number of warrant outstanding as of 2023-01-01	86	2,756,260
Allocated	39	222 600
Subscribed warrants	12	-668,000
Non-subscribed warrants	14	-32,000
Number of warrants outstanding as of 2023-12-31	30	2,278,860
Redeemable per 2023-12-31	30	2,278,860

In the table above, the number of warrants has been converted to the number of shares that each warrant gives the right to subscribe for, which is a result of the 1:20 share split that was carried out during 2022.

The table below shows the expiry dates and exercise prices of the outstanding warrants:

Date of allocation	Expiry date	Exercise price	Warrant premium	Warrants 2022-12-31	Warrants 2021-12-31
2017-12-01	2023-12-31	12.4	6.3	700,000	700,000
2019-03-01	2024-03-31	13.7	4.5	560,000	560,000
2020-04-05	2025-05-05	13.3	4.3	35,000	35,000
2021-02-16	2026-02-16	17.8	5.8	1,015,000	1,015,000
2022-06-15	2027-06-30	56.9	4.3	446,260	446,260
2023-06-30	2026-06-30	39.4	3.5	222,600	-
Total				2,978,860	2,056,260
Expired as of 2023-12-31				700 000	
Remaining weighted average contractual life of outstanding options at the end of the period expressed in number of years:				3,6	2,4
Range of exercise prices for outstanding warrants at the end of the period:				12,4-56,9 SEK	12,4-17,8 SEK

The following tables describe the input data used in the model for the warrants granted in the Group. The market value of the warrants has been calculated using the Black-Scholes valuation model.

	Warrant program 2023/2026	Warrant program 2022/2027	Warrant program 2021/2026	Warrant program 2020/2025	Warrant program 2019/2024
Exercise price	39	57	17.81	13.3	13.7
Expected volatility (%)	38%	28%	25%	25%	24%
Expected maturity (year)	2.8	5	5	5	5
Weighted average share price	30.27	35.37	8.9	6.65	6.85
Expected dividend yield (%)	-	0%	0.0%	1%	0%
Risk-free interest rate (%)	3%	2.00%	-0.30%	-0.36%	-0.20%
Average weighted fair value at valuation date	3.49	4.3	5.8	4.3	4.5
Model	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes

The expected maturity of the warrants is based on historical information and expected exercise behaviour of different categories of option holders and therefore cannot be taken as an indicative measure of actual exercise. The expected volatility has been determined by analysing the performance of 4C Group AB's share and the share price performance of other shares in related industries, which gives an indication of the option's expected volatility that is unlikely to be consistent with actual outcomes.

Note G6 Financial income

Financial income consists of interest income and any realised gains on financial assets. Interest income is recognised using the effective interest method, which is the rate that discounts estimated future cash receipts and payments through the expected life of a financial instrument to the net carrying amount of the financial asset or liability. The calculation includes all fees paid or received by the counterparties that are part of the effective interest rate, transaction costs and all other premiums and discounts. Financial income is recognised in the period to which it relates.

	2023-01-01- 2023-12-31	2022-01-01- 2022-12-31
<i>Assets measured at amortised cost:</i>		
Interest income, accounts receivables	-	-
Interest income, other financial assets	1,693	63
Total interest income in accordance with effective interest rate method	1,693	63
<i>Other financial income</i>		
Exchange rate differences – income, financial items	14,678	13,848
Total	14,678	13,848
Total financial income	16,370	13,911

Note G7 Financial expenses

Financial expenses consist mainly of interest expense on debt calculated using the effective interest rate method and interest expense on lease liabilities. Financial expenses are recognised in the period to which they relate.

Foreign exchange gains and losses recognised as financial income and expenses respectively are reported net.

	2023-01-01- 2023-12-31	2022-01-01- 2022-12-31
<i>Liabilities measured at fair value:</i>		
Interest expense, liabilities to credit institutions		
Interest expense, other financial liabilities	1,028	425
Total interest expense in accordance with effective interest rate method	1,028	425
<i>Other financial expenses:</i>		
Exchange rate differences - expenses, financial items	16,079	8,603
Interest expense, lease liabilities	1,882	950
Total	17,961	9,552
Total financial expenses	18,989	9,978

Note G8 Other revenue and operating expenses

Other revenue	2023-01-01- 2023-12-31	2022-01-01- 2022-12-31
Other revenue	-	5
Foreign exchange gain of operating nature	3,082	3,069
Total	3,082	3,075
Other operating expenses	2023-01-01- 2023-12-31	2022-01-01- 2022-12-31
Foreign exchange loss of operating nature	-3,274	-836
Total	-3,274	-836

Note G9 Tax

	2023-01-01- 2023-12-31	2022-01-01- 2022-12-31
Current tax		
Current tax on net income for the year	816	-3,629
Adjustments for previous years	1,725	8
Total current tax	2,541	-3,621
Deferred tax		
Deferred tax attributable to temporary differences	-1,824	-2,706
Deferred tax on tax losses	3,543	46
Total deferred tax	1,719	-2,660
Recognized tax in profit or loss	-822	-6,281
Reconciliation of effective tax rate	2023-01-01- 2023-12-31	2022-01-01- 2022-12-31
Income before tax	-8,521	32,572
Tax according to applicable tax rate for the parent company (20,6%)	1,755	-6,710
Tax effect of:		
Non-deductible expenses	-832	-597
Revaluation of tax loss carry-forwards		2
Not recognized but deductible cost	-	1,172
Difference in tax rates between countries	-20	-140
Change of tax rate		
Adjustment of tax from previous year	-1,725	-8
Recognized tax	-832	-6,281
Effective tax rate	10%	19%

The Group has no tax items recognized in other comprehensive income or directly in equity.

Disclosures on deferred tax assets and liabilities

The tables below specify the tax effect of the temporary differences:

	Right-of-use assets	Deduction of tax losses	Total
Deferred tax asset			
Opening carrying amount 2023-01-01	76	222	298
Through profit or loss	251	3,542	3,794
Other comprehensive income			0
Closing carrying amount 2023-12-31	327	3,764	4,092

	Right-of-use assets	Deduction of tax losses	Total
Deferred tax asset			
Opening carrying amount 2022-01-01	440	744	1 184
Through profit or loss	-364	-522	-886
Other comprehensive income	-	-	0
Closing carrying amount 2022-12-31	76	222	298

	Intangible assets	Accrual fund	Total
Deferred tax liability			
Opening carrying amount 2023-01-01	11,349	1,932	13,281
Through profit or loss	3,821	-1,932	1,889
Other comprehensive income			0
Closing carrying amount 2023-12-31	15,170	0	15,170

	Intangible assets	Accrual fund	Total
Deferred tax liability			
Opening carrying amount 2022-01-01	9,015	1,932	10,947
Through profit or loss	2,334	-	2,334
Other comprehensive income	-	-	0
Closing carrying amount 2022-12-31	11,349	1,932	13,281

The deferred tax asset of KSEK 331 (76) is reported net in the balance sheet and consists grossly of a deferred tax asset attributable to the lease liability of KSEK 10,136 (9,278) and a deferred tax liability attributable to the right-of-use assets of KSEK 9,805 (9,202).

Tax loss carry-forwards amounted to KSEK 17,180 (3,408), for which deferred tax assets have been recognized in the balance sheet and relate to Sweden. Deferred tax assets have been recognized for these items as it is probable that the Group will use them to offset them against future taxable profits.

Note G10 Intangible assets

Principles of depreciation

Intangible assets with finite useful lives and the Group's tangible assets are depreciated from the date on which they are available for use.

The estimated useful lives of the Group's significant intangible assets are as follows:

Internally generated intangible assets:	5 years
Licenses:	5 years

Depreciation methods, residual values and useful lives applied are reviewed at each year-end.

Acquisition cost	Internally generated intangible assets	Licenses	Total intangible assets
As of 1 January 2022	113,294	23	113,316
Acquired separately	-	-	-
Internally generated	26,298		26,298
Acquisition cost adjustment	-		0
As of 31 December 2022	139,591	23	139,614
As of 1 January 2023			
Acquired separately	-	-	-
Internally generated	36,085		36,085
Acquisition cost adjustment	-		0
As of 31 December 2023	175,677	23	175,699
Depreciation			
As of 1 January 2022	-69,532	-23	-69,555
Amortization for the year	-15,615		-15,615
Amortization reversal	647		647
As of 31 December 2022	-84,501	-23	-84,523
As of 1 January 2023			
Amortization for the year	-18,084		
Amortization reversal	547		547
Per 31 December 2023	-102,038	-23	-102,060
Intangible assets			
Closing carrying amount as of 2022-12-31	55,091	0	55,091
Closing carrying amount as of 2023-12-31	73,639	0	73,640

The Group has no costs related to development that have not been capitalized during the year.

Uncompleted assets

The value of the assets that have not been put into service amounts to SEK 24,653 (22,209)

Impairment testing

The Group tests intangible assets not yet in use for impairment purposes at least annually. During the year, impairment losses on internally generated intangible assets not yet in use amounted to SEK 0 (0).

Note G11 Tangible assets

Principles of depreciation

Tangible assets are depreciated systematically over the estimated useful life of the asset. The Group has considered that the straight-line method of depreciation best reflects the use of these assets. In determining the depreciable amount of assets, the residual value of the asset is taken into account where appropriate.

Periods of use estimated for the Group's significant tangible assets are as follows:

Machinery and equipment: 5 years
Computers: 3–5 years

Depreciation methods, residual values and useful lives applied are reviewed at each year-end.

Acquisition cost	Machines and equipment	Total tangible assets
As of 1 January 2022	6,123	6,123
Acquisitions for the year	2,510	2,510
Disposals	-1,576	-1,576
Translation effects	252	252
As of 31 December 2022	7,310	7,310
Acquisitions for the year	990	990
Disposals		0
Reclassifications	0	0
Translation effects	-86	-86
As of 31 December 2023	8,213	8,213
Accumulated depreciations		
As of 1 January 2022	-3,543	-3,543
Amortization for the year	-978	-978
Sales and disposals	1,576	1,576
Translation effects	-59	-59
As of 31 December 2022	-3,003	-3,003
Amortization for the year	-1,231	-1,231
Sales and disposals		0
Reclassifications		0
Translation effects	35	35
As of 31 December 2023	-4,199	-4,199
Machines and equipment		
Closing carrying amount as of 2022-12-31	4,306	4,306
Closing carrying amount as of 2023-12-31	4,014	4,014

Note G12 Leases

The Group's material leases, for which the Group is the lessee, consist mainly of agreements relating to premises, vehicles and IT equipment. The table below presents the Group's closing balances for right-of-use assets, lease liabilities and changes during the year:

	Right-to-use assets			Total right-of-use assets	Lease liabilities
	Premises	Vehicles	IT equipment		
Opening balance 2022-01-01	13,573	1,054	5,155	19,783	19,200
Additional leases	36,077	597	3,500	40,174	40,174
Depreciation	-10,374	-535	-2,490	-13,398	
Terminated agreements		-121		-121	-121
Interest expenses					950
Lease payments					-17,562
Closing balance 2022-12-31	39,276	995	6,165	46,436	42,636
Of which current liabilities					11,930
Of which non-current liabilities					30,704
Opening balance 2023-01-01	39,276	995	6,165	46,436	42,636
Additional leases	16,123	591	6,385	23,099	22,318
Depreciation	-13,945	-905	-3,897	-18,747	
Terminated agreements				0	0
Prepaid rental costs				0	2,732
Translation difference	-460			-460	-482
Deferred tax					-331
Interest expenses					1,882
Lease payments					-19,552
Closing balance 2023-12-31	40,994	681	8,653	50,328	49,203
Of which current liabilities					19,402
Of which non-current liabilities					29,801

The amounts recognized in the consolidated statement of comprehensive income for the year attributable to leasing activities are presented below.

	2023-01-01- 2023-12-31	2022-01-01- 2022-12-31
Depreciation of right-of-use assets	-18,747	-13,398
Interest expense on lease liabilities	-1,882	-950
Expenses for low value assets	-	-131
Expenses for short-term leases	-	-
Total	-20,629	-14,479

The Group recognized a cash outflow attributable to leases in amortization, interest payments and expenses for low value assets amounting to KSEK 17,670 for the financial year 2023 (KSEK 16,448 for 2022).

The Group applies two exceptions in connection with lease accounting. Short-term contracts with a term of less than one year and without a purchase option but also low-value contracts that do not exceed EUR 5,000 are expensed. During 2023 and 2022 there has been no expenses for short-term leases.

For a maturity analysis of the Group's lease liabilities, refer to Note G19 Financial risks.

