



4C STRATEGIES

4C Group AB
Interim Report
Q2 2024

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

**“A first half year
marked by delays in
North America”**

The period in summary

2024 Q2

- **Net sales (MSEK)**
60.5 (85.4)
- **Net sales growth**
-29% (3%)
- **FX adjusted organic net sales growth**
-29% (-1%)
- **Software revenue in relation to net sales**
62% (66%)
- **Adjusted EBIT margin**
-54% (1%)

2024 Q1-Q2

- **Net sales (MSEK)**
136.2 (175.3)
- **Net sales growth**
-22% (10%)
- **FX adjusted organic net sales growth**
-23% (6%)
- **Software revenue in relation to net sales**
59% (64%)
- **Adjusted EBIT margin**
-36% (7%)

- Continued delays in the sales processes in North America are the primary cause of the weak results.
- Stable performances in International and Nordics despite tough comparative quarters.
- Strengthening of the executive management team has been implemented. Full focus is now on regaining ground from the first half of the year and finishing the year strongly, while also working towards building a robust and sustainably profitable business.

“Although this has taken longer than expected, we are now in the final stages of negotiations for critical contracts that we anticipate signing in 2024”

Jonas Jonsson, CEO

Key ratios

	2024 Q2	2023 Q1	2024 Q1-Q2	2023 Q1-Q2	2024 Q2 RTM	2023 Q1-Q4
Net sales (MSEK)	60.5	85.4	136.2	175.3	293.0	332.1
FX adjusted organic net sales growth (%)	-29%	-1%	-23%	6%	-17%	-3%
Software revenue (MSEK)	37.3	56.3	79.9	112.0	178.4	210.4
Software revenue in relation to net sales (%)	62%	66%	59%	64%	61%	63%
EBIT (MSEK)	-32.6	0.5	-48.7	11.8	-66.4	-5.9
EBIT margin (%)	-54%	1%	-36%	7%	-23%	-2%
Adjusted EBIT (MSEK)	-32.6	1.0	-48.7	12.3	-66.3	-5.3
Adjusted EBIT margin (%)	-54%	1%	-36%	7%	-23%	-2%
Net income for the period (MSEK)	-27.5	1.0	-38.9	8.6	-56.9	-9.3
Earnings per share before dilution (SEK)	-0.79	0.03	-1.12	0.25	-1.63	-0.27
Earnings per share after dilution (SEK)	-0.79	0.03	-1.12	0.24	-1.63	-0.27

-17%

FX-adjusted organic net sales growth RTM

61%

Software revenue in relation to net sales RTM

-23%

Adjusted EBIT margin RTM



A word from the CEO

A first half year marked by delays in North America

During the second quarter, our North America segment continued to be affected by delays in sales processes. However, the approved defence budget in March 2024 has improved our prospects, and we have been working intensively to advance several key deals. Although this has taken longer than expected, we are now in the final stages of negotiations for critical contracts that we anticipate signing in 2024. Given the size of these deals, they will continue to have a significant impact on our quarterly results. The International and Nordics segments are performing in line with our expectations, with notably strong comparative quarters from 2023. For the second quarter of this year, the group reports a 29 percent decline in net sales compared to the same period last year, with an EBIT margin of -54 percent.

4C Strategies has built a global software company with continuous profitability over the past 20 years. Our long-term customer relationships and focus on high customer satisfaction have allowed us to continue growing. However, the past twelve months have been marked by delays and challenges in finalising contracts. My focus, along with the new management team, is to work together 100% to regain ground from the first half of the year and finish the year strongly. I have implemented changes in management and continue to review both costs and processes to increase activity and effectively build our position within the defence segment, while also focusing on expanding our position in the corporate and governmental sectors, two verticals showing great interest in our products where we see substantial market activity.

One step in this effort is to change our operational structure to streamline the business and create better conditions for active follow-up and optimization. From the third quarter onwards, the company's operational segments will consist of: EMEA (Europe, Middle East, and Africa), APAC (Asia-Pacific), North America, and Global Expert Services (offering consultancy services not linked to software implementation or support services). I look forward to the opportunities this creates and believe that we now have a structure that will benefit our efforts to effectively bring our products to market.

Financial Results

In the second quarter of the year, net sales amounted to SEK 60.5 million, a decrease of 29 percent compared to the second quarter of 2023. The operating result amounted to SEK -32.6 million with a margin of -54 percent.

Nordics

The Nordics segment has continued with stable activity among both new and existing customers, similar to the previous quarter. Net sales amounted to 26.0 million in the second quarter, which is in line with comparative quarter. In the Nordics, we have long been working at a strategic level with several major governmental and private customers. These projects have continued to deliver and expand during the first half of the year, providing good opportunities for a strong year-end. In addition to working with these long-term customer relationships, the segment has continued to sign both software and Expert Services contracts with over 10 new customers in both the private and public sectors, further strengthening our position in the Nordic market.

North America

During the second quarter, our North America segment continued to be impacted by delays in sales processes. However, the approved defence budget in March 2024 has improved our prospects, and we have been working intensively to advance several key deals. Although this has taken longer than expected, we are now in final negotiations for critical

contracts that we anticipate signing in 2024. Given the size of these deals and our strategic focus on expansion in North America, these contracts will have a significant impact on our quarterly results. Additionally, we continue the long-term effort to build a broad pipeline in both the defence and private sectors, which we look forward to sharing more about in the coming quarters. Net sales in the first quarter decreased by 96 percent compared to the same quarter last year, to SEK 0.4 million.

International

The International segment delivered a stable quarter, primarily within Australia, with positive pipeline development in Europe and NATO. The quarter's performance is mainly seen in the APAC region, where we are strengthening our position with strategic extensions and expansions of key contracts within the defence segment. Net sales for the quarter decreased by 32 percent compared to the same quarter last year, to SEK 34.2 million. The comparative quarter included larger contracts with the British defence. During the quarter, we have seen several new agreements with both the British Air Force and Navy, which aligns with our strategy to broaden our defence offering beyond the land domain in the United Kingdom.

