



4C STRATEGIES

4C Group AB
Q1 Interim report 2023

Be Ready.
Be Resilient.
Foresee.

“Improved
profitability –
solution launch and
market expansion”

The period in summary

2023 Q1

- Net sales, MSEK
89.9 (76.0)
- Net sales growth
18% (110%)
- FX adjusted organic net sales growth
13% (97%)
- Software revenue in relation to net sales
62% (62%)
- Adjusted EBIT margin
13% (11%)
- Improved profitability and solid growth during the quarter, as well as continued investments carried out within sales and tech
- Extended corporate offering through launch of Climate Resilience – strengthens our total offering and supports our growth journey
- Continued expansion and increased international presence with the non-defence business in North America being established, as well as increased activities in the APAC-region

“We delivered a profitable growth of 18% during the quarter, while managing the effects of a turbulent world”

Key ratios

	2023	2022	2023	2022
	Q1	Q1	Q1 RTM	Q1-Q4
Net sales (MSEK)	89.9	76.0	345.1	331.3
FX adjusted organic net sales growth (%)	13%	97%	7%	18%
Software revenue (MSEK)	55.8	47.2	220.2	211.6
Software revenue as a percentage of net sales	62%	62%	64%	64%
EBIT (MSEK)	11.3	3.1	36.8	28.6
EBIT margin (%)	13%	4%	11%	9%
Adjusted EBIT (MSEK)	11.3	8.3	46.9	43.9
Adjusted EBIT margin (%)	13%	11%	14%	13%
Net income for the period (MSEK)	7.6	2.8	31.0	26.3
Earnings per share before dilution (SEK)	0.22	0.09	0.92	0.79
Earnings per share after dilution (SEK)	0.21	0.08	0.86	0.74

7%

FX-adjusted
organic net sales
growth RTM

64%

Software revenue
in relation to net
sales RTM

14%

Adjusted
EBIT margin RTM



“We see great potential within the resilience market. During the next quarter we will launch our new Climate Resilience offering to the market”

A word from the CEO

Improved profitability – solution launch and market expansion

I am pleased with the solid start to the year as we continue to execute on investments as part of our expansion plan whilst delivering continued growth with improved profitability. In the turbulent world we find ourselves in, we delivered a growth of 18%, with an FX-effect of 6%. At the same time, we managed to increase our profitability during the first quarter with a margin of 13% (11%). During the next quarter, we will establish our non-defence business in North America and launch our new Climate Resilience solution.

Turbulent times – improved profitable growth

Although the world faces challenges from ongoing conflicts, supply chain disruptions, and geopolitical tensions, we remain vigilant and closely monitor these developments and adapt quickly to both challenges and opportunities. Even though current world events mean our offering is becoming more relevant than ever across different sectors and markets, these challenges can also lead to extended procurement processes or delayed purchasing decisions. This may increase the risk of quarterly volatility in the short term.

In addition to improved profitability during the quarter, we can also report a solid growth on an RTM-basis with net sales of MSEK 345.1, a growth of 15% with an FX effect of 8%. Profitability on an RTM-basis amounted to MSEK 46.9 in adjusted EBIT, rendering a margin of 14%.

Growing number of customers in multiple sectors

During the first quarter, we have on-boarded several new customers to the Exonaut platform and extended and prolonged multiple customer contracts. For example, in the Nordics, we have closed an agreement with a life

science company to help them build resilience against different threats using our Exonaut platform. In North America, we reached an important milestone with a US military delivery and now progress towards deployment in the second half of 2023. In the International segment, we have signed an agreement with a large client in the financial sector to support them within operational resilience. For these clients as for many more in highly regulated industries, mission critical operations and armed forces, it is becoming evident that a solution like Exonaut is instrumental to ensure the protection of critical infrastructures, operational resilience and efficient training management.

Launch of a Climate Resilience solution

Our investment in Exonaut Next Generation over the past couple of years now starts to pay off – not just as a futureproof and truly scalable platform, but also as it enables us to innovate and meet customer requirements much faster than in the past. You saw this first-hand previous year when we launched our solution for individual training – MyExonaut, to both existing and new customers, based on the next generation Exonaut Training Management Platform.

In the next quarter we will launch our brand-new climate resilience solution. The solution is based on our Exonaut Resilience platform. With a growing interest and demand in the market for ESG and climate solutions, we see great potential for a comprehensive solution to manage all aspects of climate resilience. Not only will this solution greatly add value to new and existing customers, but it will also make an important contribution to mitigate climate change.

“We are expanding our presence in the US as we increase the targeting of public and corporate sector”

Future roadmap for Exonaut Military Training Solutions

As we continue to successfully roll out the next generation of our Exonaut Training Management platform and solutions to defence clients, we will invest time and effort during the next quarter to detail the platform and solutions roadmap for the future. We will explore emerging customer requirements based on lessons learned from operations as well as envisaged changes in training schemes and foreseen procurements. We will explore how new advances in technology, such as the latest developments in artificial intelligence (AI) can be integrated into our solutions to deliver increased value to our clients. All these initiatives are in line with our growth plans to make sure we stay at the forefront of innovation in military training management.

