



4C STRATEGIES

4C Group AB
Interim Report
Q1 2024

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

**“A slow quarter,
but an optimistic
future”**

The period in summary

2024 Q1

- **Net sales (MSEK)**
75.7 (89.9)
 - **Net sales growth**
-16% (18%)
 - **FX adjusted organic net sales growth**
-17% (13%)
 - **Software revenue in relation to net sales**
56% (62%)
 - **Adjusted EBIT margin**
-21% (13%)
- Delayed sales processes in North America results in a weaker start. Performance in Nordics and International segment are stronger than previous year.
 - The approval of the U.S defense budget means that previously delayed negotiations are now active again.
 - Jonas Jonsson, most recently the Managing Director of 4C International, has been appointed as the CEO of 4C Strategies, assuming office on the 2nd of April 2024.

Key ratios

	2024 Q1	2023 Q1	2024 Q1 RTM	2023 Q1-Q4
Net sales (MSEK)	75.7	89.9	317.9	332.1
FX adjusted organic net sales growth (%)	-17%	13%	-10%	-3%
Software revenue (MSEK)	42.6	55.8	197.3	210.4
Software revenue in relation to net sales (%)	56%	62%	62%	63%
EBIT (MSEK)	-16.1	11.3	-33.3	-5.9
EBIT margin (%)	-21%	13%	-10%	-2%
Adjusted EBIT (MSEK)	-16.1	11.3	-32.7	-5.3
Adjusted EBIT margin (%)	-21%	13%	-10%	-2%
Net income for the period (MSEK)	-11.4	7.6	-28.3	-9.3
Earnings per share before dilution (SEK)	-0.33	0.22	-0.82	-0.27
Earnings per share after dilution (SEK)	-0.33	0.21	-0.82	-0.27

-10%

FX-adjusted organic net sales growth
RTM

62%

Software revenue in relation to net sales
RTM

-10%

Adjusted EBIT margin
RTM

“Future investments will be about further capacity in our “go-to-market” and sales organization.”



“As the new CEO of 4C Strategies, the focus for me and the company in the near future will be on realization of our strategy and our continued journey with global expansion and profitable product sales.”

A word from the CEO

A slow quarter, but an optimistic future

During the first quarter, the International segment continued to show continued strong growth. The Nordics segment has shown a good recovery, while the result in the North America segment is still characterized by delayed sales processes. For the first quarter, revenues decreased by 16 percent compared to the same period last year to SEK 75.7 million, while the EBIT margin was -21 percent. Going forward, the company will focus on the recovery in North America, as well as actively work to find synergies between all parts of the group to optimize the way we bring our products to market.

When we summarize the first quarter, we see that the business has a stable core business in our software sales and delivery, especially in the international defence market. The North American segment continues to be affected by delayed sales processes, which we now expect to improve because of the US defence budget being approved at the end of March.

Financial Results

During the first quarter of the year, net sales amounted to SEK 75.7 million, a decrease of 16 percent compared to the first quarter of 2023. The operating result amounted to SEK -16.1 million with a margin of -21 percent.

Nordics

The Nordics segment has recovered well during the quarter and managed to close many of the delayed deals from last year. The segment showed a growth of 8 percent compared to the same quarter last year. Revenue amounted to SEK 29.6 million.

In addition to revenues from existing contracts with both the Swedish Armed Forces and other major customers, the segment has also signed new contracts with no fewer than 15 new customers, in both the private and public sectors.

North America

The North America segment continues to be characterized by delayed sales processes, similar to the recent quarters. Revenues in

the first quarter decreased by 76 percent compared to the same quarter of the previous year to SEK 9.8 million.

We have been actively working on improvements in the business for a long time, both with new management, but also appointed a new external board for our North American defence business to increase the focus on new business and management of our government customers. Regarding the defence budget, it was approved by the US government at the end of March and the work of completing the negotiations that have been on hold is now activated.