Future

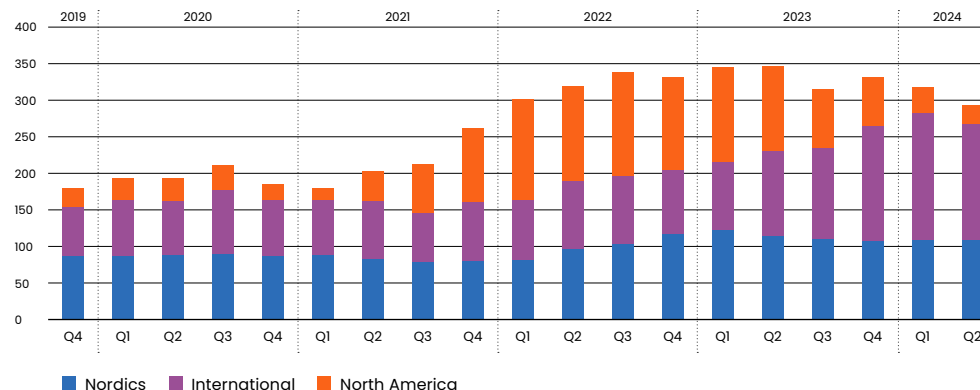
With a challenging first half of the year behind us, we now continue to look ahead and will work hard to ensure the entire organization is fully engaged in capitalizing on the opportunities

“My focus, along with the new management team, is to work together 100% to regain ground from the first half of the year and finish the year strongly”

available for our offerings worldwide. We are exploring new technologies to further enhance our products, and our consultants and implementation technicians work side by side with defence forces and companies and organizations that share our goal of increasing resilience and safety in society. Under my leadership, 4C is fully focused on this and on continuing to deliver long-term value and high customer satisfaction.

Jonas Jonsson
CEO

Net sales per segment, RTM



The graph illustrates the development of 4C Strategies' segments from 2019 to 2024.

Financial overview

Net sales

Net sales in the quarter decreased by -29% (3%) compared to same period previous year and amounted to MSEK 60.5 (85.4). Software revenue amounted MSEK to 37.3 (56.3) for the period. The comparison period included a major extension of a large business transaction, which affects the comparative figures.

Our service business, which comprises of software-related services and expert services, contributed with a revenue of MSEK 23.2 (29.1) during the quarter.

Net sales for the first six months amounted to MSEK 136.2 (175.3) reflecting in a decrease of -22% (10%), compared to same period previous year. Software revenue amounted to MSEK 79.9 (112.0), while our service revenue accounted for MSEK 56.3 (63.3) during the first six months.

The decrease in net sales for the quarter and the first six months is mainly related to the North America and International segments. In North America, delayed procurement and sales processes continue to impact operations.

The annual rate of recurring revenue (ARR) at the end of the quarter was MSEK 129.9 (109.8). Software accounted for MSEK 94.0 (73.4).

Exchange rate fluctuations had less of an impact on net sales during the quarter compared to the same period previous year. During the second quarter, the exchange rate effect on net sales was 0% (3%) in comparison to same period previous year, and for the first six months the exchange rate effect on net sales was 1% (5%).

Software revenue

Software revenue accounted for 62% (66%) of total net sales during the quarter.

Software revenue accounted for 59% (64%) of total net sales during the first six months.

EBITDA

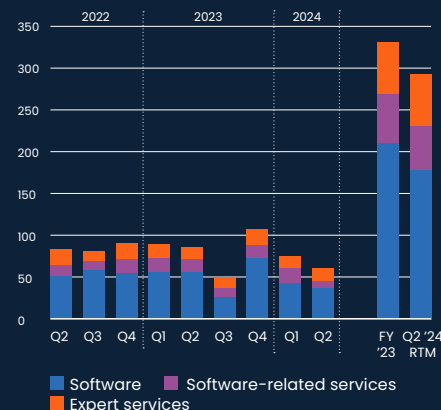
Operating income before depreciation and amortization (EBITDA*) amounted to MSEK -21.8 (9.7), rendering an EBITDA margin of -36% (11%) during the quarter.

EBITDA amounted to MSEK -26.9 (29.2) during the first six months, rendering an EBITDA margin of -20% (17%).

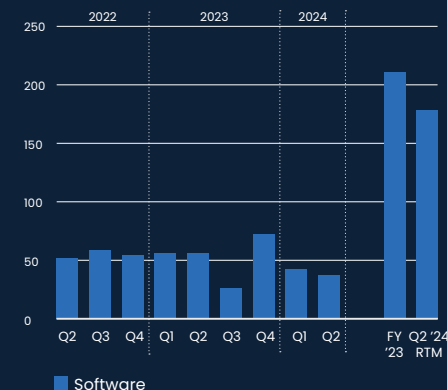
Adjusted EBITDA* for the quarter was MSEK -21.8 (10.2) with a margin of -36% (12%).

Adjusted EBITDA for the first nine months was MSEK -26.9 (29.7) with a margin of -20% (17%).

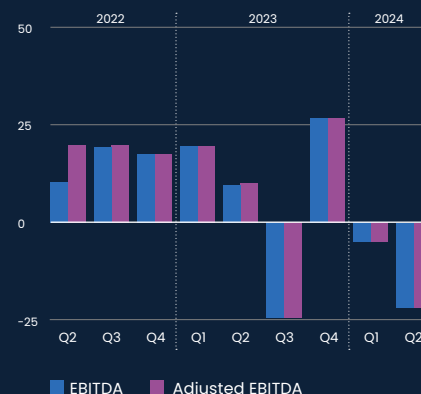
Net sales, MSEK



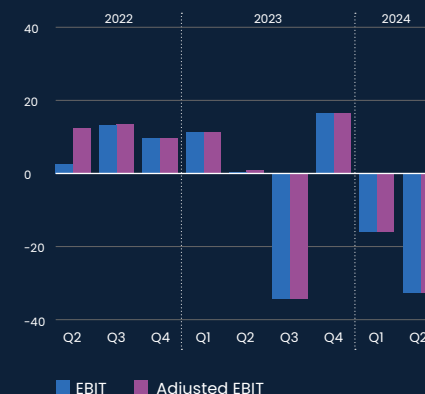
Software revenue, MSEK



EBITDA, MSEK



EBIT, MSEK



*For definition see page 20

Adjusted EBITDA on a rolling twelve months (RTM) basis was MSEK -24.4 (67.0) with a margin of -8% (19%).

