

4C Strategies

Interim Report Q3 2023

October 31st 2023



4C STRATEGIES

Today's presenters



**MAGNUS
BERGQVIST**

CEO



**ANDERS
NORDGREN**

CFO

Key Highlights Q3 2023

- ✓ Delayed and longer sales processes in primarily Nordics and North America.
- ✓ Long-term relationship with UK MoD expanded
- ✓ New leadership in North America and strengthened sales organisation across the group.
- ✓ Increased focus on sales conversion

4C in numbers

315

Net sales
2023 Q3 RTM
SEKm

16%

Net sales CAGR
2019-2023 Q3
RTM

-4%

Adj. EBIT margin
2023 Q3
RTM

*EBIT adjusted for items affecting comparability (IPO-related costs)

FINANCIALS	Q3 2023	Q1-Q3 2023	Q3 2023 RTM
Net sales (MSEK)	49.1	224.4	315.4
Software revenue	53%	62%	61%
Adjusted EBIT (MSEK)	-34.2	-21.9	-12.3



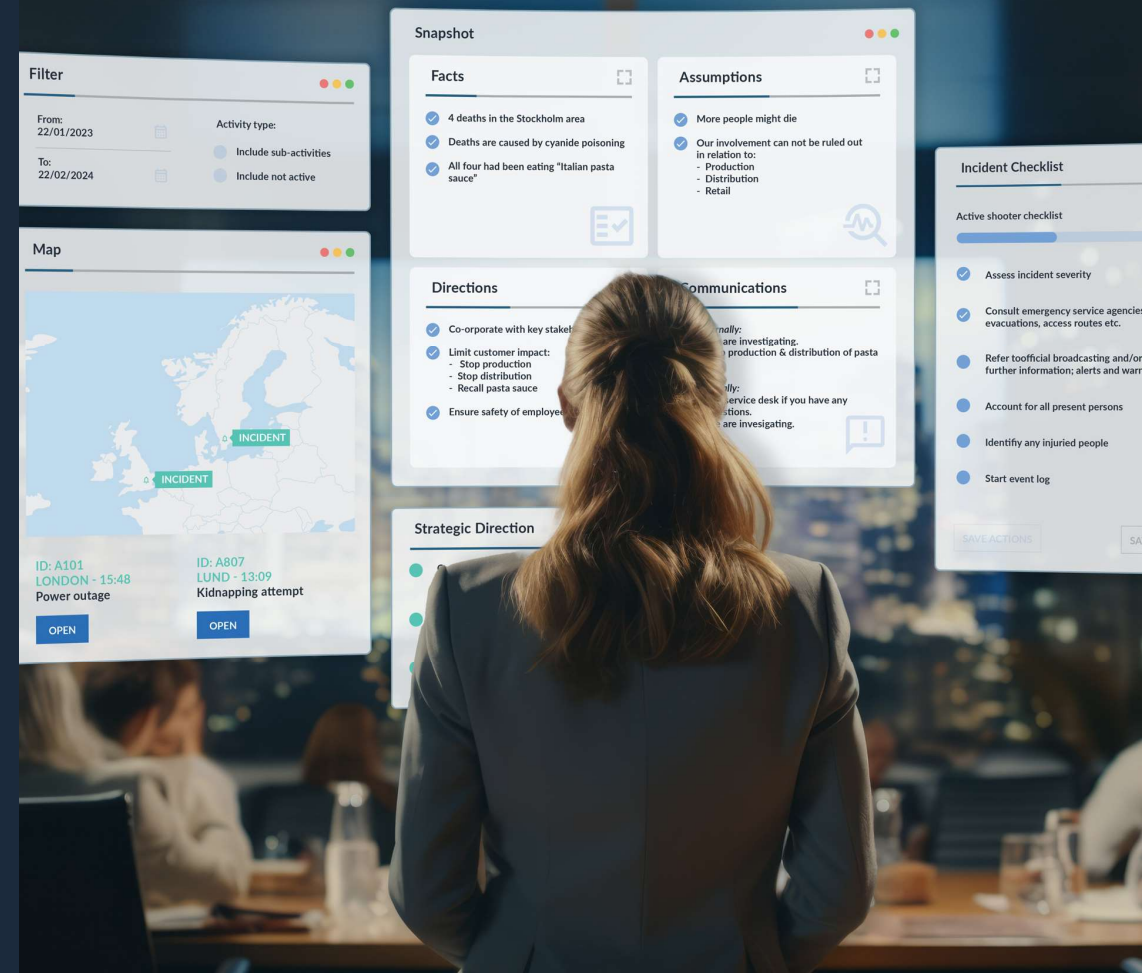
DEFENCE

- ✓ Delayed and longer sales process in multiple on-going projects and programs – North America
- ✓ Expected call offs within existing framework agreement delayed in Nordics



