4C STRATEGIES

Be Ready. Be Resilient. Foresee.

Annual Report 2022

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 our customers to train effectively and be ready for the resilience challenges ahead.

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

Be Ready. Be Resilient. Foresee.

Exonaut + Expertise

What we offer

- Exercise and Training Solutions
- Resilience Solutions
- Expert Services

Our journey

2000
- 4C Strategies is founded in Lund, Sweden by Andreas Hedskog
- The first versions of the Exonaut software platform are launched

2001
- The Swedish Armed Forces become 4C Strategies' first Exonaut partner

2002
- The Swedish Civil Contingencies Agency becomes 4C Strategies' first consultancy partner

2005
- 4C Strategies moves its headquarters to Stockholm, Sweden

2007
- The British Army becomes new Exonaut partner

2009
- New software development hub established in Malmö, Sweden

2010
- London office opens to continue supporting the UK market, along with international expansion

2014
- Warminster office in the UK opens to support British Army projects, and life science company Cytiva becomes new consultancy partner

2015
- NATO becomes Exonaut partner

2016
- The company raises capital through an investment from Priveq to further accelerate growth
- Office opens in Washington D.C, US

2017
- 4C starts collaboration with several new customers including Tele2 and the European Central Bank

2018
- The first contract with the U.S. Army

2019
- European External Action Service, EEAS, launches Exonaut as their global consular crisis management system
- New office in Orlando, USA, opens to support U.S. Army projects

2021
- Exonaut Next Generation is launched as software represents the majority of the company's sales
- 4C Norway is established, while new clients Shell and Verizon are onboarded

2022
- 4C Strategies is listed on the Nasdaq First North Premier Growth Market on 24 May 2022
- New subsidiary in Australia to support expansion in the APAC region

Contents

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. Since then the company's offering has grown to include a full suite of organizational resilience solutions, backed up by expert consultants within the fields of training readiness and organizational resilience. The company is headquartered in Sweden, has nearly 200 employees and has a global presence with offices in the Nordic countries, the UK, Australia and the US. 4C Strategies currently has over 150 customers with users in more than 100 countries.

A global software provider

4C Strategies operates in the global and fast-growing market for training and exercises for armed forces and resilience for organizations operating in business-critical environments in the public and private sectors.

Since its inception, 4C Strategies has established itself as a strong player in the defence sector, thanks to innovative digital solutions and an experienced team of former leaders within defence. Defence clients are members, allies, or partners of NATO and include the Swedish, U.S., British, and Australian armed forces.

As our world is constantly changing, the public and private sectors' need for preparation and readiness for unforeseen events has increased. 4C Strategies has long had a strong offering aimed at the defence sector, which has facilitated the development of our products for, e.g. government agencies and global corporations. The customer list currently includes companies such as Shell, Verizon, ECB, EEAS and Oatly, as well as a variety of government agencies and civil organizations, both national as well as international.

The foundation of 4C's offering to the private and public sectors is Exonaut Resilience, an integrated platform for building and maintaining organizational resilience. Exonaut enables efficient, secure and seamless management of incidents, crises, risks and compliance assurance. Exonaut also supports the continuity of operations affected by disruptions and crises and thus constitutes a software solution suitable for both military and civilian customers.

The Company's focus is now on increased geographical expansion and continued development of software and solutions to strengthen its range of services and products as a leading provider of readiness, training and crisis management to customers in the defence, public and private sectors.

Australia
Brisbane

Nordics
Malmö
Oslo
Stockholm (HQ)

UK
London
Warminster

US
Orlando
Washington

150+
Customers

100+
Countries with Exonaut users

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

Our offering

Exonaut software

Resilience platform

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

Training and exercise platform

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

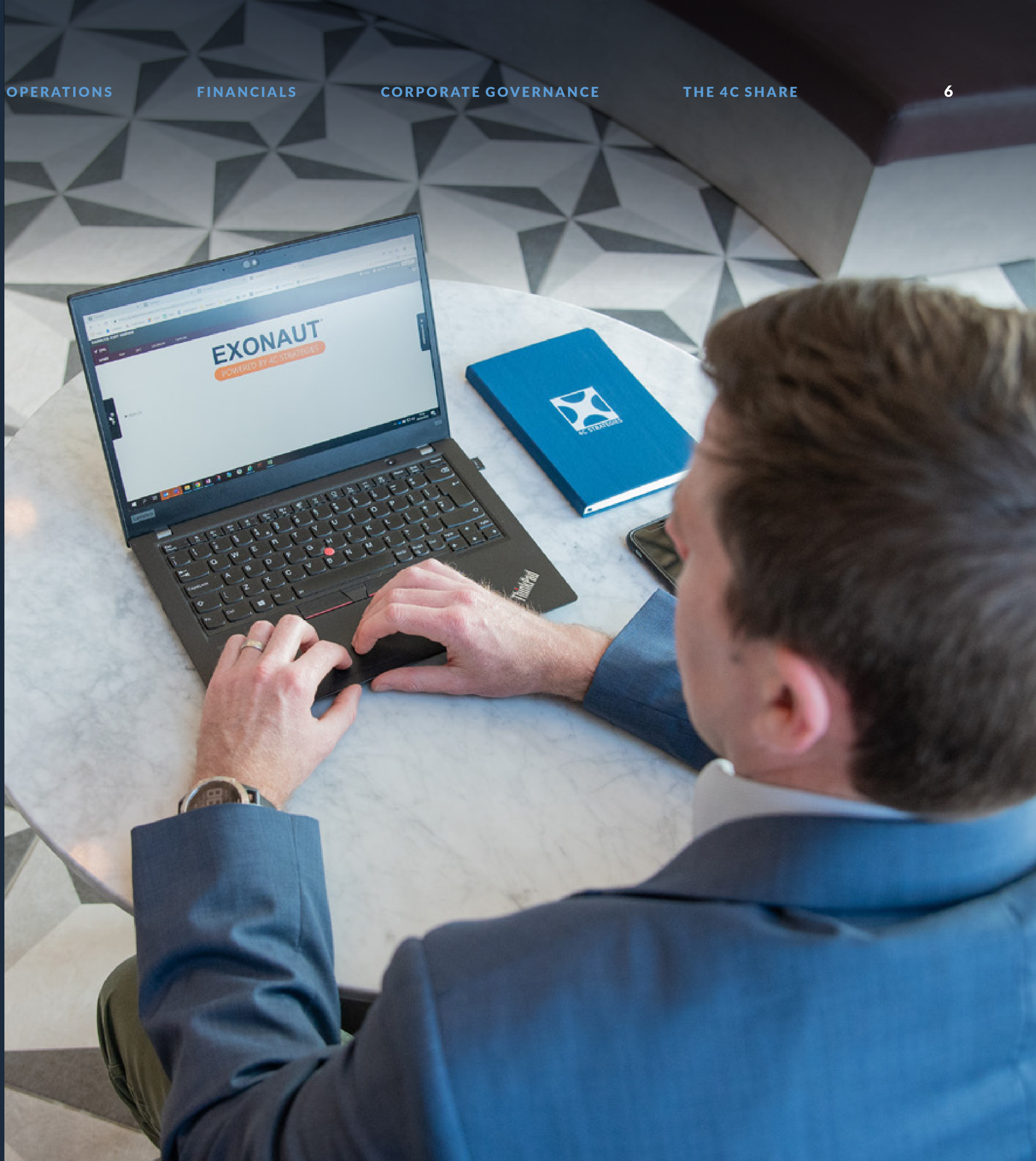
Consultancy services

Software-related services

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

Expert services

We have an integrated approach to risk, continuity and crisis management with a focus on assisting our clients in building organizational resilience. Meeting our customers' expectations is key and we employ best practices and industry standards in our deliveries. Together, we strengthen the client's capability to prepare, prevent, respond, and recover from adverse events.



Year 2022

In 2022, 4C Strategies was able to note a high level of customer activity in all segments in which the company operates. The work to further develop the Exonaut software platform with associated modules continued at pace. The company is also continuing its geographical expansion and, as part of this, established a new office in Australia. The listing on the Nasdaq First Premier Growth Market, which took place in May 2022, enables accelerated growth in both technology development, as well as in selected customer verticals and geographically important markets.

The year in brief

4C Strategies publicly listed

- On 24 May 2022, 4C Strategies was listed on the Nasdaq First Premier Growth Market under the ticker code 4C. The intent of implementing the listing was to enable accelerated growth in our strategically selected areas; accelerate organic software growth, expand further in the private sector, continue expanding in the defence sector and expand the geographic footprint. The listing also gives 4C Strategies a strengthened profile vis-à-vis employees, investors, partners and customers, increased access to Swedish and international capital markets, and a broadened ownership base.

Establishment in Australia

- 4C Strategies expanded its international presence through the establishment of a new company and office in Brisbane, Australia. The official opening took place on 17 June 2022. The business, based on the long-standing relationship with the Australian Defence Force, is intended to both support existing customers and drive continued expansion in the APAC region.

Contract extensions in the US

- 4C Strategies signed an important contract extension with a U.S. defence customer in Q3. The contract, worth approximately MUSD 2.0, includes licensing and development and aims to fund a prototype for the production phase expected to start in 2023. In addition to the above, the ongoing project with the U.S. Army continued according to plan in 2022, where the work is proceeding into the next production phase in 2023. Important events that, according to plan, strengthen our position in the strategically important U.S. market.

Exonaut Next Generation

- During the year, Exonaut Next Generation was launched at numerous customers with successful results in all customer groups, which strengthens our range and position.
- MyExonaut, 4C Strategies' solution for individual training, continued to generate software sales. The solution will be available on the world market in 2023 and is an important component to our solution for organizational and individual training. At the same time, MyExonaut is seeing increased interest from both the private and public sectors, creating opportunities to further broaden the range of what we offer.

Increased activity in our markets

- Extensive sales activities were carried out during the year, including participation at the Land Forces 2022 Defence Exposition in Brisbane, Australia, the AUSA 2022 Defence Exposition in Washington D.C., USA, the I/ITSEC 2022 Defence Exposition in Orlando, USA, as well as a number of other expositions, as well as through our own user forums such as the Exonaut Military User Forum in London and the Exonaut Resilience Forum in Stockholm.

Major agreements in the defence sector strengthen our market-leading position

- Our long-term relationship with a defence customer in the Nordic was extended in Q4 through a five-year agreement with the option of an additional two years. The renewed agreement on Exonaut provides a basis for continued development of the collaboration and revenue during the agreement period.
- The collaboration with the British Army continues to progress with an expanded scope in our provision of Exonaut. In addition, the project of developing MyExonaut as their choice to track collective and individual training has entered the next phase.

Continued software development

- In line with its strategy, the Company continued to focus on the development of more software modules and solutions on the Exonaut platform. The investments are intended to strengthen our range of services and products for all customer groups.
- Targeted efforts to develop our resilience solutions have been made and will continue in order to strengthen the range of services for the private and public sectors, which are markets where we see great potential and growth.

New board of directors appointed

- A new board of directors was appointed at the 4C Strategies Annual General Meeting on 11 May 2022, with three new members: Louise Bagewitz, CEO of Crowd Collective Group, Lena Ridström, CEO of Columbus Sweden and Christine Rankin, board professional and former Partner at PwC. The continuing members are Andreas Hedskog, Board Chair, David Lidbetter and Mats Hjerpe.

Private sector expansion in U.S. to begin in 2023

- With a growing interest from the public and corporate sectors, we have focused on strengthening the capabilities within our resilience solution during the fourth quarter. Besides adding new key features and capabilities, we are currently evaluating new solutions within the resilience domain that can be launched to the market. This will strengthen our capacity to address these sectors and gain market shares, which allows for continued growth within future software sales. In relation to this, we will establish further presence in the United States during 2023, with a team dedicated to address the non-defence market.

Key ratios	2022	2021	2020
Net sales (MSEK)	331.3	261.2	185.3
Net sales growth (%)	27%	41%	4%
FX-adjusted organic net sales growth (%)	18%	44%	5%
Software revenue (MSEK)	211.6	159.5	86.1
Software revenue in relation to net sales (%)	64%	61%	46%
EBIT (MSEK)	28.6	47.1	13.1
EBIT margin (%)	9%	18%	7%
Adjusted EBIT (MSEK)	49.6	49.6	13.1
Adjusted EBIT margin (%)	13%	19%	7%
Net income for the year (MSEK)	26.3	39.0	7.4
Earnings per share before dilution (SEK)	0.79	1.26	0.24
Earnings per share after dilution (SEK)	0.74	1.17	0.23

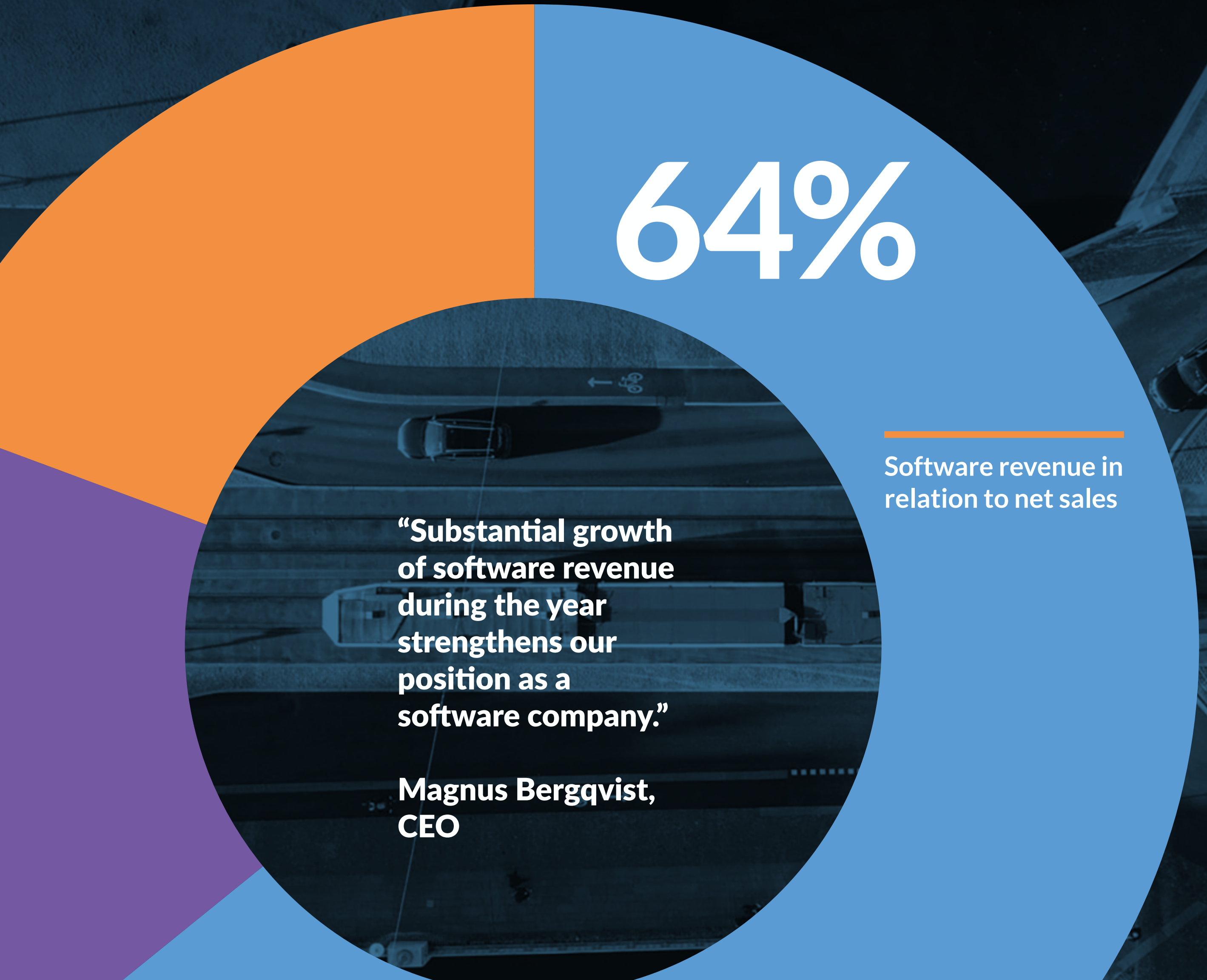
331.3
Net sales, MSEK

64%
Software revenue in relation to net sales

13%
Adjusted EBIT margin

18%
FX-adjusted organic net sales growth

Selected key figures 2022



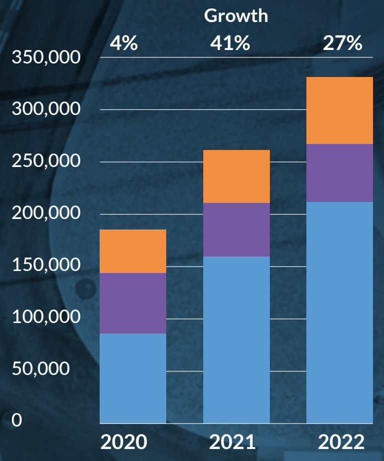
Software revenue in relation to net sales

"Substantial growth of software revenue during the year strengthens our position as a software company."

Magnus Bergqvist, CEO

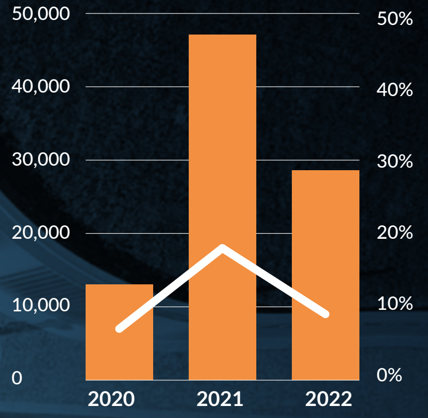
Net sales, KSEK

- Software
- Software-related services
- Expert services



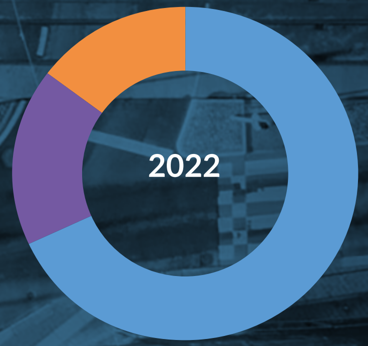
EBIT

- EBIT
- EBIT %



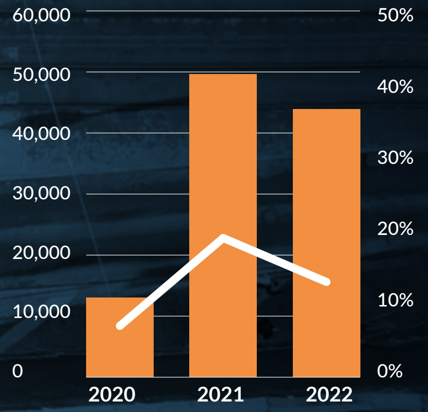
Net sales per customer group, KSEK, and growth rate for 2022, %

Defence	226,292, +22%
Public	56,652, +30%
Corporate	48,333, +50%



Adjusted EBIT

- Adjusted EBIT
- Adjusted EBIT %



"4C Strategies' offer is more relevant than ever, with a product portfolio that will support our goal of accelerating growth."

CEO comment

IPO strengthens 4C Strategies as world invests in increased readiness

The year 2022 was transformative, not only for 4C Strategies as a company but also for large parts of the world. For us, a significant event during the year was our successful listing on the First North Premier Growth Market. The listing not only strengthens our market position, but also gives us access to Swedish and international capital markets, which is a long-term advantage for our continued expansion.

Russia's invasion of Ukraine has challenged the European security order and created a need for other parties to reassess their readiness and security. We are also seeing a security paradigm shift, where the western world quickly needs to redefine and strengthen its defence agenda. Finland and Sweden's application for NATO membership is a clear example of this.

In parallel with developments in Europe, we have seen increased tensions in the Middle East and Asia, not least between China and Taiwan. In addition, the pandemic has continued to cause problems in China, affecting supply chains and raw materials, while the rest of the world has continued its economic recovery in an environment of rising inflation, interest rate hikes and soaring energy prices. From a global perspective, these challenges set the stage for new conflicts and potential crises. The world has thus experienced several parallel crises during the year. This state of "perma-crisis" is expected to continue and is something every organisation needs to prepare for and respond to.

The increasingly uncertain world situation has led many countries to increase their budgets and invest in resilience and readiness, both military and civilian. We see a growing need for Western defence forces to rapidly strengthen their capabilities and readiness. At the same time, there is increased activity in both business and civil society - with a particular focus on essential services.