EBIT

Operating income (EBIT*) amounted to MSEK -32.6 (0.5), rendering an EBIT margin of -54% (1%) in the quarter.

EBIT for the first six months was MSEK 48.7 (11.8) with a margin of -36% (7%).

Adjusted EBIT* for the quarter amounted to MSEK -32.6 (1.0) with an adjusted EBIT margin of -54% (1%).

Adjusted EBIT for the first six months amounted to MSEK -48.7 (12.3) with an adjusted EBIT margin of -37% (7%).

Adjusted EBIT on a rolling twelve months (RTM) basis was MSEK -66.3 (35.5) with a margin of -23% (10%).

Financial position

The equity ratio at the end of the quarter was 57% (61%). Interest-bearing debt amounted to MSEK 65.4 (66.2) at the end of the quarter whereof MSEK 41.3 (40.3) refers to leasing liabilities. The rest of the interest-bearing debt of MSEK 24.0 (25.9) refers to partly postponed tax payments of MSEK 3.9 (25.9) and overdraft facility of MSEK 20.1 (0.0). The total debt of postponed tax payments is planned to repaid during 2024-2025.

Cash and cash equivalents amounted to MSEK 5.6 (110.3) at the end of period. The net debt position thereby totalled to MSEK 59.8 (-44.1).

Equity amounted to MSEK 200.9 (242.4) corresponding to a SEK 5.7 (7.1) per outstanding share and SEK 5.6 (6.7) per outstanding share after dilution at the end of the quarter.

Cash flow

- Cash flow from operating activities for the quarter amounted to MSEK -40.6 (-1.8). Decreased operating income, continued high working capital, and an unchanged cost level have together contributed to the negative cash flow from operating activities.
- Cash flow from investing activities for the quarter amounted to MSEK -9.7 (-8.7). The change in cash flow refers to development and investments of Exonaut.
- Cash flow from financing activities for the quarter amounted to MSEK 18.7 (-4.7). The change in cash flow for the comparable quarter relates to payments of postponed tax and lease amortization and used overdraft facility. For the period we have made payments related to tax of MSEK 0.5 (1.5).
- Cash and cash equivalents amounted to MSEK 5.6 at the end of period, and MSEK 37.5 at the beginning of the period. Including credit facility available funds amounted to MSEK 35.6 (147.8).

Our financial results for the first half of the year have negatively impacted our liquidity position. We monitor our cash situation closely and expect an improved and more stable cash flow moving forward. Management's assessment is that the company has sufficient financing for the next 12 months, based on the current forecast and available credit facilities.

The 4C share

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

Number of new shares issued were 545,000 (0) during the period. Total shares at the end of period were 35,132,142 (33,919,142).

Number of employees

Number of employees are presented as an average of full-time employees during the last 12-month period considering normal working hours during a year. The number of full-time employees at the end of the period was 210 (197) whereof 64 (59) were women.

The Parent Company

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

Other significant events during and after the period

At the annual general meeting on 15th of May 2024, Anders Fransson and Erik Ivarsson were elected as new members of the Board of Directors.

The 2nd of April 2024 Jonas Jonsson took office as CEO after being elected by the Board of Directors on 22nd of March 2024.

No other significant events have occurred after the period.

Annual general meeting (AGM)

The AGM 2024 was held on the 15th of May 2024.

The Board of Directors proposed no dividend for the financial year of 2023, which is in line with our dividend policy. 4C Strategies intend to use generated cash flow for investments and further growth of the company. In addition, the following decisions were made in brief:

- The income and balance statement for the financial year of 2023 were adopted.
- The board members and CEO were discharged of liability for the financial year of 2023.
- Further information can be obtained from the minutes that can be found on our [website](#).

Declaration

The Board of Directors and the CEO declares that the interim report provides a fair view of the parent company's and the Group's business, financial position and results of operations.

19th of July 2024
Stockholm, Sweden

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

Andreas Hedskog
Chairman

Louise Bagewitz
Board Member

Anders Fransson
Board Member

Erik Ivarsson
Board Member

Christine Rankin
Board Member

Jörgen Ericsson
Board Member

Financial Reporting Information

Financial calendar



Interim report Q3

October 31st, 2024

Report information

4C Group AB (publ) has published the report in both English and Swedish. This is an unaudited translation of the Swedish interim report. If any disparities between the Swedish and the English version would exist, the Swedish version shall prevail. This report has not been subject to review by the company's auditor. The information inside this report is information that 4C Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation (MAR).