Establishing a non-defence business in North America

We are pleased to report that our new geographical markets, such as APAC, where we established local presence last year, are developing according to plan – with a promising pipeline of new software deals. Now

we are taking the next step. In 2016, we successfully established our local presence in North America with a focus on training solutions for defence customers. With a growing interest from the North American market for our resilience offering, we will in the next quarter establish a local business unit to address the public and corporate sector requirements with our Exonaut Resilience solutions.

All activities and investments in new markets and new offerings are crucial to support our customers and to achieve further growth– and in doing so we are creating a safer society. With more local sales and tech resources, we lay a good foundation for creating the organization and environment for further profitable growth and for reaching our financial targets in the mid-term perspective.

Working towards a safer society

Finally, the first quarter of 2023 has been good for 4C Strategies in many ways. We continued to increase our presence in all markets by attending different exhibitions to present and demonstrate our solutions. We have delivered improved profitability, grown significantly and on-boarded both new colleagues and customers.

As 4C Strategies continues to grow its international presence we are committed to contributing to a safer society and helping to make the world a better place for the future.

Magnus Bergqvist
CEO

Financial overview

Net sales

Net sales in the quarter increased by 18% (110%) compared to same period previous year and amounted to MSEK 89.9 (76.0). Software sales contributed with a revenue of 55.8 (47.2) during the quarter.

Our service business, which comprises of software-related services and expert services, continued to contribute with solid figures during the quarter, increasing 18% (16%) compared to the same period previous year.

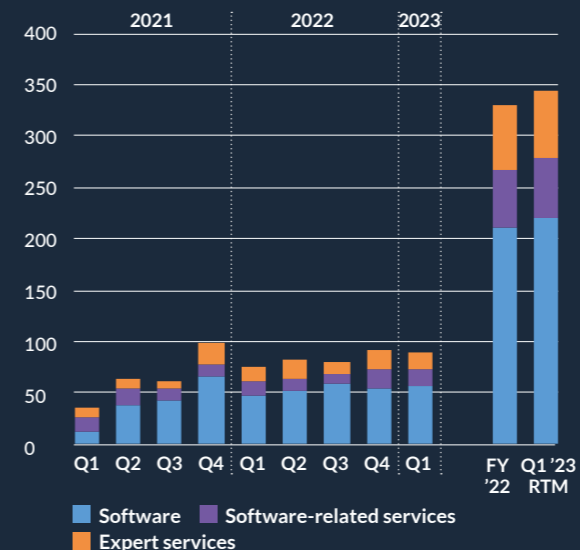
The annual rate of recurring revenue (ARR) at the end of the quarter was MSEK 108.2 (97.2). Software accounted for MSEK 72.7 (60.9).

Software revenue

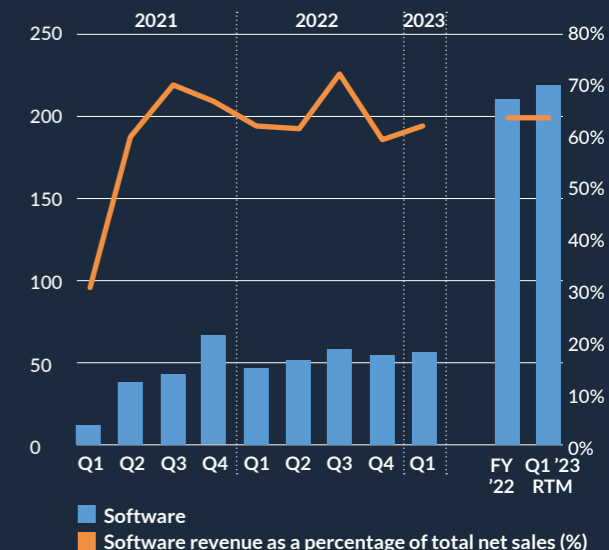
Software revenue accounted for 62% (62%) of total net sales during the quarter, an increase with 18% (320%).

During the first quarter, our deliveries within the International segment has been stable, both to the defence sector as well as to the corporate sector, as we signed a new large corporate customer. Moreover, we signed noticeable extensions with e.g. US Army and new contracts with e.g. one of the largest universities in Nordics, which is reported within the segment North America respectively Nordics.