Note G13 Financial instruments

Measurement of financial assets and liabilities 2023-12-31	Financial assets and liabilities measured at fair value	Financial assets and liabilities measured at amortized cost	Total carrying amount
Financial assets			
Other non-current receivables	-	1,362	1,362
Accounts receivables	-	38,675	38,675
Cash and cash equivalents	-	62,227	62,227
Total	-	102,264	102,264
Financial liabilities			
Liabilities to credit institutions	-	-	-
Overdraft facility	-	-	-
Accounts payables	-	10,815	10,815
Accrued expenses	-	3,213	3,213
Other non-current liabilities	-	1,985	1,985
Other current liabilities	-	28,211	28,211
Total	-	44,224	44,224

Measurement of financial assets and liabilities 2022-12-31	Financial assets and liabilities measured at fair value	Financial assets and liabilities measured at amortized cost	Total carrying amount
Financial assets			
Other non-current receivables	-	1,023	1,023
Accounts receivables	-	35,258	35,258
Cash and cash equivalents	-	146,805	146,805
Total	-	183,086	183,086
Financial liabilities			
Liabilities to credit institutions	-	-	-
Overdraft facility	-	-	-
Accounts payables	-	9,092	9,092
Accrued expenses	-	5,928	5,928
Other non-current liabilities	-	7,131	7,131
Other current liabilities	-	45,966	45,966
Total	-	68,117	68,117

For non-current receivables and payables, such as accounts receivables and payables, and for non-current liabilities with variable interest rates, the carrying amount is considered to be a good approximation of the fair value.

The Group has no financial assets or liabilities that have been offset in the accounts or that are subject to a legally binding netting agreement. The maximum credit risk of the assets is the net amount of the carrying amounts in the tables above. The Group has not received any collateral for the net financial assets.

Note G14 Other current receivables

Other current receivables	2023-12-31	2022-12-31
Accrued income and prepaid expenses	8,450	5,710
Other current items	3,281	4,221
Carrying amount	11,731	9,931

Accrued income and prepaid expenses	2023-12-31	2022-12-31
Prepaid insurances	344	163
Prepaid license costs	2,245	4,035
Other prepaid expenses	5,861	1,512
Carrying amount	8,450	5,710

Note G15 Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand and at banks and short-term investments maturing within 3 months from the date of acquisition. All items included in cash and cash equivalents are relatively readily convertible to cash.

	2023-12-31	2022-12-31
Bank balances	62,227	146,805
Carrying amount	62,227	146,805

Of the Group's bank balances, KSEK 0 (0) as at 31/12/2023 consists of blocked bank funds.

Note G16 Group companies

The holdings of the parent company, 4C Group AB, in direct and indirect subsidiaries included in the consolidated accounts are shown in the table below:

Companies	Reg. Number	Location	Vote share	
			2023-12-31	2022-12-31
4C GROUP AB	556706-0412	Stockholm	Parent company	Parent company
4C Strategies AB	556598-6436	Stockholm	100%	100%
4C Europe UK Limited	07450958	London	100%	100%
4C North America Inc.	81-2766199	Delaware, USA	100%	100%
4C International AB	556976-8905	Stockholm	100%	100%
4C Strategies Norway AS	827186112	Oslo	100%	100%
4C Strategies Asia Pacific PTY Ltd	660383568	Queensland	100%	100%
4C Strategies Finland OY	3375477-3	Helsinki	100%	100%
4C Strategies North America Inc.	93-1494208	Virginia, USA	100%	100%

Note G17 Equity

The company's share capital consists of ordinary shares. The share capital is recorded at its nominal value and the excess is recorded as Other paid-in capital. Transaction costs directly attributable to the issue of new shares are recognized, net of tax, in equity as a deduction from the proceeds of the issue.

Share capital As of 31 December 2023, the registered share capital comprises SEK 34,199,142 (33,919,142) shares with a par value of SEK 0,01749 per share.

The share	Class A-share	
Share class	Ordinary share	
Voting value	1,00	
Quota value 31 December 2020	0,00550	
Quota value 31 December 2021	0,00550	
Quota value 31 December 2022	0,01750	
Quota value 31 December 2023	0,01750	

	2023-01-01- 2023-12-31	2022-01-01- 2022-12-31
Number of shares, beginning of the year	33,919,142	31,062,000
Increase through new share issue	280,000	2,857,142
Number of shares outstanding at year-end	34,199,142	33,919,142

Holders of ordinary shares are entitled to dividends declared from time to time and shareholdings entitle them to vote at the company's general meeting. All shares carry equal rights to the Group's remaining net assets. All shares are fully paid and no shares are reserved for transfer. No shares are held by the company itself or its subsidiaries.

Other contributed capital

Other contributed capital consists of capital contributed by the Group's shareholders in the form of share premium from new issues, premiums from warrants and shareholder contributions.

Reserves

The Group's reserve relates in full to a translation reserve, which includes all exchange differences arising on the translation of the financial statements of foreign operations that have prepared their financial statements in a functional currency other than the currency in which the Group's financial statements are presented. The Group presents its financial statements in Swedish kronor. The cumulative translation difference is recognized in profit or loss on disposal of the foreign operation.

Note G18 Earnings per share

For the purpose of accounting for earnings per share, - IAS 33 Earnings per share is applied. The calculation of earnings per share is based on the profit for the year of the Group attributable to owners of the parent and on the weighted average number of shares outstanding during the year. For the calculation of diluted earnings per share, the average number of shares is adjusted to take into account the effects of warrants issued.

For more information on existing share warrant programs, see note G5.

Weighted average number of shares before and after dilution	2023-01-01- 2023-12-31	2022-01-01- 2022-12-31
Weighted average number of shares	33,989,142	33,204,857
Weighted average number of warrants at year-end	1,217,000	2,310,000
Weighted average number of shares outstanding after dilution	35,206,142	35,514,857
Earnings per share	2023-01-01- 2023-12-31	2022-01-01- 2022-12-31
Income attributable to Parent company's shareholders (KSEK)	-9,343	26,291
Weighted average number of shares	33,989,142	33,204,857
Earnings per share before dilution (SEK)	-0.27	0.79
Income attributable to Parent company's shareholders (KSEK)	-9,343	26,291
Weighted average number of shares outstanding after dilution	35,206,142	35,514,857
Earnings per share after dilution (SEK)	-0.27	0.74

Note G19 Financial risks

The Group's profit, financial position and cash flow are impacted both by changes in the world and by the Group's own actions. The objective of risk management activities is to define and analyse the risks faced by the company and, to the greatest extent possible, to prevent and limit any negative effects.

Through its operations, the Group is exposed to various types of financial risk: credit risk, market risk (interest rate risk, currency risk and other price risk), liquidity risk and refinancing risk. The board of directors is ultimately responsible for the Group's risk management, including financial risks. Risk management involves identifying, assessing and valuing the risks faced by the Group. Priority is assigned to those risks which, on an overall assessment of potential impact, likelihood and consequence, are deemed to have the most negative impact on the Group. The Group's overall objective for financial risks is to find an appropriate balance of financial risks to ensure the execution of the strategy on which the Group operates.

Credit risk

Credit risk is the risk that the Group's counterparty in a financial instrument is unable to fulfil its obligations and thus causes the Group to incur a financial loss. The Group's credit risk primarily arises through receivables from customers and from the investing cash and cash equivalents. The Group assesses the credit risk of existing exposures at each reporting date, taking into account forward-looking factors.

Credit risk in accounts receivables (simplified approach for credit risk provision)

Credit risk for the Group is primarily found in accounts receivables and the Group's aim is to have preventive controls in place to ensure that no significant customer losses occur. The Group has established policies to ensure that sales of products and services are made to customers with an appropriate credit history. Payment terms are normally 30 days. The Group's customers

are mainly public sector entities in Sweden, the UK and the US, indicating that the risk in these receivables are normally very low. In addition, the Group has a significant proportion of private companies, mainly in Sweden.

However, these businesses are smaller in size and more numerous in number, so the risk in these receivables can be considered well spread.

The Group applies the simplified approach of accounting for expected credit losses on accounts receivables. This means that expected credit losses are reserved for the remaining maturity, which is expected to be less than one year for all receivables. The Group applies an individual assessment per receivable for the calculation of expected credit losses based on probability of default, expected loss and exposure at default. Where an external credit rating is not available for the counterparty, an internal assessment of the counterparty's credit rating is made based on the Company's past experience with the customer and other available information. For credit-impaired assets and receivables and for receivables that amount to material amounts, an individual assessment is made taking into account historical, current and prospective information. For non-impaired assets and receivables not amounting to material amounts, a collective assessment is made.

The Group has defined default as when payment of the receivable is 90 days or more past due, or if other factors indicate default. In such cases, an individual assessment is performed to estimate the expected credit loss in excess of the loss share. The Group writes off a receivable when there is no longer any expectation of payment and active steps to obtain payment have been completed.

	Past due customer invoices				Total
	Accounts receivables not yet due	0-30 days	31-90 days	> 90 days	
2023-12-31					
Government customers, gross	23,953	2,400	2,328	1,701	30,382
Private companies, gross	6,432	2,550		67	9,049
Total accounts receivables, gross	30,385	4,950	2,328	1,768	39,431
Impairment				-757	-757
Expected loss	0%	0%	0%	-43%	-2%
2022-12-31					
Government customers, gross	23,035	4,077	461	7,510	35,083
Private companies, gross	9,036	0	907	45	9,989
Total accounts receivables, gross	32,072	4,077	1,368	7,555	45,071
Impairment		-2,290		-7,523	-9,814
Expected loss	0%	-56%	0%	-100%	-22%

The credit quality of receivables that are not more than 90 days past due is deemed favourable, based on historically low customer losses and considering forward-looking factors. As of 2023-12-31, the company has made an impairment assessment of KSEK 757 (6,197). The impairment has been performed through an individual estimate and assessment of the specific account receivable.

Expected credit losses for accounts receivables (simplified approach)	2023-01-01-2023-12-31	2022-01-01-2022-12-31
Opening carrying amount	-9,814	-3,617
Impairment	-757	-6,196
Recognized credit losses	9 814	
Closing carrying amount	-757	-9,814

Contract assets

The Group's credit risk also arises from the contract assets held, the Group's objective is to have preventative controls in place to ensure that no significant customer losses occur. The Group has established policies to ensure that sales of products are made

to customers with an appropriate credit history. The Group's customers are largely public sector entities in Sweden, the UK and the US, meaning that the risk in these contract assets is considered to be very low in principle.

The Group applies the simplified approach of accounting for expected credit losses on short-term contract assets. This means that expected credit losses are reserved for the remaining term to maturity. The Group applies a rating-based approach to calculate expected credit losses based on probability of default, expected loss and exposure at default.

The Group applies the general approach to the recognition of expected credit losses on long-term contract assets. Under the general approach, credit risk is measured for the next 12 months. The Group applies a rating-based approach where expected credit losses are measured at the product of probability of default, loss given default and exposure at default. Other known information and forward-looking factors are also taken into account in assessing expected credit losses.

No significant increase in credit risk has been identified for any receivable or asset at the balance sheet date.

Cash and cash equivalents

The Group's credit risk also arises from the investment of cash and cash equivalents and surplus liquidity. The Group's objective is to have a continuous monitoring of credit risk related to investments. For investments in bank accounts, the objective is that the counterparty should have a high credit rating of at least investment grade A-/BBB (S&P).

Loss allowance for expected credit losses

For other items subject to expected credit losses, a three-step impairment method is applied. Under the general approach, the credit risk is measured for the next 12 months.

The Group applies a rating-based approach where expected credit losses are measured at the product of probability of default, loss given default and exposure at default. Other known information and forward-looking factors are also taken into account in assessing expected credit losses. No significant increase in credit risk has been identified for any receivable or asset at the balance sheet date. Such assessment is based on whether payment is 30 days or more past due, or whether significant deterioration in creditworthiness occurs, resulting in a credit rating below investment grade. In the case of a significant increase in credit risk, the credit risk is measured for the remaining life of the exposure. The Group has defined default as when payment of a receivable is 90 days or more past due, or if other factors indicate that a default exists.

Credit risk exposure and credit risk concentration

The Group's credit risk exposure consists of accounts receivables, other receivables and cash and cash equivalents. Cash and cash equivalents of KSEK 62,227 (146,805 per 31 December 2022) are placed with financial institutions with a high credit rating. The majority of cash and cash equivalents are invested with banks rated A+ by S&P rating assessment.

The Group's accounts receivables are spread across a number of customers, with some concentration of credit risk to certain larger public sector customers. The 5 largest accounts receivables represent SEK 16,836 (15,254), which corresponds to 44% (43%) of total accounts receivables.

Market risk

Market risk is the risk that the fair value of or future cash flows from a financial instrument will vary due to changes in market prices. IFRS divides market risk into three types: currency risk, interest rate risk and other price risk. As most of the business is conducted outside Sweden, currency risk is the primary market risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The objective is not to be exposed to future fluctuations in interest rates that affect the Group's cash flows and results to a greater extent than the Group can withstand. A significant factor affecting interest rate risk is the duration of the interest rate fixation. The Group's main exposure to interest rate risk relates to the Group's loans to credit institutions. The Group's borrowings are normally at floating rates. Interest rate risk is low as the Group's interest expenses are low in relation to total income.