International

The International segment continues to show strong growth in all geographies. Revenue for the quarter increased by 73 percent compared to the same period last year to SEK 36.3 million. During the quarter, strategic contracts were extended and a number of new agreements were signed.

Future outlook

As the new CEO of 4C Strategies, the focus for me and the company in the near future will be on realization of our strategy, namely our global expansion and profitable product sales. With my experience from leading the International segment, I look forward to integrating successful strategies and processes from this segment into the rest of the group. We will work actively to find synergies between all parts of the group to optimize the way we bring our products to market. The extensive transformation that our software platform has undergone is now largely completed, and we

now see that future investments will be about further capacity in our "go-to-market" and sales organization.

For both the remaining parts of 2024 and further ahead, the US defence market will play a significant role in our growth journey. As we have previously communicated, this can have a major quarterly impact due to the size of individual deals, at the same time we see that the interest in our business and our products within the Exonaut suite is significant in all areas.

All in all, we see that the global increase in defence appropriations is starting to have an impact also in training and exercise, combined with a more stable economic situation in Europe, which positively affects the private sector as the willingness to invest increases, leading to a large and increasing interest in 4C Strategies. Personally, I am very motivated and enthusiastic about the continued journey ahead of us and have a positive outlook, both in the short, medium and long term.

Jonas Jonsson

CEO

"For both the remaining parts of 2024 and further ahead, the US defense market will play a significant role in our growth journey."

Financial overview

Net sales

Net sales in the quarter decreased by -16% (18%) compared to same period previous year and amounted to MSEK 75.7 (89.9). Software revenue amounted to MSEK 42.6 (55.8) for the period. Our service business, which comprises of software-related services and expert services, contributed with a revenue of MSEK 33.1 (34.1) during the quarter.

The annual rate of recurring revenue (ARR) at the end of the quarter was MSEK 120.7 (108.2). Software accounted for MSEK 85.2 (72.7).

Exchange rate fluctuations had a positive impact on net sales during the quarter. During the first quarter, the exchange rate effect on net sales was 2% (6%) in comparison to same period previous year.

Software revenue

Software revenue accounted for 56% (62%) of total net sales during the quarter, a decrease by -9% (18%). This is below our financial target and depends on the sales mix in individual quarters.

EBITDA

Operating income before depreciation and amortization (EBITDA) amounted to MSEK -5.1 (19.5), rendering an EBITDA margin of -7% (22%) during the quarter. EBITDA development

is a result of a weaker sales conversion and lower software revenues for the first quarter. Compared with the same period last year there where several large deals in North America segment which are not present in current year.

Adjusted EBITDA for the quarter was MSEK -5.1 (19.5) with a margin of -7% (22%).

Adjusted EBITDA on a rolling twelve months (RTM) basis was MSEK 7.6 (76.8) with a margin of 2% (22%).

EBIT

Operating income (EBIT) amounted to MSEK -16.1 (11.3), rendering an EBIT margin of -21% (13%) in the quarter.

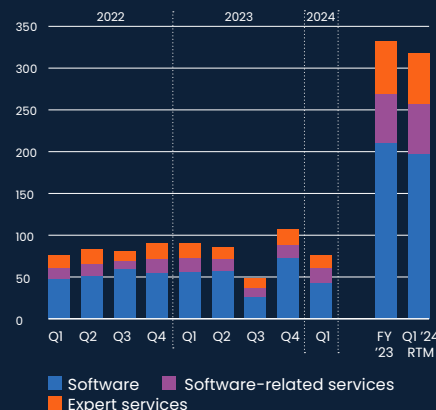
Adjusted EBIT for the quarter amounted to MSEK -16.1 (11.3) with an adjusted EBIT margin of -21% (13%).

Adjusted EBIT on a rolling twelve months (RTM) basis was MSEK -32.7 (46.9) with a margin of -10% (14%).