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

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Jonas Jonsson
CEO



Anders Nordgren
CFO

Stockholm 19th of July 2024

Jonas Jonsson, CEO
4C Group AB (publ)

Consolidated statement of profit and loss

KSEK	2024 Q2	2023 Q2	2024 Q1-Q2	2023 Q1-Q2	2023 Q1-Q4
Net sales	60,536	85,415	136,248	175,312	332,101
Other revenue	379	1,470	1,535	2,305	3,082
Total revenue	60,915	86,885	137,783	177,617	335,183
Operating expenses					
Other external costs	-24,606	-22,324	-46,806	-42,601	-91,814
Personnel costs	-67,241	-63,176	-136,781	-121,764	-244,550
Capitalized work for own account	9,609	8,102	19,672	16,218	36,085
Other operating expenses	-524	207	-780	-247	-3,274
Total operating expenses	-82,763	-77,191	-164,696	-148,395	-303,553
Operating income before depreciation and amortization	-21,848	9,694	-26,913	29,222	31,629
Depreciation	-5,404	-4,834	-10,817	-9,627	-19,995
Amortization	-5,344	-4,383	-10,957	-7,816	-17,537
Operating income	-32,596	478	-48,687	11,779	-5,902
Financial income	2,890	4,717	8,321	7,472	15,039
Financial expenses	-3,338	-1,208	-6,760	-5,108	-17,657
Income after financial items	-33,045	3,987	-47,126	14,142	-8,521
Taxes	5,572	-2,944	8,229	-5,528	-822
Net income for the period	-27,472	1,043	-38,897	8,615	-9,343
Income attributable to:					
Parent company's shareholders	-27,472	1,043	-38,897	8,615	-9,343
Other information					
Earnings per share before dilution (SEK)	-0.79	0.03	-1.12	0.25	-0.27
Earnings per share after dilution (SEK)	-0.79	0.03	-1.12	0.24	-0.27

Consolidated statement of other comprehensive income

KSEK	2024 Q2	2023 Q2	2024 Q1-Q2	2023 Q1-Q2	2023 Q1-Q4
Net income for the period	-27,472	1,043	-38,897	8,615	-9,343
Other comprehensive income					
<i>Items which will be reclassified to the income statement (net of tax)</i>					
Translation adjustments attributable to foreign operations	-194	1,781	1,272	2,027	-28
Other comprehensive income for the period, net of tax	-194	1,781	1,272	2,027	-28
Total comprehensive income for the period	-27,666	2,824	-37,625	10,642	-9,371

Consolidated statement of financial position in summary

KSEK	2024-06-30	2023-06-30	2023-12-31
ASSETS			
Intangible assets	82,353	63,492	73,639
Tangible assets	3,759	4,517	4,014
Right-to-use assets	42,214	43,450	50,328
Financial fixed assets	1,581	1,301	1,362
Contract assets	64,378	31,290	38,781
Deferred tax asset	14,788	406	4,093
Total non-current assets	209,075	144,456	172,217
Accounts receivables	19,186	45,757	38,675
Tax receivables	10,131	8,785	8,379
Contract assets	97,436	78,210	93,211
Other current receivables	12,373	11,894	11,731
Cash and cash equivalents	5,631	110,319	62,227
Total current assets	144,758	254,964	214,222
Total assets	353,832	399,420	386,440

KSEK	2024-06-30	2023-06-30	2023-12-31
EQUITY AND LIABILITIES			
Equity			
<i>Equity attributable to the parent company's shareholders</i>	200,935	242,361	226,501
Total equity	200,935	242,361	226,501
Interest-bearing non-current liabilities	-	-	1,985
Non-current lease liabilities	23,258	25,699	29,801
Deferred tax liability	16,965	15,012	15,170
Other non-current liabilities	304	857	497
Total non-current liabilities	40,527	41,567	47,453
Interest-bearing current liabilities	24,026	25,932	10,401
Current lease liabilities	18,122	14,563	19,402
Accounts payables	8,581	9,634	10,815
Tax liabilities	1,442	5,657	694
Contract liabilities	24,791	20,850	28,291
Other current liabilities	35,408	38,856	42,882
Total current liabilities	112,371	115,492	112,486
Total equity and liabilities	353,832	399,420	386,440

Changes in consolidated equity

KSEK	Share capital	Other contributed capital	Reserves	Profit/loss brought forward	Total equity
Opening balance 1 January 2023	594	151,038	2,844	77,280	231,756
Net income for the period	-	-	-	-9,343	-9,343
Other comprehensive income	-	-	-28	0	-28
Total other comprehensive income	0	0	-28	-9,343	-9,371
Transaction with owners					
New share issues	5	3,372	-	-	3,377
Payment warrants	-	739	-	-	739
Total transaction with owners	5	4,111	0	0	4,116
Closing balance 31 December 2023	598	155,149	2,816	67,937	226,501
Opening balance 1 January 2024	598	155,149	2,816	67,937	226,501
Net income for the period	-	-	-	-38,897	-38,897
Other comprehensive income	-	-	1,272	-	1,272
Total other comprehensive income	0	0	1,272	-38,897	-37,625
Transaction with owners					
New share issues	16	12,042	-	-	12,059
Total transaction with owners	16	12,042	0	0	12,059
Closing balance 30 June 2024	615	167,192	4,089	29,040	200,935

Consolidated cash flow statement

KSEK	2024 Q2	2023 Q2	2024 Q1-Q2	2023 Q1-Q2	2023 Q1-Q4
Cash flow from operating activities					
Operating income	-32,596	478	-48,687	11,779	-5,902
Adjustment for non-cash items	10,890	7,374	20,143	15,143	36,676
Financial items	-449	3,051	1,560	2,364	-2,619
Income tax paid	-171	-1,823	-1,534	-3,367	-6,702
Cash flow from operating activities, before changes in working capital	-22,325	9,080	-28,517	25,918	21,453
Change in working capital	-18,277	-10,904	-23,191	-36,073	-39,199
Cash flow from operating activities	-40,602	-1,824	-51,708	-10,154	-17,746
Cash flow from investing activities					
Acquisition of intangible assets	-9,609	-8,102	-19,672	-16,218	-36,085
Acquisition of tangible assets	-57	-530	-269	-704	-990
Acquisition of financial assets	-79	-	-147	-	-370
Repayment of deposits	-	-53	-	-203	-
Other	-	-3	-	-3	-
Cash flow from investing activities	-9,744	-8,689	-20,087	-17,128	-37,445