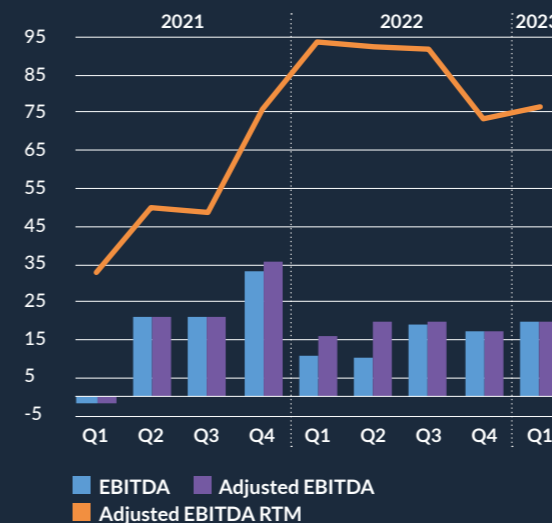
Net sales, MSEK



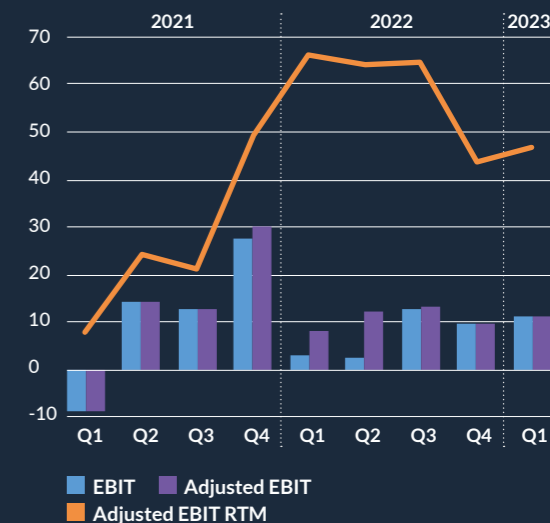
Software revenue, MSEK



EBITDA, MSEK



EBIT, MSEK



EBITDA

Operating income before depreciation and amortization (EBITDA) amounted to MSEK 19.5 (10.8) rendering an EBITDA margin of 22% (14%) during the quarter. EBITDA has increased according to planned growth, including expansion-related costs related to strategic initiatives such as geographical expansion, improved offering and brand awareness. As we see high potential and growth opportunities in the resilience solution, especially within the corporate sector, time and resources have been invested in the resilience offering to improve and expand our offering. Another strategically important area is our defence sector, hence focus during the quarter has been on roadmapping our current modules and identifying potential improvements to expand further.

Adjusted EBITDA for the quarter was MSEK 19.5 (16.0) with a margin of 22% (21%). Adjustment of EBITDA corresponds to expenses related to public listing of MSEK 0 (5.2). Adjusted EBITDA on a rolling twelve months (RTM) basis was MSEK 76.8 (93.6) with a margin of 22% (31%).

EBIT

Operating income (EBIT) amounted to MSEK 11.3 (3.1) rendering an EBIT margin of 13% (4%) in the quarter.

Adjusted EBIT for the quarter amounted to MSEK 11.3 (8.3) with an adjusted EBIT margin of 13% (11%). Adjusted EBIT on a rolling twelve months (RTM) basis was MSEK 46.9 (66.5) with a margin of 14% (22%).

Financial position

The equity ratio at the end of the quarter was 61% (47%). Interest-bearing debt amounted to MSEK 69.4 (47.3) at the end of the year whereof MSEK 42.9 (17.4) refers to leasing liabilities. The rest of the interest-bearing debt of MSEK 26.5 (29.9) refers to postponed tax payments due to Covid-19 which has increased our cash and cash equivalent on the asset side. The total debt of postponed tax payments will be repaid until 2025.

Cash and cash equivalents amounted to MSEK 123.9 (59.2) at the end of the period. The net debt position thereby totalled to MSEK -54.5 (-11.9).

Equity amounted to MSEK 239.6 (110.5) corresponding to a SEK 7.1 (3.6) per outstanding share and SEK 6.6 (3.3) per outstanding share after dilution at the end of the quarter.

Cash flow

- Cash flow from operating activities for the quarter amounted to MSEK -8.3 (1.4). The cash flow has been negatively affected by increased working capital and tax payments during the quarter. Compared to same period previous year, we can conclude that the performance in operating activities has been strong considering a solid sales growth and investments in our organization.
- Cash flow from investing activities for the quarter amounted to MSEK -8.4 (-6.2). The change in cash flow refers to development and investment of Exonaut.
- Cash flow from financing activities for the quarter amounted to MSEK -6.1 (-3.4) which mostly refers to repayment of leasing fees of MSEK -4.3 (-3.4).
- Cash and cash equivalents amounted to MSEK 123.9 at the end of the period, and MSEK 146.8 at the beginning of the period.

The 4C share

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

Number of new shares issued were 0 (0) during the period. Total shares at the end of period were 33,919,142 (31,062,000).

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 193 (167) whereof 56 (41) were women.

The Parent Company

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

Other significant events during the period

As we are closing the first quarter, we can conclude that the world continues to be subject to high inflationary environments and volatile credit markets, as well as the ongoing Russian invasion in Ukraine. 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.

No other significant events have occurred after the period.

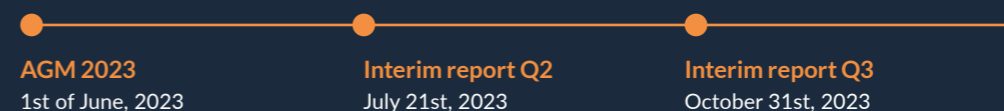
Annual general meeting (AGM)

AGM 2023

The AGM will be held on the 1st of June 2023.