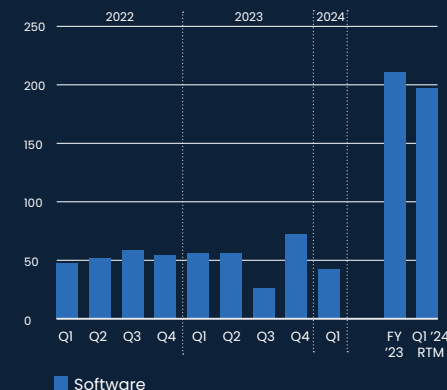
Financial position

The equity ratio at the end of the quarter was 61% (61%). Interest-bearing debt amounted to MSEK 50.8 (69.4) at the end of the year whereof MSEK 46.3 (42.9) refers to leasing liabilities. The rest of the interest-bearing debt of MSEK

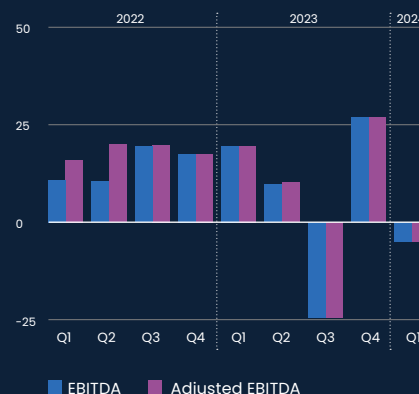
Net sales, MSEK



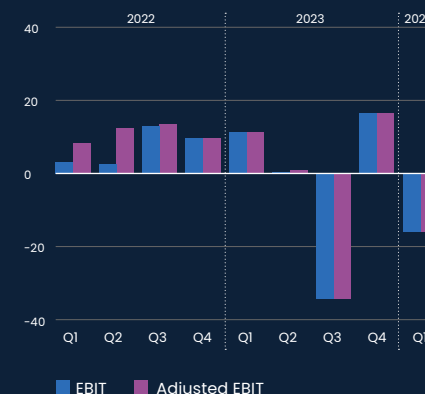
Software revenue, MSEK



EBITDA, MSEK



EBIT, MSEK



4.5 (26.5) refers to postponed tax payments. The total debt of postponed tax payments is planned to be repaid during 2024-2025.

Cash and cash equivalents amounted to MSEK 37.5 (123.9) at the end of period. The net debt position thereby totalled to MSEK 13.3 (-54.5).

Equity amounted to MSEK 224.5 (239.6) corresponding to a SEK 6.5 (7.1) per outstanding share and SEK 5.4 (6.6) per outstanding share after dilution at the end of the quarter.

Cash flow

- Cash flow from operating activities for the quarter amounted to MSEK -11.1 (-8.3). The cash flow has been negatively affected by the delay of larger sales contracts during the quarter, which has decreased our operating income as we have had a cost base in line with expectations.
- Cash flow from investing activities for the quarter amounted to MSEK -10.3 (-8.4). The change in cash flow refers to development and investments of Exonaut.
- Cash flow from financing activities for the quarter amounted to MSEK -4.8 (-6.1). The change in cash flow for the comparable quarter relates to payments of postponed tax and lease amortization. For the period we have made payments related to tax of MSEK 7.9 (1.5).
- Cash and cash equivalents amounted to MSEK 37.5 at the end of period, and MSEK 62.2 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 388,000 (0) during the period. Total shares at the end of period were 34,587,142 (33,919,142).

The warrant program 2019/2024 had its subscription period during March 2024. Of a total of 560,000 options in the program, 545 000 new shares will be issued during Q2.

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 207 (193) whereof 64 (56) 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

As we are closing the second quarter, we can conclude that the uncertainties in the world continue to challenge organizations around the world. The war in Ukraine continues, which continuously keep the defence sector on high alert. The conflict in Middle East concerning Israel and Palestine continue and are at risk of involving multiple parties in the region. Inflation and interest rates has stabilized during the quarter and indications suggest that interest rate cut are impending. 4C Strategies has

established internal measures that will be evaluated continuously and revised to make sure that we act, and can act, proactively to manage this challenging situation.