Given the interest-bearing assets and liabilities at the balance sheet date, an interest rate increase/decrease of 2 percentage points at the balance sheet date will have an impact on profit before tax of SEK 0 (0) and an impact on equity after tax of SEK 0 (0).

The following table specifies the conditions and repayment dates for each interest-bearing liability:

	Due date	Interest	2023-12-31	2022-12-31
		STIBOR 1W		
Overdraft facility (SEK)	Ongoing	+ 3,03%	-	-
Total			0	0

Currency risk

Currency risk is the risk that the fair value or future cash flows from a financial instrument will vary due to changes in foreign exchange rates. Currency risk mainly arise on the translation of the assets and liabilities of foreign operations into the functional currency of the parent entity, known as translation exposure. The Group's sales and purchases in foreign currencies, known as transaction exposure, also represent a currency risk. In summary, the Group operates in many parts of the world with a local currency revenue and cost base and is thus exposed to currency risk.

A significant proportion of purchases and hence trade payables are in foreign currencies and are therefore exposed to currency risks. For purchases, discount rates are used. A large proportion of the Group's sales are also denominated in currencies other than the Swedish krona (SEK), whereby significant currency risks exist. As shown in the table below, the Group's main transaction exposure consists of USD, GBP and EUR.

The Group aims to match purchases and sales in the same currencies where possible, but results will still be affected by exchange rate movements in the future. The Group continuously considers whether to initiate currency hedging but in 2023 this has not been considered justified.

Currency exposure (%)	2023-01-01 - 2023-12-31		2022-01-01 - 2022-12-31	
	Operating revenue	Operating expenses	Operating revenue	Operating expenses
GBP	100,635	-76,908	63,641	-58,977
USD	87,110	-57,228	133,730	-47,835
EUR	8,791	-1,521	19,069	-1,492
Other currencies	1,561	-843	2,910	-5,176

Sensitivity analysis - Exchange rate fluctuations against SEK	2023-01-01 - 2023-12-31		2022-01-01 - 2022-12-31	
	Effect on profit before tax	Effect on equity	Effect on profit before tax	Effect on equity
USD				
+ 10%	2,988	3,808	8,590	9,706
-10%	-2,988	-3,808	-8,590	-9,706
GBP				
+ 10%	2,373	3,858	466	1,976
- 10%	-2,373	-3,858	-466	-1,976
EUR				
+ 10%	726	726	1,758	1,758
- 10%	-726	-726	-1,758	-1,758

Liquidity risk and refinancing risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities that are settled in cash or another financial asset. The company manages liquidity risk by continuously monitoring its activities and by maintaining a group account structure that ensures the credit needs of the companies. The Company continuously forecasts future cash flows based on various scenarios to ensure timely funding.

The risk is mitigated by the Group's good liquidity reserves which are immediately available. The Group's operations are essentially self-financed with the ability to draw on overdraft facilities and the sale of accounts receivables if necessary. The Group has no commitments to creditors. The Group has an approved credit amount for its overdraft facility, see table on page 64 for amounts approved and utilized at the end of the reporting period. The total cash reserve consists of cash and cash equivalents and unused overdraft facilities.

Refinancing risk refers to the risk that financing for acquisitions or development cannot be retained, extended, expanded, refinanced or that such financing can only be provided on terms that are unfavourable to the company. The need for refinancing is regularly reviewed by the company and the board of directors to ensure the financing of the company's expansion and investments. The objective is to ensure that the Group has ongoing access to external borrowing without a material increase in the cost of borrowing. Refinancing risk is mitigated by starting the refinancing process in a structured and timely manner. The company also maintains an ongoing dialogue with several creditors.

The Group's contractual and undiscounted interest payments and re-payments of financial liabilities are shown in the table to the right. Financial instruments with variable interest rates have been calculated using the interest rate prevailing at the balance sheet date. Liabilities have been included in the period in which repayment is earliest due.

	2023-12-31				
Maturity analysis	< 3 months	3-6 months	6-12 months	> 1 year	Total
Liabilities to credit institutions					0
Overdraft facility					0
Accounts payables	10,815				10,815
Lease liabilities	5,028	5,028	10,057	32,787	52,900
Accrued expenses	17,612	2,368			19,980
Other current liabilities	22,903				22,903
Interest-bearing current liabilities	7,886	530	1,455	530	10,401
Other non-current liabilities				497	497
Interest-bearing non-current liabilities				1,985	1,985
Total	64,244	7,926	11,512	35,799	119,481

	2022-12-31				
Maturity analysis	< 3 months	3-6 months	6-12 months	> 1 year	Total
Liabilities to credit institutions	-	-	-	-	0
Overdraft facility	-	-	-	-	0
Accounts payables	9,092				9,092
Lease liabilities	4,004	4,004	8,008	32,067	48,084
Accrued expenses	6,342	4,616		742	11,700
Other current liabilities	20,790			3,214	24,005
Interest-bearing current liabilities	1,455	530	19,977		21,962
Other non-current liabilities				1,176	1,176
Interest-bearing non-current liabilities				5,955	5,955
Total	41,683	9,150	27,985	43,154	121,973

The credit agreements/frameworks entered into by the Group are presented below:

	2023-12-31	2022-12-31
Overdraft facility	37,500	37,500
of which utilized	-	-

Change in financial liabilities	2023-01-01	Cash flow	No-cash changes Change in lease liabilities	2023-12-31
Liabilities to credit institutions	-	-		0
Overdraft facility	-	-		0
Shareholder loan	-	-		0
Lease liabilities	42,634	-17,669	24,238	49,203
Total	42,634	-19,552	26,121	49,203

Change in financial liabilities	2022-01-01	Cash flow	No-cash changes Change in lease liabilities	2022-12-31
Liabilities to credit institutions	0	-		0
Overdraft facility	0	-		0
Shareholder loan	-	-		0
Lease liabilities	19,200	-15,367	38,801	42,634
Total	19,200	-15,367	38,801	42,634

Capital management

Capital is defined as total equity. The Group's objectives with respect to capital are to safeguard the Group's ability to continue its operations over the long term, so that it can continue to generate returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to keep the cost of capital low.

The Group's equity ratio is 59% (59%) and the total capital revenue rate is 0,85 (0,85). Key performance measures that the Group will continue to strive to maintain or improve. In order to maintain or adjust the capital structure, the Group may change the dividend paid to shareholders, issue new shares or sell assets to reduce debt. The board of directors and management evaluate future payment obligations on an ongoing basis and decide, based on an overall assessment, how to manage the Group's funds.

Note G20

Other current liabilities

Other current liabilities	2023-12-31	2022-12-31
Accrued expenses and prepaid income	19,980	19,521
Other current items	22,902	23,991
Carrying amount	42,882	43,512

Accrued expenses and prepaid income	2023-12-31	2022-12-31
Accrued holiday pay	7,512	6,311
Accrued social security charges	3,130	3,465
Accrued salaries and fees	6,125	3,816
Accrued commissions	452	742
Other accrued expenses	2,261	5,186
Carrying amount	19,980	19,521

Note G21

Statement of cash flows

Adjustments for non-cash items	2023-01-01-2023-12-31	2022-01-01-2022-12-31
Adjustments in operating income		
Amortization for the year	37,532	29,394
Translation adjustments	192	
Leasing interest	-	-950
Other	-1,048	-
Total	36,676	28,445

Note G22 Pledge assets and contingent liabilities

Pledge assets and contingent liabilities	2023-12-31	2022-12-31
Pledged assets for own liabilities to credit institutions		
Floating charges	37,500	37,500
Shares in subsidiaries	25,154	27,263
Total	62,654	64,763

The floating charges is provided for an approved overdraft facility.

Note G23 Transactions with related parties

A list of the Group's subsidiaries, which are also the companies that are related to the parent company, is given in Note 16 Group companies.

For information on remuneration to senior executives, see Note G5 Employees and personnel costs.

Note G24 Events after the balance sheet date

4C Strategies' operations have not changed since the end of 2023. The company's activities continue as planned and the strategic focus on growth remains in place.

The Board of Directors of 4C Strategies has appointed Jonas Jonsson as the CEO of 4C Strategies. Jonas Jonsson took office as of 2nd of April 2024. Jonas Jonsson joined 4C Strategies in 2013 and has since had several operational and executive positions, most recently as the Managing Director of 4C International, leading the company's expansion in the EMEA and APAC regions.

The war in Ukraine and the Middle East continues to play out with no immediate end in sight. Inflation and interest rates have stabilized and macroeconomic environment are becoming less volatile. 4C Strategies has established internal measures that will be evaluated and revised to make sure that we act, and can act, proactively to manage challenging situations.

No other significant events have occurred after the balance sheet date.

Parent company income statement

KSEK	Note	2023	2022
Operating revenue			
Net sales		187,246	201,846
Other revenue		7	7
Total revenue		187,253	201,853
Operating expenses			
Other external costs	2,3	-139,698	-116,454
Personnel costs	4	-76,970	-77,731
Other operating expenses		-	-15
Total operating expenses		-216,668	-194,199
Operating income before depreciation and amortization		-29,414	7,653
Depreciation and amortization	9	-455	-256
Operating income		-29,870	7,397
Financial income	5	13,038	12,466
Financial expenses	6	-11,961	-6,443
Income after financial items		-28,793	13,420
Appropriations	7	9,120	-300
Income before tax		-19,673	13,120
Taxes	8	3,661	-1,795
Net income for the year		-16,012	11,325

Parent company balance statement

KSEK	Note	2023-12-31	2022-12-31
ASSETS			
Fixed assets			
<i>Tangible assets</i>			
Machinery and equipment	9	1,775	1,497
Total tangible fixed assets		1,775	1,497
<i>Financial fixed assets</i>			
Shares in subsidiaries	10	21,680	21,560
Deferred tax asset	8	3,676	-
Total financial fixed assets		25,356	21,560
Total fixed assets		27,132	23,057
<i>Current assets</i>			
Current intercompany receivables	11,12	129,771	118,484
Other current receivables	13	6,301	1,486
Accrued income and prepaid expenses	13	7,455	8,215
Cash and cash equivalents	14	34,543	119,861
Total current assets		178,070	248,046
Total assets		205,202	271,103

KSEK	Note	2023-12-31	2022-12-31
EQUITY AND LIABILITIES			
Equity	15		
<i>Restricted equity</i>			
Share capital		598	594
Total restricted equity		598	594
<i>Unrestricted equity</i>			
Additional paid in capital		155,149	151,038
Profit/loss brought forward		25,630	14,304
Net income for the period		-16,012	11,325
Total unrestricted equity		164,767	176,668
Total equity		165,366	177,262
Untaxed reserves			9,380
<i>Non-current liabilities</i>			
Other non-current liabilities	12	-	-
Total non-current liabilities			0
<i>Current liabilities</i>			
Accounts payables	12	7,606	3,553
Current intercompany liabilities	12	14,473	42,092
Current tax liabilities		-	1,789
Other current liabilities	12	8,713	28,126
Accrued expenses and prepaid income	16	9,044	8,902
Total current liabilities		39,836	84,462
Total equity and liabilities		205,202	271,103

Parent company changes in consolidated equity

KSEK	Note	Share capital	Other contributed capital	Reserves	Profit/loss brought forward	Total equity
Opening balance 1 January 2022		170	54,858	0	14,679	69,706
Net income for the period		-	-	-	11,325	11,325
Other comprehensive income		-	-	-	-	0
Total other comprehensive income		0	0	0	11,325	11,325
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 January 2022		594	151,038	0	25,629	177,261
Opening balance 1 January 2023		594	151,038	0	25,629	177,261
Net income for the period		-	-	-	-16,012	-16,012
Other comprehensive income		-	-	-	-	0
Total other comprehensive income		0	0	0	-16,012	-16,012
Transaction with owners						
New share issues		5	3,372	-	-	3,377
Payment warrants		-	777	-	-	777
Repurchased warrants		-	-38	-	-	-38
Total transaction with owners		5	4,111	0	0	4,116
Closing balance 31 January 2023		598	155,149	0	9,617	165,366

Parent company cash flow statement

KSEK	Note	2023	2021
Cash flow from operating activities			
Operating income		-29,870	7,397
Adjustment for non-cash items		448	240
Financial income		1,077	6,023
Interest paid		-	-
Income tax paid		-4,056	-1,593
Change in working capital		-55,919	12,719
Cash flow from operating activities		-88,321	24,785
Cash flow from investing activities			
Acquisition of tangible assets		-733	-816
Acquisition of financial assets		-120	-
Cash flow from investing activities		-853	-816
Cash flow from financing activities			
New share issues		3,377	94,310
Warrant premiums		739	1,920

KSEK	Note	2023	2021
Group contributions made		0	-300
Other		-260	-73
Cash flow from financing activities		3,856	95,857
Cash flow for the period		-85,318	119,826
Change in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		119,861	35
Cash and cash equivalents at the end of the year		34,543	119,861

Parent company notes

Note P1 Significant accounting principles

The parent company has prepared its annual report in accordance with the Annual Accounts Act (1995:1554) and the recommendation issued by the Financial Reporting Council RFR 2 "Accounting for legal entities". The parent company applies the same accounting principles as the Group with the exceptions and additions specified in RFR 2. This means that IFRS is applied with the deviations listed below. The accounting policies set out below for the parent entity have been applied consistently to all periods presented in the parent entity's financial statements, unless otherwise stated.