PUBLIC/CORPORATE

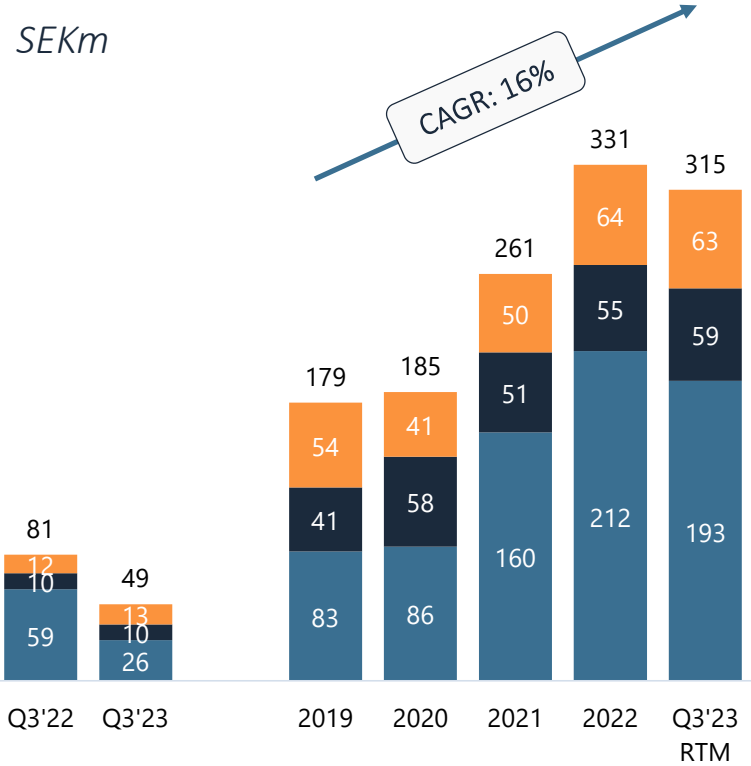
- ✓ Organisations and customers more cautious in approving IT investments
- ✓ Positive response from customers when upgrading and demonstrating the Exonaut Resilience Platform
- ✓ Expect better conversion in the coming quarters.