Financial Reporting Information

Financial calendar



Report information

4C Group AB (publ) has published the report in both English and Swedish. This is an unaudited translation of the Swedish interim report. If any disparities between the Swedish and the English version would exist, the Swedish version shall prevail. This report has 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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Magnus Bergqvist
CEO



Anders Nordgren
CFO

Stockholm 12th of May 2023

Magnus Bergqvist, CEO
4C Group AB (publ)

Consolidated statement of profit and loss

KSEK	2023 Q1	2022 Q1	2022 Q1-Q4
Net sales	89,897	76,034	331,277
Other revenue	835	491	3,075
Total revenue	90,732	76,526	334,351
Operating expenses			
Other external costs	-20,277	-19,098	-87,397
Personnel costs	-58,588	-52,437	-214,383
Capitalized work for own account	8,115	5,976	26,298
Other operating expenses	-454	-134	-836
Total operating expenses	-71,204	-65,692	-276,319
Operating income before depreciation and amortization	19,528	10,833	58,033
Depreciation	-4,793	-3,612	-14,425
Amortization	-3,434	-4,097	-14,969
Operating income	11,301	3,124	28,638
Financial income	2,755	4,903	13,911
Financial expenses	-3,901	-4,341	-9,978
Income after financial items	10,156	3,687	32,572
Taxes	-2,584	-872	-6,281
Net income for the period	7,571	2,815	26,291
Income attributable to:			
Parent company's shareholders	7,571	2,815	26,291
Other information			
Earnings per share before dilution (SEK)	0.22	0.09	0.79
Earnings per share after dilution (SEK)	0.21	0.08	0.74

Consolidated statement of other comprehensive income

KSEK	2023 Q1	2022 Q1	2022 Q1-Q4
Net income for the period	7,571	2,815	26,291
Other comprehensive income			
<i>Items which will be reclassified to the income statement (net of tax)</i>			
Translation adjustments attributable to foreign operations	247	114	1,643
Other comprehensive income for the period, net of tax	247	114	1,643
Total comprehensive income for the period	7,818	2,929	27,933

Consolidated statement of financial position in summary

KSEK	2023-03-31	2022-03-31	2022-12-31
ASSETS			
Intangible assets	59,772	45,641	55,091
Tangible assets	4,165	2,654	4,306
Right-to-use assets	46,660	17,795	46,436
Financial fixed assets	1,178	986	1,023
Contract assets	26,757	24,232	25,125
Deferred tax asset	314	931	298
Total fixed assets	138,845	92,239	132,279
Accounts receivables	61,629	41,441	35,258
Tax receivables	7,337	3,352	6,313
Contract assets	53,302	31,611	61,061
Other current receivables	8,925	7,755	9,931
Cash and cash equivalents	123,907	59,189	146,805
Total current assets	255,099	143,348	259,369
Total assets	393,944	235,587	391,648

KSEK	2023-03-31	2022-03-31	2022-12-31
EQUITY AND LIABILITIES			
Equity			
<i>Equity attributable to the parent company's shareholders</i>	239,574	110,522	231,756
Total equity	239,574	110,522	231,756
Interest-bearing non-current liabilities	4,500	7,055	5,955
Non-current lease liabilities	28,452	7,588	30,704
Deferred tax liability	14,245	11,334	13,281
Other non-current liabilities	856	850	1,176
Total non-current liabilities	48,054	26,826	51,115
Interest-bearing current liabilities	21,962	22,847	21,962
Current lease liabilities	14,481	9,789	11,930
Accounts payables	8,919	6,556	9,092
Tax liabilities	3,786	6,608	2,689
Contract liabilities	20,076	14,655	19,591
Other current liabilities	37,094	37,785	43,512
Total current liabilities	106,317	98,239	108,776
Total equity and liabilities	393,944	235,587	391,648

Changes in consolidated equity

KSEK	Share capital	Other contributed capital	Reserves	Profit/loss brought forward	Total equity
Opening balance 1 January 2022	170	54,858	1,202	51,363	107,593
Net income for the period	-	-	-	26,291	26,291
Other comprehensive income	-	-	1,643	-	1,643
Total other comprehensive income	-	-	1,643	26,291	27,933
Transaction with owners					
New share issues	50	94,260	-	-	94,310
Payment warrants	-	1,920	-	-	1,920
Total transaction with owners	50	96,180	-	-	96,230
Closing balance 31 December 2022	220	151,038	2,844	77,654	231,756
Opening balance 1 January 2023	220	151,038	2,844	77,654	231,756
Net income for the period	-	-	-	7,571	7,571
Other comprehensive income	-	-	247	-	247
Total other comprehensive income	-	-	247	7,571	7,818
Transaction with owners					
Total transaction with owners	-	-	-	-	-
Closing balance 31 March 2023	220	151,038	3,091	85,226	239,574

Consolidated cash flow statement in summary

KSEK	2023 Q1	2022 Q1	2022 Q1-Q4
Cash flow from operating activities			
Operating income	11,301	3,124	28,638
Adjustment for non-cash items	7,768	7,637	28,445
Financial items	-687	797	4,883
Income tax paid	-1,544	3,784	-5,610
Cash flow from operating activities, before changes in working capital	16,838	15,342	56,356
Change in working capital	-25,168	-13,904	-31,733
Cash flow from operating activities	-8,330	1,438	24,623
Cash flow from investing activities			
Acquisition of intangible assets	-8,115	-6,138	-26,298
Acquisition of tangible assets	-175	-148	-2,324
Repayment of deposits	-150	42	84
Cash flow from investing activities	-8,439	-6,244	-28,538