Organization

The income statement and balance sheet are prepared for the parent company in accordance with the forms of the Annual Accounts Act, while the statement of comprehensive income, the statement of changes in equity and the statement of cash flow are based on IAS 1 Presentation of financial statements and the IAS 7 Statement of Cash Flows respectively.

Leasing

The rules on the recognition of leases under IFRS 16 do not apply in the parent company. This means that lease payments are recognized

as cost on a straight-line basis over the lease term, and that rights of use and lease liabilities are not included in the parent company's balance sheet. However, identification of a lease is made in accordance with IFRS 16, i.e. that a contract is, or contains, a lease if the contract transfers the right to determine for a certain period the use of an identified asset in exchange for compensation.

Taxes

In the parent company, deferred tax liabilities attributable to the untaxed reserves are recognized with gross amounts in the balance sheet. The appropriations are reported with the gross amount in the income statement.

Shares in group companies

Shares in group companies are recognized in the parent company in accordance with the cost method. The recorded amount of units in group companies is tested for impairment in accordance with IAS 36, Impairments. An impairment analysis is carried out at the end of each reporting period and any write-down is charged to the income statement. Where a previous write-down is no longer justified, it is reversed. Transaction costs are included in the carrying amount of the holding.

When assessing impairment requirements, assumptions are made about future conditions to calculate future cash flows that determine the recoverable amount. The recoverable amount is compared with the carrying amount of these assets and is the basis for any write-downs or reversals. The assumptions that affect the recoverable amount the most are future earnings development, discount rate and useful

life. If future external factors and conditions change, assumptions may be affected so that the carrying amounts of the parent's assets change.

Group contributions and shareholder contributions

The parent company reports both received and made group contributions as well as appropriations for the financial statements in accordance with the alternative rule. Shareholder contributions made by the parent company are carried directly against the equity of the recipient and are recognized as shares and shares with the parent company. Shareholder contributions received are recognized as an increase in unrestricted equity.

Financial instruments

Due to the relationship between accounting and taxation, the rules on financial instruments under IFRS 9 do not apply in the parent company as a legal entity, but the parent entity applies in accordance with the ÅRL cost method. In the parent entity, financial fixed assets are thus measured at cost and financial current assets according to the lowest value principle, applying impairment for expected credit losses under IFRS 9 in respect of assets that are debt instruments.

The parent applies the exemption not to value financial guarantee agreements for the benefit of subsidiaries and associates and joint ventures in accordance with the rules of IFRS 9, but instead applies the principles of measurement under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Write-down of financial assets

Financial assets, including intercompany receivables, are written down for expected credit losses. For method regarding impairment for expected credit losses, see the Group's Note 19 Financial Risks.

Expected credit losses for cash and cash equivalents have not been recognized, as the amount has been deemed to be immaterial.

Significant estimates and assessments

When preparing the financial statements, management and the Board of Directors must make certain assessments and assumptions that affect the carrying amount of asset and liability items and income and cost items, respectively, and provided information in general. The following are the assessments and sources of uncertainty in estimates that are most material in the preparation of the entity's financial statements.

Deferred tax assets

See description under the accounting principles for the Group.

Shares in subsidiaries

Shares in group companies are recognized in the parent company in accordance with the cost method. The recorded amount of units in group companies is tested for impairment in accordance with IAS 36, Impairments. An impairment analysis is carried out at the end of each reporting period and any write-down is charged to the income statement.

Note P2 Remuneration to auditors

Ernst & Young AB	2023-01-01- 2023-12-31	2022-01-01- 2022-12-31
Audit	1,650	1,242
Tax advice	58	0
Other services	304	1,235
Total	2,012	2,477

Note P3 Leasing

Future minimum lease fees	2023-01-01- 2023-12-31	2022-01-01- 2022-12-31
Within a year	11,706	11,293
Between 1-5 years	21,012	27,690
Total	32,718	38,983

Note P4 Employees and personnel costs

For information on remuneration to employees and senior executives and information about the number of employees, see the Group's Note G5 Employees and personnel costs.

Note P5 Financial income

	2023-01-01- 2023-12-31	2022-01-01- 2022-12-31
<i>Assets and liabilities valued at amortized cost:</i>		
Financial income from bank account	1	270
Financial income from tax account	1,331	4
Total interest income in accordance with effective interest rate method	1,332	274
<i>Other financial income:</i>		
Exchange rate differences - income, financial items	11,706	12,191
Total	11,706	12,191
Total financial income	13,038	12,466

Note P6 Financial expenses

	2023-01-01- 2023-12-31	2022-01-01- 2022-12-31
<i>Assets and liabilities valued at amortized cost:</i>		
Interest expenses loans to owners		
Interest expenses from other financial assets	-251	-236
Total interest expense in accordance with effective interest rate method	-251	-236
<i>Other financial expenses:</i>		
Exchange rate differences - expenses, financial items	-11,710	-6,207
Total	-11,710	-6,207
Total financial expenses	-11,961	-6,443

Note P7 Untaxed reserves

	2023-01-01- 2023-12-31	2022-01-01- 2022-12-31
Provision to accrual fund	9,380	0
Submitted Group contributions	-260	-300
Received Group contributions		0
Total	9,120	-300

Note P8 Tax

	2023-01-01- 2023-12-31	2022-01-01- 2022-12-31
Current tax		
Current tax	0	-1,795
Exploitations of tax deficits	0	0
Deferred tax	3,661	0
Recognized tax	3,661	-1,795

	2023-01-01- 2023-12-31	2022-01-01- 2022-12-31
Effective tax rate		
Income before tax	-19,673	13,120
Tax according to applicable tax rate for the parent company (20,6%)	4,053	-2,703
Tax effect of:		
Non-deductible expenses	-377	-264
Non-recognized costs		1,172
Change of tax rate	0	0
Adjustment of tax from previous year	-15	0
Recognized tax	3,661	-1,795
Effective tax rate	19%	14%

Note P9 Tangible assets

	Machinery and equipment	Total tangible assets
<i>Acquisition cost</i>		
Acquisition value per 1 January 2022	1,065	1,065
Acquisitions for the year	845	845
Current year's disposal	-28	-28
Acquisition value per 31 December 2022	1,882	1,882
Acquisition value per 1 January 2023	1,882	1,882
Acquisitions for the year	733	0
Current year's disposal		0
Acquisition value per 31 December 2023	2,615	1,882
<i>Depreciation</i>		
Accumulated depreciation per 1 January 2022	-145	-145
Amortization for the year	-256	-256
Accumulated depreciation per 31 December 2021	-385	-385
Accumulated depreciation per 1 January 2023	-385	-385
Amortization for the year	-455	0
Depreciation on disposals		0
Accumulated depreciation per 31 December 2023	-840	-385

Tangible assets

Closing carrying amount as of 2022-12-31	1,497	1,497
Closing carrying amount as of 2023-12-31	1,775	1,775

The parent company has no financial assets or liabilities that have been set off in the accounts or that are covered by a legally binding netting agreement. The maximum credit risk of the assets consists of the net amounts of the carrying amounts in the tables above. The parent company has not received any collateral for the net financial assets.

Note P10 Shares in subsidiaries

	2023-12-31	2022-12-31
Opening balance	21,560	21,487
New formation of subsidiaries	120	73
Closing carrying amount	21,680	21,560

Companies	Reg no.	Location	Voting share
4C Strategies AB	556598-6436	Stockholm	100%
4C Europe UK Limited	07450958	London	100%
4C North America Inc.	81-2766199	Delaware, USA	100%
4C International AB	556976-8905	Stockholm	100%
4C Strategies Norway AS	827186112	Oslo	100%
4C Strategies Finland OY	3375477-3	Helsinki	100%
4C Strategies North America Inc.	93-1494208	Virginia, USA	100%
4C Strategies Asia Pacific PTY Ltd	660383568	Queensland	100%

The following list includes shares and shares directly owned by the parent company. The parent company does not have any indirectly owned shares and shares.

Parent company	Number of shares	Equity 2023-12-31	Net income 2023	Carrying amount 2023-12-31	Carrying amount 2022-12-31
4C Strategies AB	1,679	917	146	11,079	11,079
4C Europe UK Limited	1	14,610	823	0	0
4C North America Inc.	1	9,163	-1,570	10,327	10,327
4C International AB	50	159	2	50	50
4C Strategies Norway AS	300	-614	41	31	31
4C Strategies Finland OY	10,000	28	17	12	-
4C Strategies North America Inc.	1	131	32	108	-
4C Strategies Asia Pacific PTY Ltd	1	151	77	73	73
Total				21,680	21,560

Note P11 Intercompany receivables

Companies	2023-12-31	2022-12-31
4C Strategies AB		
4C Europe UK Limited	72,325	49,937
4C North America Inc.	5,692	34,276
4C International AB	30,104	33,887
4C Strategies Norway AS	679	-
4C Strategies Finland OY	122	-
4C Strategies Asia Pacific PTY Ltd	20,849	383
Total	129,771	118,484

Note P12 Financial instruments

For short-term receivables and liabilities, such as trade receivables and accounts payable, the carrying amount is considered a good approximation of fair value.

The maximum credit risk of the assets is the carrying amounts. The parent company has not received any collateral for the financial assets.

Measurement of financial assets and liabilities 2023-12-31	Financial assets and liabilities measured at fair value	Financial assets and liabilities measured at amortized cost	Total carrying amount
Financial assets			
Intercompany receivables	-	129,771	129,771
Cash and cash equivalents	-	34,543	34,543
Total		164,314	164,314
Financial liabilities			
Liabilities to credit institutions	-	-	-
Accounts payables	-	7,606	7,606
Accrued expenses	-	4,359	4,359
Other current liabilities	-	8,713	8,713
Intercompany liabilities	-	14,473	14,473
Total		31,224	31,224

Measurement of financial assets and liabilities 2022-12-31	Financial assets and liabilities measured at fair value	Financial assets and liabilities measured at amortized cost	Total carrying amount
Financial assets			
Intercompany receivables	-	118,484	118,484
Cash and cash equivalents	-	119,861	119,861
Total		238,345	238,345
Financial liabilities			
Liabilities to credit institutions	-	-	-
Accounts payables	-	3,553	3,553
Accrued expenses	-	2,482	2,482
Other current liabilities	-	28,126	28,126
Intercompany liabilities	-	42,092	42,092
Total		76,233	76,233

The parent company has no financial assets or liabilities that have been set off in the accounts or that are covered by a legally binding netting agreement. The maximum credit risk of the assets consists of the net amounts of the carrying amounts in the tables above. The parent company has not received any collateral for the net financial assets.

2023-12-31					
Maturity analysis for financial liabilities	< 3 months	3-6 months	1-3 years	> 3 years	Total
Liabilities to credit institutions	-	-	-	-	0
Accounts payables	7,606	-	-	-	7,606
Accrued expenses	3,570	789	-	-	4,359
Other current liabilities	5,480	2,124	1,109	-	8,713
Intercompany liabilities	-	14,473	-	-	14,473

2022-12-31					
Maturity analysis for financial liabilities	< 3 months	3-6 months	1-3 years	> 3 years	Total
Liabilities to credit institutions	-	-	-	-	0
Accounts payables	3,553	-	-	-	3,553
Accrued expenses	2,545	2,211	-	-	4,756
Other current liabilities	13,909	8,977	5,240	-	28,126
Intercompany liabilities	-	42,092	-	-	42,092

Note P13 Prepaid costs

	2023-12-31	2022-12-31
Prepaid rent	2,648	2,513
Other current receivables	4,807	5,702
Carrying amount	7,455	8,215

Note P14 Cash and cash equivalents

	2023-12-31	2022-12-31
Bank balances	34,543	119,861
Carrying amount	34,543	119,861

Note P15 Equity

For information on share transactions and mandates approved by the General Meeting, see the Group's Note G17 Equity. The parent company's equity is divided into restricted and unrestricted equity.

Proposal for profit allocation

The following retained earnings are at the disposal of the annual general meeting:

Additional paid in capital	155,149
Profit/loss brought forward	25,630
Net income for the year	-16,012
Carrying amount	164,767

Disposed of as follows:

Dividend to be distributed to shareholders	0
To be retained	164,767

Note P16 Accrued expenses

	2023-12-31	2022-12-31
Accrued holiday pay	4,676	4,137
Accrued social security charges	1,006	1,041
Accrued interest	280	632
Accrued salaries and fees	2,931	2,637
Other	151	455
Carrying amount	9,044	8,902

Note P17 Cash flow statement

Adjustments for non-cash items	2023-01-01- 2023-12-31	2022-01-01- 2022-12-31
Adjustments in operating income		
Depreciation	-455	-240
Total	-455	-240

Note P18 Pledged assets and contingent liabilities

	2023-12-31	2022-12-31
<i>Pledged assets for own liabilities to credit institutions</i>		
Shares in subsidiaries	11,079	11,079
Total	11,079	11,079
<i>Contingent liabilities</i>		
Guarantees in favor of group companies	-	-
Total	0	0

Guarantees in favour of group companies are attributed to the overdraft facilities used.