Financials | Net sales

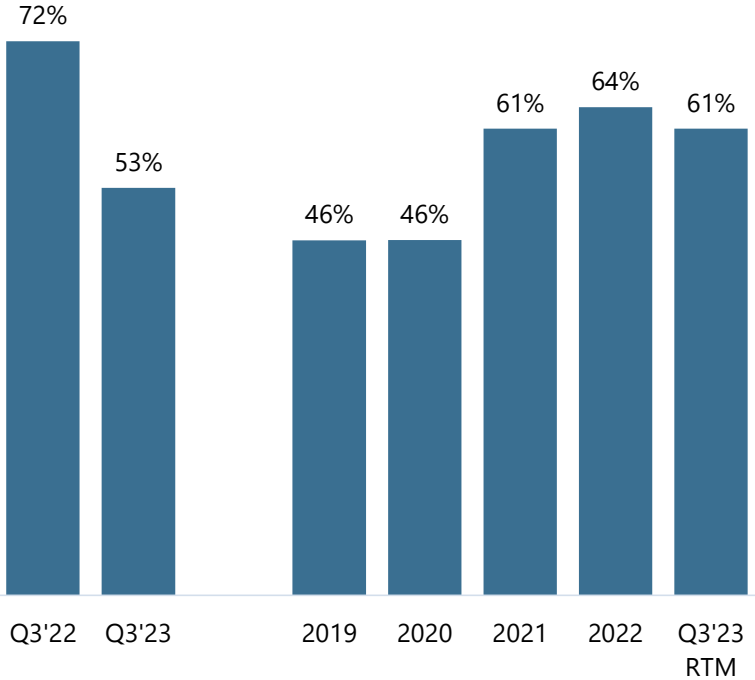
Net sales

SEKm



Share of software revenue

SEKm



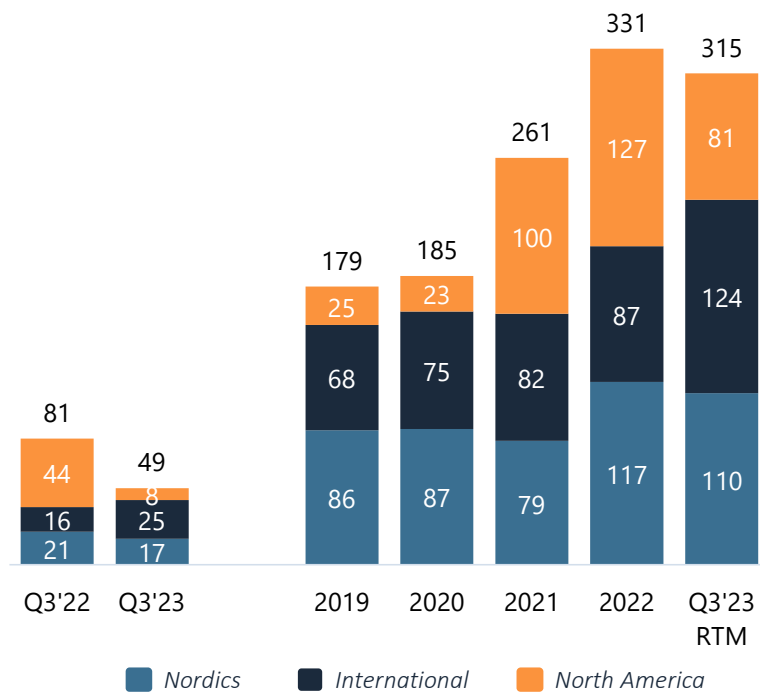
- Software revenue
- Expert services revenue
- Software-related services
- FX adjusted organic net sales growth

- Software revenue percentage of net sales

Financials | Net sales

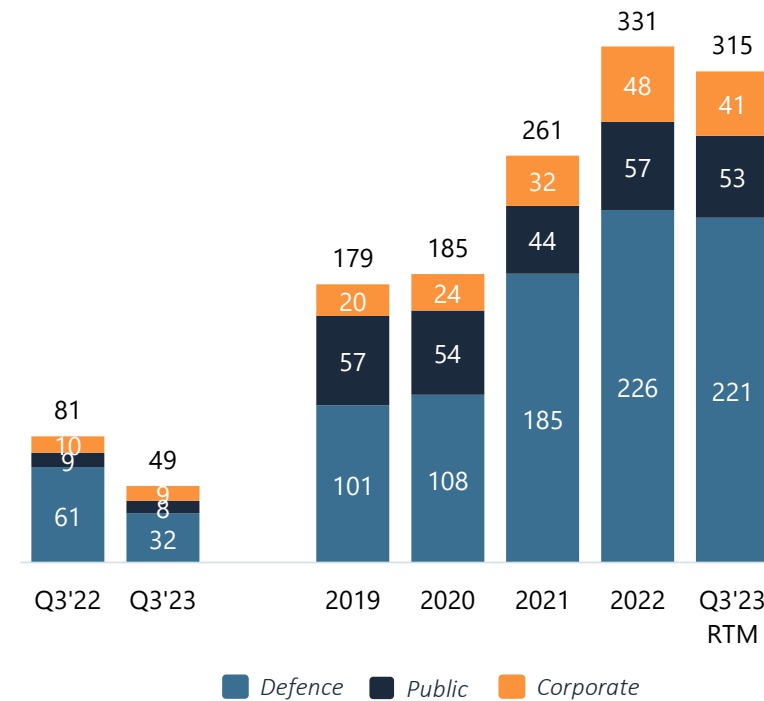
Quarterly net sales volatility in segments