At the Board meeting on the 22nd of March The Board of Directors of 4C Strategies appointed Jonas Jonsson as the CEO of 4C Strategies, taking office on the 2nd of April 2024. Jonas Jonsson joined 4C Strategies in 2013 and has since had several operational and executive positions, most recently as the Managing Director of 4C International, leading the company's expansion in the EMEA and APAC regions.

No other significant events have occurred after the period.

Annual general meeting (AGM)

AGM 2024

The AGM 2023 will be held on the 15th of May 2024.

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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Jonas Jonsson
CEO



Anders Nordgren
CFO

Stockholm 29th of April 2024

Jonas Jonsson, CEO
4C Group AB (publ)



Consolidated statement of profit and loss

KSEK	2024 Q1	2023 Q1	2023 Q1-Q4
Net sales	75,712	89,897	332,101
Other revenue	1,156	835	3,082
Total revenue	76,868	90,732	335,183
Operating expenses			
Other external costs	-22,199	-20,277	-91,814
Personnel costs	-69,540	-58,588	-244,550
Capitalized work for own account	10,063	8,115	36,085
Other operating expenses	-257	-454	-3,274
Total operating expenses	-81,933	-71,204	-303,553
Operating income before depreciation and amortization	-5,065	19,528	31,629
Depreciation	-5,413	-4,793	-19,995
Amortization	-5,613	-3,434	-17,537
Operating income	-16,091	11,301	-5,902
Financial income	5,431	2,755	15,039
Financial expenses	-3,422	-3,901	-17,657
Income after financial items	-14,082	10,156	-8,521
Taxes	2,656	-2,584	-822
Net income for the period	-11,425	7,571	-9,343
Income attributable to:			
Parent company's shareholders	-11,425	7,571	-9,343
Other information			
Earnings per share before dilution (SEK)	-0.33	0.22	-0.27
Earnings per share after dilution (SEK)	-0.33	0.21	-0.27

Consolidated statement of other comprehensive income

KSEK	2024 Q1	2023 Q1	2023 Q1-Q4
Net income for the period	-11,425	7,571	-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	1,466	247	-28
Other comprehensive income for the period, net of tax	1,466	247	-28
Total comprehensive income for the period	-9,959	7,818	-9,371

Consolidated statement of financial position in summary

KSEK	2024-03-31	2023-03-31	2023-12-31
ASSETS			
Intangible assets	78,089	59,772	73,639
Tangible assets	4,036	4,165	4,014
Right-to-use assets	47,326	46,660	50,328
Financial fixed assets	1,509	1,178	1,362
Contract assets	47,075	26,757	38,781
Deferred tax asset	8,814	314	4,093
Total non-current assets	186,849	138,845	172,217
Accounts receivables	20,708	61,629	38,675
Tax receivables	9,769	7,337	8,379
Contract assets	100,074	53,302	93,211
Other current receivables	13,903	8,925	11,731
Cash and cash equivalents	37,545	123,907	62,227
Total current assets	181,999	255,099	214,222
Total assets	368,849	393,944	386,440

KSEK	2024-03-31	2023-03-31	2023-12-31
EQUITY AND LIABILITIES			
Equity			
<i>Equity attributable to the parent company's shareholders</i>	224,538	239,574	226,501
Total equity	224,538	239,574	226,501
Interest-bearing non-current liabilities	530	4,500	1,985
Non-current lease liabilities	27,184	28,452	29,801
Deferred tax liability	16,086	14,245	15,170
Other non-current liabilities	837	856	497
Total non-current liabilities	44,637	48,054	47,453
Interest-bearing current liabilities	3,970	21,962	10,401
Current lease liabilities	19,132	14,481	19,402
Accounts payables	10,906	8,919	10,815
Tax liabilities	1,731	3,786	694
Contract liabilities	28,470	20,076	28,291
Other current liabilities	35,463	37,094	42,882
Total current liabilities	99,674	106,317	112,486
Total equity and liabilities	368,849	393,944	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	-	-	-	-11,425	-11,425
Other comprehensive income	-	-	1,466	-	1,466
Total other comprehensive income	0	0	1,466	-11,425	-9,960
Transaction with owners					
New share issues	11	7,986	-	-	7,997
Total transaction with owners	11	7,986	0	0	7,997
Closing balance 31 March 2024	610	163,135	4,282	56,512	224,538