KSEK	2024 Q2	2023 Q2	2024 Q1-Q2	2023 Q1-Q2	2023 Q1-Q4
Cash flow from financing activities					
New share issues	4,062	-	12,059	-	3,377
Warrant premiums	-	-38	-	-38	739
Net change of overdraft account	20,056	-	20,056	-	-
Repayment of interest bearing debts	-530	-530	-8,416	-1,985	-15,531
Cash payments for principal portion of the lease liability	-4,878	-4,407	-9,751	-8,756	-17,669
Other	-	321	-	-	-
Cash flow from financing activities	18,710	-4,653	13,948	-10,779	-29,084
Cash flow for the period	-31,637	-15,166	-57,848	-38,061	-84,275
Change in cash and cash equivalents					
Cash and cash equivalents at the beginning of the year	37,545	123,906	62,227	146,805	146,805
Exchange rate differences in cash and cash equivalents	-278	1,578	1,252	1,575	-303
Cash and cash equivalents at the end of the period	5,631	110,319	5,631	110,319	62,227

Parent company income statement

KSEK	2024 Q2	2023 Q2	2024 Q1-Q2	2023 Q1-Q2	2023 Q1-Q4
Operating revenue					
Net sales	34,323	47,546	68,882	104,676	187,246
Other revenue	55	-14	63	-13	7
Total revenue	34,378	47,532	68,945	104,664	187,253
Operating expenses					
Other external costs	-25,577	-23,595	-49,911	-45,073	-91,744
Personnel costs	-35,349	-32,125	-68,014	-63,097	-124,924
Other operating expenses	-39	-	-97	-	-
Total operating expenses	-60,965	-55,720	-118,022	-108,170	-216,668
Operating income before depreciation and amortization	-26,587	-8,188	-49,078	-3,506	-29,415
Depreciation and amortization	-143	-106	-274	-200	-455
Operating income	-26,730	-8,294	-49,352	-3,707	-29,870
Financial income and expenses	18	4,232	3,703	4,206	1,077
Income after financial items	-26,712	-4,061	-45,649	499	-28,793
Appropriations	-	-6,300	-	-8,100	9,120
Income before tax	-26,712	-10,361	-45,649	-7,601	-19,673
Taxes	4,386	620	8,240	-	3,661
Net income for the period	-22,326	-9,742	-37,409	-7,601	-16,012

Parent company balance statement

KSEK	2024-06-30	2023-06-30	2023-12-31
ASSETS			
<i>Fixed assets</i>			
<i>Tangible assets</i>			
Machinery and equipment	1,760	1,858	1,775
Total tangible fixed assets	1,760	1,858	1,775
<i>Financial fixed assets</i>			
Shares in subsidiaries	21,680	21,668	21,680
Deferred tax asset	11,916	-	3,676
Total financial fixed assets	33,596	21,668	25,357
Total non-current assets	35,356	23,526	27,132
<i>Current assets</i>			
Current intercompany receivables	114,180	109,186	129,771
Other current receivables	4,864	4,767	6,301
Accrued income and prepaid expenses	9,683	10,600	7,455
Cash and cash equivalents	13	73,445	34,543
Total current assets	128,741	197,998	178,070
Total assets	164,097	221,524	205,202

KSEK	2024-03-31	2023-03-31	2023-12-31
EQUITY AND LIABILITIES			
<i>Equity</i>			
<i>Restricted equity</i>			
Share capital	615	594	598
Total restricted equity	615	594	598
<i>Unrestricted equity</i>			
Additional paid in capital	167,192	151,001	155,149
Profit/loss brought forward	9,618	25,630	25,630
Net income for the period	-37,409	-7,601	-16,012
Total unrestricted equity	139,401	169,030	164,767
Total equity	140,016	169,623	165,366
<i>Untaxed reserves</i>			
	-	9,380	-
<i>Other non-current liabilities</i>			
	-	-	-
Total non-current liabilities	0	0	0
<i>Current liabilities</i>			
Accounts payables	4,759	5,044	7,606
Current intercompany liabilities	-	8,242	14,473
Current tax liabilities	-	1,789	-
Other current liabilities	8,755	16,065	8,713
Accrued expenses and prepaid income	10,567	11,381	9,044
Total current liabilities	24,081	42,521	39,836
Total equity and liabilities	164,097	221,524	205,202

Notes

Accounting principles

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts act. The group's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and the accounting policies which constitute the accounting standard for this interim report, are stated in the most recent annual report. New accounting principles that came into effect on 1 January 2024 have not had any significant impact on the Group's reporting as of 30 June 2024. Preparing the financial reports in accordance with IFRS requires the 4C management team to decide on how to apply the accounting policies which may impact the reported figures of assets, liabilities and result.

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

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

Alternative Performance measures (APM)

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

Risks and uncertainties

4C Strategies is exposed to risks in its operations, both business and financial, and these are described together with other risks in the latest published report, the Annual Report, 17th of April 2024. With the ongoing Russian invasion in Ukraine, escalation in the Israel-Palestinian conflict, continued high inflation rates and interest rates, as well as other uncertainties across the world, 4C Strategies has implemented measures for securing that risks that are emerge and actualized can be handled. There have been no other changes to risk and uncertainty factors during the period.

Currency translations

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

Transaction differences of operational balance items due to translation are recognized as 'Other Revenue' and 'Other Operating Expenses'. The differences of other balance sheet items in foreign currency, such as 'Cash and cash equivalents', are recognized within financial items. Differences that occur from translating net sales and operating expenses in foreign currency are recognized under respective revenue and cost item.