KSEK	2023 Q1	2022 Q1	2022 Q1-Q4
Cash flow from financing activities			
New share issues	-	-	94,310
Warrant premiums	-	-	1,920
Repayment of interest bearing debts	-1,455	-	-2,338
Cash payments for principal portion of the lease liability	-4,349	-3,354	-15,367
Other	-321	-	395
Cash flow from financing activities	-6,126	-3,354	78,920
Cash flow for the period	-22,895	-8,160	75,005
Change in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year	146,805	66,026	66,026
Exchange rate differences in cash and cash equivalents	-3	1,325	5,775
Cash and cash equivalents at the end of the year	123,906	59,190	146,805

Parent company income statement

KSEK	2023 Q1	2022 Q1	2022 Q1-Q4
Operating revenue			
Net sales	57,130	47,820	201,846
Other revenue	1	-14	7
Total revenue	57,132	47,807	201,853
Operating expenses			
Other external costs	-21,478	-19,505	-77,794
Personnel costs	-30,972	-29,537	-116,391
Other operating expenses	-	-	-15
Total operating expenses	-52,450	-49,041	-194,199
Operating income before depreciation and amortization	4,681	-1,235	7,653
Depreciation and amortization	-95	-55	-256
Operating income	4,587	-1,290	7,397
Financial income and expenses	-26	1,372	6,023
Income after financial items	4,561	83	13,420
Appropriations	-1,800	-	-300
Income before tax	2,761	83	13,120
Taxes	-620	-28	-1,795
Net income for the period	2,141	55	11,325

Parent company balance statement

KSEK	2023-03-31	2022-03-31	2022-12-31
ASSETS			
Fixed assets			
<i>Tangible assets</i>			
Machinery and equipment	1,581	988	1,497
Total tangible fixed assets	1,581	988	1,497
<i>Financial fixed assets</i>			
Shares in subsidiaries	21,560	21,487	21,560
Deferred tax asset	-	-	-
Total financial fixed assets	21,560	21,487	21,560
Total non-current assets	23,141	22,475	23,057
<i>Current assets</i>			
Current intercompany receivables	117,855	108,204	118,484
Other current receivables	2,732	3,715	1,486
Accrued income and prepaid expenses	10,525	6,596	8,215
Cash and cash equivalents	71,022	1,498	119,861
Total current assets	202,135	120,013	248,046
Total assets	225,275	142,488	271,103

KSEK	2023-03-31	2022-03-31	2022-12-31
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	594	544	594
Total restricted equity	594	544	594
<i>Unrestricted equity</i>			
Additional paid in capital	151,038	54,858	151,038
Profit/loss brought forward	25,630	14,304	14,304
Net income for the period	2,141	55	11,325
Total unrestricted equity	178,809	69,217	176,668
Total equity	179,403	69,761	177,262
Untaxed reserves	9,380	9,380	9,380
<i>Non-current liabilities</i>			
Other non-current liabilities	-	-	-
Total non-current liabilities	-	-	-
<i>Current liabilities</i>			
Accounts payables	5,514	4,008	3,553
Current intercompany liabilities	2,718	22,907	42,092
Current tax liabilities	2,409	5,825	1,789
Other current liabilities	15,653	17,561	28,126
Accrued expenses and prepaid income	10,198	13,047	8,902
Total current liabilities	36,493	63,347	84,462
Total equity and liabilities	225,275	142,488	271,103

Notes

Accounting principles

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts act. The group's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and the accounting policies which constitute the accounting standard for this interim report, are stated in the most recent annual report. New accounting principles that came into effect on 1 January 2023 have not had any significant impact on the Group's reporting as of 31 March 2023. Preparing the financial reports in accordance with IFRS requires the 4C management team to decide on how to apply the accounting policies which may impact the reported figures of assets, liabilities and result.

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

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

Alternative Performance measures (APM)

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

Risks and uncertainties

4C Strategies is exposed to risks in its operations, both business and financial, and these are described together with other risks in the latest published report, the Annual Report, 3rd of May 2023. With the ongoing Russian invasion in Ukraine, 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) and Australian Dollar (AUD). 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.

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.

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, North America and Group Common. 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, except the fourth segment Group Common which focuses on product development and administration.

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. To provide a more accurate view of each segment's performance, the line internal costs consists of both intercompany revenue and costs and is thereby netted out on Group level. Internal transactions between the segments refer to cost allocation due to the use of resources.