Note P19

Transactions with related parties

Subsidiaries	2023-01-01- 2023-12-31	2022-01-01- 2022-12-31
Sale of goods/services	187,246	201,846
Purchase of goods/services	-77,297	-56,909
Receivable at the balance sheet date	129,771	118,484
Liability at the balance sheet date	14,473	42,092

Note P20

Events after the balance sheet date

4C Strategies' operations have not changed since the end of 2023. The company's activities continue as planned and the strategic focus on growth remains in place.

The Board of Directors of 4C Strategies has appointed Jonas Jonsson as the CEO of 4C Strategies. Jonas Jonsson took office as of 2nd of April 2024. Jonas Jonsson joined 4C Strategies in 2013 and has since had several operational and executive positions, most recently as the Managing Director of 4C International, leading the company's expansion in the EMEA and APAC regions.

The war in Ukraine and the Middle East continues to play out with no immediate end in sight. Inflation and interest rates have stabilized and macroeconomic environment are becoming less volatile. 4C Strategies has established internal measures that will be evaluated and revised to make sure that we act, and can act, proactively to manage challenging situations.

No other significant events have occurred after the balance sheet date.

Declaration

The Board and the CEO declare that the annual report has been prepared in accordance with generally accepted accounting principles in Sweden and the consolidated financial statements have been prepared in accordance with the international accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.

The annual report and consolidated financial statements provide a true and fair view of the Parent Company's and the Group's position and earnings. The director's report for the Parent Company and the Group respectively provides a fair overview of the development of the Parent Company's and the Group's operations, position and earnings and describes significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

16-04-2024
Stockholm, Sweden

Board of Directors of 4C Group AB (publ):

Andreas Hedskog
Chairman

Louise Bagewitz
Member

David Lidbetter
Member

Lena Ridström
Member

Jörgen Ericsson
Member

Christine Rankin
Member

Our audit report was submitted on 16-04-2024

Peter Gunnarsson
Authorized public accountant
Ernst & Young AB

Auditor's report

To the general meeting of the shareholders of 4C Group AB (Publ), corporate identity number 556706-0412

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of 4C Group AB (Publ) except for the corporate governance statement on pages 70-83 for the year 2023. The annual accounts and consolidated accounts of the company are included on pages 20-66 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as

adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 70-83. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated

accounts and is found on pages 5-19. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation

in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in

accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors [and the Managing Director].

- Conclude on the appropriateness of the Board of Directors' [and the Managing Director's] use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of 4C Group AB (Publ) for the year 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit

evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we

focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence to be able to assess whether the proposal is in accordance with the Companies Act.

Malmö 16 April 2024
Ernst & Young AB

Peter Gunnarsson
Authorized Public Accountant

Corporate Governance

As listed on Nasdaq First North Premier Growth Market, 4C Strategies follows the Swedish Code of Corporate Governance, the regulatory framework to be applied by companies whose shares are traded on a regulated market. The Code shall ensure that companies managed sustainably, responsibly, and efficiently. In the episode, 4C reports, among other things, Annual General Meetings, Board work, governance functions and remuneration.

Corporate governance report

4C Group AB (publ) ("4C" or the "Company") is a Swedish public limited company listed on Nasdaq First North Premier Growth Market since 24 May 2022 with registered office in Stockholm.

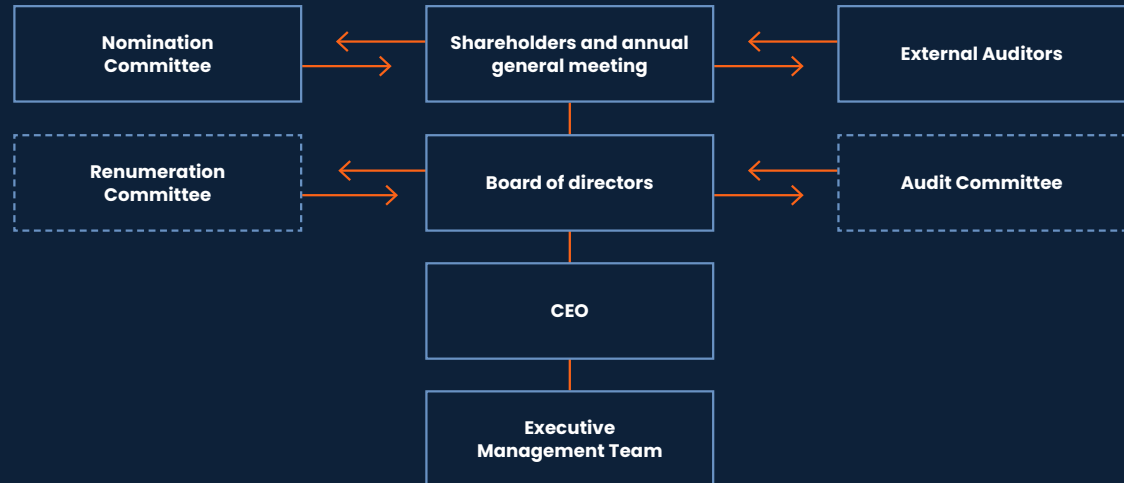
Corporate governance describes how rights and responsibilities are distributed in a company according to applicable laws, rules and internal processes. Corporate governance also defines the decision-making systems and structure through which shareholders directly or indirectly control a company and its operations. 4C's corporate governance is based on Swedish legislation, such as the Swedish Companies Act, the Accounting Act, the Annual Accounts Act and other applicable laws, ordinances, and internal regulations. 4C follows the Swedish Code of Corporate Governance, (the "Code") and Nasdaq Stockholm's Rulebook for Issuers.

This Corporate Governance Report has been prepared in accordance with applicable Swedish legislation and the Code. 4C Group's auditors have read this report and a statement from the auditor has been appended to it. No deviations from the Code or other regulations have taken place in 2023.

4C's governance model sets out the division of responsibilities within the group, with mandates and role descriptions designed to create a clear and transparent division of functions and areas of responsibility.

The illustration on the right shows the formal corporate governance structure.

Corporate governance structure



Shares and shareholders

The shares in the Company were on 24 May 2022 listed on Nasdaq First North Premier Growth. At year-end 2023, the Company had a market capitalization of 568 MSEK, distributed between 34,199,142 shares per the last day of trade 2023. 4C's share register is maintained by Euroclear Sweden AB. Each share corresponds to one vote at the Annual General Meeting ("AGM") and gives equal rights to shares in the Company's assets and earnings. As of December 31 2023, the largest single shareholder was Andreas Hedskog, whose holding was 11.4% of the shares. The four largest shareholders accounted for 36.6% of the shares and votes in the Company.

The main shareholders in the Company by year-end 2023 were:

Name	Number of shares	Votes	Capital
Andreas Hedskog	3,892,378	11,4 %	11,4 %
Martin Gren (Grenspecialisten)	2,989,989	8,8 %	8,8 %
Klas Lindström	2,983,962	8,8 %	8,8 %
The Fourth Swedish National Pension Fund	2,597,857	7,6 %	7,6 %
Total	12,464,186	36,6%	36,6%

Annual General Meeting 2023

The AGM for the 2022 fiscal year was held in Stockholm at Vasagatan 16 on 1 June 2023. The notice to the AGM was published on the company's website and in the Swedish Official Gazette. An announcement with information that the notice has been issued was published in the daily national paper Dagens Industri. Sixteen shareholders, accounting for 48 percent

of the votes and 48 percent of the shares, were represented at the AGM.

The AGM passed, for example, resolutions on:

- Adopting the income statement and balance sheet as well as the group income statement and group balance sheet.
- To treat the result in accordance with the proposal of the Board of Directors in the annual report, meaning that the result is carried forward.
- Discharging the directors of the board and the CEO from liability in relation to the Company.
- The remuneration to the Board of Directors, members of Committees and Auditors.
- Re-election of the Board of Directors and Chair of the Board. Re-election of the registered auditing company Ernst & Young AB. Ernst & Young appointed Certified public accountant, Peter Gunnarsson, as responsible auditor.
- Resolution regarding principals for the Nomination Committee
- Resolution to authorize the Board of Directors to issue shares.
- Resolution regarding an incentive program for senior executives and employees within the group.

General Meetings

The highest decision-making body of the Company is the General Meeting where the shareholders exercise their influence.

According to the company's Articles of Association, the notice of the General Meetings shall be made by announcement in the Official Swedish Gazette and by posting the notice on

the Company's website. Notification that the invitation has been issued is announced in the daily national paper Dagens Industri.

Notice of the General Meetings shall be issued no earlier than six weeks and no later than four weeks before the meeting if it is an AGM or if amendments of the articles of association will be raised. Notice of any other General Meeting shall be given no earlier than six weeks and no later than two weeks before the meeting. The AGM is held within six months of the end of the financial year and takes place in Stockholm.

The AGM's resolutions include, among other things:

- Election of the Board of Directors and remuneration for board members, including for committee work.
- Discharge from liability for board members and the CEO.
- Election of the auditor.
- Adoption of the income statement and balance sheet.
- Disposition of the bank's profit or loss.
- Remuneration guidelines for the CEO and certain other senior executives.

All shareholders who are registered in the share register and who have notified their participation in time have the right to attend and vote. The Board of Directors may collect proxies at the company's expense in compliance with the procedure set out in the Swedish Companies Act.

The Board of Directors may resolve, ahead of a General Meeting of the shareholders, that the shareholders shall be entitled to exercise their voting rights by post prior to the meeting.

A shareholder that wishes to have a certain matter discussed on the General Meeting shall request this in writing to the Board of Directors. The matters shall be discussed at the General Meeting if the request has been received by the Board of Directors at least seven weekdays prior to the time when the convening notice may be submitted at the earliest, or thereafter if within time to include the matter in the convening notice to the General Meeting.

The Articles of Association do not contain restrictions on the number of votes for each shareholder at a General Meeting. Members of the Board of Directors are appointed and dismissed in accordance with the Swedish Companies Act and the articles of association does not contain special rules for this. Amendments to the Articles of Association are decided in the manner that follows from the Swedish Companies Act and the Articles of Association contain no special rules for this.

Annual General Meeting 2024

The AGM will be held on Wednesday, 15 May 2024 at Vattugatan 17, Stockholm.

Information about registration for the Annual General Meeting and proposals from the Nomination Committee will be published on the company's website. 4C's audited annual report, proxy form and proposed resolutions will be available at the company's headquarter and website.

Nomination Committee

The Swedish Corporate Governance Code requires 4C to have a Nomination Committee. According to the current principles for the appointment of the Nomination Committee

adopted by the AGM 2023, the Nomination Committee shall consist of three shareholder representatives represented by the largest shareholders or shareholder groups in the company according to the share register from Euroclear Sweden AB as of 30 September each year. In addition to these three members, the Chairman of the Board may be an adjunct member of the Nomination Committee. In accordance with the Code, a member of the Nomination Committee shall carefully consider whether a conflict of interest or other circumstances exist that make it inappropriate to participate in the Nomination Committee before accepting the assignment. The Nomination Committee shall apply the Code.

The members of the Nomination Committee shall be published on 4C's website no later than six months before the AGM. If any of the three largest shareholders or shareholder groups refrains from appointing a shareholder representative or if a shareholder representative resigns before the mandate has been fulfilled without the shareholder or shareholder group that appointed the Nomination Committee member appointing a new representative, the Chair of the Board shall invite the next largest shareholder or shareholder group (i.e. the fourth largest shareholder or shareholder group) to appoint a shareholder representative within one week. This process will continue until the Nomination Committee is composed of three shareholder representatives. In the event of a change in the ownership of the company affecting the composition of the three largest shareholders or groups of shareholders, the shareholder or group of shareholders that does not have an owner representative on the Nomination Committee may contact the

Chair of the Nomination Committee with a request to appoint a member. The Chair of the Nomination Committee shall then inform the other members of the request. If the change of ownership is not insignificant, a member appointed by a shareholder or group of shareholders no longer belonging to the three largest shall make his/her seat available and the new shareholder or group of shareholders shall be allowed to appoint a member.

The majority of the members of the Nomination Committee shall be independent of the company and its management. In addition, at least one of the members of the nomination Committee shall be independent of the largest shareholder or group of shareholders in the company with voting rights who cooperate in the management of the company. Members of the Board of Directors may be members of the Nomination Committee, but shall not constitute a majority of the members of the Nomination Committee. If more than one director is on the Nomination Committee, no more than one of them may be dependent in relation to the company's major shareholders. The Chair of the Board or any other member of the Board of Directors shall not be the Chair of the Nomination Committee. The Chief Executive Officer or any other member of senior management shall not be a member of the Nomination Committee.