Transactions with related parties

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

Taxes

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

Earnings per share

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

Financial instruments

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

Segment summary

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

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

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

KSEK	Nordics	International	North America	Total Segment	Group Common	Eliminations	Group
Q2 2024							
Software	10,606	26,426	295	37,327	-	-	37,327
Software-related services	437	7,308	74	7,819	-	-	7,819
Expert services	14,959	431	-	15,389	-	-	15,389
Revenue from contracts with customers	26,002	34,164	369	60,536	0	0	60,536
Other revenue	56	316	21	393	-14	-	379
Internal revenue	296	9,225	7,237	16,758	3,959	-20,717	0
Total revenue	26,355	43,705	7,627	77,687	3,944	-20,717	60,915
Personnel costs	-14,260	-20,803	-10,349	-45,411	-21,830	-	-67,241
Other external costs	-2,155	-9,894	-4,124	-16,173	651	-	-15,521
Internal costs	-1,911	-1,465	-527	-3,903	-16,813	20,717	0
Total cost	-18,325	-32,162	-15,000	-65,487	-37,992	20,717	-82,763
EBITDA	8,029	11,543	-7,373	12,200	-34,048	0	-21,848
Amortization	-	-	-	0	-5,344	-	-5,344
Depreciation	-	-	-	0	-5,404	-	-5,404
Financial income	-	-	-	0	2,890	-	2,890
Financial expenses	-	-	-	0	-3,338	-	-3,338
Income before tax	8,029	11,543	-7,373	12,200	-45,244	0	-33,045
Items affecting comparability	-	-	-	0	-	-	0
Adjusted EBT	8,029	11,543	-7,373	12,200	-45,244	0	-33,045

KSEK	Nordics	International	North America	Total Segment	Group Common	Eliminations	Group
Q2 2023							
Software	10,589	37,236	8,444	56,269	-	-	56,269
Software-related services	2,026	12,076	566	14,669	-	-	14,669
Expert services	13,706	771	-	14,477	-	-	14,477
Revenue from contracts with customers	26,321	50,084	9,010	85,415	0	0	85,415
Other revenue	-11	947	0	935	535	-	1,470
Internal revenue	236	7,228	7,531	14,994	4,053	-19,047	0
Total revenue	26,545	58,258	16,541	101,345	4,587	-19,047	86,885
Personnel costs	-14,616	-16,247	-11,015	-41,877	-21,299	-	-63,176
Other external costs	-3,006	-6,836	-3,077	-12,919	-1,095	-	-14,015
Internal costs	-1,856	-1,667	-144	-3,667	-15,381	19,047	0
Total cost	-19,477	-24,750	-14,236	-58,463	-37,775	19,047	-77,191
EBITDA	7,068	33,508	2,305	42,882	-33,187	0	9,694
Amortization	-	-	-	0	-4,383	-	-4,383
Depreciation	-	-	-	0	-4,834	-	-4,834
Financial income	-	-	-	0	4,717	-	4,717
Financial expenses	-	-	-	0	-1,208	-	-1,208
Income before tax	7,068	33,508	2,305	42,882	-38,895	0	3,987
Items affecting comparability	-	-	0	0	509	-	509
Adjusted EBT	7,068	33,508	2,305	42,882	-38,386	0	4,496

KSEK	Nordics	International	North America	Total Segment	Group Common	Eliminations	Group
Q1-Q2 2024							
Software	25,751	45,285	8,906	79,943	-	-	79,943
Software-related services	1,103	23,489	1,243	25,834	-	-	25,834
Expert services	28,752	1,719	-	30,471	-	-	30,471
Revenue from contracts with customers	55,605	70,493	10,149	136,248	0	0	136,248
Other revenue	58	1,267	242	1,567	-32	-	1,535
Internal revenue	835	14,162	14,167	29,164	8,652	-37,816	0
Total revenue	56,499	85,922	24,558	166,979	8,620	-37,816	137,783
Personnel costs	-30,368	-39,567	-22,459	-92,394	-44,387	-	-136,781
Other external costs	-4,651	-15,665	-8,233	-28,550	635	-	-27,914
Internal costs	-3,713	-2,901	-1,183	-7,797	-30,019	37,816	0
Total cost	-38,732	-58,133	-31,876	-128,740	-73,771	37,816	-164,696
EBITDA	17,767	27,789	-7,318	38,238	-65,151	0	-26,913
Amortization	-	-	-	0	-10,957	-	-10,957
Depreciation	-	-	-	0	-10,817	-	-10,817
Financial income	-	-	-	0	8,321	-	8,321
Financial expenses	-	-	-	0	-6,760	-	-6,760
Income before tax	17,767	27,789	-7,318	38,238	-85,365	0	-47,126
Items affecting comparability	-	-	-	0	-	-	0
Adjusted EBT	17,767	27,789	-7,318	38,238	-85,365	0	-47,126

KSEK	Nordics	International	North America	Total Segment	Group Common	Eliminations	Group
Q1-Q2 2023							
Software	18,689	44,548	48,799	112,037	-	-	112,037
Software-related services	4,707	25,172	1,760	31,640	-	-	31,640
Expert services	30,313	1,323	-	31,635	-	-	31,635
Revenue from contracts with customers	53,710	71,043	50,560	175,312	0	0	175,312
Other revenue	17	1,753	0	1,770	536	-	2,305
Internal revenue	626	14,272	14,790	29,687	7,459	-37,146	0
Total revenue	54,352	87,067	65,349	206,769	7,995	-37,146	177,617
Personnel costs	-29,727	-30,214	-21,588	-81,529	-40,235	-	-121,764
Other external costs	-5,856	-12,076	-5,223	-23,155	-3,475	-	-26,631
Internal costs	-3,877	-3,970	-277	-8,124	-29,022	37,146	0
Total cost	-39,460	-46,260	-27,088	-112,808	-72,733	37,146	-148,395
EBITDA	14,892	40,807	38,262	93,961	-64,739	0	29,222
Amortization	-	-	-	0	-7,816	-	-7,816
Depreciation	-	-	-	0	-9,627	-	-9,627
Financial income	-	-	-	0	7,472	-	7,472
Financial expenses	-	-	-	0	-5,108	-	-5,108
Income before tax	14,892	40,807	38,262	93,961	-79,819	0	14,142
Items affecting comparability	-	-	-	0	509	-	509
Adjusted EBT	14,892	40,807	38,262	93,961	-79,310	0	14,651