SEKm



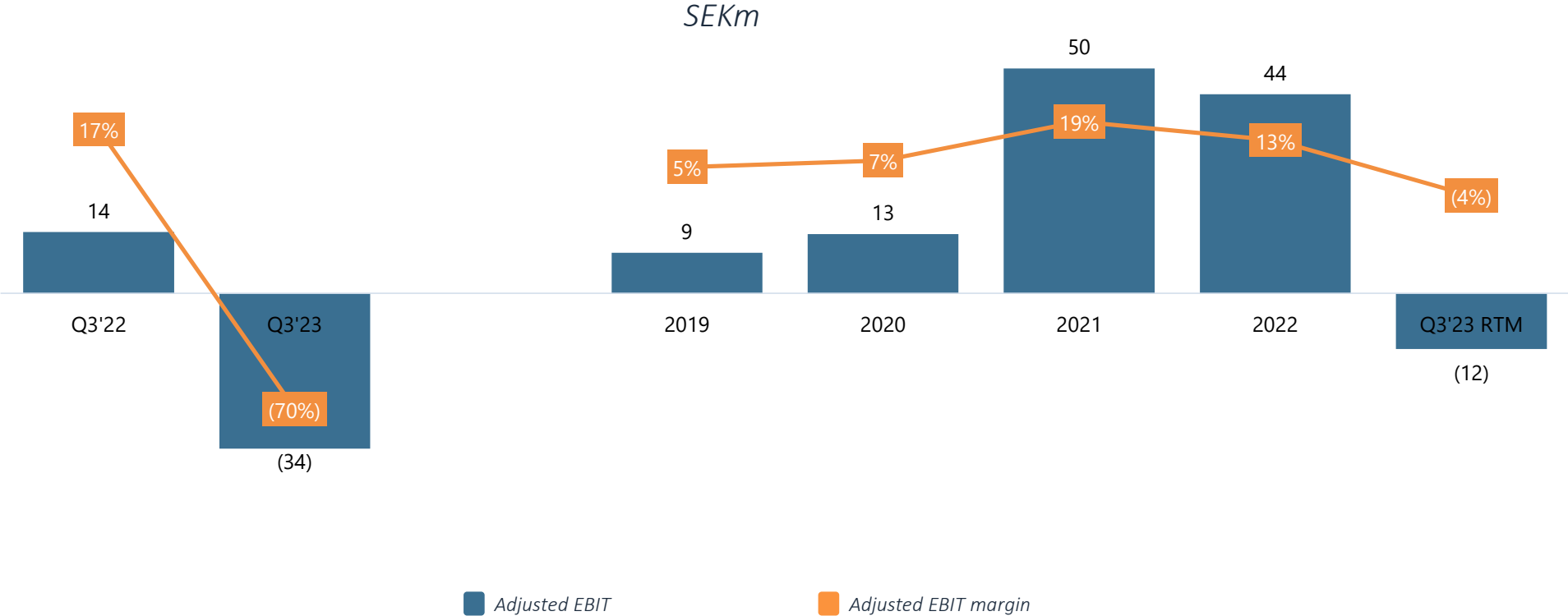
..and customer verticals

SEKm



Financials | Profitability

Profitability impacted by delayed and longer sales processes



Financial Summary

September 30, 2023

- ✓ Net debt ratio maintain negative. Focus coming quarters is on leveraging the full effect of investments and optimizing support functions.
- ✓ Annual recurring revenue amounted to 110.5 MSEK with a software ARR of 75.0, an increase of 11.8 MSEK in total ARR compared to same period previous year.



Net debt
MSEK -1.1



Net working
capital ¹⁾
MSEK 62.0



Capitalization
RTM ²⁾
MSEK 32.8



Annual recurring
revenue
MSEK 110.5



Cash position
MSEK 70.2



Net sales growth
RTM
-7%



Software revenue
RTM (%)
61%



Adjusted EBIT
margin RTM
-4%

¹⁾ Net working capital (NWC) - Net of current assets excl cash and current liabilities excl interest-bearing items,

²⁾ Capitalization for own account (CAPEX)



Highlights | Q3'23

- Delays in conversion of contracts – expect closure in coming quarters
- Increased focus on leveraging the full effect of investments
- Actions implemented for strengthened sales organisation and leadership

Financial Targets

A

Growth

4C aims to exceed an average annual organic net sales growth rate of 20% over the medium term

B

Software Revenue

4C aims to reach software revenue in relation to net sales exceeding 70% in the medium term

C

Profitability

4C aims to reach an adjusted EBIT margin exceeding 20% in the medium term

Q&A

Thank you

Be Ready. Be Resilient. Foresee.

Upcoming reports:

Interim Report Q4 2023: 15 Feb '24 | Annual Report 2023: 17 Apr '24