No fees shall be paid to the members of the Nomination Committee. The Nomination Committee shall be entitled to charge the company with costs such as recruitment consultants or other costs necessary for the Nomination Committee to fulfil its mandate.

The Nomination Committee is to draft proposals on the following issues for resolution by the 2023 AGM:

- the chair of the AGM
- the election of Chair of the Board,
- other members of the Board of Directors of the company,
- the remuneration of the Board of Directors divided between the Chair and the other members and the principles for possible remuneration for committee work,
- the election and remuneration of the auditor
- decision on the principles for the appointment of a new Nomination Committee.

The Nomination Committee for the 2024 AGM is composed by the following members:

- Erik Syrén (appointed by Andreas Hedskog). Chair of the Nomination Committee.
- Erik Ivarsson (appointed by Grenspecialisten), Bengt Axelsson (appointed by Klas Lindström), and
- Adjunct member Andreas Hedskog – Chairman of the Board for 4C Group AB (publ).

Andreas Hedskog, Grenspecialisten and Klas Lindström represent more than 28.8 percent of the total number of votes in 4C Group AB (publ), as of August 31, 2023.

Shareholders who have proposals relating to the work of the Nomination Committee should submit these to email address NominationCommittee@4cstrategies.com.

Board of Directors

The Board of Directors is the highest decision-making body after the General Meeting, and the highest executive body. In accordance with the established Rules of Procedure, the Board of Directors is responsible for the control, overall organization and management. The Board of Directors shall comprise of a minimum of 3 and maximum of 9 directors. The Board is elected at the annual general meeting for the period until the end of the next annual meeting. There is no time limit for how long a director can be a part of the board.

The 2023 AGM decided on the re-election of Christine Rankin, Lena Ridström, Louise Bagewitz and David Lidbetter as full board members. The AGM re-elected Andreas Hedskog as chairman of the board. Jörgen Ericsson was elected new member of the board and Mats Hjerpe declined re-election. Andreas Hedskog (chairman of the board) is judged to be dependent in relation to the company and company management and in relation to major shareholders. The other board members are deemed to be independent both in relation to the company and company management as well as in relation to major owners. The board thus fulfils the requirement according to the Code, that a majority of the board members must be independent in relation to the company and company management and that at least two board members must also be independent in relation to the company's major shareholders.

Additional information about the Board of Directors can be found at www.4cstrategies.com.

Work of the Board of Directors in 2023

The Rules of Procedure include regulations of the distribution of work and responsibilities between the board members and the CEO, as well as between the Board of Directors and the various committees of the board. The Board of Directors determine the company's strategy and targets, the operational frameworks and the business plan and appoints, dismisses and evaluates the CEO. The Board of Directors shall further regularly evaluate the company's financial situation and ensure that the company has appropriate routines for control and reporting and that laws and regulations are followed. The Board of Directors is also ultimately responsible for ensuring that 4C has an appropriate organisation and corporate governance which includes adopting policies and instructions for operating activities within the company.

The company held 21 board meeting during 2023. The board meetings also covered Group

Management's reporting of business conditions, operations, organizational resources, results and financial position. Senior executives have participated in board meetings as required. A board meeting with focus on strategy was held in June. During the autumn were board meetings held to consider the budget and business plan for the following year. At the scheduled meetings, the Board of Directors discussed the agenda in accordance with the Rules of Procedure and the relevant documentation regarding the matters to be addressed was sent to all members prior to the board meetings.

The main focus of the Board of Directors in 2023 has been the groups short- and long- term strategy and reaching the financial targets.

Executive management

The business is managed by the CEO. According to the Instructions for financial reporting, the CEO is responsible for the financial reporting and shall ensure that the board of directors receives sufficient information to evaluate the Company's financial situation. The CEO shall also regularly provide the board with information regarding events that are significant to the Company's progress, results, financial position, liquidity or other information that may be of importance.

The CEO has appointed an executive management team. In 2023, the executive management has consisted of the CEO, deputy CEO, the Managing Directors of the subsidiaries, the CFO, the CHRO, the CPO and the deputy CEO of one of the US subsidiaries. Executive management meets on average once a week. Every quarter, all the Group's Directors also meet to discuss both operational and strategic issues. Additional information about the executive management can be found at www.4cstrategies.com.

Remuneration Committee

The Remuneration Committee operates under instructions adopted by the Board of Directors and evaluates and consults on matters relating to remuneration policies and remuneration and other terms of employment of senior management. Further, the Remuneration Committee shall ensure that remuneration is commensurate with prevailing market conditions and that the company's offering to its employees is competitive. The CEO's remuneration is approved by the Board of Directors. Remuneration of other senior executives is decided by the CEO after consulting with the Remuneration Committee.

The Remuneration Committee shall consist of at least two members and forms quorum if a majority of the members is present. The chairman has a casting vote if the vote is tied.

The committee members appointed at the statutory board meeting in June 2023 were David Lidbetter (Chair of the Committee), Jörgen Ericsson and Lena Ridström. During the fiscal year 2023, the Remuneration Committee met on ten occasions.

Audit Committee

The Audit Committee operates under instructions adopted by the Board of Directors and exercises oversight over the Group's financial accounting and reporting, as well as audits carried out. This includes tasks such as ensuring the quality of the Group's financial reporting through reviewing interim reports, annual and sustainability reports, evaluating the work of the auditors, and reviewing and assessing the Group's internal control work. The Committee is responsible for ensuring that the Group complies with applicable laws and regulations, and monitoring legal and tax issues.

The Audit Committee shall consist of at least two members, which shall not be employees of the company. The majority of the members shall also be independent of the company and its management. At least one member must also be independent of the company's major shareholders and have accounting or auditing proficiency. The Audit Committee forms quorum if a majority of the members is present. The chairman has a casting vote if the vote is tied.

The committee members appointed at the constituent board meeting in June 2023 were

The board – position, attendance and compensation

Name	Position	Elected	Independent ¹⁾	Board meetings	Audit Committee	Remuneration Committee	Board compensation	Committee compensation
Andreas Hedskog	Chairman of the Board	2011	No/No	21/21			350,000	
Mats Hjerpe ²⁾	Member	2016	Yes/No	21/21		7/7	175,000	25,000
David Lidbetter	Member	2012	Yes/Yes	21/21		10/10	175,000	25,000
Lena Ridström	Member	2022	Yes/Yes	20/21		9/10	175,000	15,000
Christine Rankin	Member	2022	Yes/Yes	20/21	6/6		175,000	25,000
Louise Bagewitz	Member	2022	Yes/Yes	19/21	6/6		175,000	15,000
Jörgen Ericsson ³⁾	Member	2023	Yes/Yes	12/12		3/3		15,000

1. Refers to independence in relation to the company and its management or independence in relation to major shareholders in the company.

2. Resigned in connection with the annual general meeting on 1 June 2023.

3. Newly elected in connection with the annual general meeting on 1 June, 2023

Christine Rankin (Chair of the Audit Committee) and Louise Bagewitz. During the fiscal year 2023, the Remuneration Committee met on six occasions and has, among other things, dealt with internal governance and control, the auditor's audit and reporting and internal financial reporting.

Auditor

Ernst & Young Aktiebolag is 4C's auditor with Peter Gunnarsson as responsible auditor. Peter Gunnarsson was re-elected the company's auditor on the 2023 Annual General Meeting. Peter Gunnarsson is an authorised public accountant and member of FAR (Institute of the Accountancy Profession in Sweden).

Ernst & Young Aktiebolag's address is Box 7850, 103 99 Stockholm, Sweden.

Fees are paid to the auditors on the basis of current agreements and for extra contributions according to invoice. Further information about remuneration to the auditor, see Note [G2] in the Annual Report 2023.

Internal controls and risk management

4C strives to create long-term value for shareholders and other stakeholders. This involves ensuring an effective organizational structure, systems for internal control and risk management, as well as transparent internal and external reporting. The description of our risk management below is based on the COSO framework, which is a system used to establish internal controls to be integrated into business processes. These controls provide reasonable assurance that the organization is operating

ethically, transparently and in accordance with established industry standards.

Control environment

The Board of Directors has the overall responsibility for the internal control and risk according to the Swedish Companies Act and the Code. In order to maintain and develop a well-functioning control environment and complying with applicable laws and regulations, the Board of Directors has resolved a number of fundamental documents for risk management and financial reporting. These includes the Board of Directors' Rules of Procedure, instructions for the CEO, authorization regarding the organization of operations as well as internal policy documents.

The Rules of Procedure aim to achieve a clear division of responsibilities between the board (including committees) and the CEO (and executive management) in order to, among other things, achieve effective management of risks in both operations and financial reporting. The Rules of Procedure is updated on an annual basis.

The executive management team's work is based on the Board's established routines and procedures, as well as instructions for the CEO and reporting instructions. The executive management team and their function's staff lead the day-to-day operations primarily through policy instruments such as budgets, performance management, regular reporting and monitoring. The CEO and group management as well as the persons who in their function lead the respective defined critical process, function or area together have the operational responsibility for the internal control.

Policies and guidelines govern operations and financial reporting. It is mandatory for all group employees to read specific policies both at the start of the employment and annually. 4C regularly conduct education and training on the adopted policies to ensure that the employees understand the content of relevant policies, routine descriptions and instructions. Finally, all 4C's policies are subject to the Board of Directors annual review at the statutory meeting.

The control environment for financial reporting is based on a division of roles and responsibilities in the organization, with accounting and reporting guidelines to support the process. The Board of Directors is responsible for internal control of financial reporting which has been delegated to the CEO and CFO through reporting guidelines which aims to provide reasonable assurance of the reliability of external and internal financial reporting. Financial information in financial reports is compared with related plans and variances are analysed. 4C's external reporting such as quarterly reports, the annual report and other financial reports are based on the International Financial Reporting Standards (IFRS) and are always processed by the Audit Committee and the Board of Directors before they are published. The auditor also submits a written opinion for the financial reports subject to statutory audit and other reports subject to the auditor's approval.

Risk assessment

Risk assessments is the process of analysing and evaluating the company's main risks and creating proper internal controls, risk responses and mitigation plans.

The work with risk assessment in a broad perspective is a fundamental part of the Board and the executive management's mission. This includes, for example, continuously assessing, monitoring and mitigating financial risks, operational risks, and key business risks. Within 4C, risks assessments in all relevant areas of the company are regularly reported to the Board. 4C's internal processes and routines provide good support for the ongoing management of risks

Control activities

Control activities are designed to minimize the risks identified in the risk assessment. A various of control activities are carried out in the organization and comprise of a mix of preventive and detective controls including: approvals of authorized individuals at different levels in the organization, applying the arm's length principle, two-party approval for payments, clear attestation and clear decision-making procedures. These control activities, among others, are applicable for all entities within 4C Group, and monitored at group level. 4C works actively to incorporate risk management into the daily routines. It is monitored that policies, guidelines and instructions are followed. Employees undergo continuous training or as needed to ensure required competences.

The Audit Committee is engaged in the discussions regarding the financial risk assessments and internal governance and control activities.

Information and communication

An important part of internal control work is to ensure effective dissemination of relevant

information to internal and relevant external stakeholders. 4C's routines and systems for providing information aim to provide the market with relevant, reliable, accurate and up-to-date information about the group's development and financial position.

The company CEO and CFO has jointly, on behalf of the Board of Directors, been given the overall responsibility for handling matters relating to insider information and IR communication. The Board of Directors has appointed 4C's CFO as responsible for the management of the insider list.

Internal communication takes place, for example, through 4C's intranet, on group monthly meetings, weekly meetings in the specific legal entities or in the respective group function. Other formal internal communication, such as 4C's policy framework, education, guidelines and instructions, are communicated and accessible on the intranet.

The sales and marketing department is responsible for other external and internal information.

Monitoring

The Board of Directors has access to monthly reports on the group's revenues, results and financial position involving all parts of operational functions. At least one interim report and all annual reports are audited by 4C's auditors.

The executive management meets frequently and monitors business development, financial performance and position, and significant events. The finance department and manage-

ment analyse the financial figures, including follow up against planned targets, on a monthly basis level of detail. The Company's operational reporting is under constant development and improvement in content as well as system support and accessibility for operational managers. Further, the Audit Committee monitors 4C's financial reporting and the efficiency of the company's internal financial controls, internal audits, and risk management.

Remuneration of the board of directors and senior executives

It was resolved at the AGM 2023 to adopt the guidelines for remuneration to senior executives, which is reviewed on an annual basis. The guidelines apply to the CEO and other senior executives in the group as well as to any remuneration to the Board of Directors, other than approved director fees. The guidelines do not apply to any remunerations that has specifically been approved by the General Meetings or any remuneration in the form of shares, warrants, convertibles or other share-related instruments such as synthetic options or employ stock options, which require specific approval by the General Meeting.