For 4C Strategies, these developments mean that our offer today is more relevant than ever before. We see that our customers are becoming more active and aware of our business areas, and that our solutions and services are increasingly in demand. In 2022, we continued to grow in our respective markets, partly as a result of the global development, but also because we worked strategically with a focus on our addressable markets, invested in software development and strengthened our brand for the global market. Our position as a software company has been strengthened during the year, as evidenced by a 33% increase in software sales.

Our customers constitute a broad range, from defence and civilian organizations, to national government agencies and global enterprises. During the year we have seen growth in all customer groups, with the strongest expansion in the private sector at 50%. In addition to strong growth, it is also gratifying that we have strengthened our market position in the strategically important North America segment. Our current partnership with the U.S. Armed Forces has strengthened and expanded throughout the year. Existing contracts have continued according to plan and new projects and contracts have been initiated during the year. In 2023, we will establish an additional presence in the U.S. with a team dedicated to addressing the public and private sector. In the International segment, we have had a continued global presence while at the same time focusing on addressing our emerging markets. The segment is driving most of our growth initiatives and is expected to be a strong contributor to the expansion we are undertaking from a group perspective. In our Nordics segment, we see an improved and stable market position, which is laying the foundation for future growth in all the segment's customer groups. From a financial perspective, we see accelerated software growth in the Nordic markets, which is in accordance with our plan.

In the summer of 2022, we were able to announce our expansion into Australia. We signed our first contract with the Australian Armed Forces back in 2015, and last summer we opened our office in Brisbane, which already has a strong team in place. My expectation is that it will not only contribute to increased sales in Australia, but also give us a stronger foothold throughout the Pacific region, which is commonly referred to as APAC. In practice, we take a step closer to potential and existing customers, creating prospects for achieving regional growth while learning more about their businesses and needs.

In addition to strengthening our position in new geographic markets, an increased share of software sales is a key part of our strategy. We have set a financial target for 70 per cent of our revenue to be generated from the sale of our software Exonaut. Our financial targets also include currency-adjusted organic net sales growth of 20 per cent and an adjusted EBIT margin of 20 per cent. To sum up 2022 from a financial perspective, net sales amounted to MSEK 331.3, which corresponds to a currency-adjusted organic growth of 18%. Software sales as a share of net sales grew and amounted to MSEK 211.6 for the full year, an increase of MSEK 52.1 compared to the previous year. Our profitability for the full year amounted to SEK 43.9 with a margin of 13% in adjusted EBIT margin. 2022 shows stable figures considering that during the year we have been able to invest in our software Exonaut, broaden our geographical footprint and create conditions for growth with a stronger sales force and brand awareness.

> **"With the new platform, Exonaut continues to lead the way in training and exercise management."**

4C Strategies is a growth company. We will therefore continue to invest in sales activities, in our brand and in our software platform in order to strengthen our position as a leading provider of organizational readiness, exercises and crisis management. The next generation of our software, Exonaut Next Generation, is now available to the market and most customers have already upgraded to the new version. With high security, a modern user interface and the ability to connect Exonaut to existing systems, Exonaut continues to lead the way in training and exercise management. Through the new platform, we have the opportunity to offer a wider range of dedicated products in the defence, public and private sectors. Investments in resilience solutions have been made during the year and will be prioritized going forward as it is expected to support the ongoing growth journey. In addition, we expect MyExonaut, our solution for individual training, to be available on the world market in 2023 and that it will be an important component to our solution for organizational and individual training. My assessment is that 4C Strategies' offer is more relevant than ever and that we are well positioned in the market with a product portfolio that will support our goal of accelerating growth.

With great respect for the uncertainty and turbulence in today's world, I am aware that our ability to influence as an individual company is limited, even though we work with some of the world's leading players. However, it makes me proud that we, 4C Strategies, contribute to building strong and more resilient communities and organizations through our products and services. With a strong belief in our business concept and a pride in our products and services, I expect that we can continue our growth journey into 2023 – together with our shareholders, stakeholders, employees and customers.

Magnus Bergqvist
CEO

Case: Shell

Digitalizing Shell's international incident response training

Oil spills from facilities can cause both significant environmental damage and major economic losses. As one of the world's largest energy companies, Shell, operating in over 70 countries, must always be prepared to act in the event of an incident.

Education and training in crisis management is a business-critical factor for Shell, as well as for the entire oil and gas industry. If an incident escalates and a local team needs extra support, it is essential that everyone involved has practised together under realistic conditions.

Shell's International Oil Spill Expertise Center saw a clear need for a new digital tool to support the planning, implementation and follow-up of exercises. This involved high-level requirements, so the tool had to be secure, intuitive to use, cloud-based and able to be used on multiple technology platforms. Ahead of 2022, 4C Strategies Exonaut was selected to build capacity to respond to and recover from incidents and crises. Exonaut allows Shell to plan, implement and analyse realistic exercises in one tool. The software makes it more efficient to conduct exercises as well as easier to identify areas for improvement, increase response capacity and ensure compliance with laws and regulations around the world.

"We had a tight deadline to adapt the Exonaut platform to meet Shell's needs. Thanks to a close collaboration with the customer, the configuration was ready in time for a first major exercise in Egypt. It gave us the perfect opportunity to introduce the tool to the team, train the customer and carry out fine tuning. Today, Shell uses Exonaut globally for its exercises in preparing to respond to oil spill incidents," said 4C Strategies' Josh Rice, who was responsible for the rollout.

"After the delivery, 4C Strategies continued to work with Shell to ensure the company gets the most out of its new tool. For us of course it makes a lot of sense that 4C Strategies can contribute to increased security in the sensitive oil and gas sector," says CEO Magnus Bergqvist.

"With Exonaut, Shell can plan, execute and analyse realistic exercises."

Josh Rice
4C Strategies

Strategy

To achieve its vision, 4C Strategies has developed a strategy with four, clear main pillars, all focused on expansion, which is in line with our financial and market objectives. Technically, by building on the Exonaut software platform and developing new functionality. Market-wise by expanding further in both the private and defence sectors as well as geographically.

A clear vision builds the strategy

4C Strategies has a clear vision, a clear mission and strong values, values that emphasise not only results and integrity, but also employee contentment and skills development. Using them as a basis, the company has built a strategy for technological, market and geographical expansion, based on the proprietary Exonaut software platform, developed its business concept and business model, and set financial goals.

Compared to its direct competitors in the global market, 4C is the player with the broadest range of services and products in the organizational resilience and training market. Defence forces, as well as public and private organizations, seek access to an effective software platform to manage risks and improve critical processes, while the software-related and expert services act as natural complements in order to achieve higher organizational readiness.

4C Strategies' business concept is to combine the Company's Exonaut software platform with expert services to deliver integrated and customized solutions in public and business-critical environments, that create lasting value among customers.

As a result of strong geopolitical and technological trends, the market for organizational resilience and training readiness is expected to grow sharply in the coming years. Growing geopolitical tensions in Europe, the Middle East and Asia have created both security and financial concerns affecting entire countries and societies. At the same time, digitalisation is accelerating with the help of new technologies. 4C delivers practical training tools, along with modern technology, that enables customer to strengthen capabilities and prepare for the uncertain challenges that lie ahead.

Vision

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

Mission

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

Our values

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

Results

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

Integrity

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

Fun

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

Competence

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

Financial targets

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

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

Strategy

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

1 Accelerate organic software growth

The software platform is the core of what 4C Strategies offers its customers and the company has an internal development team that continuously develops the platform. Historically, the company has had high organic growth in net sales from software sales. 4C Strategies plans to continue to benefit from the ongoing digitalization trend in existing markets, as the transition to digital solutions is expected to continue. By hiring more software developers, increasing marketing and sales activities, as well as focusing on increased and cross-selling, 4C Strategies strives to leverage underlying market trends and increase its software revenues.

2 Expand further in the private sector

Recent geopolitical tensions, instability and complexity have increased markedly, not least after Russia's attack on Ukraine in February 2022. This has created a number of challenges that individuals, groups and organizations need to confront. Companies with public-critical functions are increasingly forced to invest in preventive and counteracting measures. 4C has extensive experience in developing and delivering well-functioning and secure software solutions to defence forces and public-critical environments. This has created a large trust capital and makes it possible to grow in the private sector. Initially, 4C focuses on public and business-critical functions, such as infrastructure, banking, insurance and telecommunications, where disruptions have major consequences on society.

3 Continued expansion in the defence sector

The defence sector has shown strong growth in recent years and the growth is expected to accelerate as a result of increasing uncertainty. The EU currently intends to strengthen its defence capabilities, Sweden and Finland have applied for NATO membership and tensions are increasing in Asia and Ukraine. 4C Strategies' globally addressable market is expected to grow from SEK 1.4 billion in 2021 to SEK 2.6 billion in 2025. The expected growth is primarily driven by a general transition from analogue solutions and a collective focus for defence exercises, to a more detailed approach where software is an important component. By focusing on developing the functionality of its software platform, 4C Strategies can use its strong reputation within the defence sector to expand in other defence branches and in joint efforts to increase increased and cross-selling. The company also plans to enter into partnerships with multinational providers in the defence sector.

4 Continued geographical expansion to strategically important countries

The global digitization trend leads to the majority of geographic regions increasingly utilizing software solutions for both increased crisis preparedness and exercises. Since its inception, 4C Strategies has reported very strong growth through its geographic expansion, first in Europe and later to the US. With a scalable and adaptable business model and software platform, there are good conditions for 4C Strategies to continue expanding geographically by establishing offices in strategically important countries, with the aim of getting closer to important customers. An example of this is the establishment of a new company in Australia, intended for increased servicing of the important APAC region. The company shall also undertake efforts to strengthen brand awareness and market presence.

Case: U.S. Army

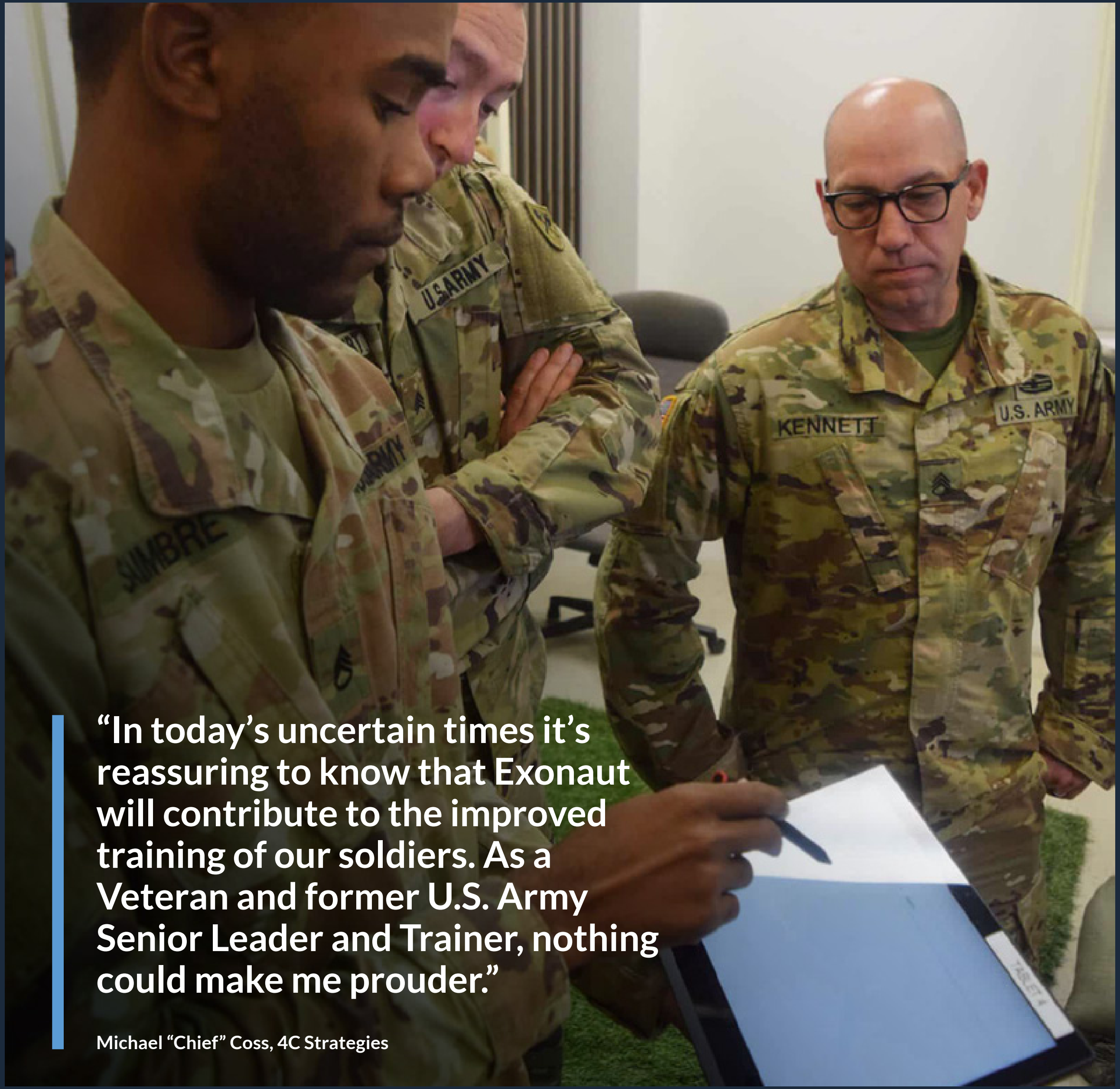
Exonaut – an important cog in the U.S. Army's Synthetic Training Environment

4C Strategies has been working as a subcontractor to the U.S. Army since 2018, where its Exonaut Training and Exercise Management Solution has been pivotal.

During this time, 4C has been awarded multiple contracts in the different development phases of the U.S. Army's commitment to its Synthetic Training Environment, STE. From the early prototyping phase that looked to push the boundaries of the "Art of the Possible", through to the current phase which should see the U.S. Army implement its synthetic training at many sites across the country, Exonaut has provided the training and exercise management backbone.

"The STE is the U.S. Army's cornerstone program designed to revolutionize the Army's entire training paradigm in a way that ensures capabilities overmatch and enhance readiness," says 4C Strategies U.S. President, Michael "Chief" Coss. "It provides a single environment that enables soldiers to collectively train from anywhere, using simulators, augmented reality, and other virtual and constructive systems and tools. Exonaut acts as an integrator among many of these systems by gathering, managing, and analyzing data and providing insightful reports on performance and development. To be involved in the different phases of this long-term investment highlights the importance the U.S. Army attributes to end-to-end, data-driven management of their training and exercises."

Exonaut fulfils the need for a sophisticated, multi-domain Training Management Tool, as well as saving costs by reducing exercise planning resource requirements. Its highly secure, service-based framework, supports the alignment of training across domains by utilizing the Army Enterprise Network, Common Operating Environment, Operational Global Terrain, Army Enterprise Database Cloud, Mission Command Information Systems, and numerous other Authoritative sources.



"In today's uncertain times it's reassuring to know that Exonaut will contribute to the improved training of our soldiers. As a Veteran and former U.S. Army Senior Leader and Trainer, nothing could make me prouder."

Michael "Chief" Coss, 4C Strategies

Operations

Based on the Exonaut proprietary software platform, 4C Strategies has built global operations over 20 years with customers in 150 countries and offices in the Nordic countries, UK, U.S. and Australia. The customers are in the defence sector, as well as in the public and private sectors. Exonaut is a complete platform for building organizational readiness and capacity. Exonaut enables efficient, safe and seamless readiness work on managing risks, incidents and crises, continuity in the event of disruptions and ensuring compliance.

Our Customer Groups

Defence, Public and Private Sectors

4C Strategies is a leading global provider of software solutions and expert services for training readiness and organizational resilience.

Through the Exonaut software platform, 4C Strategies offers an innovative and robust tool for customers to build organizational resilience and capabilities. Exonaut enables efficient, safe and seamless readiness efforts on managing risks, incidents and crises, continuity in the event of disruptions while meeting compliance. For both civilian and military clients, Exonaut and 4C Strategies are an obvious partner in exercise management and capability development. Exonaut is developed in close collaboration with 4C Strategies' experts based on international standards and best practice.

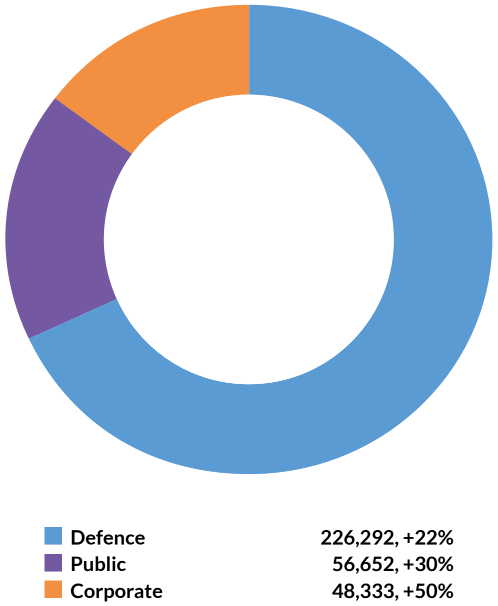
Our vision is to contribute to a safer society by combining the power of digitalization with leading industry expertise. The combination of powerful software and expertise that understands the complex reality that our clients need to deal with, enables us to offer unique, comprehensive support for public and critical organizations. This is reflected in our customer base, which primarily constitutes of defence forces, government organizations and private sector companies that are vital to the public.

In 2022, revenues from customers in the defence sector accounted for the majority of 4C Strategies' revenues. This share amounted to 68% of the company's net sales, corresponding to MSEK 226.3, while the public and private sectors represented 17% and 15% respectively. 4C Strategies sees strong growth opportunities in all sectors over the next few years.

The Defence Sector

With the Swedish Armed Forces as a customer and partner since 4C Strategies was founded in 2000, the defence sector is one of our core areas. Since then, we have grown and expanded our presence in the sector internationally. Customers today include, in addition to the Swedish Armed Forces, the NATO Defence Alliance, the defence forces in, among others, the United States, the United Kingdom and Australia as well as other allied countries. 4C Strategies' products and services replace outdated manual procedures and methods with modern digital solutions for planning, implementation and learning from military exercises to achieve capability development.

Net sales per customer group, KSEK, and growth rate for 2022, %



Exonaut is developed in close collaboration with 4C Strategies experts based on international standards and best practice.

Public Sector

In the public sector, 4C Strategies serves actors at local, regional, national and international levels who carry out vital public functions and are key actors in civil defence. We support these actors in developing, streamlining and digitising their work in crisis readiness, public safety, civil defence and training. Our public customers include government agencies such as the Swedish Financial Supervisory Authority, the Swedish Transport Administration, the National Board of Health and Welfare, the Swedish Energy Agency and the Swedish Civil Contingencies Agency, as well as a large number of municipalities, regions and county administrative boards. Internationally, we work with organizations such as the UN, the European Central Bank and the EU's External Action Service, EEAS.

Private Sector

In the private sector, the clients are mainly actors that are vital to the public in the transport, healthcare, telecom, finance, energy and food sectors. These actors have an important need to work systematically with risk, crisis and continuity management. The customer base includes companies such as Copenhagen Airport, the telecom company Verizon, the energy company Shell, food producer Oatly and banks such as SEB and J.P. Morgan Chase, the grocery chain Tesco and the life science company Cytiva.

Our Markets

Market and Competitive Landscape

4C Strategies has global operations where the company's addressable market can be categorised into three different customer groups; defence, the public and the private sector.

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 number of customers in both the public and private sectors is growing steadily with customers such as the European Central Bank, the telecom company Verizon and the energy company Shell. 4C Strategies' business segments Nordics, International and North America accounted for 35%, 26% and 38% respectively of net sales in 2022.

Increased supply chain uncertainty and growing geopolitical tensions, particularly in 2022, have led to many organizations increasing their investment in resilience measures. Through the Exonaut software platform and expert services, 4C Strategies offers tools and support to build organizational resilience, maintain continuity and increase the capability to prepare for, respond to and recover from adverse events. 4C Strategies' 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.