KSEK	Nordics	International	North America	Total Segment	Group Common	Eliminations	Group
Q1 2023							
Software	8,100	7,312	40,355	55,767	-	-	55,767
Software-related services	2,682	13,096	1,194	16,971	-	-	16,971
Expert services	16,607	551	-	17,158	-	-	17,158
Revenue from contracts with customers	27,389	20,959	41,549	89,897	-	-	89,897
Other revenue	28	806	-	834	1	-	835
Internal revenue	390	7,044	7,259	14,693	3,406	-18,099	0
Total revenue	27,807	28,809	48,808	105,424	3,407	-18,099	90,732
Personnel costs	-15,111	-13,967	-10,573	-39,652	-18,937	-	-58,588
Other external costs	-2,850	-5,240	-2,146	-10,236	-2,380	-	-12,616
Internal costs	-2,021	-2,304	-132	-4,457	-13,642	18,099	0
Total cost	-19,983	-21,510	-12,852	-54,345	-34,959	18,099	-71,204
EBITDA	7,824	7,299	35,957	51,079	-31,551	0	19,528
Amortization	-	-	-	-	-3,434	-	-3,434
Depreciation	-	-	-	-	-4,793	-	-4,793
Financial income	-	-	-	-	2,755	-	2,755
Financial expenses	-	-	-	-	-3,901	-	-3,901
Income before tax	7,824	7,299	35,957	51,079	-40,924	0	10,156
Items affecting comparability	-	-	-	-	-	-	-
Adjusted EBT	7,824	7,299	35,957	51,079	-40,924	0	10,156

KSEK	Nordics	International	North America	Total Segment	Group Common	Eliminations	Group
Q1 2022							
Software	4,752	6,333	36,126	47,212	-	-	47,212
Software-related services	3,768	8,476	1,676	13,920	-	-	13,920
Expert services	13,744	1,160	-	14,903	-	-	14,903
Revenue from contracts with customers	22,264	15,969	37,802	76,034	-	-	76,034
Other revenue	96	409	-	505	-14	-	491
Internal revenue	1,279	4,873	4,916	11,068	2,718	-13,787	0
Total revenue	23,639	21,251	42,718	87,608	2,705	-13,787	76,526
Personnel costs	-13,141	-11,529	-6,960	-31,630	-20,807	-	-52,437
Other external costs	-2,300	-3,396	-1,603	-7,298	-5,958	-	-13,256
Internal costs	-2,430	-851	-77	-3,358	-10,429	13,787	0
Total cost	-17,871	-15,775	-8,640	-42,286	-37,193	13,787	-65,692
EBITDA	5,768	5,476	34,078	45,322	-34,488	0	10,833
Amortization	-	-	-	-	-4,097	-	-4,097
Depreciation	-	-	-	-	-3,612	-	-3,612
Financial income	-	-	-	-	4,903	-	4,903
Financial expenses	-	-	-	-	-4,341	-	-4,341
Income before tax	5,768	5,476	34,078	45,322	-41,634	0	3,687
Items affecting comparability	-	-	-	-	5,214	-	5,214
Adjusted EBT	5,768	5,476	34,078	45,322	-36,421	0	8,901

Net sales by income stream

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

KSEK	2023 Q1	2022 Q1
Software	55,767	47,212
Software-related services	16,971	13,920
Expert services	17,158	14,903
Net sales	89,897	76,034

Net sales by customer group

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

KSEK	2023 Q1	2022 Q1
Defence	59,880	54,958
Public	18,668	13,113
Corporate	11,348	7,964
Net sales	89,897	76,034

Net sales per customer group and segment

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

Net sales per customer group and segment	2023 Q1	2022 Q1
Defence	3,379	4,503
Public	17,137	12,002
Corporate	6,873	5,758
Nordics	27,389	22,264
Defence	14,952	12,653
Public	1,531	1,110
Corporate	4,476	2,206
International	20,959	15,969
Defence	41,549	37,802
Public	-	-
Corporate	-	-
North America	41,549	37,802
Defence	59,880	54,958
Public	18,668	13,113
Corporate	11,348	7,964
Net sales	89,897	76,034

Key Ratios

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

FX adjusted organic net sales growth

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

KSEK	2023 Q1	2022 Q1
Software	55,767	47,212
Software-related services	16,971	13,920
Expert services	17,158	14,903
Net sales	89,897	76,034
Net sales growth (%)	18%	110%
FX adjusted organic net sales growth (%)	13%	97%

The currency translation effect on net sales during the quarter amounted to 6% (13%) during the quarter.

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

KSEK	2023 Q1	2022 Q1
Software	220,168	195,494
Software-related services	58,442	51,122
Expert services	66,529	54,469
Net sales RTM	345,139	301,085
Net sales RTM growth (%)	15%	67%
FX adjusted organic net sales growth RTM (%)	7%	68%

The currency translation effect on net sales during the last twelve months amounted to 8% (0%).