It was decided at the AGM 2023, that the fee to the Chairman of the Board should amount to SEK 350,000 and SEK 175,000 to each non-employed board member. It was also decided that special fees for Committee work shall be paid, with SEK 15,000 to a member of a Committee and SEK 25,000 to the Chairman of a Committee.

Further information about remuneration to the CEO and executive management, see Note [G5] in the Annual Report 2023.

Articles of association

The Articles of Association stipulate, among other things, the company's operations, election and the number of Directors and auditors, changes to the articles of association, procedure for convening shareholders' meetings, matters for consideration at the AGM as well as share capital and number of shares. The Articles of Association are available at the company website: www.4cstrategies.com.

Note: Employees, personnel costs and remuneration to senior executives

Guidelines for remuneration to senior executives

In order to meet 4C's business strategy and to the safeguard the company's long-term interests, 4C needs to recruit and retain skilled and qualified employees. The guidelines shall also stimulate an increased interest in the business and the result as a whole as well as increase the motivation of the senior executives and increase the belonging within the company. This requires that the company can offer market-based and competitive remuneration in each market where the company operates. Individual remuneration levels are based on experience, competence, responsibility, and performance. In accordance with the company's guidelines for remuneration to the CEO and group executives, remuneration must be market-based and consist of the following components: fixed cash salary, possible variable cash salary and other benefits and pension payments in accordance with the Company's policy, as applicable. The total cash remuneration, including pension benefits, shall, on a yearly basis, be in line with market practice and competitive on the labour

market where the senior executive is based and consider the individual responsibilities, competences, qualifications and experiences of the senior executive as well as reflecting any notable achievements. Fixed and variable cash salary shall be related to the senior executives' responsibility and authority. The fixed cash salary shall be revised on a yearly basis.

Fixed salary

The fixed salary will be based on the individual senior executive's area of responsibility, authority, competence, experience, and performance.

Variable remuneration

Executive management may receive variable remuneration in addition to the fixed cash salary. The variable salary shall be designed with the aim of creating incentives for the individual to contribute to the company's short- and long-term goals based on role in the organization. The targets shall be set and documented annually. The variable remuneration shall be based on the outcome of actual predetermined targets based on 4C's business strategy and the long-term business plan approved by the Board of Directors. Targets may include option-based or financial targets, operational targets, employee engagement or customer satisfaction. Financial criteria may be based, for example, on the 4C Group's operating profit (EBIT).

Pension and insurance

In order to create long-term financial security for our employees, 4C strives to offer competitive employment benefits such as occupational pension. The Company provide occupational pensions in accordance with local

custom and legislation in all countries where 4C is located. The contribution to the pension plan must be pre-defined and based on a fixed agreed salary. Variable cash remuneration is not base for pension contributions. Exceptions to this are due to applicable national law or geographical compliance variances.

Other benefits

4C may provide other benefits to senior executives in accordance with the company's policies. Such other benefits may include company healthcare and education.

Agreement on severance pay to senior executives

Upon termination of employment, the period of notice may not exceed 12 months. Fixed cash salary during the period of notice and severance pay may not exceed one years' fixed cash salary. In the event of termination of employment by the executive, the period of notice may not exceed six months without entitlement to severance pay.

The decision-making process for establishing, reviewing, and implementation of the guidelines

The Board of Directors has established a remuneration Committee. The duties of the Committee include preparing the Board of Directors' decisions on proposed guidelines for remuneration for executive management. The remuneration Committee will also monitor and evaluate programs for variable remuneration for senior management, the application of guidelines for remuneration to senior executives, and applicable remuneration structures and levels in the company. The members of the remuneration Committee are independent

in relation to the company management. The CEO and other members of the executive management absent themselves during the course of the Board of Directors consideration of and decisions on remuneration-related matters, where they are affected by such issues.

Board of Directors



Andreas hedskog (born 1974)
Chair of the Board 4C Group AB since 2011

Education: MA from the University of Cambridge and OPM from Harvard Business School. Reserve Officer Mj, Swedish Defence University

Background: Andreas Hedskog is the founder of 4C Strategies and was the CEO of the company for eleven years, before becoming Chairman of the board in 2011.

Other ongoing assignment: Chair of the board, Clavister AB (publ), Hedskog Equity AB and Pantbanken Malmö AB. Board Member of Micro Systemation AB (publ), HAEVE AB, Newbury Pharmaceuticals AB, SnigelDesign AB and Deputy director of Bold Communication Sweden AB.

Previous assignment (last five years): Chairman of the board Southside Padel AB, Board member Stiftelsen SCUR and Säkerhets- och Försvarsföretagen.

Holdings/shareholdings in 4C: 3,892,378

Independence: Dependent in relation to the company and its management (CPO until 2021). Dependent in relation to the owners, as one of the Company's biggest shareholders.



Louise Bagewitz (born 1981)
Board member 4C Group AB since 2022 and member of the Audit committee

Education: Master in Business Administration & Management from Stockholm School of Economics and Certificate of Management Excellence from Harvard Business School in Boston.

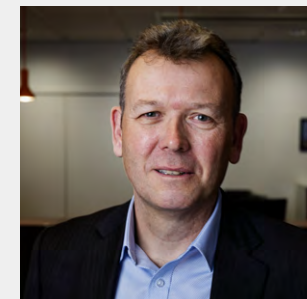
Background: Louise has a long experience of working in the intersection between business and tech, and has held positions as CIO, COO and CEO. Louise was previously Group CEO of Crowd Collective, CEO in Crowd Collective Group AB and Crowd Collective Holding AB, an IT consulting business within the Akind Group. Prior to that, Louise was CEO of Fortnox Finance AB and acting CEO and President of IST Group, an educational tech company, and IT Director at Nobia.

Other ongoing assignments: CEO at the recruitment and staffing provider Academic Work and its subsidiaries Academic Work Technology AB, Academic Work HR Service AB, Academic Work Consulting AB, Academic Work IT AB, Academic Work Finance AB and Acentra AB. Member of the board at Norwegian fintech company Kravia Group AS and Director of Linden Invest AB.

Previous assignments (last five years): Group CEO of Crowd Collective, CEO in Crowd Collective Group AB and Crowd Collective Holding AB. CEO Fortnox Finance AB and CEO of IST Group AB. Chairman of the board of IST Sverige AB, Sigfridshäll i Växjö AB and Lärandets Hus AB. Member of the board of JaRocka Roll Studios AB, Schoolido AB, Capcito Finance AB, Capcito Lending 2 AB and Capcito Systems AB.

Holdings/shareholdings in 4C: 0

Independence: Independent in relation to the Company, its management and biggest shareholders.



David Lidbetter (born 1963)
Board member 4C Group AB since 2012 and member of the Remuneration committee

Education: Senior Leadership and Board Director programmes at Henley Business School and London Business School.

Background: David Lidbetter has a 25-year Executive career holding senior leadership roles within the Support Services sector. He previously worked for G4S in Regional CEO and Global Divisional roles building a wealth of knowledge and expertise within Security, Logistics, Risk Management and Outsourcing. He was Chairman, and Director, on numerous JV and subsidiary Boards across EMEA. Since leaving Executive duties he has operated as a NED, consultant and industry expert advising many of Europe's leading Private Equity funds and PE led businesses.

Other ongoing assignments: Owner and director of Illumina Ltd.

Previous assignments (last five years): -

Holdings/shareholdings in 4C: 14,000

Independence: Independent in relation to the Company, its management and biggest shareholders.


Lena Ridström (born 1965)

Board member 4C Group AB since 2022 and member of the Remuneration Committee

Education: Master in Business Administration from Linköping University.

Background: Lena Ridström has 30 years of experience from the software and IT industry (mainly ERP and SCM solutions) with positions as Sales Management, General Management, CEO and board assignments.

Other ongoing assignments: Lena is CEO of Columbus Sweden AB, an IT consulting company in the development, implementation and maintenance of digital business solutions with 500 employees in Sweden, 1600 globally. Current board assignments are Oriola Oyj, IMI group.

Previous assignments: Lena has had employments in IFS as sales director, founder and CEO of Axido, CEO of UnitedLog and Primelog, the latter sold to Pagero 2017. Lena has also had board assignments in Capacent (listed 2015), SealFX, Good Solutions, Oriola Oy and IMI.

Holdings/shareholdings in 4C: 2,201

Independence: Independent in relation to the Company, its management and biggest shareholders.


Jörgen Ericsson (born 1968)

Board member 4C Group AB since 2023 and member of the Remuneration Committee

Education: MSc from Stockholm School of Economics and has studied at the MBA exchange programme at the Wharton School of the University of Pennsylvania.

Background: Jörgen has over 25 years of experience as an entrepreneur, investor, and in senior management in the software and data/analytics industries, both in Sweden and in the United States. His background includes Senior Executive positions at Cisco Systems, Vice President at Snowflake, Senior Partner at KPMG, and CEO at two software companies. Jörgen has also been a General Partner in a venture fund investing in scalable technology start-ups. Jörgen has extensive experience in sales and business development, IT/tech and leading product development companies into profitable growth.

Other ongoing assignments: Industry Advisor at EQT.

Previous assignments (last five years): Vice President, Global Head of Industry Solutions at Snowflake and Senior Partner, Data/ Analytics Advisory at KPMG USA.

Holdings/shareholdings in 4C: 0

Independence: Independent in relation to the Company, its management and biggest shareholders.


Christine Rankin (born 1964)

Board member 4C Group AB since 2022 and chairperson of the Audit Committee

Education: Bachelor's degree in Business Administration and Economics from Stockholm University.

Background: Christine Rankin was formerly a Chartered Accountant and Partner at PwC where she worked from 1988–2014, where she mainly worked with listed companies. Christine Rankin has also held several senior positions at Spotify AB and Cherry AB (CFO).

Other ongoing assignments: Director and Chair of the Audit and Risk Committee of Coinshares International Ltd. Director and member of the Audit Committee and Remuneration committee of Orexo AB (publ). Director and Chair of the Audit Committee of Bonesupport AB (publ). Director and Chair of the Audit Committee of Starbreeze AB (publ).

Previous assignments (last five years): Head of Corporate Control at Veoneer Inc. Chair of the Board of Zeunity AB. Director of Adventure Box Technology AB (publ). CFO of Cherry AB (publ). Director and Chair of the Audit Committee of Technopolis plc.

Holdings/shareholdings in 4C: 850

Independence: Independent in relation to the Company, its management and biggest shareholders.

Executive management



Jonas Jonsson (born 1985)
CEO 4C Group AB since 2 April 2024,
Managing Director 4C International since 2017

Education: Master of Law studies from Lund University and Reserve Officer in the Navy, Swedish Armed Forces.

Background: Jonas has worked in the 4C Group in various positions since 2013. Previous positions have included Head of Legal, Senior Consultant and Director of Sales. He has extensive experience in software implementation from customers around the world, and has worked on most of the Group's strategic software deals as a commercial and legal advisor. He was appointed as Managing Director for the International segment in 2017, responsible for the Groups international expansion, and in 2019 also became fully responsible for the operations in the UK.

Other ongoing assignments: Member of the board 4C Europe UK Ltd, 4C International AB and 4C Strategies Asia Pacific Pty Ltd.

Previous assignments (last five years): –
Holdings/shareholdings in 4C: 56,850



Magnus Bergqvist (born 1970)
CEO 4C Group AB
until 1 April 2024

Education: Studies in economics at the Stockholm School of Economics and Uppsala University.

Background: Magnus Bergqvist has been working in IT management and software consulting since the 90's and has been 4C's CEO since 2011. Prior to joining the Company, Magnus was Vice President at SAP Nordic & Baltics.

Other ongoing assignments: Board member 4C Strategies AB, 4C International AB, 4C Strategies Norway AS, 4C Strategies Finland Oy, 4C Europe UK Ltd, 4C Strategies Asia Pacific Pty Ltd, 4C North America Inc., 4C Strategies North America Inc.

Previous assignments (last five years): –
Holdings/shareholdings in 4C: 590,762



Anders Nordgren (born 1981)
CFO since 4C Group AB
since 2019

Education: Master's degree in Business and Economics from Uppsala University.

Background: Anders Nordgren started his career as an auditor at PwC, after which he held various positions within the finance function at Tradedoubler. Anders joined the Company as CFO in 2019 and was previously CFO at iStone AB.

Other ongoing assignment: Member of the board 4C Strategies Norway AS, 4C Strategies Finland Oy, 4C Strategies North America Inc.

Previous assignment (last five years): Executive position (CFO) at iStone AB.

Holdings/shareholdings in 4C: 27,000



Klas Lindström (born 1975)
Deputy CEO 4C Group AB
since 2006

Education: Bachelor's degree in political science from Uppsala University. Courses in BA at the Stockholm School of Economics. Completed the Owners/Presidents course at Harvard Business School. Intelligence officer (major) in the reserve. Graduated from École supérieure des officiers de réserve spécialistes d'état-major at Ecole Militaire in Paris 2023.