*Market study from Arthur D Little, 2021

The Defence sector

In the defence sector, 4C Strategies provides software and software-related services for organizational resilience and training. Exonaut is used to support the planning, preparation, implementation and evaluation of exercises. This can include everything from individual training activities and simple seminar exercises, to large-scale, distributed exercises supported by complex simulation tools. The segment represented seven per cent of the total market in 2021, corresponding to SEK 7 billion. 4C's directly addressable market then represented approximately 20 per cent of the segment, or approximately 1.4 billion in 2021. Of this, the U.S. accounted for just under 80 per cent of the market, while Europe accounted for about 14 per cent.

The Public and Private sector

In the public and private sectors, the market for organisational readiness and training consists of three overarching areas: integrated risk management, critical event management and continuity management. 4C Strategies is located at the intersection of these three areas by enabling the company to provide software, software-related services, and expert services linked to management of operational resilience, risk and regulatory compliance, readiness exercises and crisis management, as summarised in the term management of organisational resilience and training.

The total addressable market in the public sector amounted to SEK 16 billion in 2021, where software and expert service accounted for the majority. Corresponding figures for the private sector amounted to SEK 167.0 billion, where 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. Increased demand for organizational resilience and training, and for specialized software and expertise, means that both private and public sector markets are growing in importance. New regulations linked to "Operational Resilience" from both the Bank of England and the EU's corresponding legislation – the Digital Operational Resilience Act (DORA) – are driving increased needs among financial players in particular.

*Market study from Arthur D Little, 2021

Growth

The average annual growth rate for 4C Strategies' total addressable market is expected to increase by 15 per cent each year by 2025. The defence sector is expected to increase by 5-10 per cent per year, the private sector by 15 per cent and the public sector by 13 per cent. From a geographical perspective, the US, Europe and APAC each account for about 30 per cent, while the rest of the world accounted for eleven per cent.

Establishment in new markets

When entering a new market, it is common for 4C Strategies to have worked with and established relationships with players in the defence sector. The Company's experience of establishing and maintaining long-term relationships within this customer group is a key factor in broadening and growing the customer base outside the defence sector within the same market.

With a good reputation, active marketing and well-established customer relationships in the defence sector, 4C Strategies has a legitimacy that can be used to attract customers in the private and public sectors. A clear example of the usefulness of this strategy can be illustrated by the expansion of 4C Strategies into the United States, which began with a contract with the U.S. Armed Forces. Through the company's software and the expertise of the employees, 4C Strategies has over time created a strong customer relationship, which has resulted in potential customers outside the defence sector being interested in the company's solutions.

4C Strategies' competitive landscape

The competition picture of the organizational resilience and training market is fragmented. 4C Strategies is one of the few players operating in both the defence as well as the public and private sectors. At the same time, the product mix of software, software-related services and expert services is one of the broader ranges in the market, positioning 4C Strategies as one of the few players that can offer a full range across all customer groups.

The Defence sector

In the defence sector, there are several major players engaged in training and simulation, without specialising in software for the preparation and coordination of exercises, and the evaluation of capabilities. Instead, the competitive landscape in which the company operates consists of a few, like 4C Strategies, clearly niche players. This means that 4C Strategies rarely has one or more direct competitors, but normally competes with the customer's continued use of classic tools in the form of Excel as well as paper and pen. The niche players are estimated to have a market share of approximately 30 per cent of the total addressable market, of which 4C Strategies accounts for ten per cent. Historically, established players and the internal functions of the defence forces are similarly estimated to account for approximately 35 per cent each.

DORA: EU Digital Operational Resilience Act

The EU's Digital Operational Resilience Act, DORA, aims to ensure that financial system actors have taken safeguards to counter cyber-attacks and other IT-related risks and increase resilience against information and communication-related disruptions and threats.

DORA contains provisions on governance, risk management, reporting and testing, as well as a supervisory framework for companies providing information and communication services to the financial sector.

Among the niche players, 4C Strategies has strong competitive advantages through a broader range, a consistently high portion of investment in our software, and the fact that it partners with several major players, such as the defence forces in the US, UK and Australia, as well as other market leaders such as Cole Engineering Services Incorporated (CESI) and BAE, through shared projects. The Company also has a strong position in relation to historical players with an established and market-leading software. The fact that 4C Strategies can also offer so-called COTS software, i.e., immediately implementable software that can be purchased or licensed directly "off-the-shelf", gives a certain advantage over, for example, the internal functions of the defence forces.

In the defence market, there is some competition during the sales pitch process. Since switching software solutions for training and readiness is associated with high implementation costs, competition in reselling is much lower. Given the costs of switching, there is a strong bargaining power on the part of customers in ensuring that the right solution is contracted. The market is also characterized by high barriers to entry, mainly due to high development costs, requirements to comply with international standards for military training, requirements for high reliability and information security, and a preference to prioritize players with whom they have an existing relationship. Existing and proven players thus have a strong position and act as a barrier to entry for the new players who want to establish themselves in the market.

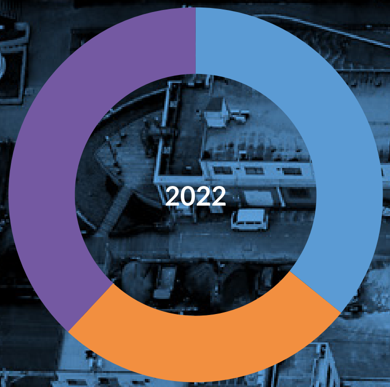
*Market study from Arthur D Little, 2021

The Public and Private sector

There are several niche competitors in 4C Strategies' directly addressable markets for the private and public sectors. 4C Strategies is one of few players with a complete range of software, software-related services and expert services. The range of competing players may vary by offering only software platforms, or only expert services, which is the traditional way of delivering to the market.

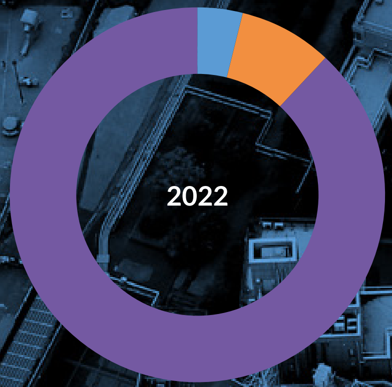
In the private and public sector, 4C Strategies can take a more independent role, as there are few full-service integrators that can hold major contracts and procurements together. 4C Strategies is therefore positioned in both the public and private sectors, with a comprehensive range of service and products that can be easily integrated for different customers and with a strong position among the few direct competitors.

Net sales per segment, KSEK



Nordics	117,422
International	86,942
North America	126,912

Distribution of total addressable market, %

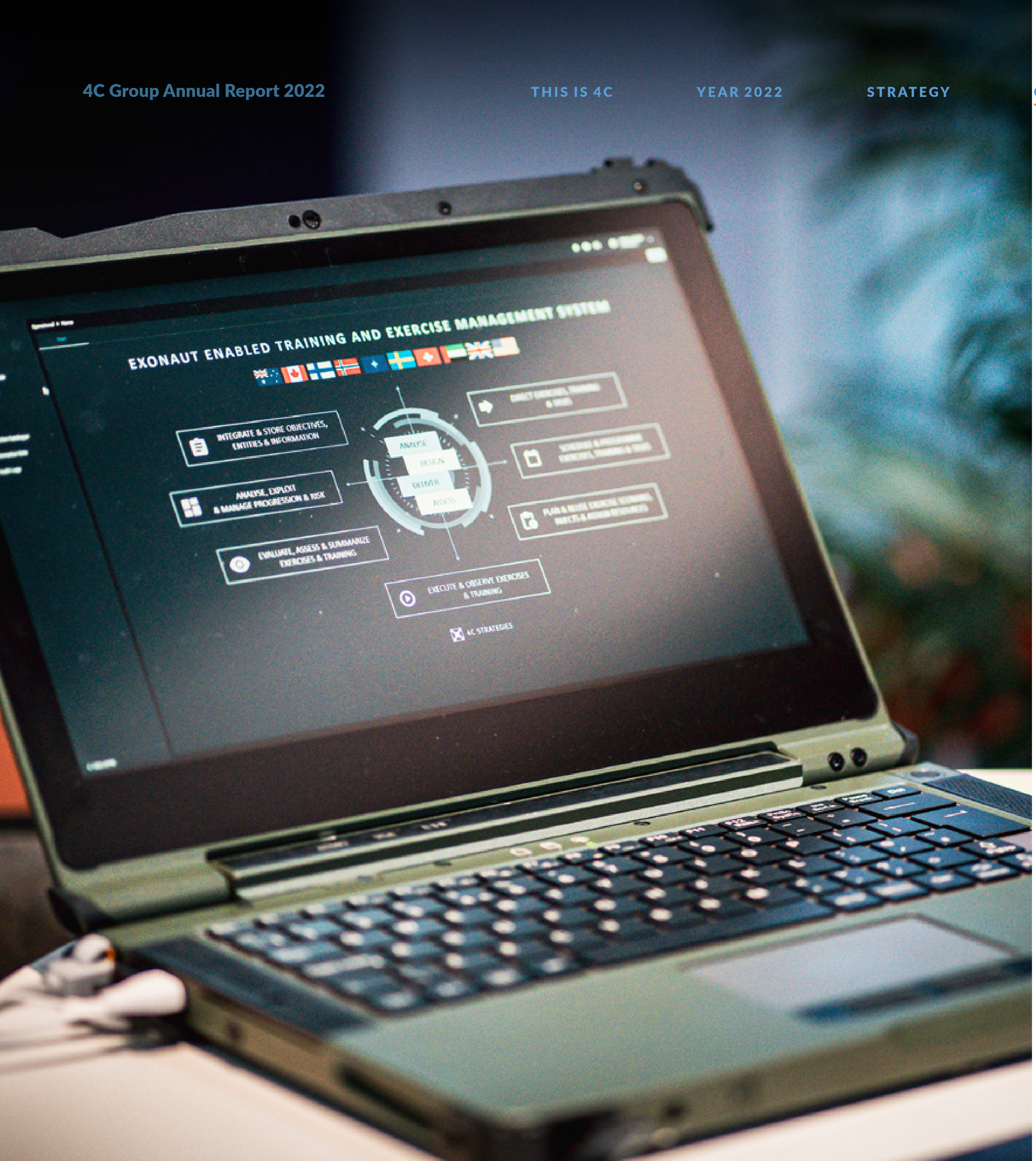


Defence	4%
Public	8%
Corporate	88%

22%
Growth, Defence, 2022

30%
Growth, Public, 2022

50%
Growth, Corporate, 2022



4C Strategies' offering

Exonaut is the core of our offering

4C Strategies offers software solutions and expert services in business continuity, risk and crisis management, as well as training readiness for customers in the defence, public and private sectors. Exonaut is a comprehensive, scalable readiness solution that can be customized, integrated and expanded to meet each customer's specific needs.

Exonaut

Exonaut is a complete platform for building organizational resilience and training readiness. It enables efficient, safe and seamless readiness work on managing risks, incidents and crises. It also enables continuity in the event of disruptions and supports regulatory compliance. Exonaut and 4C Strategies are an obvious partner for both civilian and military clients, for support and advancement of exercise management and capability development. It can be scaled and tailored to the customer's needs. From individual solutions, for example, risk, crisis and business continuity management or exercises and capability development, to integrated solutions for organizational resilience. 4C Strategies' collaborations with various defence forces are primarily based on the platform's training exercise management solution for, among other things, exercises, evaluation and readiness, but additional modules can be offered depending on the customer's needs. Exonaut is also used in civilian operations to streamline, optimize and evaluate exercises. Exonaut enables and enhances organizations' abilities to anticipate, manage and learn from unexpected events, crises and organizational threats for public and private sector organisations.

Exonaut is accredited by NATO at the Secret and Unclassified levels, as well as by other renowned security standards such as Cyber Essentials Plus, allowing it to be used in environments with very high security requirements. In 2021, the first version of Exonaut Next Generation was launched – a modernisation of the existing platform provided with expanded functionality and enhanced user friendliness. Exonaut Next Generation makes it both easier to configure a customer-specific solution and an interface adapted to the individual user's needs, and means improved integration for a comprehensive solution for both capability development and strategic readiness efforts.

Risk Management

Risk is an inherent part of any business. However, in an increasingly complex regulatory and risk landscape, organizations face a more fragmented and uncertain picture of their current risk exposure. Risks are often treated in silos by various departments, using different risk registers, methodologies and tools, such as Excel-based processes. Exonaut was specifically designed to integrate these disparate processes and automate the collection, visualization and evaluation of relevant data.

Exonaut Risk Manager is an end-to-end solution to manage all types of risk. The system delivers a structured, systematic and integrated approach to project-based and enterprise-wide risks, in accordance with the ISO 31000 standard. By providing a common risk register, aggregating risks, and visualizing them in dashboards, Exonaut provides a comprehensive overview of risk exposure at all organizational levels and business areas.

Business Continuity Management

Exonaut Business Continuity Manager is a web-based, end-to-end solution to maintain organizational resilience and ensure efficient recovery during a business outage. The solution digitalises the full business continuity programme, including continuity planning, risk assessments, incident management and disaster tracking. Customised continuity dashboards provide a comprehensive status overview of critical resources and response efforts in real-time, enabling riskinformed decision-making.

Incident and Crisis Management

Exonaut Incident and Crisis Manager (ICM) is a web-based, end-to-end solution for incident reporting, tracking, and escalation to crisis response. The system integrates mobile reporting templates, custom dashboards, crisis alerts, and decision support tools to manage incidents involving multiple stakeholders. With permissions-based mobile or web-based access, Exonaut ICM allows key stakeholders to coordinate response activities regardless of location.

With the increasing number and complexity of incidents, crisis managers and executive teams often lack the situational awareness for timely, risk-informed decision-making. Whether it be IT outages, cyber-attacks, natural disasters or supply chain disruptions, this changing threat landscape requires a more agile, integrated and mobile-enabled incident tracking and crisis response capability.

Operational Resilience

Exonaut Operational Resilience provides a web-based, end-to-end solution to allow organizations to bring together their risk, business continuity, compliance and crisis management in a single platform. The solution ensures operational resilience by allowing managers to map all their important business services, the many interdependencies and tolerence levels to disruptions. Based on this data they identify critical vulnerabilities and prioritize where capabilities need to be improved.

Heavily invested platform

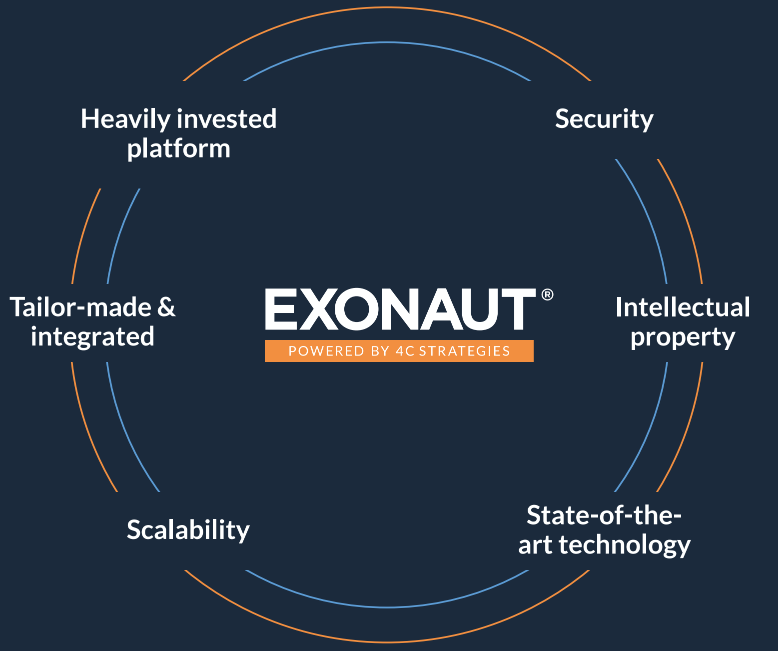
- Developed over 20 years with 70 employees working within R&D
- R&D spend amounted to approximately 20% of net sales in 2021, excluding external consultants

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 2m users per customer

Compliance Management

Today's operational landscape poses an increasing array of regulatory requirements, safety and security threats, and complex system interdependencies. More and more stakeholders are becoming involved to meet these challenges, often resulting in fragmented and time-consuming processes. Rigid and silo-based information infrastructures are unable to respond to the need for a streamlined and integrated solution for compliance management.

Exonaut's Compliance Manager is a web-based, end-to-end solution that simplifies, automates and strengthens organizational compliance. The system integrates control monitoring, mobile inspections, self-assessment surveys, and custom dashboards to provide a real-time overview of an organization's compliance status and risk exposure. Exonaut Compliance Manager is highly versatile and can also be used to manage audits, inspections, performance, and internal control activities.

Training and Exercise Management

Exonaut Training and Exercise Manager is the world's leading solution for planning, execution and evaluation of all training and exercise activities – essential for an organization's readiness programme. Exonaut is highly scalable and offers a range of powerful and intuitive tools to manage and track training activities that bring an objective-based, collaborative approach to training and exercise management. Exonaut is purpose-built for end-to-end support of collective and individual training. From low-level table-top exercises to large-scale distributed exercises, supported by synthetic training simulations across the live, virtual and constructive spectrum, with multiple complex objective sets.

Software-related services

4C Strategies provides ongoing technical support to customers; both in the form of implementation and software support. Prior to an implementation of Exonaut, 4C's software consultants help with scoping, process mapping and customization and attach great importance to understanding what challenges Exonaut is to solve. After commissioning, they support customers in ensuring optimal use of the software. Furthermore, additional technical support is offered depending on the need and service delivery model.

Expert services

Expert services are delivered either together with the software Exonaut, or as standalone. The assignments focus mainly on advice in risk, continuity, incident and crisis management as well as training.

4C Strategies works in an integrated way in all areas and strives to ensure that the customer gets the greatest possible impact from the activities carried out. This is ensured by constantly having a holistic perspective and weaving together different areas, both when planning activities but also during analysis work. Staff have wide-ranging competencies from several areas providing a broader understanding and analysis ability. Many organisations work with risk continuity and crisis management in separate silos. In order to have a holistic approach to security work, it is necessary to integrate them with each other.

Case: EEAS

Real-time support for EEAS crisis management

EEAS is the EU's foreign service. With over 4,000 employees based in Brussels and 140 EU delegations around the world, the agency assists in the implementation of the EU's common foreign and security policy. This includes the planning, implementation and follow-up of adverse events and crises that may arise for Member States and its citizens.

The need for stronger cooperation between Member States became even more evident when the Corona pandemic flared up in 2020. The EU Member States then advised the citizens who were abroad to return home. As most EU countries arranged flights, coordination was important to ensure that flights did not leave with empty seats, or that only citizens from the airline's home country could travel. Information needed to be shared quickly and the cooperation to be smooth and efficient.

EEAS uses Exonaut Consular Online as its crisis management system. The system provides a safe and reliable channel for all types of crisis management in the event of an outbreak of a pandemic.

The EEAS Exonaut solution includes nearly 1,000 users such as foreign ministries, embassies, consulates and EU delegations all over the world. With Exonaut, everyone involved can discuss and share data on, e.g., the number of EU citizens in a country, and take part in crisis planning and management. For ongoing events, users can update each other and send instant notifications in real time, such as about a change in travel recommendations, enabling both proactive and immediate action. The system is permission-based, i.e. users can access, submit, and edit information based on their role. Employees in the field can quickly get a picture of the situation via the mobile version of Exonaut, get the right contacts, and thus also the right support from EU Member States.

With Exonaut, 4C Strategies has enabled EEAS to work with interactive maps and dashboards to manage and coordinate assistance. Embassies, consulates and honorary consulates are available, and information can be displayed about airports, hospitals and other relevant locations. Effective sharing of information, showing important events on a map, and geotagging critical infrastructure are important in a crisis.

"We have worked closely with 4C Strategies to adapt Exonaut for the growing consular needs, including the management of Covid-19."

The European External Action Service (EEAS)

Financials

The year 2022 has been an eventful year for 4C Strategies and its employees, shareholders, partners and customers. On May 24, 4C Strategies was listed on Nasdaq First North Premier Growth Market, which was a tremendous milestone for the company. The listing enables the company to take further steps in its growth journey and implement its business plan, to grow the software business and achieve profitable growth.

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 2022 to 31 December 2022. The annual report has been prepared in Swedish kronor.