Consolidated cash flow statement

KSEK	2024 Q1	2023 Q1	2023 Q1-Q4
Cash flow from operating activities			
Operating income	-16,091	11,301	-5,902
Adjustment for non-cash items	9,253	7,768	36,676
Financial items	2,009	-687	-2,619
Income tax paid	-1,363	-1,544	-6,702
Cash flow from operating activities, before changes in working capital	-6,192	16,838	21,453
Change in working capital	-4,914	-25,168	-39,199
Cash flow from operating activities	-11,106	-8,330	-17,746
Cash flow from investing activities			
Acquisition of intangible assets	-10,063	-8,115	-36,085
Acquisition of tangible assets	-212	-175	-990
Acquisition of financial assets	-68	-	-370
Repayment of deposits	-	-150	-
Cash flow from investing activities	-10,343	-8,439	-37,445

KSEK	2024 Q1	2023 Q1	2023 Q1-Q4
Cash flow from financing activities			
New share issues	7,997	-	3,377
Warrant premiums	-	-	739
Repayment of interest bearing debts	-7,886	-1,455	-15,531
Cash payments for principal portion of the lease liability	-4,873	-4,349	-17,669
Other	-	-321	-
Cash flow from financing activities	-4,762	-6,126	-29,084
Cash flow for the period	-26,211	-22,895	-84,275
Change in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year	62,227	146,805	146,805
Exchange rate differences in cash and cash equivalents	1,530	-3	-303
Cash and cash equivalents at the end of the year	37,546	123,906	62,227

Parent company income statement

KSEK	2024 Q1	2023 Q1	2023 Q1-Q4
Operating revenue			
Net sales	34,559	57,130	187,246
Other revenue	8	1	7
Total revenue	34,567	57,132	187,253
Operating expenses			
Other external costs	-24,335	-21,478	-91,744
Personnel costs	-32,666	-30,972	-124,924
Other operating expenses	-57	-	-
Total operating expenses	-57,058	-52,450	-216,668
Operating income before depreciation and amortization	-22,491	4,681	-29,415
Depreciation and amortization	-131	-95	-455
Operating income	-22,622	4,587	-29,870
Financial income and expenses	3,686	-26	1,077
Income after financial items	-18,937	4,561	-28,793
Appropriations	-	-1,800	9,120
Income before tax	-18,937	2,761	-19,673
Taxes	3,853	-620	3,661
Net income for the period	-15,083	2,141	-16,012

Parent company balance statement

KSEK	2024-03-31	2023-03-31	2023-12-31
ASSETS			
Fixed assets			
<i>Tangible assets</i>			
Machinery and equipment	1,856	1,581	1,775
Total tangible fixed assets	1,856	1,581	1,775
<i>Financial fixed assets</i>			
Shares in subsidiaries	21,680	21,560	21,680
Deferred tax asset	7,530	-	3,676
Total financial fixed assets	29,210	21,560	25,357
Total non-current assets	31,066	23,141	27,132
<i>Current assets</i>			
Current intercompany receivables	136,224	117,855	129,771
Other current receivables	5,330	2,732	6,301
Accrued income and prepaid expenses	10,155	10,525	7,455
Cash and cash equivalents	2,360	71,022	34,543
Total current assets	154,069	202,135	178,070
Total assets	185,134	225,275	205,202