Background: Klas has held a number of parallel positions within the 4C Group since its start – member of the Board of Directors, Chief Sales Officer, Managing Director for the Nordic company. Klas has more than 20 years of experience in risk and crisis management internationally and in Sweden. He has broad expertise in strategic development and planning for the management of defence forces and societal critical functions.

Other ongoing assignments: Deputy CEO 4C International AB and 4C Strategies AB. Member of the board 4C International AB and 4C Strategies AB. Director of Lagga Invest AB, Sapere Aude Handelsbolag and La Pluie de rose AB. Deputy director of Mikael Edqvist AB.

Previous assignments (last five years): Director of OBSIT Communication AB.

Holdings/shareholdings in 4C: 2,983,962



Martin Rusner (born 1985)
Chief Product Officer
since 2021

Education: Bachelor's degree in political science and crisis management and master's degree in political science and security policy, Swedish Defence University. Higher Reserve Officers Course, Swedish Defence University.

Background: Martin has been employed within the 4C Group since 2013 and assumed his current position as Chief Product Officer in 2021 after various management positions within sales, software implementation and consultancy in the Group.

Other ongoing assignments: Deputy board member of Austria Travel Sweden AB and Reserve Officer in the Swedish Armed Forces.

Previous assignments (last five years): Board Member of the Reserve Officers' Society in Svealand.

Holdings/shareholdings in 4C: 24,687



Mikael Grape (born 1982)
President 4C Strategies North America
(Public & Corporate) since 2023

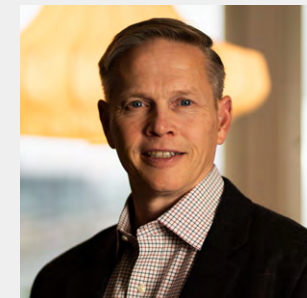
Education: Master's degree in political science from Uppsala University.

Background: Mikael has worked at 4C Strategies in various positions since 2011. Previous positions have included MD for 4C Strategies AB, Senior Consultant and Head of Business Development. He was in the summer of 2023 appointed President of the new established US entity serving the corporate sector. He also has experience as an analyst in the Swedish Armed Forces, including assignments at the defence attaché offices in Belgrade and Sarajevo.

Other ongoing assignments: Director of Hässlingby Gärd AB. Deputy director of Catharina Bildt AB.

Previous assignments (last five years): –

Holdings/shareholdings in 4C: 49,850



Guy Jones (born 1972)
President 4C North America (Defense)
since 2023

Education: Bachelor's degree in Nuclear Engineering from Texas A&M University. A Master's of Science degree in Military Strategy from the US Army School of Advanced Military Studies (SAMS), Fort Leavenworth, Kansas. Post graduate work in Negotiation and Conflict Resolution at the Carter School of Peace and Conflict Resolution at George Mason University.

Background: Guy Jones served 32 years in the US Army rising to the rank of Brigadier General. His last assignment was with Army Future Command where he was responsible for synchronizing and coordinating future concepts, material and non-material requirements, experimentation, and science/technology development. He previously served as an Assistant Division Commander in Korea for two years coaching, training, developing and sustaining readiness, and maintenance of a large unit. He also served as the Commander of the Army's Mission Command Training Program.

Current Positions: President of IPLP, LLC.

Previous Positions (last 5 years): President of IPLP, LLC.

Holdings/shareholdings in 4C: 0


Josefine Rosén (born 1986)

**Managing Director 4C Strategies AB
since 2023**

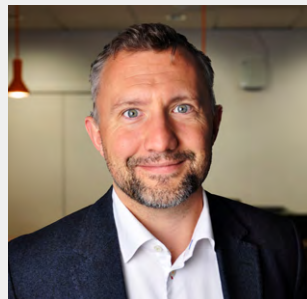
Education: Master of Science in Business and Economics, Stockholm School of Economics. Courses in project management training and business continuity and CBCI Certified.

Background: Josefine has worked in 4C Group in various positions since 2010. Previous positions have included being a consultant, working mainly towards clients in the financial sector, being manager for several consultant teams, and most recently being the operations director of 4C Strategies AB. She has over 13 years of experience as principal consultant within organisational resilience and related areas such as incident and crisis management, enterprise risk management, business continuity management and training and exercises. She was appointed as Managing Director for the Nordic segment in 2023.

Other ongoing assignments: Member of the board 4C Strategies AB.

Previous assignments (last five years): –

Holdings/shareholdings in 4C: 14,000


Mikael Edqvist (born 1978)

**Senior VP 4C North America
since 2016**

Education: Master in Mechanical Engineering Studies, courses in logistics at Lund University and Energy security studies at Uppsala University.

Background: Mikael has extensive experience in the development of software and training systems for defence forces. Mikael Edqvist has more than 20 years of experience in selling software and solutions internationally and has led the Company's ventures in the UK and US and worked extensively with the Company's international customers since the Company's formation.

Other ongoing assignments: Chair of the board of Mikael Edqvist AB.

Previous assignments (last five years): –

Holdings/shareholdings in 4C: 2,305,898


Maria Larsson (born 1976)

**Chief Human Resources Officer
since 2020**

Education: Sociology with orientation towards work, Organization and Human Resource Management, at Uppsala University.

Background: Maria has 18 years of experience working in HR and management roles and has previously been HR Director at Visma and HR manager at Sirius IT. In her previous positions, Maria has also had business area responsibility at Visma Consulting, among others.

Other ongoing assignments: –

Previous assignments (last five years): Senior Manager HR Nordics at Dassault Systèmes AB.

Holdings/shareholdings in 4C: 2,900

Auditor's report on the corporate governance statement

To the general meeting of the shareholders of 4C Group AB (Publ), corporate identity number 556706-0412.

Engagement and responsibility

It is the Board of Directors who is responsible for the corporate governance statement for the year 2023 on pages 70–82 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's standard RevR 16. The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Malmö, April 16, 2024

Ernst & Young AB

Peter Gunnarsson

Authorized Public Accountant

The 4C Share

The 4C Strategies share is listed on Nasdaq First North Premier Growth Market since 24 May 2022. The company ticker code is 4C. All firms whose shares are traded on First North have a Certified Adviser who guarantees that the company follows the First North guidelines for providing market and investor information. Nasdaq First North is an alternative market run by Nasdaq's exchanges.

Share

As of December 31, 2023, the share capital amounted to SEK 597,585 divided into 33,199,142 shares, where all shares are ordinary shares. Each common share gives the holder one vote and an equal right to share in 4C's assets and profits. The quota value can be found in Group's note G17.

4C Strategies is listed on the Nasdaq Premier Growth Market since 24 May 2022 under the symbol "4C". The introductory price was SEK 35 per share and at the end of 2023 the share price amounted to SEK 16.60 with a total market value of MSEK 568.

Warrant program

At the annual general meeting on 1 June, 2023, it was resolved to issue an additional warrant program. The warrant program comprises 222,600 warrants and can be exercised for subscription of shares during the period 15 June 2026 to 30 June 2026. For more information about current option programs, see Note G5 in the Annual Report.

The warrant program 2017/2023 had its subscription period during December 2023. Of the total of 700,000 options in the program the number of newly issued shares was 280,000 giving a total number of shares of 34,199,142 (33,919,142). For further information regarding warrant programs, see note G5 in annual report.

Shareholder information

After the 2023 financial year, there have been minor changes among the largest shareholders. Among existing owners that have increased their holdings are Tibia Konsult AB and Chelverton Asset Management, while Carnegie Fonder has reduced its holdings holding. For more information about current shareholders, please see our website.

Key information about 4C share

Ticker code: **4C**

Market place: **Nasdaq First North**

List: **Premier Growth Market**

Share price: **16.60 SEK per share at year-end**

Market capitalization: **568 MSEK at year-end**

Shareholders (2022-12-31)	Num. of shares	Capital	Votes
Andreas Hedskog	3 892 378	11,38%	11,38%
Martin Gren (Grenspecialisten)	2 989 989	8,82%	8,82%
Klas Lindström	2 983 962	8,73%	8,73%
Fjärde AP-fonden	2 597 857	7,60%	7,60%
Mikael Edqvist	2 305 898	6,74%	6,74%
Handelsbanken Fonder	1 700 000	4,97%	4,97%
LMK-bolagen & Stiftelse	1 500 000	4,42%	4,42%
Tibia Konsult AB	1 428 285	4,18%	4,18%
Erik Syrén	1 366 334	4,00%	4,00%
Carnegie Fonder	1 348 005	3,94%	3,94%
Total 10	22 112 708	64,76%	64,76%
Other	12 086 434	35,24%	35,24%
Total number of shares	33,919,142		

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

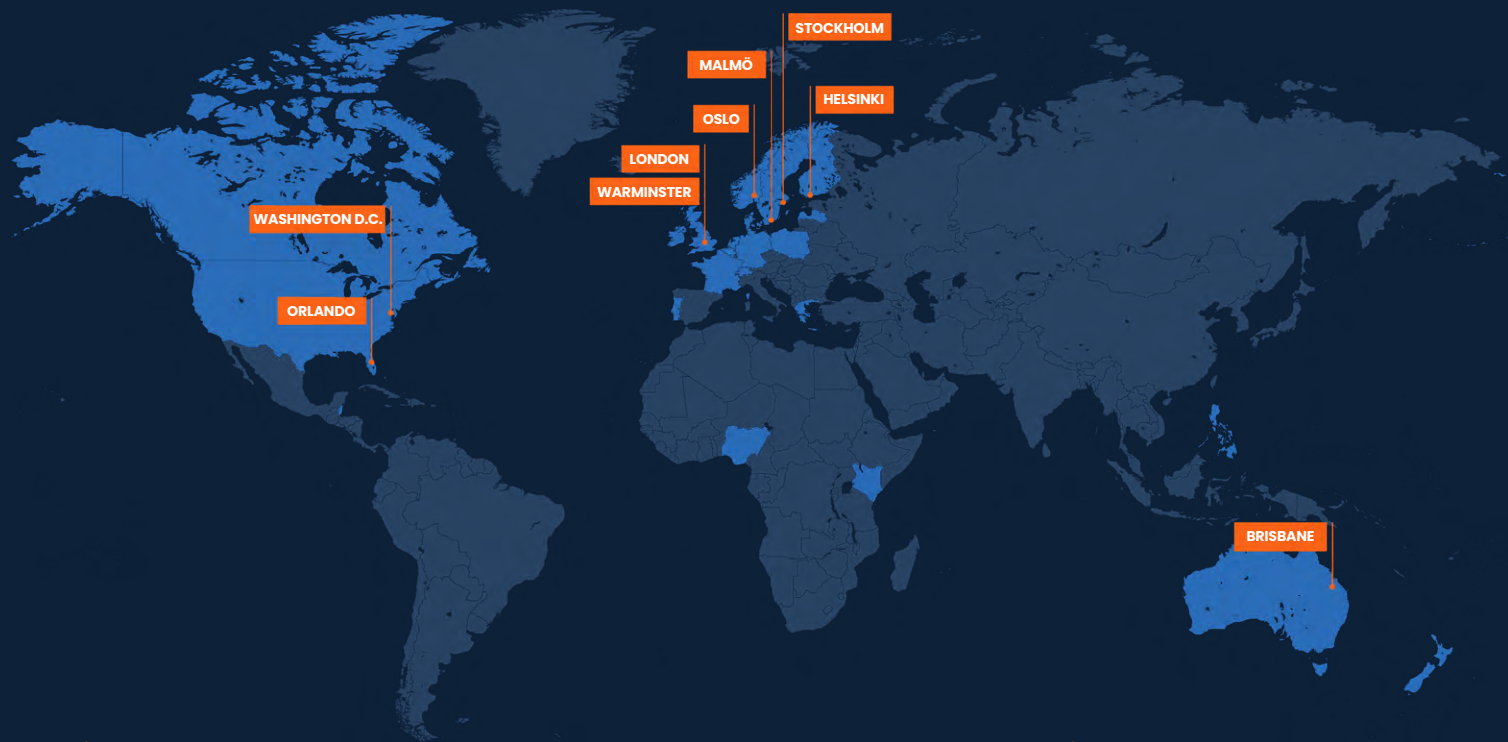
Net of cash and cash equivalents and interest-bearing liabilities.

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.



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Finland

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London SW1E 5BY
United Kingdom

Malmö

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211 18 Malmö
Sweden

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Florida 32826
USA

Oslo

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Norway

Stockholm

Vattugatan 17
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Sweden

Warminster

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United Kingdom

Washington

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USA



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Visit
4C Investors Hub
for more information.





4C STRATEGIES

4C Strategies is the leading provider of training readiness and organisational resilience solutions. With over 20 years of expertise, we support high-profile international institutions, global enterprises and armed forces across 100 countries. We help you 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 you to prepare your operations for the future, allowing you 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.