Our business & organizational structure

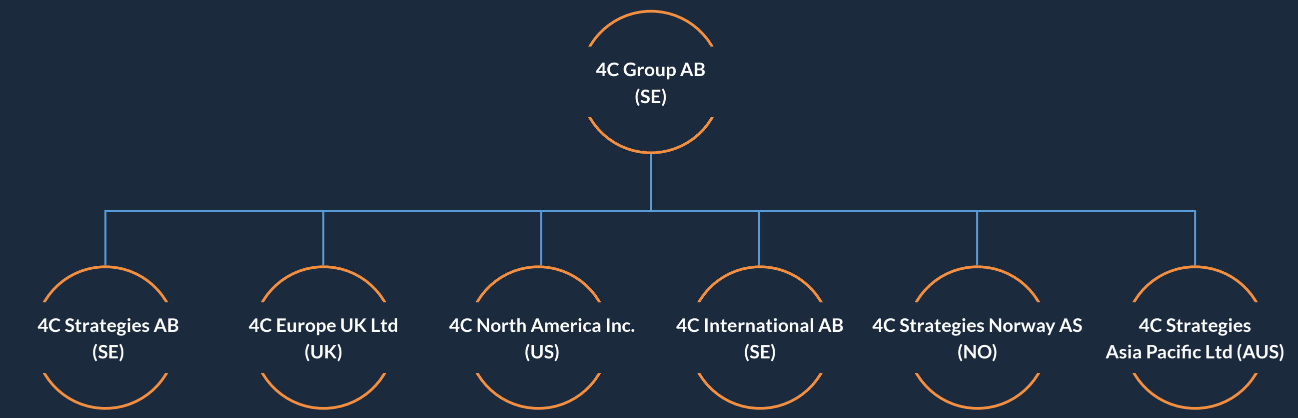
Information in parentheses refers to the previous financial year, i.e. 2021. 4C Group AB (publ) is referred to as "4C Group", "4C", "the Company", "the Group" or similar, which in all cases refers to 4C Group AB and its subsidiaries.

4C Group AB is the Parent Company of the Group and is headquartered in Stockholm. The Group currently consists of six subsidiaries based in Sweden, Norway, 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".

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.

Group structure



2022 onwards

4C Strategies operates in the global and rapidly-growing market for organizational resilience and training for defence forces and for organizations in public and business-critical environments in the public and private sectors. The market for organizational resilience and training is undergoing a structural change driven by global trends such as increased volatility, uncertainty, complexity and ambiguity (VUCA)[1]. These global trends are increasing in most areas with a widespread impact on nations and companies, including climate change, epidemics, supply chain disruptions, cyber threats and terrorism. The demands on organizations and companies from governments are constantly increasing in the form of new regulations, which increases the complexity of regulatory compliance. In line with an ever-changing world, the need for organizations to be prepared for and be able to handle unforeseen events has increased. This has benefited 4C Strategies which is the player with the most comprehensive range of software solutions and expert services for readiness, resilience and capability development.

The market for organisational readiness and training in the company's addressable market is expected to grow at a compound annual growth rate (CAGR) of approximately 16 per cent during the period 2021–2025. Digitalisation and the introduction of new technologies have further accelerated the structural change in the market, enabling companies such as 4C Strategies to continue to benefit from the ongoing market shift.

At the heart of 4C Strategies offering is the Exonaut software platform that has been developed and improved for over 20 years. The company places a great focus on continuously developing the platform so that 4C Strategies continues to have an attractive platform and as of 31 December 2022 has approximately 77 full-time employees on its development team. The software can be easily integrated as a commercial of-the-shelf (COTS) solution, as well as adapted to customers' complex environments, processes and needs through various modules. This has enabled 4C Strategies to rapidly expand across multiple areas with a comprehensive and scalable range for customers with and without customization needs. For customers who have a need for the platform to be customized, 4C Strategies can develop customized software solutions specifically for that customer. This development cost is partly funded by the customer while 4C retains the rights to the software. This enables 4C Strategies to sell customer-funded development on to new and existing customers and grow further. Given that the company operates in public and business-critical areas, the importance of security is extremely important. To ensure that the security of the platform is maintained, it is tested annually by third parties and at the same time continuously verified at the highest level (Secret Level) by NATO. In 2021, 4C Strategies launched an updated version of the platform called "Exonaut Next Generation", which is even more scalable than previous versions and can, for example, handle approximately two million users per customer. During the year, many customers have started upgrading to this new version.

The company's view is that 4C Strategies has the capacity needed and is in a position to take advantage of the expected market growth and accelerate organisations' ability to effectively prepare for and handle unexpected events.

2022 fiscal year

The year 2022 has been an eventful year for 4C Strategies and its employees, shareholders, partners and customers. On May 24, 4C Strategies was listed on Nasdaq First North Premier Growth Market, which was a tremendous milestone for the company. The listing enables the company to take further steps in its growth journey and implement its business plan. 4C Strategies is a growth company, and during the year we have continued to work towards our strategic goals by continuing invest in our software, sales and delivery organization. This was one of the most important goals of the IPO – to create the conditions for expansion in order to accelerate our growth and global expansion.

2022 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. In addition, the war in Ukraine has continued without an immediate end in sight, which has affected both the security policy situation in the world and the stability of the financial market. This has affected all actors from companies, government organizations to consumers. Looking at the market we operate in, we have noticed increased activity in our customers. This has been reflected in higher demand for our software and services, as well as the importance of building organizational readiness to handle unexpected and critical events. During the year, 4C Strategies has proven that we have the expertise, and above all, the software, to support our customers in navigating this changing landscape, which is reflected in a growth[2] of 18% (44%).

During the financial year, the work has largely focused on growth and expansion in our addressable markets. 4C Strategies has expanded to Australia through a new office in Brisbane to support existing and new customers in the APAC region. In addition, we have continued to develop our existing offices by adding key expertise in primarily the sales and development departments. These investments have been made not only to support our future growth plans but also to be able to manage the existing customer portfolio that has also increased during the year. Within our Nordics segment, we have seen increased demand for our software, both in the form of new software development projects as well as the expansion of existing agreements for Exonaut. During the year, we've also seen a similar trend in our North America segment where existing agreements with strategically important defence customers have been extended and will continue until at least 2023. The International segment has expanded existing agreements with our long-term partners, while a strong focus has been on achieving growth in our new markets.

To support growth, we have continued to invest in our Exonaut software during the year. By investing

1) VUCA is the designation for a number of challenges that individuals, groups and organisations need to address. The English acronym stands for "Volatility, Uncertainty, Complexity and Ambiguity".
2) FX-adjusted organic net sales growth.

in the product department, we have not only been able to develop more comprehensive and modern solutions for our customers, but have also been able to adapt our range of services and products to reach more customer segments. This has already resulted in new software deals during the year and the company estimates that the investment will accelerate growth and increase the number of software deals going forward. Financially, this year's software revenue has experienced growth of 33% (85%) and in relation to net sales, the software share amounts to 64% (61%). Together with continued stable demand for our services[3] during the year, we have been able to generate stable net sales of KSEK 331,277 (261,238).

In addition to the aforementioned activities, development of the software and expansion into new markets, the company has focused on establishing a business for further growth. By evaluating and analysing our range of services and products, we have ensured that we can offer the most sophisticated and practical solutions on the market. With a more optimized product portfolio, we can reach more customers and markets while remaining relevant to our existing customers. In addition, a major focus has been on strengthening our brand awareness, which has been reflected in both increased participation at expositions around the world as well as through improved marketing activities.

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 effective organisation to maintain profitable growth.

3) Software-related services and Expert services

Significant events after the end of 2022

4C Strategies' operations have not changed since the end of 2022. The company's activities continue as planned and the strategic focus on expansion remains in place.

The war in Ukraine continues to play out with no immediate end in sight, and inflation and interest rates rise combined with a volatile energy market. 4C Strategies has established internal measures that will be evaluated and revised to make sure that we act, and can act, proactively to manage this challenging situation.

After the financial year 2022, there have been changes among the largest shareholders. On February 22, 2023, multiple existing investors increased their holdings. Among existing owners who have increased their holdings are Grenspecialisten, the Fourth Swedish National Pension Fund, Tibia Konsult, Creades (via endowment insurance), and LMK-bolagen & Stiftelse. At the same time, previous owners Priveq divested their entire holding of 3,640,655 shares. Since 2016, together with the other owners, board and management, Priveq has contributed to developing 4C Strategies into the internationally successful software company it is today. For more information about current shareholders, please see our website.

Revenue and earnings

Revenue

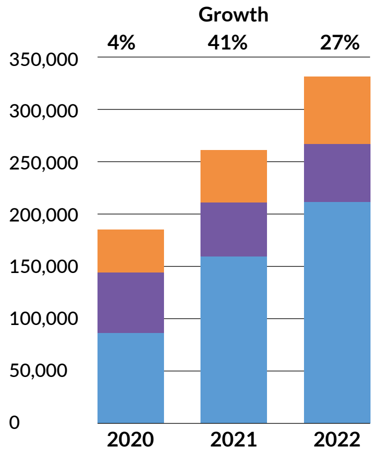
Net sales increased by KSEK 70,038 , or 27%, from KSEK 261,238 for the financial year ended 31 December 2021 to KSEK 331,277 for the financial year ended 31 December 2022. The company has had a stable growth of software revenue totalling KSEK 211,612 (159,520). 4C Strategies has a financial target of software revenues amounting to at least 70% of net sales in the medium term. The software share amounted to 64% (61%), which shows a strengthened position as a software company. Like 2021, the company benefited from increased software sales in a number of important and strategically important customers and markets.

Net sales in the North America segment amounted to KSEK 126,912 (100,512), corresponding to an increase of 27%, which is due to new contracts and partnerships with the U.S. Armed Forces. Sales in the Nordics segment amounted to KSEK 117,712 (79,639) or 48%, which was driven by increased software sales. In the International segment, net sales amounted to KSEK 89,147 (83,955) corresponding to an increase of 6%. Net sales per customer group indicate growth within each vertical. In the defence sector, we see an increase of 22% (72%), in the public sector 30% (-20%) and in the private sector 50% (37%).

Other operating income amounted to KSEK 3,075 (2,510) corresponding to an increase of 23%. 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.

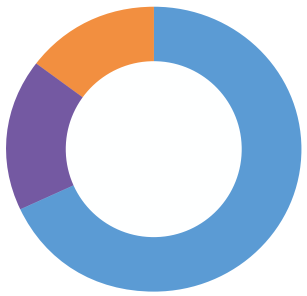
Net sales, KSEK

- Software
- Software-related services
- Expert services



Net sales per customer group, KSEK, and growth rate for 2022, %

Defence	226,292, +22%
Public	56,652, +30%
Corporate	48,333, +50%



Total revenue amounted to KSEK 334,351 (263,748) for the financial year 2022, resulting in an increase of 27%.

Operating expenses

Other external costs

Other external costs increased by KSEK 39,485, corresponding to an increase of 82%. In total, the other external costs amounted to KSEK 87,397 (47,912) and were mainly related to costs for expansion and growth in all functions. In 2022, 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 2022, personnel costs amounted to KSEK 214,383 (159,114). Personnel costs increased by KSEK 55,269, or 35%, which is mainly due to investments in our product development with more developers and a broadened sales department globally. Between 2021 and 2022, the company increased the average number of full-time employees (FTEs) from 154 to 189. At the same time, the share of personnel costs in relation to net sales amounted to 65% (61%).

Capitalized work for own account

Capitalized work for own account increased by KSEK 8,352, corresponding to an increase of 47%. Total own work capitalized amounted to KSEK 26,298 (17,946). 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 836 (1,458), corresponding to an decrease of -43%. Other operating expenses consist of exchange rate losses on operating liabilities and any minor non-tangible items.

Operating income before depreciation/amortization, EBITDA

Operating income before depreciation/amortization (EBITDA) amounted to KSEK 58,033 (73,210), which corresponds to a margin of 18% (28%). During the year, the company had costs for the IPO, which is reported as an item affecting comparability. Items affecting comparability amounted to KSEK 15,259 (2,503). Adjusted EBITDA amounted to KSEK 73,292 (75,713) with a margin of 22% (29%) for the year. The lower margin is mainly due to increased costs for expansion and growth.

Depreciation of fixed assets

Depreciation of tangible fixed assets increased by KSEK 585 (2,845), corresponding to 4%. In total, depreciation of tangible fixed assets amounted to KSEK 14,425 (13,840) 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 2,717 (-499), corresponding to 22%. In total, amortization of intangible fixed assets amounted to KSEK 14,969 (12,252) and is attributable to research and development of our own software.

Operating income, EBIT

Operating income (EBIT) amounted to KSEK 28,638 (47,118), which corresponds to a margin of 9% (18%). During the year, the company had costs for the IPO, which is reported as an item affecting comparability. Items affecting comparability amounted to KSEK 15,259 (2,503). Adjusted EBIT amounted to KSEK 43,898 (49,621) with a margin of 13% (19%) for the year.

Income after financial net

Financial income and expenses amounted to KSEK 3,933 (2,540), of which financial income of KSEK 13,911 (7,385) and financial expenses of KSEK 9,978 (4,847). Income after financial net amounted to KSEK 32,572 (49,658).

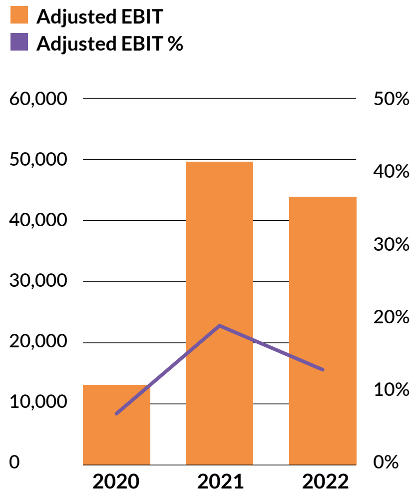
Net income

This year's taxes amounted to KSEK 6,281 (10,669), corresponding to a tax rate of 20.6% (20.6%). Net income amounted to KSEK 26,291 (38,989), corresponding to earnings per share before dilution amounting to SEK 0.79 (1.26) and after dilution of SEK 0.74 (1.17).

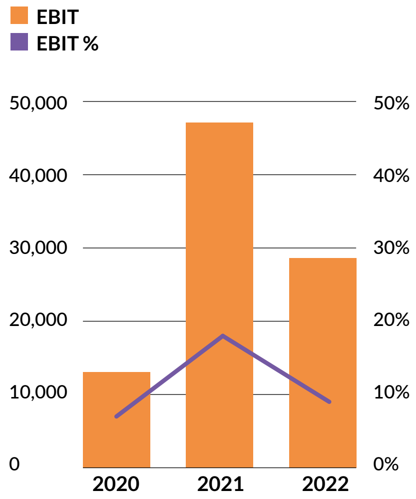
Financial position

At the end of the year, the equity ratio was 59% (44%). Interest-bearing liabilities amounted to KSEK 70,551 (49,454) at the end of the year, of which KSEK 42,634 (19 200) relates to leasing liabilities. The remaining part of the interest-bearing debt of KSEK 27,917 (30,254) 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 2022-2025. Cash and cash equivalents amounted to KSEK 146,805 (66,026) at the end of the year.

Adjusted EBIT



EBIT



Net debt thus amounted to KSEK -76,255 (-16,571), which confirms a stable financial position into 2023.

Equity amounted to KSEK 231,756 (107,593) corresponding to SEK 6.8 (3.5) per outstanding share and SEK 6.4 (3.2) per outstanding share after dilution at the end of the year.

Cash flow

Cash flow from operating activities for the year amounted to KSEK 24,623 (75,486). During the year, cash flow has been affected by increased costs linked to expansion. 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 -28,538 (-20,550). 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 78,920 (-14,761). 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 is the most significant increase in our cash flow.

Employees

In 2022, the Group has had 189 (154) full-time employees on average (FTEs), of which 52 (36) 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 2022 had a staff turnover below 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, strengthening of our sales deparment and marketing capacity, and geographical expansion in the form of new and expanded offices.

Sustainability report

Sustainability strategy

Our vision is to contribute to a safer society by combining the power of digitalisation with leading industry expertise. Organizations face new and changing challenges in an uncertain and unpredictable world, where wars, climate change and cyber-attacks are real threats that must be addressed. The company helps address these threats by supporting governments, institutions and businesses to build operational resilience, maintain critical processes and ensure regulatory compliance. 4C Strategies' work limits the consequences of critical events, giving the company a critical role in the preservation of a sustainable society.

4C Strategies strives to maintain a good balance between business, environmental and social sustainability. This is considered crucial to be able to meet the needs of the present without compromising the needs of future generations. To emphasise and formalise the governance and integration of environmental sustainability into its strategy and operations, the company has adopted sustainability and travel policies to reduce climate impact. These policies manage work-related travel, the server environment and the company's offices, and encourage suppliers to meet the same environmental standards that the Company itself applies.

The company has a restrictive approach to sales to countries outside the company's priority markets and has chosen to do business only with governments that have entered into partnerships or alliances with the EU or NATO. 4C Strategies therefore does not do business with governments under sanctions, regardless of whether these sanctions impose regulatory restrictions on sales.

4C Strategies recognises that its business activities have direct and indirect environmental and social impacts, which the company believes it has an obligation to address in the best possible way. Therefore, since 2005, 4C Strategies has been a member of the UN Global Compact, an initiative designed to encourage companies to adopt sustainable and socially responsible strategies and to report how they are implemented to bring about positive changes in human rights, work, the environment and corruption. The ambition of the network is that it will contribute to an overall positive change in the world, while strengthening 4C Strategies' position as a sustainable and forward-looking company. The company has adopted a Code of Conduct which is based on the UN's "Global Compact" to guide the employees in their work towards a more sustainable society.

4C Strategies' work towards the UN Sustainable Development Goals

As part of 4C Strategies ESG work, the company has identified five areas where the company can contribute to the United Nations ("UN") sustainability goals. These areas are Goal 11 ("Sustainable Cities and Societies"), Goal 8 ("Decent Working Conditions and Economic Growth"), Goal 3 ("Good Health and Well-Being"), Goal 5 ("Gender Equality") and Goal 13 ("Fighting Climate Change"). The company contributes to these goals in several different ways, of which examples of specific initiatives per goal are listed following.

- **Goal 11.** Supports organizations' ability to build organizational readiness, maintain critical processes, and ensure regulatory and compliance is maintained.
- **Goal 8.** Supports international institutions, such as UN funds and programmes, to build global resilience and strengthen human living conditions. The company carries out continuous training for the employees in anti-corruption based on ISO 37001, which is also regulated in one of the Group's policies. The Group's employees must annually approve that they have read and comply with the company's policies, for example Code of Conduct and anti-corruption.
- **Goal 3.** Several initiatives have been implemented to preserve and contribute to the well-being of active military personnel and veterans. For example, 4C Strategies has signed the "Armed Forces Covenant", an initiative that supports veterans and active members of the UK military by ensuring they have the same access to government and commercial services and products as any other citizen.
- **Goal 5.** Consistent focus on gender equality in the business with training of managers in, for example, inclusion. A survey of salaries is carried out annually for all employees and so far we have not found any differences in salary between women and men that cannot be explained by a relevant reason, such as experience or different market valuations of roles.
- **Goal 13.** 4C Strategies' data centres use 100 per cent fossil-free electricity and are ISO 14001 certified, while offices are in an ongoing transition to 100 per cent fossil-free electricity. The company has also implemented a sustainability and travel policy to reduce the climate impact of employees' work and travel. This is reviewed annually.

To summarize, sustainability-related risks are managed through clear guidelines regarding our customer portfolio, policies and goals. As stated in 4C's vision, the company works together with its customers to build a safer society and therefore also a more sustainable society. 4C Strategies' risk management work is presented in the Corporate Governance Report.

Sustainable society and the preservation of democracy

4C Strategies contributes to a sustainable society that upholds democratic principles by helping the company's customers build operational resilience, maintain critical processes and ensure regulatory compliance. Examples of how the company has helped, or is currently helping, its customers in these respects are illustrated below.

- Enables NATO and NATO-allied defence forces to optimally manage, plan and execute military exercises, which prepare them to manage any conflict in order to preserve democracy;
- Ensures that hospitals have a high level of robustness to provide critical care;
- Exchanges information, experience and knowledge with a research centre at Princeton University on how democracies can protect elections against misinformation;
- Delivers consistent and coherent national Covid-19 efforts; and
- Supports exercises, such as Unified Response, the UK's largest ever multi-agency disaster drill.

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 future capital requirements

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 or the termination of customers' agreements.

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.

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 2022, 85% 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.