KSEK	2024-03-31	2023-03-31	2023-12-31
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	610	594	598
Total restricted equity	610	594	598
<i>Unrestricted equity</i>			
Additional paid in capital	163,135	151,038	155,149
Profit/loss brought forward	9,618	25,630	25,630
Net income for the period	-15,083	2,141	-16,012
Total unrestricted equity	157,670	178,809	164,767
Total equity	158,279	179,403	165,366
Untaxed reserves	-	9,380	-
<i>Other non-current liabilities</i>			
Total non-current liabilities	0	0	0
<i>Current liabilities</i>			
Accounts payables	7,145	5,514	7,606
Current intercompany liabilities	-	2,718	14,473
Current tax liabilities	-	2,409	-
Other current liabilities	8,835	15,653	8,713
Accrued expenses and prepaid income	10,875	10,198	9,044
Total current liabilities	26,855	36,493	39,836
Total equity and liabilities	185,134	225,275	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 31 March 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
Q1 2024							
Software	15,144	18,860	8,611	42,615	-	-	42,615
Software-related services	665	16,181	1,169	18,015	-	-	18,015
Expert services	13,793	1,289	-	15,082	-	-	15,082
Revenue from contracts with customers	29,603	36,329	9,780	75,712	0	0	75,712
Other revenue	2	951	221	1,174	-18	-	1,156
Internal revenue	539	4,937	6,930	12,406	4,694	-17,099	0
Total revenue	30,144	42,217	16,930	89,292	4,676	-17,099	76,868
Personnel costs	-16,108	-18,764	-12,110	-46,983	-22,557	-	-69,540
Other external costs	-2,496	-5,771	-4,109	-12,377	-16	-	-12,393
Internal costs	-1,802	-1,436	-656	-3,894	-13,206	17,099	0
Total cost	-20,407	-25,971	-16,875	-63,253	-35,779	17,099	-81,933
EBITDA	9,738	16,246	55	26,039	-31,103	0	-5,065
Amortization	-	-	-	0	-5,613	-	-5,613
Depreciation	-	-	-	0	-5,413	-	-5,413
Financial income	-	-	-	0	5,431	-	5,431
Financial expenses	-	-	-	0	-3,422	-	-3,422
Income before tax	9,738	16,246	55	26,039	-40,120	0	-14,082
Items affecting comparability	-	-	-	0	-	-	0
Adjusted EBT	9,738	16,246	55	26,039	-40,120	0	-14,082

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	0	0	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	-	-	-	0	-3,434	-	-3,434
Depreciation	-	-	-	0	-4,793	-	-4,793
Financial income	-	-	-	0	2,755	-	2,755
Financial expenses	-	-	-	0	-3,901	-	-3,901
Income before tax	7,824	7,299	35,957	51,079	-40,924	0	10,156
Items affecting comparability	-	-	0	0	-	-	0
Adjusted EBT	7,824	7,299	35,957	51,079	-40,924	0	10,156

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 Q1	2023 Q1
Software	42,615	55,767
Software-related services	18,015	16,971
Expert services	15,082	17,158
Net sales	75,712	89,897

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 Q1	2023 Q1
Defence	54,657	59,880
Public	10,184	18,668
Corporate	10,870	11,348
Net sales	75,712	89,897

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 Q1	2023 Q1
Defence	10,716	3,379
Public	9,605	17,137
Corporate	9,282	6,873
Nordics	29,603	27,389
International	36,329	20,959
Defence	34,349	14,952
Public	579	1,531
Corporate	1,401	4,476
North America	9,780	41,549
Defence	9,593	41,549
Public	-	-
Corporate	187	-
Net sales	75,712	89,897

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 Q1	2023 Q1
Software	42,615	55,767
Software-related services	18,015	16,971
Expert services	15,082	17,158
Net sales	75,712	89,897
Net sales growth (%)	-16%	18%
FX adjusted organic net sales growth (%)	-17%	13%

The currency translation effect on net sales growth during the quarter amounted to 2% (6%).