Software revenue

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

KSEK	2023 Q1	2022 Q1
Software	55,767	47,212
Software-related services	16,971	13,920
Expert services	17,158	14,903
Net sales	89,897	76,034
Software as a percentage of net sales (%)	62%	62%

Recurring revenue

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

KSEK	2023 Q1	2022 Q1
Software	14,978	9,985
Software-related services	10,817	8,020
Recurring revenue	25,795	18,005
Recurring revenue growth (%)	43%	-19%

KSEK	2023 Q1	2022 Q1
Recurring revenue	25,795	18,005
Net sales	89,897	76,034
Recurring revenue, as percentage of net sales (%)	29%	24%

Annual recurring revenue (ARR)

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

KSEK	2023 Q1	2022 Q1
Software	72,660	60,902
Software-related services	35,536	36,279
Annual recurring revenue	108,196	97,181
Annual recurring revenue growth (%)	11%	4%

EBITDA

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

KSEK	2023 Q1	2022 Q1
Operating income	11,301	3,124
Depreciation	-4,793	-3,612
Amortization	-3,434	-4,097
EBITDA	19,528	10,833
Net sales	89,897	76,034
EBITDA (%)	22%	14%

EBIT

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

KSEK	2023 Q1	2022 Q1
Operating income	11,301	3,124
EBIT	11,301	3,124
Net sales	89,897	76,034
EBIT (%)	13%	4%

Items affecting comparability

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

KSEK	2023 Q1	2022 Q1
Expenses related to public listing	-	5,214
Items affecting comparability	-	5,214

Adjusted EBITDA

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

KSEK	2023 Q1	2022 Q1
EBITDA	19,528	10,833
Items affecting comparability	-	5,214
Adjusted EBITDA	19,528	16,047
Net sales	89,897	76,034
Adjusted EBITDA (%)	22%	21%

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

KSEK	2023 Q1	2022 Q1
EBITDA RTM	66,727	85,928
Items affecting comparability RTM	10,046	7,716
Adjusted EBITDA RTM	76,773	93,644
Net sales RTM	345,139	301,085
Adjusted EBITDA RTM (%)	22%	31%

Adjusted EBIT

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

KSEK	2023 Q1	2022 Q1
EBIT	11,301	3,124
Items affecting comparability	-	5,214
Adjusted EBIT	11,301	8,338
Net sales	89,897	76,034
Adjusted EBIT (%)	13%	11%

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

KSEK	2023 Q1	2022 Q1
EBIT RTM	36,815	58,748
Items affecting comparability RTM	10,046	7,716
Adjusted EBIT RTM	46,861	66,464
Net sales RTM	345,139	301,085
Adjusted EBIT RTM (%)	14%	22%

Net working capital

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

KSEK	2023-03-31	2022-03-31	2022-12-31
Current assets excl cash and cash equivalents	131,193	84,159	112,563
Current liabilities excl interest-bearing items	69,874	65,603	74,884
Net working capital	61,319	18,556	37,680

Net debt

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

KSEK	2023-03-31	2022-03-31	2022-12-31
Interest-bearing non-current liabilities	32,952	14,642	36,659
Interest-bearing current liabilities	36,443	32,636	33,892
Cash and cash equivalents	123,907	59,189	146,805
Net debt	-54,512	-11,911	-76,255
Adjusted EBITDA RTM	76,773	93,644	73,292
Net debt ratio	-0.71	-0.13	-1.04

Earnings per share

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

	2023 Q1	2022 Q1
Weighted average number of shares	33,919,142	31,062,000
Weighted average number of dilutive shares	2,310,000	2,310,000
Weighted average number of shares after dilution	36,229,142	33,372,000
	2023 Q1	2022 Q1
Net income for the period (KSEK)	7,571	2,815
Income attributable to Parent company's shareholders (KSEK)	7,571	2,815
Weighted average number of shares	33,919,142	31,062,000
Earnings per share before dilution (SEK)	0.22	0.09
Weighted average number of shares after dilution	36,229,142	33,372,000
Earnings per share after dilution (SEK)	0.21	0.08