4C Strategies must continuously monitor changes in the world around it in order to adapt its service offerings to the needs

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.

4C Strategies must continuously evaluate its product and service offerings and adapt to technological developments

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 2022, 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).

4C Strategies is exposed to tax 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, classifcation 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 proposes that the 2023 Annual General Meeting approves 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 long-term 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.

In connection with the IPO, the Annual General Meeting on 19 April 2022 approved a share split, whereby one share was divided into 20 new shares. This resulted in 31,062,000 shares from the previous 1,553,100. At the same time, a new share issue was initiated that was included in the total offer to the public.

The number of newly issued shares was 2,857,052 (0) during the period. The total number of shares at the end of the period was 33,919,142 (31,062,000), reflecting the completed share split.

An additional incentive programme was issued as part of the IPO. On 13 May 2022, the General Meeting approved the issue of 446,250 warrants. These can be used for subscription of shares during the period 15 June 2027 to 30 June 2027. 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 79–89 with a separate auditor statement.

Parent Company

The Parent Company's activities are primarily focused on product development and group-wide functions such as legal support, financial management and marketing activities. At the end of the year, the Parent Company had 67 (69) in average number of employees (FTEs).

- Net sales amounted to KSEK 201,846 (156,808)
- Operating income amounted to KSEK 7,397 (38,767)
- Income after financial net amounted to KSEK 13,420 (42,944)
- The Parent Company's cash and cash equivalents as of 31 December 2022 amounted to KSEK 119,861 (35)

The Parent Company's financial information can be found on page 65–74 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.

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	151,038
Profit/loss brought forward	14,304
Net income for the year	11,325
Total	**176,668**

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	176,668
Total	**176,668**

Overview fiscal years

	2022 Q1-Q4	2021 Q1-Q4	2020 Q1-Q4	2019 Q1-Q4
Net sales (MSEK)	331.3	261.2	185.3	178.6
EBIT (MSEK)	28.6	47.1	13.1	9.0
EBIT margin (%)	9%	18%	7%	5%
Adjusted EBIT (MSEK)	43.9	49.6	13.1	9.0
Adjusted EBIT margin (%)	13%	19%	7%	5%
Income after financial items (MSEK)	32.6	49.7	9.7	6.7
Total assets (MSEK)	391.6	243.9	158.1	161.7
Equity ratio (%)	59%	44%	42%	38%
Average FTE	189	154	130	124

Consolidated statement of profit and loss

KSEK	Note	2022	2021
Net sales	2,3	331,277	261,238
Other revenue	2,8	3,075	2,510
Total revenue		**334,351**	**263,748**
Operating expenses			
Other external costs	4	-87,397	-47,912
Personnel costs	5	-214,383	-159,114
Capitalized work for own account	10	26,298	17,946
Other operating expenses	8	-836	-1,458
Total operating expenses		**-276,319**	**-190,538**
Operating income before depreciation and amortization		**58,033**	**73,210**
Depreciation	11,12	-14,425	-13,840
Amortization	10	-14,969	-12,252
Operating income		**28,638**	**47,118**
Financial items			
Financial income	6	13,911	7,387
Financial expenses	7	-9,978	-4,847
Income after financial items		**32,572**	**49,658**
Taxes	9	-6,281	-10,669
Net income for the year		**26,291**	**38,989**
Income attributable to:			
Parent company's shareholders		26,291	38,989
Other information			
Earnings per share before dilution (SEK)	18	0.79	1.26
Earnings per share after dilution (SEK)	18	0.74	1.17

Consolidated statement of other comprehensive income

KSEK	Note	2022	2021
Net income for the year		26,291	38,989
Other comprehensive income			
Items which will be reclassified to the income statement (net of tax)			
Translation adjustments attributable to foreign operations		1,643	1,336
Other comprehensive income for the year, net of tax		**1,643**	**1,336**
Total comprehensive income for the year		**27,933**	**40,325**

Consolidated statement of financial position

KSEK	Note	2022	2021
ASSETS			
Intangible assets	10	55,091	43,762
Tangible assets	11	4,306	2,581
Right-to-use assets	12	46,436	19,783
Financial fixed assets	13	1,023	1,015
Contract assets	3	25,125	13,132
Deferred tax asset	9	298	1,183
Total non-current assets		**132,279**	**81,456**
Accounts receivables	13,19	35,258	43,168
Tax receivables		6,313	7,113
Contract assets	3	61,061	39,477
Other current receivables	14	9,931	6,656
Cash and cash equivalents	15,19	146,805	66,026
Total current assets		**259,369**	**162,440**
Total assets		**391,648**	**243,895**

KSEK	Note	2022	2021
EQUITY AND LIABILITIES			
Equity	17		
Share capital		594	170
Other contributed capital		151,038	54,858
Reserves		2,844	1,202
Retained earnings including net income for the period		77,280	51,363
Equity attributable to the parent company's shareholders		**231,756**	**107,593**
Total equity		**231,756**	**107,593**
Interest-bearing non-current liabilities	19	5,955	-
Non-current lease liabilities	12,13	30,704	9,424
Deferred tax liability	9	13,281	10,947
Other non-current liabilities	13,19	1,176	850
Total non-current liabilities		**51,115**	**21,221**
Interest-bearing current liabilities	13,19	21,962	30,254
Current lease liabilities	12,13	11,930	9,776
Accounts payables	13,19	9,092	7,397
Tax liabilities		2,689	6,386
Contract liabilities	3	19,591	24,519
Other current liabilities	13,19,20	43,512	36,749
Total current liabilities		**108,776**	**115,082**
Total equity and liabilities		**391,648**	**243,895**

Changes in consolidated equity

KSEK	Note	Share capital	Other contributed capital	Reserves	Profit/loss brought forward	Total equity
Opening balance 1 January 2021		**168**	**52,756**	**-135**	**13,767**	**66,556**
Net income for the period		-	-	-	38,989	38,989
Other comprehensive income		-	-	1,337	-	1,337
Total other comprehensive income		**0**	**0**	**1,337**	**38,989**	**40,325**
Transaction with owners	5,17					
New share issues		1	1,807	-	-	1,808
Payment warrants		-	296	-	-	296
Repurchased warrants		-	-	-	-	0
Dividend		-	-	-	-1,393	-1,393
Bonus issue		-	-	-	-	0
Total transaction with owners		**1**	**2,102**	**0**	**-1,393**	**711**
Closing balance 31 December 2021		**170**	**54,858**	**1,202**	**51,363**	**107,593**
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
Repurchased warrants		-	-	-	-	0
Dividend		-	-	-	-	0
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**

Consolidated cash flow statement

KSEK	Note	2022	2021
Cash flow from operating activities			
Operating income		28,638	47,118
Adjustment for non-cash items	21	28,445	30,350
Interest received		63	2
Interest paid		-425	-979
Financial items		5 245	4 840
Income tax paid	9	-5,610	-3,828
Cash flow from operating activities, before changes in working capital		**56,356**	**77,502**
Change in working capital		-31,733	-2,016
Cash flow from operating activities		**24,623**	**75,486**
Cash flow from investing activities			
Acquisition of intangible assets	10	-26,298	-17,946
Acquisition of tangible assets	11	-2,324	-2,248
Acquisition of financial assets		-	-
Repayment of deposits		84	-356
Other		-	-
Cash flow from investing activities		**-28,538**	**-20,550**

KSEK	Note	2022	2021
Cash flow from financing activities			
New share issues		94,310	1,807
Warrant premiums		1,920	297
Dividend paid		-	-1,393
Change in liabilities to credit institutions	13,19	-	-156
Change in shareholder loans		-	-
Net change of overdraft account	19	-	-
Repayment of interest bearing debts		-2,338	
Cash payments for principal portion of the lease liability	12,19	-15,367	-16,166
Other		395	850
Cash flow from financing activities		**78,920**	**-14,761**
Cash flow for the period		**75,005**	**40,176**
Change in cash and cash equivalents	15		
Cash and cash equivalents at the beginning of the year		66,026	22,678
Exchange rate differences in cash and cash equivalents		5,775	3,172
Cash and cash equivalents at the end of the year		**146,805**	**66,026**

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 board of directors approved this Annual Report and Consolidated Financial Statements at the annual general meeting on 1 June 2023.

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 and all subsidiaries in which control is exercised are consolidated from the date on which control is obtained.

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.

IAS 1 Disclosures of Accounting Policy

Instead of disclosing significant accounting policies, companies shall, as of: the 2023 Annual Report disclose material information on accounting policies.

IAS 8 Accounting Policies, Changes in Accounting Estimates

The amendments introduce a definition of estimation. The aim is to clarify the difference between changes in estimates, accounting policies and errors.

IAS 12 Deferred Tax

It is clear that the exemption from accounting for deferred tax in regards of temporary differences arising on initial recognition of an asset or liability does not apply to accounting for transactions that give rise to both an asset and a liability at the same time.

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 aquisition method. Under this method, the acquisition of a subsidiary is regarded as a transaction whereby the Group indirectly acquires the subsidiary's assets and assumes its liabilities. The acquisition analysis determines the fair value at the acquisition date of the identifiable assets acquired and liabilities assumed and any non-controlling interests. Transaction costs, other than those related to the issuance of equity or debt instruments, incurred are recognized directly in profit or loss.

Business combinations

In business combinations where the consideration transferred exceeds the fair value of the assets acquired and liabilities assumed, which are recognised separately, the difference is recognised as goodwill. When the difference is negative, known as a bargain purchase, it is recognised directly in profit or loss.

In the case of step acquisitions, goodwill is determined on the date on which control is obtained. Previous holdings are measured at fair value and the change in value is recognised in the income statement. Previous holdings are measured at fair value and the change in value is recognised in the income statement. If additional shares are acquired, i.e. after control has been obtained, this is accounted for as a transaction between owners within equity.

Transactions eliminated on consolidation
Intra-group receivables and payables, income or expenses and unrealised gains or losses arising from intra-group transactions between group companies are eliminated in their entirety in preparing the consolidated financial statements.

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. All transactions between the Group and its subsidiaries have been eliminated in the consolidated accounts.

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.

Classification

Non-current portion
Non-current assets and non-current liabilities consist essentially of amounts expected to be recovered or paid after more than twelve months from the balance sheet date. The Group therefore has an unconditional right to defer payment beyond one year from the balance sheet date.

Current portion
Current assets consist essentially of amounts expected to be realised during the Group's normal operating cycle, which is 12 months after the reporting period. Current liabilities consist principally of amounts expected to be settled within the Group's normal operating cycle.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the function responsible for allocating resources and assessing the performance of the operating segments. In the Group, this function has been identified as the Chief Executive Officer. For more information see Note G2.

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, 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. Control may be transferred over time or at a point in time. Revenue represents the amount that the entity expects to receive as consideration for the goods or services transferred. 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.

Services may be multiple performance commitments but are accounted for under the same method.

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 of 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. A defined contribution plan is a pension plan under which the Group pays fixed contributions to a separate legal entity.

The Group has no legal or constructive obligation to pay further contributions if this legal entity does not have sufficient assets to pay all employee benefits relating to the employees' current or past service. The Group therefore has no additional risk. The Group's obligations in respect of contributions to defined contribution plans are recognised as an expense in the income statement as they are earned through the service of employees during the period.

Termination benefits

An expense for employee termination benefits is recognised only if the enterprise is demonstrably obligated, without any realistic possibility of withdrawal, by virtue of a formal detailed plan to prematurely terminate an employee's employment contract. When benefits are paid as an offer to encourage voluntary redundancy, an expense is recognised if it is probable that the offer will be accepted and the number of employees who will accept the offer can be reliably estimated.

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. Employees have been offered the opportunity to purchase these warrants, which entitle them to subscribe for Class A shares in the parent company at a future date. 4C Strategies has applied the Black & Scholes model in the valuation of the options to determine the market value of the options, which corresponds to the price paid by the employees for the instruments. As the premium is deemed to correspond to the market value of the warrants at the date of the offer, the warrants do not result in any impact on personnel costs or social security contributions during the life of the options. The premium received is recognised as cash and cash equivalents with a corresponding increase in equity.

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.

Current tax is the tax payable or receivable in respect of the current year, using tax rates enacted or substantively enacted at the balance sheet date. Current tax also includes adjustments to current tax relating to prior periods.

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. Temporary differences are not taken into account for the recognition of goodwill or for the initial recognition of an asset acquisition as the acquisition does not affect either the accounting or taxable profit. Furthermore, temporary differences relating to investments in subsidiaries that are not expected to be recovered in the foreseeable future are not taken into account. The measurement of deferred tax is based on how and in which jurisdiction the underlying assets or liabilities are expected to be realised or settled. Deferred tax is calculated using tax rates and tax laws enacted or substantively enacted at the balance sheet date that are expected to apply in the jurisdiction in which the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets relating to deductible temporary differences and tax loss carry-forwards are recognised only to the extent that it is probable that they will be recovered. Deferred tax assets and liabilities are offset if there is a legal right to offset current tax assets against current tax liabilities and the deferred tax relates to the same entity in the Group and the same taxation authority.

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. All expenditure on self-developed intangible assets is classified as being either in the research phase or in the development phase. Expenditure incurred during the research phase is expensed as incurred and is never capitalised retrospectively. 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 accumulated amortisation. 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. For information on the Group's management of the amortisation policy applied, see Note G10 Intangible assets.

Tangible assets

Tangible assets is recognised as an asset in the balance sheet if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Tangible assets are stated in the Group at cost less accumulated depreciation and any impairment losses. Cost includes the purchase price and expenditure directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by its acquisition. For information on the Group's management of the depreciation policy applied, see Note G11 Tangible assets.

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.

Additional expenditures

Additional expenditures is added to the cost only if it is probable that the future economic benefits associated with the asset will flow to the Group and the cost can be measured reliably. All other additional expenditures are recognised as an expense in the period in which they are incurred.

Leases

4C Strategies is a lessee only.

At the inception of an agreement, the Group determines whether the agreement is, or contains, a lease based on the substance of the agreement. An arrangement is, or contains, a lease if it conveys the right to control the use of an identified asset for a specified period of time in exchange for consideration.

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. The lease term is determined as the non-cancellable period together with periods to extend or terminate the lease if the Group is reasonably certain of exercising those options. Lease payments include fixed payments (net of any lease incentives to be received), variable lease payments that depend on an index or a price (such as a benchmark interest rate) and amounts expected to be paid under residual value guarantees. In addition, lease payments include the exercise price of an option to purchase the underlying asset or penalties payable on termination under a termination option, if such options are reasonably certain to be exercised by the Group. Variable lease payments that do not depend on an index or a price are recognised as an expense in the period to which they relate.

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 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 cost less accumulated depreciation and any impairment losses, and adjusted for any revaluation of the lease liability, excluding foreign currency translation. 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.

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. Short-term leases are defined as leases with an initial lease term of no more than 12 months after taking into account any options to extend the lease. 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

The Group performs an impairment test whenever there is an indication that the value of its tangible or intangible assets may 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. 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. A recoverable amount is the higher of a net realisable value and a value in use, which is an internally generated value based on future cash flows. In assessing impairment, assets are grouped at the lowest levels where there are separately identifiable cash flows (cash-generating units). Where impairment is identified for a cash-generating unit (group of units), the amount of the impairment loss is allocated pro rata to the assets included in the unit (group of units). In calculating value in use, future cash flows are discounted using a discount factor that takes into account the risk-free interest rate and the risk associated with the specific asset. An impairment loss is recognised in profit or loss.

Previously recognised impairment losses are reversed if the recoverable amount is deemed to exceed the carrying amount. However, 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. Impairment losses are reversed only if there has been a change in the assumptions underlying the last calculation of the asset's recoverable amount.

Financial instruments

Financial instruments are any form of contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. 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 credit institutions (including overdraft facilities) and trade payables. The presentation depends on the classification of the financial instruments.

Recognition and removal

Financial assets and liabilities are recognised when the Group becomes a party to the contractual terms of the instrument. Transactions in financial assets are recognised on the trade date, which is the date on which the Group commits to purchase or sell the assets.

Accounts receivables are recognised in the balance sheet when the invoice has been sent and the Group's right to receive payment is unconditional. Receivables are recognised when the counterparty has performed and there is a contractual obligation to pay, even if the invoice has not yet been received. Trade payables are recognised when the invoice has been received.

A financial asset is derecognised (in whole or in part) when the rights under the contract have been realised or expired, or when the Group no longer has control over them. A financial liability is derecognised (in whole or in part) when the obligation under the contract is discharged or otherwise extinguished. A financial asset and a financial liability are recognised net in the balance sheet when there is a legal right to set off the recognised amounts and the intention is either to settle the net amount or to realise the asset at the same time as settling the liability. Gains and losses arising from de-recognition and modification are recognised in profit or loss. At each reporting date, the entity assesses the need for impairment in respect of expected credit losses for a financial asset or group of financial assets, as well as any other credit exposures that may exist.

Classification and valuation of financial assets

Debt instruments: the classification of financial assets as debt instruments is based on the Group's business model for managing the asset and the nature of the asset's contractual cash flows. The instruments are classified as:

- Amortised cost,
- Fair value through other comprehensive income, or
- Fair value through proportion of earnings.

Financial assets classified at amortised cost are held under the business model of collecting contractual cash flows which are payments of principal and interest only on the outstanding principal amount. Financial assets classified at amortised cost are initially measured at fair value plus transaction costs. Subsequent to initial recognition, the assets are measured using the effective interest rate method. The assets are subject to a loss reserve for expected credit losses. The Group's financial assets that are debt instruments classified at amortised cost are disclosed in Note G13 Financial instruments.

Cash and cash equivalents are classified at amortised cost and consist of cash on hand and immediately available deposits with banks and similar institutions. Cash and cash equivalents are subject to the requirement of loss provisioning for expected credit losses.

The Group does not apply hedge accounting.

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.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer payment of the liability for at least 12 months after the balance sheet date. Borrowing costs are recognised in the income statement in the period to which they relate. Accrued interest is recognised as part of short-term borrowings from credit institutions, if the interest is expected to be settled within 12 months of the balance sheet date. Drawn overdraft facilities are recorded as borrowings under current liabilities.

Impairment of financial assets

Financial assets 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.

For other items subject to expected credit losses, a three-stage impairment model is applied. Initially, and at each balance sheet date, a loss reserve is recognised for the next 12 months, or for a shorter period depending on the remaining maturity (stage 1). If there has been a significant increase in credit risk since initial recognition, resulting in a rating below investment grade, a loss reserve is recognised for the remaining life of the asset (stage 2). For assets deemed to be credit impaired, a provision for expected credit losses is maintained for the remaining life of the asset (stage 3). For impaired assets and receivables, the calculation of interest income is based on the carrying amount of the asset, net of the loss reserve, as opposed to the gross amount as in the previous stages. The majority of the Group's assets have been assessed to be in stage 1. For account receivables that have been assessed to be in stage 2, impairment test is based on individual assessment.

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.

Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Where the effect of the timing of settlement is material, provisions are calculated by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks associated with the liability. Provisions are reassessed at each balance sheet date.

Contingent liabilities

A contingent liability is recognised when there is a possible obligation that arises from past events and whose existence will be confirmed only by one or more uncertain future events or when there is an obligation that is not recognised as a liability or provision because it is not probable that an outflow of resources will be required.

Government grants

Grants related to profit or loss are recognised as other operating income and are systematically recognised in profit or loss in the same manner and over the same periods as the expenses for which they are intended to compensate. Government grants are recognised only when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attached to the grant.

Cash flow

The cash flow statement is prepared using the indirect approach, meaning that the result is adjusted for transactions not involving cash receipts or payments and for income and expenses relating to investing and/or financing activities.

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.

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.

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. In addition, judgements are made about the discount rate used in the lease, i.e. the implicit interest rate of the lease or the Group's marginal borrowing rate. In addition, the Group has the option not to recognise leases in the statement of financial position for short-term leases or leases for which the underlying asset has a low value. The significant judgements and estimates made by the Group in respect of the leases relate to the lease term based on the length of the contracts and the discount rate based on the risk-adjusted benchmark interest rate.

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.

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.