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 Q1 RTM	2023 Q1 RTM
Software	197,296	220,168
Software-related services	59,303	58,442
Expert services	61,317	66,529
Net sales RTM	317,916	345,139
Net sales RTM growth (%)	-8%	15%
FX adjusted organic net sales growth RTM (%)	-10%	7%
Software as a percentage of net sales RTM (%)	62%	64%

The currency translation effect on net sales during the last twelve months amounted to 2% (8%).

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 Q1	2023 Q1
Software	42,615	55,767
Software-related services	18,015	16,971
Expert services	15,082	17,158
Net sales	75,712	89,897
Software as a percentage of net sales (%)	56%	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	2024 Q1	2023 Q1
Software	24,395	14,978
Software-related services	12,973	10,817
Recurring revenue	37,369	25,795

Recurring revenue growth (%)	45%	43%
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TKR	2024 Q1	2023 Q1
Recurring revenue	37,369	25,795
Net sales	75,712	89,897
Recurring revenue, as percentage of net sales (%)	49%	29%

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 Q1	2023 Q1
Software	85,188	72,660
Software-related services	35,553	35,536
Annual recurring revenue	120,741	108,196

Annual recurring revenue growth (%)	12%	11%
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EBITDA

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

KSEK	2024 Q1	2023 Q1
Operating income	-16,091	11,301
Depreciation	5,413	4,793
Amortization	5,613	3,434
EBITDA	-5,065	19,528

Net sales	75,712	89,897
EBITDA (%)	-7%	22%

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 Q1	2023 Q1
Operating income	-16,091	11,301
EBIT	-16,091	11,301

Net sales	75,712	89,897
EBIT (%)	-21%	13%

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 Q1	2023 Q1
Expenses related to public listing	-	-
Items affecting comparability	0	0

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 Q1	2023 Q1
EBITDA	-5,065	19,528
Items affecting comparability	-	-
Adjusted EBITDA	-5,065	19,528
Net sales	75,712	89,897
Adjusted EBITDA (%)	-7%	22%

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 Q1 RTM	2023 Q1 RTM
EBITDA RTM	7,037	66,727
Items affecting comparability RTM	589	10,046
Adjusted EBITDA RTM	7,626	76,773
Net sales RTM	317,916	345,139
Adjusted EBITDA RTM (%)	2%	22%

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 Q1	2023 Q1
EBIT	-16,091	11,301
Items affecting comparability	-	-
Adjusted EBIT	-16,091	11,301
Net sales	75,712	89,897
Adjusted EBIT (%)	-21%	13%

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 Q1 RTM	2023 Q1 RTM
EBIT RTM	-33,294	36,815
Items affecting comparability RTM	589	10,046
Adjusted EBIT RTM	-32,705	46,861
Net sales RTM	317,916	345,139
Adjusted EBIT RTM (%)	-10%	14%

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	2024-03-31	2023-03-31	2023-12-31
Current assets excl cash and cash equivalents	129,899	131,193	151,996
Current liabilities excl interest-bearing items	76,571	69,874	82,683
Net working capital	53,328	61,319	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	2024-03-31	2023-03-31	2023-12-31
Interest-bearing non-current liabilities	27,714	32,952	31,786
Interest-bearing current liabilities	23,102	36,443	29,803
Cash and cash equivalents	37,545	123,907	62,227
Net debt	13,271	-54,512	-637
Adjusted EBITDA RTM	7,626	76,773	32,218
Net debt ratio	1.74	-0.71	-0.02

Earnings per share

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

	2024 Q1	2023 Q1
Weighted average number of shares	34,587,142	33,919,142
Dilution effect after dilutive shares	1,610,000	2,310,000
Weighted average number of shares after dilution	36,197,142	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 Q1	2023 Q1
Net income for the period (KSEK)	-11,425	7,571
Income attributable to Parent company's shareholders (KSEK)	-11,425	7,571
Weighted average number of shares	34,587,142	33,919,142
Earnings per share before dilution (SEK)	-0.33	0.22
Weighted average number of shares after dilution	36,197,142	36,229,142
Earnings per share after dilution (SEK)	-0.33	0.21