Net sales by income stream

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

KSEK	2024 Q2	2023 Q2	2024 Q1-Q2	2023 Q1-Q2
Software	37,327	56,269	79,943	112,037
Software-related services	7,819	14,669	25,834	31,640
Expert services	15,389	14,477	30,471	31,635
Net sales	60,536	85,415	136,248	175,312

Net sales by sector

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

KSEK	2024 Q2	2023 Q2	2024 Q1-Q2	2023 Q1-Q2
Defence	37,965	64,591	92,623	124,471
Public	8,636	10,792	18,821	29,460
Corporate	13,934	10,032	24,805	21,380
Net sales	60,536	85,415	136,248	175,312

Net sales per sector and segment

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

KSEK	2024 Q2	2023 Q2	2024 Q1-Q2	2023 Q1-Q2
Defence	9,335	10,568	20,050	13,947
Public	8,381	10,558	17,987	27,695
Corporate	8,286	5,194	17,568	12,067
Nordics	26,002	26,321	55,605	53,710
International	34,164	50,084	70,493	71,043
Defence	28,326	45,012	62,675	59,965
Public	255	234	834	1,765
Corporate	5,584	4,837	6,985	9,313
North America	369	9,010	10,149	50,560
Defence	305	9,010	9,897	50,560
Public	-	-	-	-
Corporate	64	-	252	-
Net sales	60,536	85,415	136,248	175,312

Key Ratios

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

FX adjusted organic net sales growth

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

KSEK	2024 Q2	2023 Q2	2024 Q1-Q2	2023 Q1-Q2
Software	37,327	56,269	79,943	112,037
Software-related services	7,819	14,669	25,834	31,640
Expert services	15,389	14,477	30,471	31,635
Net sales	60,536	85,415	136,248	175,312
Net sales growth (%)	-29%	3%	-22%	10%
FX adjusted organic net sales growth (%)	-29%	-1%	-23%	6%

The currency translation effect on net sales growth during the quarter amounted to 0% (3%).

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

KSEK	2024 Q2 RTM	2023 Q2 RTM
Software	178,354	225,068
Software-related services	52,454	59,757
Expert services	62,230	62,455
Net sales RTM	293,037	347,280
Net sales RTM growth (%)	-16%	9%
FX adjusted organic net sales growth RTM (%)	-17%	1%
Software as a percentage of net sales RTM (%)	61%	65%

The currency translation effect on net sales during the last twelve months amounted to 1% (7%).

Software revenue

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

KSEK	2024 Q2	2023 Q2	2024 Q1-Q2	2023 Q1-Q2
Software	37,327	56,269	79,943	112,037
Software-related services	7,819	14,669	25,834	31,640
Expert services	15,389	14,477	30,471	31,635
Net sales	60,536	85,415	136,248	175,312
Software as a percentage of net sales (%)	62%	66%	59%	64%

Recurring revenue

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

KSEK	2024 Q2	2023 Q2	2024 Q1-Q2	2023 Q1-Q2
Software	30,182	29,807	54,577	44,785
Software-related services	4,135	9,653	17,108	20,470
Recurring revenue	34,316	39,460	71,685	65,255
Recurring revenue growth (%)	-13%	33%	10%	37%

KSEK	2024 Q2	2023 Q2	2024 Q1-Q2	2023 Q1-Q2
Recurring revenue	34,316	39,460	71,685	65,255
Net sales	60,536	85,415	136,248	175,312
Recurring revenue, as percentage of net sales (%)	57%	46%	53%	37%

Annual recurring revenue (ARR)

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

KSEK	2024 Q2	2023 Q2
Software	93,984	73,448
Software-related services	35,906	36,356
Annual recurring revenue	129,890	109,803
Annual recurring revenue growth (%)	18%	10%

EBITDA

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

KSEK	2024 Q2	2023 Q2	2024 Q1-Q2	2023 Q1-Q2
Operating income	-32,596	478	-48,687	11,779
Depreciation	5,404	4,834	10,817	9,627
Amortization	5,344	4,383	10,957	7,816
EBITDA	-21,848	9,694	-26,913	29,222
Net sales	60,536	85,415	136,248	175,312
EBITDA (%)	-36%	11%	-20%	17%

EBIT

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

KSEK	2024 Q2	2023 Q2	2024 Q1-Q2	2023 Q1-Q2
Operating income	-32,596	478	-48,687	11,779
EBIT	-32,596	478	-48,687	11,779
Net sales	60,536	85,415	136,248	175,312
EBIT (%)	-54%	1%	-36%	7%

Items affecting comparability

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

KSEK	2024 Q2	2023 Q2	2024 Q1-Q2	2023 Q1-Q2
Expenses related to public listing	-	509	-	509
Items affecting comparability	0	509	0	509

Adjusted EBITDA

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

KSEK	2024 Q2	2023 Q2	2024 Q1-Q2	2023 Q1-Q2
EBITDA	-21,848	9,694	-26,913	29,222
Items affecting comparability	-	509	-	509
Adjusted EBITDA	-21,848	10,203	-26,913	29,731
Net sales	60,536	85,415	136,248	175,312
Adjusted EBITDA (%)	-36%	12%	-20%	17%

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

KSEK	2024 Q2 RTM	2023 Q2 RTM
EBITDA RTM	-24,506	66,044
Items affecting comparability RTM	80	973
Adjusted EBITDA RTM	-24,426	67,017
Net sales RTM	293,037	347,280
Adjusted EBITDA RTM (%)	-8%	19%

Adjusted EBIT

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

KSEK	2024 Q2	2023 Q2	2024 Q1-Q2	2023 Q1-Q2
EBIT	-32,596	478	-48,687	11,779
Items affecting comparability	-	509	-	509
Adjusted EBIT	-32,596	987	-48,687	12,288
Net sales	60,536	85,415	136,248	175,312
Adjusted EBIT (%)	-54%	1%	-36%	7%

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

KSEK	2024 Q2 RTM	2023 Q2 RTM
EBIT RTM	-66,368	34,569
Items affecting comparability RTM	80	973
Adjusted EBIT RTM	-66,288	35,543
Net sales RTM	293,037	347,280
Adjusted EBIT RTM (%)	-23%	10%