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**	0	-	**211,612**
Software-related services	13,790	34,607	6,994	**55,391**	0	-	**55,391**
Expert services	61,079	3,194	-	**64,274**	0	-	**64,274**
Revenue from contracts with customers	**117,422**	**86,942**	**126,912**	**331,277**	**0**	**0**	**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	-	-	-	**0**	-14,969	-	**-14,969**
Depreciation	-	-	-	**0**	-14,425	-	**-14,425**
Financial income	-	-	-	**0**	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**

2021-01-01 - 2021-12-31	Nordics	International	North America	Total Segment	Group Common	Eliminations	Group
Software	16,123	47,978	95,419	**159,520**	0	-	**159,520**
Software-related services	16,683	29,839	4,746	**51,268**	0	-	**51,268**
Expert services	46,611	3,839	0	**50,450**	0	-	**50,450**
Revenue from contracts with customers	**79,416**	**81,657**	**100,165**	**261,238**	**0**	**0**	**261,238**
Other revenue	223	2,298	-13	**2,508**	3	-	**2,510**
Internal revenue	4,665	12,147	10,419	**27,231**	10,701	-37,931	**0**
Total revenue	**84,304**	**96,102**	**110,571**	**290,976**	**10,704**	**-37,931**	**263,748**
Personnel costs	-44,484	-34,233	-15,229	**-93,947**	-65,167	-	**-159,114**
Other external costs	-7,923	-16,963	-3,859	**-28,745**	-2,679	-	**-31,424**
Internal costs	-9,273	-3,817	-789	**-13,878**	-24,053	37,931	**0**
Total cost	**-61,679**	**-55,013**	**-19,877**	**-136,570**	**-91,900**	**37,931**	**-190,538**
EBITDA	**22,624**	**41,088**	**90,694**	**154,406**	**-81,196**	**0**	**73,210**
Amortization	-	-	-	**0**	-12,252	-	**-12,252**
Depreciation	-	-	-	**0**	-13,840	-	**-13,840**
Financial income	-	-	-	**0**	7,387	-	**7,387**
Financial expenses					-4,847		**-4,847**
Income before tax	**22,624**	**41,088**	**90,694**	**154,406**	**-104,748**	**0**	**49,658**

Net sales per customer group and segment	2022-01-01-2022-12-31	2021-01-01-2021-12-31
Defence	38,993	16,982
Public	51,499	41,728
Corporate	26,930	20,707
Nordics	**117,422**	**79,416**
Defence	60,386	68,262
Public	5,152	1,913
Corporate	21,404	11,482
International	**86,942**	**81,657**
Defence	126,912	100,165
Public	-	-
Corporate	-	-
North America	**126,912**	**100,165**
Defence	226,292	185,409
Public	56,652	43,640
Corporate	48,333	32,189
Net sales	**331,277**	**261,238**

	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**

	2021-12-31			
Timing of revenue recognition	**Nordics**	**International**	**North America**	**Total Segment**
Software, Software-related services and Expert services delivered at a given time	3,600	34,358	58,510	**96,468**
Software, Software-related services and Expert services delivered over time	75,816	47,299	41,655	**164,770**
Revenue from contracts with customers	**79,416**	**81,657**	**100,165**	**261,238**

Geographical region

Assets and liabilities

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

Non-current operating assets	2022-01-01-2022-12-31	2021-01-01-2021-12-31
Sweden	110,097	65,765
United Kingdom	9,991	11,377
United States	10,869	2,116
Total	**130,958**	**79,258**

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

Revenues

In 2022, two customers' revenues exceeded 47% of the Group's total revenue. The revenue from one customer amounts to KSEK 108 465 and is attributable to the North America segment and the revenue from the other customer amounts to KSEK 46 688 and is attributable to the International segment.

Geographical region	2022-01-01-2022-12-31	2021-01-01-2021-12-31
Sweden	114,115	76,602
United Kingdom	63,475	62,533
United States	130,291	102,593
Rest of the world	23,395	19,509
Total	**331,277**	**261,238**

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	2022-12-31	2021-12-31
Opening balance	52,609	35,905
Invoiced contract assets	-31,193	-21,223
Translation effects	2,409	1,892
Additional contact assets	62,361	36,035
Closing balance	**86,186**	**52,609**

Contract liabilities	2022-12-31	2021-12-31
Opening balance	24,519	15,886
Recognized contractual liabilities	-24,039	-14,466
Additional agreements	19,111	23,099
Changes relating to ordinary business	-	-
Closing balance	**19,591**	**24,519**

Contract liabilities	2022-12-31	2021-12-31
Within a year	17,184	19,969
More than a year	2,407	4,550
Closing balance	**19,591**	**24,519**

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 19,591 (24,519) of which KSEK 17,184 (19,969) is expected to be recognised as income within one year.

Accounts reveivables	2022-12-31	2021-12-31
Opening balance	43,168	20,832
Paid accounts receivables	-39,513	-14,263
Impairment	-6,197	-3,617
Translation effects	396	174
Additional accounts receivables	37,403	40,041
Closing balance	**35,258**	**43,168**

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 6,197 (3,617) 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	2022-01-01-2022-12-31	2021-01-01-2021-12-31
Audit	1,563	684
Tax advice	-	-
Other services	1,235	1,115
Total	**2,798**	**1,799**

Harmer Slater	2022-01-01-2022-12-31	2021-01-01-2021-12-31
Audit	34	31
Tax advice	6	6
Other services	22	21
Total	**62**	**57**

Note G5
Employees and personnel costs

	2022-01-01 - 2022-12-31		2021-01-01 - 2021-12-31	
Average FTE	**Average number of employees**	**Of whom women, %**	**Average number of employees**	**Of whom women, %**
Parent company	70	23%	63	25%
Subsidiaries in:				
Sweden	45	40%	43	35%
United Kingdom	44	25%	34	12%
United States	28	25%	14	7%
Norway	1	0%	0	0%
Australia	1	0%	0	0%
Total in the Group	**189**	**27%**	**154**	**23%**

	2022-01-01 - 2022-12-31		2021-01-01 - 2021-12-31	
Gender balance, board of directors and senior executives	**Average number of employees**	**Of whom women, %**	**Average number of employees**	**Of whom women, %**
Board members	6	50%	5	0%
CEO and other senior executives	10	10%	10	10%
Total in the Group	**16**	**25%**	**15**	**7%**

Personnel costs	**2022-01-01-2022-12-31**	**2021-01-01-2021-12-31**
Parent company		
Board of directors and other senior executives		
Salaries and other remunerations	11,205	8,484
Social security contributions	3,521	2,666
Pension costs	1,746	1,736
Total	**16,472**	**12,886**
Other employees		
Salaries and other remunerations	41,344	35,640
Social security contributions	10,562	10,360
Pension costs	7,200	5,864
Total	**59,106**	**51,864**
Benefits, allowance and other personnel related costs	2,153	4,861
Total, parent company	**77,731**	**69,611**
Subsidiaries		
Board of directors and other senior executives		
Salaries and other remunerations	10,611	7,496
Social security contributions	1,102	877
Pension costs	1,907	402
Total	**13,619**	**8,775**
Other employees		
Salaries and other remunerations	94,445	61,147
Social security contributions	16,271	12,214
Pension costs	6,721	6,336
Total	**117,438**	**79,696**
Benefits, allowance and other personnel related costs	5,595	1,032
Total subsidiaries	**136,652**	**89,503**
Carrying amount, Group	**214,383**	**159,114**

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 19 April 2022 it was resolved that the board of director's remuneration for 2022 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.

In 2021 the board fee should not exceed SEK 50,000 for each member. The total board of director's fee paid amounts to SEK 450,833 (SEK 50,000). 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.

Warrant program 2017/2023

Includes a maximum of 35,000 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 1/12 2023 - 31/12 2023. 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 12,250 upon full exercise of the warrants.

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 0.01750 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 0.01750 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 0.01750 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. This only applies to personnel employed in foreign subsidiaries. The provision as of 31 December 2022 is KSEK 1,176 and at the beginning of the year it amounted to KSEK 850.

	Average exercise price per warrant	Number of warrants
Number of warrants outstanding as of 2021-01-01	**39**	**1,295,000**
Allocated	18	1,015,000
Number of warrants outstanding as of 2021-12-31	**15**	**2,310,000**
Redeemable per 2021-12-31	**15**	**2,310,000**
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**

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 the year.

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	-
Total				**2,756,260**	**2,310,000**

Remaining weighted average contractual life of outstanding options at the end of the period expressed in number of years:	2.4	3.0
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 2022/2027	Warrant program 2021/2026	Warrant program 2020/2025	Warrant program 2019/2024	Warrant program 2017/2023
Exercise price	57	18	13.3	13.7	12.4
Expected volatility (%)	28%	25%	25%	24%	25%
Expected maturity (year)	5	5	5	5	6
Weighted average share price	35.37	8.9	6.65	6.85	6.1875
Expected dividend yield (%)	0%	0%	0.7%	0%	0%
Risk-free interest rate (%)	2%	-0.30%	-0.36%	-0.20%	-0.10%
Average weighted fair value at valuation date	4.3	5.8	4.3	4.5	6.3
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.

	2022-01-01-2022-12-31	2021-01-01-2021-12-31
Assets measured at amortised cost:		
Interest income, accounts receivables	-	-
Interest income, other financial assets	63	2
Total interest income in accordance with effective interest rate method	**63**	**2**
Other financial income		
Exchange rate differences – income, financial items	13,848	7,385
Total	**13,848**	**7,385**
Total financial income	**13,911**	**7,387**

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.

	2022-01-01-2022-12-31	2021-01-01-2021-12-31
Liabilities measured at fair value:		
Interest expense, liabilities to credit institutions		1
Interest expense, other financial liabilities	425	978
Total interest expense in accordance with effective interest rate method	**425**	**979**
Other financial expenses:		
Exchange rate differences - expenses, financial items	8,603	2,545
Interest expense, lease liabilities	950	1,323
Total	**9,552**	**3,868**
Total financial expenses	**9,978**	**4,847**

Note G8
Other revenue and operating expenses

Other revenue	2022-01-01-2022-12-31	2021-01-01-2021-12-31
Other revenue	5	-
Foreign exchange gain of operating nature	3,069	2,510
Total	**3,075**	**2,510**

Other operating expenses	2022-01-01-2022-12-31	2021-01-01-2021-12-31
Foreign exchange loss of operating nature	-836	-1,458
Total	**-836**	**-1,458**

Note G9
Tax

Current tax	2022-01-01-2022-12-31	2021-01-01-2021-12-31
Current tax on net income for the year	3,629	6,784
Adjustments for previous years	-8	-1
Total current tax	**3,621**	**6,782**
Deferred tax		
Deferred tax attributable to temporary differences	2,706	1,920
Deferred tax on tax losses	-46	1,967
Total deferred tax	**2,660**	**3,887**
Recognized tax in profit or loss	**6,281**	**10,669**

Reconciliation of effective tax rate	2022-01-01-2022-12-31	2021-01-01-2021-12-31
Income before tax	32,572	49,658
Tax according to applicable tax rate for the parent company (20,6%)	6,710	10,230
Tax effect of:		
Non-deductible expenses	597	508
Revaluation of tax loss carry-forwards	-2	-117
Not recognized but deductible cost	-1,172	-
Additional tax losses not recognised as an asset	-	-
Difference in tax rates between countries	140	75
Change of tax rate		-
Adjustment of tax from previous year	8	-26
Recognized tax	**6,281**	**10,669**
Effective tax rate	19%	21%

In June 2018, the Swedish Parliament decided on a two-step reduction of the corporate tax rate, whereby the corporate tax rate in the first step has been reduced from 22% down to 21.4% for financial years starting on or after 1 January 2019. In step two, the corporate tax rate will be reduced to 20.6% from financial years beginning on or after 1 January 2021.

The Group has assessed the period in which the deferred tax will be settled and used the tax rate applicable for that period. In the main, settlement is expected to take place over the next three years.

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:

Deferred tax asset	Right-of-use assets	Deduction of tax losses	Total
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**

Deferred tax asset	Right-of-use assets	Deduction of tax losses	Total
Opening carrying amount 2021-01-01	**131**	**2,708**	**2,838**
Through profit or loss	309	-1,964	-1,655
Other comprehensive income	-	-	0
Closing carrying amount 2021-12-31	**440**	**744**	**1,183**

Deferred tax liability	Intangible assets	Accrual fund	Total
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**

Deferred tax liability	Intangible assets	Accrual fund	Total
Opening carrying amount 2021-01-01	**8,719**	**-**	**8,719**
Through profit or loss	296	1,932	2,228
Other comprehensive income	-	-	0
Closing carrying amount 2021-12-31	**9,015**	**1,932**	**10,947**

There are tax loss carry-forwards amounting to KSEK 702 (2 934) for which deferred tax assets have been recognized in the balance sheet and they relate to Norway (and USA for previous year) and have no time limitation. Deferred tax assets have been recognized for these items as it is probable that the Group will utilize 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 2021	**99,605**	**23**	**99,627**
Acquired separately	-	-	-
Internally generated	17,946		17,946
Acquisition cost adjustment	-4,257		-4,257
As of 31 December 2021	**113,294**	**23**	**113,316**
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**
Depreciation			
As of 1 January 2021	**-57,280**	**-18**	**-57,298**
Amortization for the year	-14,641	-4	
Amortization reversal	2,389	0	2,389
As of 31 December 2021	**-69,532**	**-23**	**-69,555**
As of 1 January 2022	**-69,532**	**-23**	**-69,555**
Amortization for the year	-15,615		-15,615
Amortization reversal	647		647
Per 31 December 2022	**-84,501**	**-23**	**-84,523**
Intangible assets			
Closing carrying amount as of 2021-12-31	43,762	0	43,762
Closing carrying amount as of 2022-12-31	55,091	0	55,091

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 KSEK 22,209 (7,717)

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).

Other

In 2021 an adjustment of the cost value had to be made since the company was granted a reduction in employer's contributions for persons working in research and development (R&D) for the years 2014-2020 for a total amount of SEK 4,257. A reversal of previous depreciation of KSEK 647 (2,389) has therefor had to be made during 2022.

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 2021	**3,963**	**3,963**
Acquisitions for the year	2,161	2,161
Reclassifications	0	0
Translation effects	0	0
As of 31 December 2021	**6,123**	**6,123**
Acquisitions for the year	2,510	2,510
Disposals	-1,576	-1,576
Reclassifications	0	0
Translation effects	252	252
As of 31 December 2022	**7,310**	**7,310**
Accumulated depreciations		
As of 1 January 2021	**-3,326**	**-3,326**
Amortization for the year	-237	-237
Translation effects	21	21
As of 31 December 2021	**-3,543**	**-3,543**
Amortization for the year	-978	-978
Sales and disposals	1,576	1,576
Reclassifications		0
Translation effects	-59	-59
As of 31 December 2022	**-3,004**	**-3,004**
Machines and equipment		
Closing carrying amount as of 2021-12-31	2,581	2,581
Closing carrying amount as of 2022-12-31	4,306	4,306

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				
	Premises	Vehicles	IT equipment	Total right-of-use assets	Lease liabilities
Opening balance 2021-01-01	**15,919**	**968**	**5,661**	**22,549**	**23,183**
Additional leases	8,472	647	1,830	10,950	10,950
Depreciation	-10,818	-472	-2,336	-13,626	
Terminated agreements	0	-90	0	-90	-90
Interest expenses					1,323
Lease payments					-16,166
Closing balance 2021-12-31	**13,573**	**1,054**	**5,155**	**19,783**	**19,200**
Of which current liabilities					9,776
Of which non-current liabilities					9,424
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		-126		-126	-126
Difference asset & liability (fair value)				5	
Interest expenses					950
Lease payments					-17,562
Closing balance 2022-12-31	**39,276**	**990**	**6,165**	**46,436**	**42,634**
Of which current liabilities					11,930
Of which non-current liabilities					30,704

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

	2022-01-01-2022-12-31	2021-01-01-2021-12-31
Depreciation of right-of-use assets	-13,398	-13,626
Interest expense on lease liabilities	-950	-1,323
Expenses for low value assets	-131	-86
Expenses for short-term leases	-	-
Total	**-14,479**	**-15,035**

The Group recognized a cash outflow attributable to leases in amortization, interest payments and expenses for low value assets amounting to KSEK 16,448 for the financial year 2022 (KSEK 16,252 for 2021).

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 2022 and 2021 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 2022-12-31	Financial assets measured at fair value	Financial assets 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	-	11,700	11,700
Other non-current liabilities	-	7,131	7,131
Other current liabilities	-	45,966	45,966
Total	**-**	**73,889**	**73,889**

Measurement of financial assets and liabilities 2021-12-31	Financial assets measured at fair value	Financial assets measured at amortized cost	Total carrying amount
Financial assets			
Other non-current receivables	-	1,015	1,015
Accounts receivables	-	43,168	43,168
Cash and cash equivalents	-	66,026	66,026
Total	**-**	**110,209**	**110,209**
Financial liabilities			
Liabilities to credit institutions	-	-	-
Overdraft facility	-	-	-
Accounts payables	-	7,397	7,397
Accrued expenses	-	12,552	12,552
Other non-current liabilities	-	850	850
Other current liabilities	-	41,779	41,779
Total	**-**	**62,577**	**62,577**

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	2022-12-31	2021-12-31
Accrued income and prepaid expenses	5,710	4,674
Other current items	4,221	1,982
Carrying amount	**9,931**	**6,656**

Accrued income and prepaid expenses	2022-12-31	2021-12-31
Prepaid insurances	163	86
Prepaid license costs	4,035	1,924
Prepaid rents and leasing fees	-	-
Other prepaid expenses	1,512	2,664
Carrying amount	**5,710**	**4,674**

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.

	2022-12-31	2021-12-31
Bank balances	146,805	66,026
Carrying amount	**146,805**	**66,026**

Of the Group's bank balances, KSEK 0 (0) as at 31/12/2021 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:

			Vote share	
Companies	**Reg. Number**	**Location**	**2022-12-31**	**2021-12-31**
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%

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 2022, the registered share capital comprises SEK 33,919,142 (31,062,000) shares with a par value of SEK 0,01750 per share.

The share	Class A-share
Share class	Ordinary share
Voting value	1,00
Quota value 31 December 2019	0,00550
Quota value 31 December 2020	0,00550
Quota value 31 December 2021	0,00550
Quota value 31 December 2022	0,01750

	2022-01-01-2022-12-31	2021-01-01-2021-12-31
Number of shares, beginning of the year	31,062,000	30,859,000
Increase through new share issue	2,857,142	203,000
Number of shares outstanding at year-end	**33,919,142**	**31,062,000**

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	**2022-01-01-2022-12-31**	**2021-01-01-2021-12-31**
Weighted average number of shares	33,204,857	31,062,000
Weighted average number of warrants at year-end	2,310,000	2,310,000
Weighted average number of shares outstanding after dilution	**35,514,857**	**33,372,000**

Earnings per share	**2022-01-01-2022-12-31**	**2021-01-01-2021-12-31**
Income attributable to Parent company's shareholders (KSEK)	26,291	38,989
Weighted average number of shares	33,204,857	31,062,000
Earnings per share before dilution (SEK)	**0.79**	**1.26**
Income attributable to Parent company's shareholders (KSEK)	26,291	38,989
Weighted average number of shares outstanding after dilution	35,514,857	33,372,000
Earnings per share after dilution (SEK)	**0.74**	**1.17**

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 it 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			
	Accounts receivables not yet due	0-30 days	31-90 days	> 90 days	Total
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%	**0%**
2021-12-31					
Government customers, gross	28,217	616	0	7,532	**36,365**
Private companies, gross	10,175	135	70	41	**10,421**
Total accounts receivables, gross	38,392	751	70	7,573	**46,785**
Impairment	0	0	0	-3,617	**-3,617**
Expected loss	0%	0%	0%	-48%	**0%**

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. At the balance sheet date, the Group has two major account receivable amounting to KSEK 9,814 whereof KSEK 7,523 is more than 90 days past due. Delivery has taken place according to contract. As of 2022-12-31, the company has made an impairment assessment of KSEK 6,197 (3,617). The impairment has been performed through an individual estimate and assessment of the specific account receivable.

Expected credit losses for accounts receivables (simplified approach)	2022-01-01-2022-12-31	2021-01-01-2021-12-31
Opening carrying amount	**-3,617**	**0**
Impairment	-6,196	-3,617
Recognized credit losses		-
Closing carrying amount	**-9,814**	**-3,617**

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 (simplified approach)

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 146,805 (66,026 at 31 December 2021) 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 KSEK 15,254 (27,603), which corresponds to 43% (59%) 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 devides 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 KSEK 0 (0) and an impact on equity after tax of KSEK 0 (0).