Selected historical financials per quarter and year

	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2022 YTD	2021 YTD	2020 YTD
Net sales (MSEK)	89.9	91.0	81.0	83.3	76.0	98.0	62.2	64.8	36.2	331.3	261.2	185.3
Net sales growth (%)	18%	-7%	30%	29%	110%	101%	17%	56%	-13%	27%	41%	4%
FX adjusted organic net sales growth (%)	13%	-13%	16%	22%	97%	99%	20%	67%	-10%	18%	44%	5%
Software revenue (MSEK)	55.8	54.3	58.7	51.4	47.2	65.7	43.8	38.8	11.2	211.6	159.5	86.1
Software as a percentage of net sales (%)	62%	60%	72%	62%	62%	67%	70%	60%	31%	64%	61%	46%
Recurring revenue (MSEK)	25.8	41.7	24.7	29.7	18.0	43.1	20.0	22.7	22.2	114.0	107.9	93.1
Annual recurring revenue (MSEK)	108.2	107.2	99.8	100.2	97.2	106.6	99.0	94.3	93.2	107.2	106.6	93.0
Annual recurring revenue - Software (MSEK)	72.7	70.5	63.2	63.3	60.9	60.7	57.3	53.5	51.3	70.5	60.7	51.4
Annual recurring revenue - Software-related services (MSEK)	35.5	36.8	36.5	36.8	36.3	45.9	41.7	40.8	41.9	36.8	45.9	41.6
EBITDA (MSEK)	19.5	17.5	19.4	10.4	10.8	33.1	20.8	21.1	-1.9	58.0	73.2	36.8
EBITDA margin (%)	22%	19%	24%	12%	14%	34%	33%	33%	-5%	18%	28%	20%
EBIT (MSEK)	11.3	9.7	13.1	2.7	3.1	27.9	13.1	14.6	-8.5	28.6	47.1	13.1
EBIT margin (%)	13%	11%	16%	3%	4%	29%	21%	22%	-24%	9%	18%	7%
Items affecting comparability (MSEK)	-	-	0.5	9.6	5.2	2.5	-	-	-	15.3	2.5	-
Adjusted EBITDA (MSEK)	19.5	17.5	19.8	20.0	16.0	35.6	20.8	21.1	-1.9	73.3	75.7	36.8
Adjusted EBITDA margin (%)	22%	19%	24%	24%	21%	36%	33%	33%	-5%	22%	29%	20%
Adjusted EBIT (MSEK)	11.3	9.7	13.6	12.3	8.3	30.4	13.1	14.6	-8.5	43.9	49.6	13.1
Adjusted EBIT margin (%)	13%	11%	17%	15%	11%	31%	21%	22%	-24%	13%	19%	7%
Net income for the period (MSEK)	7.6	5.2	13.3	5.0	2.8	23.9	12.0	10.1	-6.9	26.3	39.0	7.4
Earnings per share before dilution (SEK)	0.22	0.16	0.40	0.16	0.09	0.77	0.38	0.33	-0.22	0.79	1.26	0.24
Earnings per share after dilution (SEK)	0.21	0.15	0.38	0.15	0.08	0.71	0.36	0.30	-0.21	0.74	1.17	0.23
Net working capital (MSEK)	61.3	37.7	60.8	20.3	18.6	21.4	64.4	36.7	10.8	37.7	21.4	11.8
Net debt (MSEK)	-54.5	-76.3	-68.3	-99.3	-11.9	-16.6	65.3	48.2	32.5	-76.3	-16.6	12.7

Definitions

SEK

The currency Swedish Krona.

KSEK

The currency Swedish Krona in thousands.

MSEK

The currency Swedish Krona in millions.

RTM

Rolling twelve months, the past 12 consecutive months.

Software (revenue)

The total revenue from our Exonaut software, which can be divided into licenses and software development, as well as income from service and support agreements (SSA).

Software-related services

The total revenue of our software consultancy services, which include both implementation and integration of software, as well as income from managed services.

Expert services

The total revenue of advisory and consulting related income.

Net sales

The total revenue of software, software-related services and expert services.

Other revenue

The total revenue of FX-effects and items that cannot be defined into one of the other categories.

Recurring revenue

Revenue of a recurring nature such as software and software-related services related income.

Annual recurring revenue

Recurring revenue in the last month of the quarter, recalculated to a 12-month period. There is thus no direct connection between the ARR-figure and future software revenues. The figure should be seen as an indication.

FX adjusted organic net sales growth

Organic growth in net sales adjusted for foreign exchange effects.

Items affecting comparability

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

EBITDA

Operating income before depreciation and amortization.

Adjusted EBITDA

Operating income before depreciation, amortization and items affecting comparability.

EBITDA margin

EBITDA as a percentage of net sales.

EBIT

Operating income before financial income and expenses, and taxes.

Adjusted EBIT

Operating income before financial income and expenses, taxes and items affecting comparability.

EBIT margin

EBIT as a percentage of net sales.

EBT

Income before taxes, after financial income and expenses.

Adjusted EBT

Income before taxes and items affecting comparability, after financial income and expenses.

Net income

Net profit after tax.

Earnings per share before dilution

Net income divided by the average number of shares during the period.

Earnings per share after dilution

Net income divided by the average number of shares after dilution during the period.

Net working capital

Net of current assets excluding cash and cash equivalents, and current liabilities excluding interest-bearing items.

Equity ratio

Total equity as a percentage of total assets.

Net debt

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

Net debt ratio

Net debt as a percentage of adjusted EBITDA RTM.

Number of employees

Number of employees are presented as an average of full time employees during the last 12-month period considering normal working hours during a year.

4C Strategies' Roadmap



Mission

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



Vision

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



Our values

4C is a value-driven organisation. 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 organisation.



Financial targets

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

- 4C Strategies strives to achieve an average annual currency-adjusted organic net sales growth exceeding 20% in the medium term.

20%

- 4C Strategies strives for software revenue to exceed 70 per cent of net sales in the medium term.

70%

- 4C Strategies aims to achieve an adjusted EBIT margin of at least 20 per cent in the medium term.

20%

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

Strategy

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

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



This is 4C

4C Strategies

4C Strategies was founded in 2000 and is a leading global provider of software solutions and expert services for organisational readiness, training, and crisis management. Through the Exonaut® software platform, 4C Strategies offers a complete platform for building organisational 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 organisations, 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 recognises 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.



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 organisational 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 organisational resilience. Meeting our customers' expectations is key to us and we have high quality standards in everything we do. Together, we strengthen the client's capability to prevent, manage and learn from adverse events.



4C Strategies is the leading provider of training readiness and 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.



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