Selected historical financials per quarter and year

	2024 Q1	2023 Q4	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2023 YTD	2022 YTD	2021 YTD
Net sales (MSEK)	75.7	107.7	49.1	85.4	89.9	91.0	81.0	83.3	76.0	332.1	331.3	261.2
Net sales growth (%)	-16%	18%	-39%	3%	18%	-7%	30%	29%	110%	0%	27%	41%
FX adjusted organic net sales growth (%)	-17%	18%	-41%	-1%	13%	-13%	16%	22%	97%	-3%	18%	44%
Software revenue (MSEK)	42.6	72.2	26.2	56.3	55.8	54.3	58.7	51.4	47.2	210.4	211.6	159.5
Software as a percentage of net sales (%)	56%	67%	53%	66%	62%	60%	72%	62%	62%	63%	64%	61%
Recurring revenue (MSEK)	37.4	47.5	28.4	39.5	25.8	41.7	24.7	29.7	18.0	141.2	114.0	107.9
Annual recurring revenue (MSEK)	120.7	119.1	110.5	109.8	108.2	107.2	99.8	100.2	97.2	119.1	107.2	106.6
Annual recurring revenue - Software (MSEK)	85.2	82.9	75.0	73.4	72.7	70.5	63.2	63.3	60.9	82.9	70.5	60.7
Annual recurring revenue - Software-related services (MSEK)	35.6	36.2	35.5	36.4	35.5	36.8	36.5	36.8	36.3	36.2	36.8	45.9
EBITDA (MSEK)	-5.1	26.9	-24.5	9.7	19.5	17.5	19.4	10.4	10.8	31.6	58.0	73.2
EBITDA margin (%)	-7%	25%	-50%	11%	22%	19%	24%	12%	14%	10%	18%	28%
EBIT (MSEK)	-16.1	16.6	-34.3	0.5	11.3	9.7	13.1	2.7	3.1	-5.9	28.6	47.1
EBIT margin (%)	-21%	15%	-70%	1%	13%	11%	16%	3%	4%	-2%	9%	18%
Items affecting comparability (MSEK)	-	-	0.1	0.5	-	-	0.5	9.6	5.2	0.6	15.3	2.5
Adjusted EBITDA (MSEK)	-5.1	26.9	-24.4	10.2	19.5	17.5	19.8	20.0	16.0	32.2	73.3	75.7
Adjusted EBITDA margin (%)	-7%	25%	-50%	12%	22%	19%	24%	24%	21%	10%	22%	29%
Adjusted EBIT (MSEK)	-16.1	16.6	-34.2	1.0	11.3	9.7	13.6	12.3	8.3	-5.3	43.9	49.6
Adjusted EBIT margin (%)	-21%	15%	-70%	1%	13%	11%	17%	15%	11%	-2%	13%	19%
Net income for the period (MSEK)	-11.4	16.2	-34.2	1.0	7.6	5.2	13.3	5.0	2.8	-9.3	26.3	39.0
Earnings per share before dilution (SEK)	-0.33	0.48	-0.94	0.03	0.22	0.16	0.40	0.16	0.09	-0.27	0.79	1.26
Earnings per share after dilution (SEK)	-0.33	0.46	-0.94	0.03	0.21	0.15	0.38	0.15	0.08	-0.27	0.74	1.17
Net working capital (MSEK)	53.3	69.3	62.0	69.6	61.3	37.7	60.8	20.3	18.6	69.3	37.7	21.4
Net debt (MSEK)	13.3	-0.6	-1.1	-44.1	-54.5	-76.3	-68.3	-99.3	-11.9	-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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