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

	Due date	Interest	2022-12-31	2021-12-31
Overdraft facility (SEK)	Ongoing	STIBOR 1W + 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 2022 this has not been considered justified.

	2022-01-01 - 2022-12-31		2021-01-01 - 2021-12-31	
Currency exposure (%)	**Operating revenue**	**Operating expenses**	**Operating revenue**	**Operating expenses**
GBP	63,641	-58,977	66,548	-42,140
USD	133,730	-47,835	101,263	-18,928
EUR	19,069	-1,492	4,778	-1,446
Other currencies	2,910	-5,176	1,880	-

	2022-01-01 - 2022-12-31		2021-01-01 - 2021-12-31	
Sensitivity analysis - Exchange rate fluctuations against SEK	**Effect on profit before tax**	**Effect on equity**	**Effect on profit before tax**	**Effect on equity**
USD				
+ 10%	8,590	9,706	8,233	9,032
-10%	-8,590	-9,706	-8,233	-9,032
GBP				
+ 10%	466	1,976	2,441	3,698
- 10%	-466	-1,976	-2,441	-3,698
EUR				
+ 10%	1,758	1,758	333	333
- 10%	-1,758	-1,758	-333	-333

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.

	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	2,983	2,983	5,965	30,704	42,634
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	**40,661**	**8,129**	**25,942**	**41,791**	**116,522**

	2021-12-31				
Maturity analysis	**< 3 months**	**3-6 months**	**6-12 months**	**> 1 year**	**Total**
Liabilities to credit institutions	-	-	-	-	0
Overdraft facility	-	-	-	-	0
Accounts payables	7,397	-	-	-	7,397
Lease liabilities	2,444	2,444	4,888	9,424	19,200
Accrued expenses	7,435	1,652	2,655	809	12,552
Other current liabilities	7,317	31,635	2,827	-	41,779
Other non-current liabilities	-	-	-	850	850
Total	**24,592**	**35,731**	**10,371**	**11,083**	**81,777**

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

	2022-12-31	2021-12-31
Overdraft facility	37,500	37,500
of which utilized	-	-

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**

Change in financial liabilities	2021-01-01	Cash flow	No-cash changes: Change in lease liabilities	2021-12-31
Liabilities to credit institutions	**156**	**-156**		**0**
Overdraft facility	0	0		0
Shareholder loan	-	-		0
Lease liabilities	23,183	-16,166	12,183	19,200
Total	**23,339**	**-16,322**	**12,183**	**19,200**

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% (44%) and the total capital revenue rate is 0,85 (1). 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	2022-12-31	2021-12-31
Accrued expenses and prepaid income	19,521	20,479
Other current items	23,991	16,270
Carrying amount	**43,512**	**36,749**

Accrued expenses and prepaid income	2022-12-31	2021-12-31
Accrued holiday pay	6,311	5,085
Accrued social security charges	3,465	3,286
Accrued salaries and fees	3,816	4,668
Accrued commissions	742	3,464
Other accrued expenses	5,186	3,975
Carrying amount	**19,521**	**20,479**

Note G21
Statement of cash flows

Adjustments for non-cash items	2022-01-01-2022-12-31	2021-01-01-2021-12-31
Adjustments in operating income		
Amortization for the year	29,394	26,092
Translation adjustments		1
Leasing interest	-950	
Reduction in capital expenditure on intangible assets due to reduction in social security	-	4,257
Total	**28,445**	**30,350**

Note G22
Pledge assets and contingent liabilities

Pledge assets and contingent liabilities	2022-12-31	2021-12-31
Pledged assets for own liabilities to credit institutions		
Floating charges	37,500	37,500
Shares in subsidiaries	27,263	19,682
Total	**64,763**	**57,182**

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 2022. The company's activities continue as planned and the strategic focus on expansion remains in place.

After the financial year 2022, there have been changes among the largest shareholders. On February 22, 2023, multiple existing investors increased their holdings. At the same time, previous owners Priveq divested their entire holding of 3,640,655 shares. Since 2016, Priveq has contributed to developing 4C Strategies into the software company it is today.

The war in Ukraine continues to play out with no immediate end in sight, and inflation and interest rates rise combined with a volatile energy market. 4C Strategies has established internal measures that will be evaluated and revised to make sure that we act, and can act, proactively to manage this challenging situation.

Parent company income statement

KSEK	Note	2022	2021
Operating revenue			
Net sales		**201,846**	**156,808**
Other revenue		7	-11
Total revenue		**201,853**	**156,797**
Operating expenses			
Other external costs	2,3	-77,794	-39,896
Personnel costs	4	-116,391	-78,031
Other operating expenses		-15	-
Total operating expenses		**-194,199**	**-117,928**
Operating income before depreciation and amortization		**7,653**	**38,869**
Depreciation and amortization	9	-256	-103
Operating income		**7,397**	**38,767**
Financial income	5	12,466	5,680
Financial expenses	6	-6,443	-1,503
Income after financial items		**13,420**	**42,944**
Appropriations	7	-300	-8,880
Income before tax		**13,120**	**34,064**
Taxes	8	-1,795	-7,202
Net income for the year		**11,325**	**26,862**

Parent company balance statement

KSEK	Note	2022-12-31	2021-12-31
ASSETS			
Fixed assets			
Tangible assets			
Machinery and equipment	9	1,497	921
Total tangible fixed assets		**1,497**	**921**
Financial fixed assets			
Shares in subsidiaries	10	21,560	21,487
Deferred tax asset	8	-	-
Total financial fixed assets		**21,560**	**21,487**
Total fixed assets		**23,057**	**22,408**
Current assets			
Current intercompany receivables	11,12	118,484	103,966
Other current receivables		1,486	5,854
Accrued income and prepaid expenses	13	8,215	5,851
Cash and cash equivalents	14	119,861	35
Total current assets		**248,046**	**115,707**
Total assets		**271,103**	**138,114**

KSEK	Note	2022-12-31	2021-12-31
EQUITY AND LIABILITIES			
Equity	15		
Restricted equity			
Share capital		594	170
Total restricted equity		**594**	**170**
Unrestricted equity			
Additional paid in capital		151,038	54,858
Profit/loss brought forward		14,304	-12,184
Net income for the period		11,325	26,862
Total unrestricted equity		**176,668**	**69,537**
Total equity		**177,262**	**69,706**
Untaxed reserves		**9,380**	**9,380**
Non-current liabilities			
Other non-current liabilities	12	-	-
Total non-current liabilities		**0**	**0**
Current liabilities			
Accounts payables	12	3,553	4,515
Current intercompany liabilities	12	42,092	22,385
Current tax liabilities		1,789	5,797
Other current liabilities	12	28,126	18,459
Accrued expenses and prepaid income	16	8,902	7,872
Total current liabilities		**84,462**	**59,028**
Total equity and liabilities		**271,103**	**138,114**

Parent company changes in consolidated equity

KSEK	Note	Share capital	Other contributed capital	Reserves	Profit/loss brought forward	Total equity
Opening balance 1 January 2021		**168**	**52,756**	**0**	**-10,791**	**42,133**
Net income for the period		-	-	-	26,862	26,862
Other comprehensive income		-	-	-	-	**0**
Total other comprehensive income		**0**	**0**	**0**	**26,862**	**26,862**
Transaction with owners						
New share issues		1	1,807	-	-	1,808
Payment warrants		-	296	-	-	296
Repurchased warrants		-	-	-	-	0
Dividend		-	-	-	-1,393	-1,393
Total transaction with owners		**1**	**2,102**	**0**	**-1,393**	**711**
Closing balance 31 January 2021		**170**	**54,859**	**0**	**14,678**	**69,706**
Opening balance 1 January 2022		**170**	**54,859**	**0**	**14,678**	**69,706**
Net income for the period						
Other comprehensive income		-	-	-	11,325	11,325
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
Repurchased warrants		-	-	-	-	0
Dividend		-	-	-	-	0
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**	**177,262**

Parent company cash flow statement

KSEK	Note	2022	2021
Cash flow from operating activities			
Operating income		7,397	38,767
Adjustment for non-cash items	17	240	103
Financial income		6,023	4,177
Interest paid		-	0
Income tax paid		-1,593	-3,690
Change in working capital		12,719	-39,835
Cash flow from operating activities		**24,785**	**-478**
Cash flow from investing activities			
Acquisition of intangible assets		-	-
Acquisition of tangible assets	9	-816	-747
Acquisition of financial assets		-	-
Repayment of deposits		-	-
Other		-	-
Cash flow from investing activities		**-816**	**-747**

KSEK	Note	2022	2021
Cash flow from financing activities			
New share issues	15	94,310	1,808
Warrant premiums		1,920	296
Dividend paid		-	-1,393
Change in liabilities to credit institutions		-	-156
Change in shareholder loans		-	-
Group contributions received	7	-	500
Group contributions made	7	-300	-
Other		-73	-31
Cash flow from financing activities		**95,857**	**1,024**
Cash flow for the period		**119,826**	**-201**
Change in cash and cash equivalents	14		
Cash and cash equivalents at the beginning of the year		35	236
Exchange rate differences in cash and cash equivalents		-	-
Cash and cash equivalents at the end of the year		**119,861**	**35**

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	2022-01-01-2022-12-31	2021-01-01-2021-12-31
Audit	1,242	459
Tax advice	0	0
Other services	1,235	1,115
Total	**2,477**	**1,574**

Note P3 Leasing

Future minimum lease fees	2022-01-01-2022-12-31	2021-01-01-2021-12-31
Within a year	11,293	8,838
Between 1-5 years	27,690	7,679
Total	**38,983**	**16,518**

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

	2022-01-01-2022-12-31	2021-01-01-2021-12-31
Assets and liabilities valued at amortized cost:		
Financial income from bank account	270	0
Financial income from tax account	4	0
Total interest income in accordance with effective interest rate method	**274**	**0**
Other financial income:		
Exchange rate differences - income, financial items	12,191	5,680
Total	**12,191**	**5,680**
Total financial income	**12,466**	**5,680**

Note P6 Financial expenses

	2022-01-01-2022-12-31	2021-01-01-2021-12-31
Assets and liabilities valued at amortized cost:		
Interest expenses loans to owners		-
Interest expenses from other financial assets	-236	-145
Total interest expense in accordance with effective interest rate method	**-236**	**-145**
Other financial expenses:		
Exchange rate differences - expenses, financial items	-6,207	-1,359
Total	**-6,207**	**-1,359**
Total financial expenses	**-6,443**	**-1,503**

Note P7 Untaxed reserves

	2022-01-01-2022-12-31	2021-01-01-2021-12-31
Provision to accrual fund	0	-9,380
Submitted Group contributions	-300	0
Received Group contributions	0	500
Total	**-300**	**-8,880**

Note P8 Tax

Current tax	2022-01-01-2022-12-31	2021-01-01-2021-12-31
Current tax	1,795	5,786
Exploitations of tax deficits	0	1,415
Change in deferred tax for temporary differences	0	0
Recognized tax	**1,795**	**7,202**

Effective tax rate	2022-01-01-2022-12-31	2021-01-01-2021-12-31
Income before tax	13,120	34,064
Tax according to applicable tax rate for the parent company (20,6%)	2,703	7,017
Tax effect of:		
Non-deductible expenses	264	-40
Non-recognized costs	-1,172	0
Change of tax rate	0	224
Adjustment of tax from previous year	0	0
Recognized tax	**1,795**	**7,202**
Effective tax rate	14%	21%

Note P9
Tangible assets

	Machinery and equipment	Total tangible assets
Acquisition cost		
Acquisition value per 1 January 2021	318	-
Acquisitions for the year	747	747
Acquisition value per 31 December 2021	**1,065**	**1,065**
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**
Depreciation		
Accumulated depreciation per 1 January 2021	-42	-42
Amortization for the year	-103	-103
Accumulated depreciation per 31 December 2021	**-145**	**-145**
Accumulated depreciation per 1 January 2022	**-145**	**-145**
Amortization for the year	-256	-256
Depreciation on disposals	16	-401
Accumulated depreciation per 31 December 2022	**-385**	**-385**
Tangible assets		
Closing carrying amount as of 2021-12-31	921	921
Closing carrying amount as of 2022-12-31	1,497	1,497

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

	2022-12-31	2021-12-31
Opening balance	21,487	21,456
New formation of subsidiaries	73	31
Closing carrying amount	**21,560**	**21,487**

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 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 2022-12-31	Net income 2022	Carrying amount 2022-12-31	Carrying amount 2021-12-31
4C Strategies AB	1,679	768	85	11,079	11,079
4C Europe UK Limited	1	15,096	3,044	0	0
4C North America Inc.	1	11,164	2,896	10,327	10,327
4C International AB	50	157	-11	50	50
4C Strategies Norway AS	300	-702	-164	31	31
4C Strategies Asia Pacific Pty Ltd	1	79	8	73	-
Total				**21,560**	**21,487**

Note P11
Intercompany receivables

Companies	2022-12-31	2021-12-31
4C Strategies AB		
4C Europe UK Limited	49,937	38,525
4C North America Inc.	34,276	43,014
4C International AB	33,887	22,428
4C Strategies Norway AS		
4C Strategies Asia Pacific Pty Ltd	383	
Total	**118,484**	**103,966**

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 2022-12-31	Financial assets measured at fair value	Financial assets 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	-	4,756	4,756
Other current liabilities	-	28,126	28,126
Intercompany liabilities	-	42,092	42,092
Total	-	**78,527**	**78,527**

Measurement of financial assets and liabilities 2021-12-31	Financial assets measured at fair value	Financial assets measured at amortized cost	Total carrying amount
Financial assets			
Intercompany receivables	-	103,966	103,966
Cash and cash equivalents	-	35	35
Total	-	**104,001**	**104,001**
Financial liabilities			
Liabilities to credit institutions	-	-	-
Accounts payables	-	4,515	4,515
Other current liabilities	-	22,619	22,619
Accrued expenses	-	-	-
Intercompany liabilities	-	22,385	22,385
Total	-	**49,520**	**49,520**

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.

	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**

	2021-12-31				
Maturity analysis for financial liabilities	< 3 months	3-6 months	1-3 years	> 3 years	Total
Liabilities to credit institutions	-	-	-	-	**0**
Accounts payables	4,515	-	-	-	**4,515**
Accrued expenses	5,482	17,137	-	-	**22,619**
Intercompany liabilities	-	22,385	-	-	**22,385**

Note P13
Prepaid costs

	2022-12-31	2021-12-31
Prepaid rent	2,513	1,528
Other current receivables	5,702	4,323
Carrying amount	**8,215**	**5,851**

Note P14
Cash and cash equivalents

	2022-12-31	2021-12-31
Bank balances	119,861	35
Carrying amount	**119,861**	**35**

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	151,038
Profit/loss brought forward	14,304
Net income for the year	11,325
Carrying amount	**176,668**
Disposed of as follows:	
Dividend to be distributed to shareholders	0
To be retained	176,668

Note P16
Accrued expenses

	2022-12-31	2021-12-31
Accrued holiday pay	4,137	3,703
Accrued social security charges	1,041	954
Accrued interest	632	387
Accrued salaries and fees	2,637	2,560
Other	455	268
Carrying amount	**8,902**	**7,872**

Note P17
Cash flow statement

Adjustments for non-cash items	2022-01-01-2022-12-31	2021-01-01-2021-12-31
Adjustments in operating income		
Depreciation	-240	-103
Total	**-240**	**-103**

Note P18
Pledged assets and contingent liabilities

	2022-12-31	2021-12-31
Pledged assets for own liabilities to credit institutions		
Shares in subsidiaries	11,079	11,079
Total	**11,079**	**11,079**
Contingent liabilities		
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	2022-01-01-2022-12-31	2021-01-01-2021-12-31
Sale of goods/services	201,846	156,806
Purchase of goods/services	-56,909	-24,394
Receivable at the balance sheet date	118,484	103,966
Liability at the balance sheet date	42,092	22,385
Carrying amount	**305,513**	**258,763**

Note P20
Events after the balance sheet date

4C Strategies' operations have not changed since the end of 2022. The company's activities continue as planned and the strategic focus on expansion remains in place.

After the financial year 2022, there have been changes among the largest shareholders. On February 22, 2023, multiple existing investors increased their holdings. At the same time, previous owners Priveq divested their entire holding of 3,640,655 shares. Since 2016, Priveq has contributed to developing 4C Strategies into the software company it is today.

The war in Ukraine continues to play out with no immediate end in sight, and inflation and interest rates rise combined with a volatile energy market. 4C Strategies has established internal measures that will be evaluated and revised to make sure that we act, and can act, proactively to manage this challenging situation.

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.

02-05-2023
Stockholm, Sweden

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

Andreas Hedskog
Chairman

Louise Bagewitz
Member

David Lidbetter
Member

Lena Ridström
Member

Mats Hjerpe
Member

Christine Rankin
Member

Our audit report was submitted on 02-05-2023

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 79–90 for the year 2022. The annual accounts and consolidated accounts of the company are included on pages 26–75 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 2022 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 2022 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 79–90.

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 4–25. 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 skepticism 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 2022 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 skepticism 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 whether the proposal is in accordance with the Companies Act.

Malmö, 2 May 2023

Ernst & Young AB

Peter Gunnarsson
Authorized Public Accountant

Corporate governance

As a company listed on the Nasdaq First North Premier Growth Market, 4C Strategies follows the Swedish Code of Corporate Governance, the regulations to be applied by companies whose shares are traded on a regulated market. The code ensures that companies are managed in a sustainable, responsible, and efficient way. In the Corporate Governance Statement 4C reports on issues as the Annual General Meeting, the work of the board, governance frameworks and remuneration.

Corporate governance

4C Group AB (publ) ("4C" or "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 2022.

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.

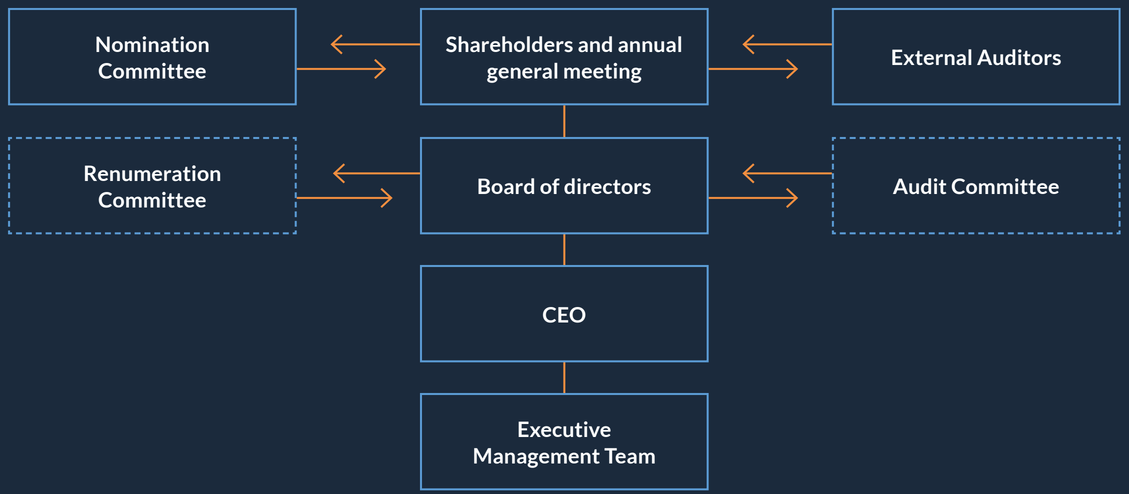
Annual general meeting 2022

The AGM for the 2021 fiscal year was held in Stockholm at Vattugatan 17 on 19 May 2022. 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. Thirteen shareholders, accounting for 85 percent of the votes and 85 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 and members of Committees.

Corporate governance structure



- Re-election of the Board of Directors. Re-election of the registered auditing company Ernst & Young AB. Ernst & Young appointed Certified public accountant, Peter Gunnarsson, as responsible auditor.
- Adopting amended Articles of Association. The amendments of the Articles of Association included, among other changes, a new limit for the number of shares, that outstanding shares in the company shall be ordinary shares that carry one vote each at General Meetings and the introduction of a CSD clause and the removal of the pre-emptive clause.
- Splitting the shares in the company (1:20) whereby one existing share is divided into twenty new shares.
- Adopting guidelines for remuneration to senior executives and the instruction for the Nomination Committe.