Net working capital

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

KSEK	2024-06-30	2023-06-30	2023-12-31
Current assets excl cash and cash equivalents	139,126	144,645	151,996
Current liabilities excl interest-bearing items	70,022	74,997	82,683
Net working capital	68,904	69,648	69,313

Net debt

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

KSEK	2024-06-30	2023-06-30	2023-12-31
Interest-bearing non-current liabilities	23,258	25,699	31,786
Interest-bearing current liabilities	42,148	40,495	29,803
Cash and cash equivalents	5,631	110,319	62,227
Net debt	59,775	-44,125	-637
Adjusted EBITDA RTM	-24,426	67,017	32,218
Net debt ratio	-2.45	-0.66	-0.02

Earnings per share

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

	2024 Q2	2023 Q2	2024 Q1-Q2	2023 Q1-Q2
Weighted average number of shares	34,859,642	33,919,142	34,859,642	33,919,142
Dilution effect after dilutive shares	1,330,000	2,310,000	1,330,000	2,310,000
Weighted average number of shares after dilution	36,189,642	36,229,142	36,189,642	36,229,142

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

	2024 Q2	2023 Q2	2024 Q1-Q2	2023 Q1-Q2
Net income for the period (KSEK)	-27,472	1,043	-38,897	8,615
Income attributable to Parent company's shareholders (KSEK)	-27,472	1,043	-38,897	8,615
Weighted average number of shares	34,859,642	33,919,142	34,859,642	33,919,142
Earnings per share before dilution (SEK)	-0.79	0.03	-1.12	0.25
Weighted average number of shares after dilution	36,189,642	36,229,142	36,189,642	36,229,142
Earnings per share after dilution (SEK)	-0.79	0.03	-1.12	0.24

Selected historical financials per quarter and year

	2024 Q2	2024 Q1	2023 Q4	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2023 YTD	2022 YTD	2021 YTD
Net sales (MSEK)	60.5	75.7	107.7	49.1	85.4	89.9	91.0	81.0	83.3	332.1	331.3	261.2
Net sales growth (%)	-29%	-16%	18%	-39%	3%	18%	-7%	30%	29%	0%	27%	41%
FX adjusted organic net sales growth (%)	-29%	-17%	18%	-41%	-1%	13%	-13%	16%	22%	-3%	18%	44%
Software revenue (MSEK)	37.3	42.6	72.2	26.2	56.3	55.8	54.3	58.7	51.4	210.4	211.6	159.5
Software as a percentage of net sales (%)	62%	56%	67%	53%	66%	62%	60%	72%	62%	63%	64%	61%
Recurring revenue (MSEK)	34.3	37.4	47.5	28.4	39.5	25.8	41.7	24.7	29.7	141.2	114.0	107.9
Annual recurring revenue (MSEK)	129.9	120.7	119.1	110.5	109.8	108.2	107.2	99.8	100.2	119.1	107.2	106.6
Annual recurring revenue - Software (MSEK)	94.0	85.2	82.9	75.0	73.4	72.7	70.5	63.2	63.3	82.9	70.5	60.7
Annual recurring revenue - Software-related services (MSEK)	35.9	35.6	36.2	35.5	36.4	35.5	36.8	36.5	36.8	36.2	36.8	45.9
EBITDA (MSEK)	-21.8	-5.1	26.9	-24.5	9.7	19.5	17.5	19.4	10.4	31.6	58.0	73.2
EBITDA margin (%)	-36%	-7%	25%	-50%	11%	22%	19%	24%	12%	10%	18%	28%
EBIT (MSEK)	-32.6	-16.1	16.6	-34.3	0.5	11.3	9.7	13.1	2.7	-5.9	28.6	47.1
EBIT margin (%)	-54%	-21%	15%	-70%	1%	13%	11%	16%	3%	-2%	9%	18%
Items affecting comparability (MSEK)	-	-	-	0.1	0.5	-	-	0.5	9.6	0.6	15.3	2.5
Adjusted EBITDA (MSEK)	-21.8	-5.1	26.9	-24.4	10.2	19.5	17.5	19.8	20.0	32.2	73.3	75.7
Adjusted EBITDA margin (%)	-36%	-7%	25%	-50%	12%	22%	19%	24%	24%	10%	22%	29%
Adjusted EBIT (MSEK)	-32.6	-16.1	16.6	-34.2	1.0	11.3	9.7	13.6	12.3	-5.3	43.9	49.6
Adjusted EBIT margin (%)	-54%	-21%	15%	-70%	1%	13%	11%	17%	15%	-2%	13%	19%
Net income for the period (MSEK)	-27.5	-11.4	16.2	-34.2	1.0	7.6	5.2	13.3	5.0	-9.3	26.3	39.0
Earnings per share before dilution (SEK)	-0.79	-0.33	0.48	-1.01	0.03	0.22	0.16	0.40	0.16	-0.27	0.79	1.26
Earnings per share after dilution (SEK)	-0.79	-0.33	0.44	-1.01	0.03	0.21	0.15	0.38	0.15	-0.27	0.74	1.17
Net working capital (MSEK)	68.9	67.9	69.3	62.0	69.6	61.3	37.7	60.8	20.3	69.3	37.7	21.4
Net debt (MSEK)	59.8	13.3	-0.6	-1.1	-44.1	-54.5	-76.3	-68.3	-99.3	-0.6	-76.3	-16.6

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.

This is 4C

4C Strategies

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

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

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

Sustainability

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

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



Vision

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



Our values

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

Results

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

Integrity

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

Fun

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

Competence

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



Mission

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



Financial targets

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.

Our offering

Exonaut software

Resilience platform

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

Training and exercise platform

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

Consultancy services

Software-related services

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

Expert services

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

Global operations with local presence





4C STRATEGIES

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

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

Be Ready.
Be Resilient.
Foresee.

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