Shares and shareholders

The shares in the Company were on 24 May 2022 listed on Nasdaq First North Premier Growth. At year-end 2022, the Company had a market capitalization of 1278 MSEK, distributed between 33 919 142 shares per the last day of trade 2022. 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, the largest single shareholder was Hedskog Equity AB, whose holding was 11.5% of the shares. The four largest shareholders accounted for 37.7% of the shares and votes in the Company.

The main shareholders in the company by year-end 2022 were:

Name	Number of shares	Votes	Capital
Hedskog Equity AB	3,892,378,	11.5%	11.5%
Priveq Investment AB	3,640,655	10.7%	10.7%
Klas Lindström	2,954,589	8.7%	8.7%
Mikael Edqvist	2,305,898	6.8%	6.8%
Total	**12,793,520**	**37.7**	**37.7**

General meetings

The highest decision-making body of the Company is the General Meeting where the shareholders exercises 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.

Extra general meeting 2022

An Extra General Meeting was held on 11 February 2022. The General Meeting resolved the number of directors of the board and remuneration to the Board of Directors and members of committees. The General Meeting resolved to re-elect the Board Members Andreas Hedskog, Mats Hjerpe and David Lidbetter. Louise Bagewitz, Lena Ridström and Christine Rankin were elected as new board members.

An Extra General Meeting was held Per Capsulam on 25 February 2022. The General Meeting adopted amendments to the articles of association, for example, to change company category to public limited liability company, change limits for share capital and number of shares and resolved to increase the company's share capital by way of a bonus issue.

An Extra General Meeting was held on 13 May 2022. The General Meeting resolved to authorize the Board of Directors to issue shares in connection with an IPO. It was further resolved to establish an incentive programme for senior executives and employees through an issue of warrants. More information regarding 4C's warrant program can be found in the minutes from the Annual General Meeting, which can be found on 4C's website.

Annual general meeting 2023

The AGM will be held on Tuesday, 1 June 2023 at Vasagatan 16, Stockholm.

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 on 19 April 2022, 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 2023 AGM is composed by the following members:

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

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

Board of directors and CEO

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 overall organization and management. 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 organization and corporate governance which includes adopting policies and instructions for operating activities within the company.

Operating activities are managed by the CEO. According to the Instruction for Financial Reporting, the CEO is responsible for the financial reporting and shall ensure that the Board of Directors receive information sufficient to evaluate the financial situation of the company. The CEO shall regularly provide the Board of Directors with information on events that are significant to the company's progress, results, financial position, liquidity or other information of such significance that the Board of Directors should be informed of. Magnus Bergqvist was re-elected as CEO by the Board of Directors at the Statutory Board Meeting held 19 April 2022.

Work of the Board of Directors in 2022

The main focus of the Board of Directors in 2022 has been the IPO process. 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.

According to the Rules of Procedure for the Board of Directors, a statutory board meeting shall be held immediately after the AGM and after an Extra General Meeting if required. Besides the Statutory board meeting shall at least 5 board meetings be held during the fiscal year. The company held 22 board meeting during 2022.

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.

In 2022, the Remuneration Committee's members were the Directors Mats Hjerpe (Chair of the Committee), David Lidbetter, and Lena Ridström. During the fiscal year 2022, the Remuneration Committee met on 2 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.

During 2022, the Audit Committee's members were the Directors Christine Rankin (Chair of the Audit Committee) and Louise Bagewitz. During the fiscal year 2022, the Remuneration Committee met on four (4) occasions during the year 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 elected the company's auditor on an Extra General Meeting 28 September 2021 and was re-elected on the annual general meeting 19 April 2022.

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 2022.

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.

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	22/22			350,000	
Mats Hjerpe	Member	2016	Yes/No	22/22		2/2	175,000	25,000
David Lidbetter	Member	2012	Yes/Yes	22/22		2/2	175,000	15,000
Lena Ridström[2]	Member	2022	Yes/Yes	21/21		2/2	175,000	15,000
Christine Rankin[2]	Member	2022	Yes/Yes	21/21	4/4		175,000	25,000
Louise Bagewitz[2]	Member	2022	Yes/Yes	21/21	4/4		175,000	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) Newly elected in connection with the Extraordinary General Meeting February 11, 2022.

The Board of Directors is responsible for the internal control as regulated in the Swedish Companies Act and the code. The Board of Directors has adopted e.g. Code of Conduct, Insider policy, Information Policy and other policy documents comprising instructions and procedures for operations that must be monitored regularly and reported.

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. To achieve efficient operations, 4C has a delegated the decision-making structure within operational entities and functional hierarchies with the CEO as the highest decision making authority.

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.

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 Board of Directors before they are published.

Control environment

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. 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. 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. Finally, all 4C's policies are subject to the Board of Directors annual review at the statutory meeting.

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, 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.

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.

The Audit Committee is engaged in the discussions regarding the financial reporting and it's risk assessment, 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, guidelines and instructions, are communicated and accessible on the intranet.

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 the annual report 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 management analyse the financial figures, including follow up against planned targets, on a monthly basis level of detail. The Audit Committee monitors 4C's financial reporting and the efficiency of the company's internal control and risk management regarding financial reporting.

Remuneration of the board of directors and senior executives

It was resolved at the AGM 2022 to adopt the guidelines for remuneration to senior executives. 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 2022, 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 2022.

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.

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

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 4C'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. Financial criteria may be based, for example, on the 4C Group's operating result (EBIT). Fulfilment of criteria for the payment of variable remuneration will be measurable, whereupon the outcome of financial criteria will be based on published reports, such as interim reports or annual reports.

Pension and insurance

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 will 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.

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 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 chair of the board in 2011.
Current assignment: Chair of the board of Hedskog Equity AB. Board Member of HAEVE AB, Newbury Pharmaceuticals AB, Säkerhets- och försvarsföretagen, SnigelDesign AB and Stiftelsen Scur. Deputy director of Bold Communication Sweden AB.
Previous positions (last five years): Southside Padel AB.
Holdings/shareholdings in 4C: 3,892,378

Louise Bagewitz (born 1981)
Board member since 2022

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 Bagewitz was previously CEO of Fortnox Finance AB, part of the Fortnox Group. Prior to that, Louise was acting CEO and President of IST Group, an educational tech company, and IT Director at Nobia.
Current positions: Group CEO of Crowd Collective, an IT consulting business within the Akind Group. CEO in Crowd Collective Group AB and Crowd Collective Holding AB. Member of the board at Norwegian fintech Kravia Group AS.
Previous positions (last five years): 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

David Lidbetter (born 1963)
Board member since 2012

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.
Current positions: Owner and director of Ilumina Ltd.
Previous positions (last five years): -
Holdings/shareholdings in 4C: 14,000

Lena Ridström (born 1965)
Board member since 2022

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.
Current positions: 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, 1,600 globally. Current board assignments are Oriola Oyj, IMI group and 4C Strategies.
Previous positions (last five years): : 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 and Good Solutions.
Holdings/shareholdings in 4C: 2,201

Mats Hjerpe (born 1974)
Board member since 2016

Education: Master's degree in Business and Economics from Stockholm University.
Background: Mats Hjerpe is a Partner and Investment Manager at Priveq Investment and holds a number of Board positions in Priveq's portfolio companies. Mats joined Priveq in 2003 and prior to that was at Aragon Fondkommission.
Current positions: Director of Caybon Holding AB, Caybon LP AB, Caybon International AB, QleanAir AB, QleanAir Scandinavia AB, Priveq Holding V AB, Trustscale AB, Smoke Free Systems Finance AB, Aquilonis AB and Aquilonis Invest AB. Deputy director of Priveq Advisory AB, Priveq Investment V(A) AB and Priveq Investment V(B) AB.
Previous positions (last five years): Director of CSAM Health AS, CSAM Group AS, Hedskog Equity AB and YPO Service AB.
Holdings/shareholdings in 4C: 0

Christine Rankin (born 1964)
Board member since 2022

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, mainly with listed companies. Christine Rankin has also held several senior positions at Spotify AB and Cherry AB (CFO).
Current positions: Director and Chair of the Audit and Risk Committee and Member of the Remuneration 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).
Previous positions (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

Executive management

Magnus Bergqvist (born 1970)
CEO since 2011

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.
Current positions: –
Previous positions (last five years): –
Holdings/shareholdings in 4C: 581,460

Anders Nordgren (born 1981)
CFO 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.
Current positions: –
Previous positions (last five years): Executive position (CFO) at iStone AB.
Holdings/shareholdings in 4C: 21,000

Klas Lindström (born 1975)
Deputy CEO since 2006

Education: Bachelor's degree in political science from Uppsala University. Courses in Business Administration at the Stockholm School of Economics. Completed the Owners/Presidents/Managers course at Harvard Business School. Intelligence officer in the reserve.
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. In addition to his line role within the Company, Klas has assisted authorities and companies with operational crisis management in connection with terrorist attacks, weather disruptions, cyberattacks, disease outbreaks, etc.
Current positions: Director of Lagga invest AB, Sapere Aude Handelsbolag and La Pluie de rose AB. Deputy director of Mikael Edqvist AB.
Previous positions (last five years): Director of OBSIT Communication AB.
Holdings/shareholdings in 4C: 2,954,589

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. Military training and education in areas such as tactics, leadership, strategy, defence technology, etc.
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. Martin has extensive experience of the military sector and is still active as a reserve officer.
Current positions: Deputy board member of Austria Travel Sweden AB and reserve officer in the Swedish Armed Forces.
Previous positions (last five years): Board Member of the Reserve Officers' Society in Svealand.
Holdings/shareholdings in 4C: 24,687

Mikael Grape (born 1982)
Managing Director Nordics since 2019

Education: Master's degree in political science from Uppsala University.
Background: Mikael has worked at the 4C Group in various positions since 2011. Previous positions have included Senior Consultant and Head of Business Development. He was appointed as Managing Director for the Nordic segment in 2019, with responsibility for operations in the Nordic region. He also has experience as an analyst in the Swedish Armed Forces, including assignments to the defence attaché offices in Belgrade and Sarajevo.
Current positions: Director of Hässlingby Gård AB. Deputy director of Catharina Bildt AB.
Previous positions (last five years): –
Holdings/shareholdings in 4C: 49,580

Jonas Jonsson (born 1985)
Managing Director 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.
Current positions: –
Previous positions (last five years): : –
Holdings/shareholdings in 4C: 56,850

Michael Coss (born 1959)
Managing Director North America since 2016

Education: Master of Public Administration from Harvard University and Master of Social Science (MSSc) from Syracuse University.
Background: Michael is responsible for the Group's operations and growth in the North American market. He was previously involved in General Dynamics' expansion into military simulation and training. He is an infantry officer with extensive experience in special operations, light infantry and armed forces in global security positions, including service with the U.S. Joint Chiefs of Staff.
Current positions: –
Previous positions (last five years): –
Holdings/shareholdings in 4C: 42,000

Mikael Edqvist (born 1978)
Senior VP 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.
Current positions: Board member for Mikael Edqvist AB.
Previous positions (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.
Current positions: –
Previous positions (last five years): Senior Manager HR Nordics at Dassault Systèmes AB.
Aktieinnhav i 4C: 1,900

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 2022 on pages 79–89 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, 2 May 2023

Ernst & Young AB

Peter Gunnarsson
Authorized Public Accountant

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, 2022, the share capital amounted to SEK 593,585 divided into 33,919,142 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 the year the share price amounted to SEK 37.67 with a total market value of MSEK 1,277.

Warrant program

At an extraordinary general meeting on 13 May, 2022, it was resolved to issue an additional warrant program. The warrant program comprises 446,250 warrants and can be exercised for subscription of shares during the period 15 June 2027 to 30 June 2027. For more information about current option programs, see Note G5 in the Annual Report.

Shareholder information

After the financial year 2022, there have been changes among the largest shareholders. On February 22, 2023, multiple existing investors increased their holdings. Among existing owners who have increased their holdings are Grenspecialisten, the Fourth Swedish National Pension Fund, Tibia Konsult, Creades (via endowment insurance), and LMK-bolagen & Stiftelse. At the same time, previous owners Priveq divested their entire holding of 3,640,655 shares. Since 2016, together with the other owners, board and management, Priveq has contributed to developing 4C Strategies into the internationally successful software company it is today. 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: **37.67 SEK per share at year-end**
Market capitalization: **1,277 MSEK at year-end**

Shareholders (2022-12-31)	Num. of shares	Capital	Votes
Andreas Hedskog	3,892,378	11.48%	11.48%
Priveq	3,640,655	10.73%	10.73%
Klas Lindström	2,954,589	8.71%	8.71%
Mikael Edqvist	2,305,898	6.80%	6.80%
Fourth Swedish National Pension Fund	2,182,857	6.44%	6.44%
Martin Gren (Grenspecialisten)	2,121,000	6.25%	6.25%
LMK-bolagen & Stiftelse	1,368,000	4.03%	4.03%
Carnegie Funds	1,362,857	4.02%	4.02%
Avanza Pension	1,208,125	3.56%	3.56%
Tibia Konsult AB	1,114,285	3.29%	3.29%
Total 10	**22,150,644**	**65.30%**	**65.30%**
Other	**11,768,498**	**34.70%**	**34.70%**
Total number of shares	**33,919,142**		

Seven reasons to invest in 4C Strategies

In the year 2000, there was a gap in the market for a military training and evaluation software tool. At the time, exercise planning and evaluations were largely done in Excel files and with a pen and paper. The idea behind 4C Strategies was to digitally transform training and exercises, by making them more effective, data-driven and reusable for other units and the next generation of soldiers.

4C Strategies today serves defence, public and private clients around the globe, ranging from NATO, the EU and UN, to Fortune 500 companies and critical infrastructure providers. In order to meet their stringent security demands, our software Exonaut has become accredited to NATO Secret level, Cyber Essentials Plus and the highest international standards. There are at least seven reasons to invest in 4C.

When investing in 4C Strategies, you invest in a company with a strong position in the defence industry and with a growing presence among public and corporate customers. 4C Strategies is listed on Nasdaq Premier Growth Market since 24 May 2022.

1. First-mover advantage in a fast-growing and non-cyclical market

- The market for organizational readiness and training is management expected to grow by 15 percent per year until 2025.[1]
- Increasingly complex and uncertain environment for companies and organizations, including geopolitical tensions, cyber threats, and supply-chain challenges. Growing need to mitigate risks and improve resilience in operations.
- Increasing digital adoption in the area for organizational readiness and training management.
- New regulations, increasing the need for technology to ensure compliance.

2. Global provider of resilience tech with high-profile customers in a broad range of industries

- Over 150 customers, including some of the world's most high-profile public institutions, enterprises, and armed forces.
- Global offering with established offices in Sweden, the UK, the US and Australia.
- Listed by the global research and advisory firm Gartner as a Representative Vendor in its "Market Guide for Crisis/ Emergency Management (C/E M) Solutions".

3. Long-standing customer relationships and low churn

- Solutions for mission-critical environments that are deeply integrated with customers' operations.
- Complete customisability to each customer's organization, creating stickiness and barriers to entry.

1) Source: ADL market study

4. Well-invested, scalable, and highly secure software platform – accredited by NATO

- Developed over 20 years in close collaboration with customers in the defence, public and private sectors.
- High security level with accreditation by NATO.
- Technology that is compliant with the strictest demands on security and data integrity of governments, critical infrastructure providers and armed forces.
- 100% ownership of IPs.

5. Broad software offering able to solve broad range of complex challenges with significant revenue potential

- Modular offering catering to customers in several industries.
- Upselling possibilities through additional software modules as well as support and maintenance agreements.
- Integrated solutions, providing cross-selling possibilities between software and expert services.

6. Strong position to accelerate expansion on a global scale

- Expanding the Exonaut platform with additional software modules, AI and machine learning.
- Further expanding the corporate vertical in relevant sectors such as energy, finance and telecom.
- Building customer pipeline locally in more markets by expanding geographical footprint.

7. Highly experienced management team with a proven track record

- Deep industry expertise and know-how from other software businesses.
- Clear strategic vision, having expanded the Company organically since its inception.

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.

Brisbane
23 Dunmore Terrace
Auchenflower
Queensland 4066
Brisbane
Australia

London
Nova North
11 Bressenden Place
London SW1E 5BY
United Kingdom

Malmö
Neptunigatan 42
211 18 Malmö
Sweden

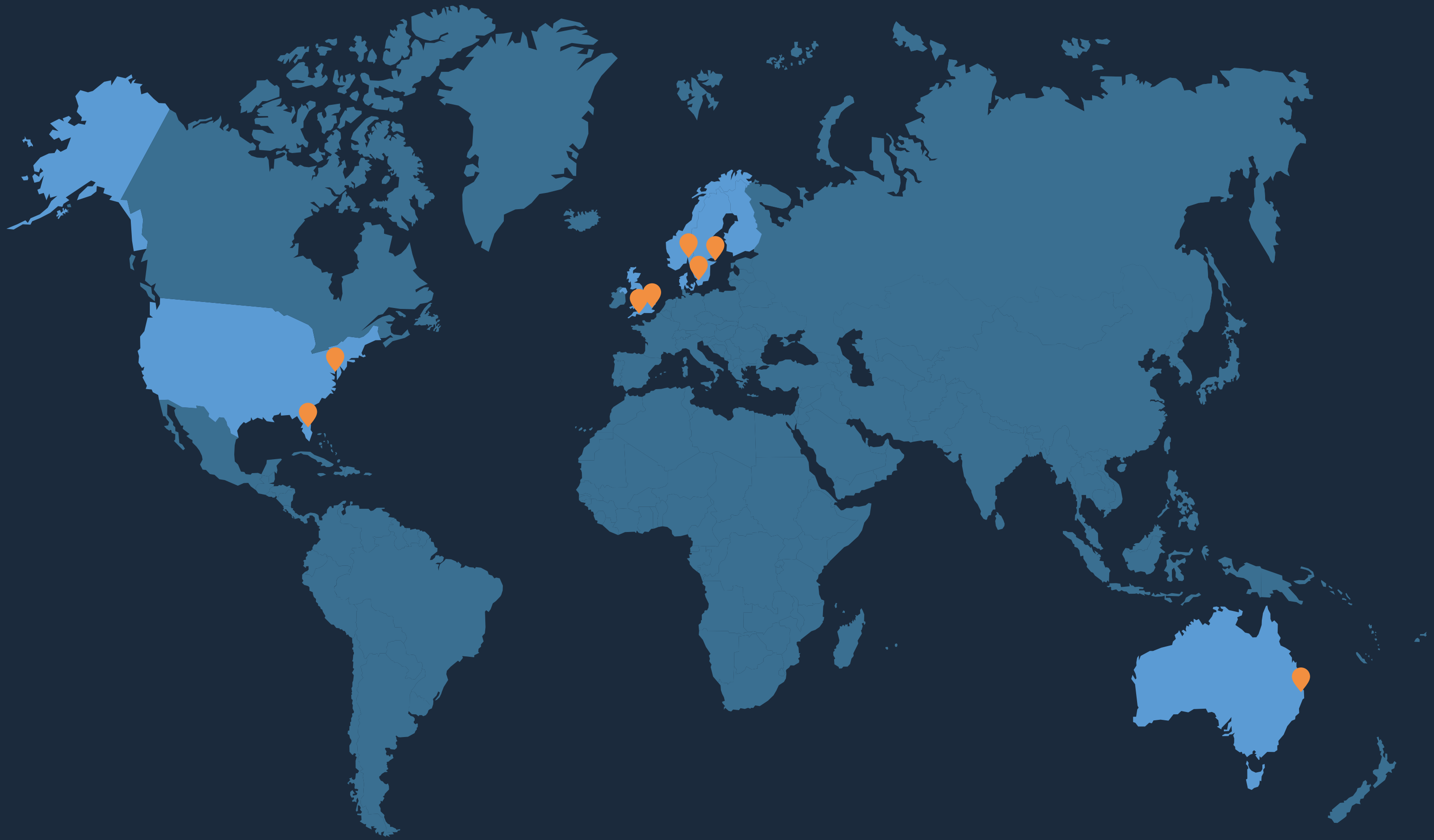
Orlando
Resource Square III
12001 Research Park way
Orlando
Florida 32826
USA

Oslo
Spaces Kvadraturen
Tollbugata 8
0152 Oslo
Norway

Stockholm
Vattugatan 17
111 52 Stockholm
Sweden

Warminster
The Design Centre
Roman Way
Warminster BA12 8SP
United Kingdom

Washington
1765 Greensboro Station
Place
Suite 900
McLean VA 22102
USA



4C STRATEGIES

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