

COMPANY ANNOUNCEMENT NO. 05/2025

cBrain aims to create and lead two new global solution niches

Copenhagen, April 29, 2025

The faster-than-anticipated shift in the government IT market toward COTS government software presents new strategic opportunities for cBrain. As a result, cBrain (NASDAQ: CBRAIN) has announced to adjust its growth strategy during the first half of 2025 to capitalize on these market changes.

Consequently, the growth strategy is extended by adding a focus on two market niches with global potential. Utilizing a strong financial position, cBrain is now building two new units, dedicated to achieving global leadership in two global solution areas, referred to as Paperless Ministry and Environmental Permitting.

Solid development in Denmark and internationally

cBrain has entered the year as planned with continued development in Denmark and international markets.

In January, cBrain announced an agreement to deliver the F2 Digital platform for the new Danish Ministry of Resilience and Preparedness. The F2 solution was configured for the ministerial work, ready-to-go-live, in 3 weeks.

In March cBrain announced the successful delivery of the F2 Digital platform for the Danish Energy Agency. F2 has been configured as a grant management solution to support the heat pump subsidy program. At launch the agency said the new solution exceeded all expectations, with almost 70% of all applications being processed fully automatically, and the first 930 citizen applications approved within only minutes of launching the subsidy program.

In Germany, cBrain continues deploying F2 with the agency that administrates public pensions. Several thousand users have gone live during the first months of the year, and cBrain has won a new tender extending the scope of work.

In Romania, cBrain's partner has won a public tender to deliver a new national platform for administrating citizen pensions. F2 is now being configured as the case management and processing kernel, supporting close to 100 different administrative processes and integrating with multiple other systems. cBrain sees the project as a milestone both technically and strategically, demonstrating the power of the F2 Service Builder and the early success of the F2-for-Partner strategy.

Taking leadership within Paperless Ministry and Environmental Permitting

The long-term cBrain growth strategy is founded on a vision and a business case to provide standard software for government. Working in close collaboration with Danish government for 15 years, cBrain has invested more than 450,000 hours in developing the F2 platform.

Today, almost all Danish ministries, and more than 75 Danish authorities in total, use F2 as their digital platform. Internationally, cBrain has delivered F2 to government organizations across five continents. With Denmark ranked number one in the United Nations E-Government Survey for the past eight years, this offers cBrain a strong first-mover advantage and a solid reference position.

Leveraging the F2 software platform, cBrain is executing an ambitious international growth plan with the aim of becoming a global leader in the fast emerging market for Commercial Off-The-Shelf (COTS) software built for government.

With the 2024 Annual Report, cBrain stated that the transition from custom-built IT solutions to standardized platforms seems to emerge faster than anticipated. This assumption seems to be continuously validated throughout the spring. An increasing number of competitors are repositioning themselves as COTS suppliers, and the White House issued an executive order in April directing the

administration to prioritize the procurement of commercial off-the-shelf solutions rather than procuring custom products and developing systems.

The faster-than-anticipated shift in the government IT market toward COTS government software presents new strategic opportunities for cBrain. As a result, cBrain has announced an adjustment to its growth strategy during the first half of 2025 to capitalize on these market changes.

The core of cBrain's growth strategy is built on serving large government clients, securing steady, sustainable growth through long-term software subscriptions, and accelerating international growth through the F2-for-Partners concept.

The growth strategy is now being extended by adding a focus on two market niches with global potential. Utilizing a strong financial position, cBrain is now building two new units, dedicated to achieving global leadership in two global solution areas, referred to as Paperless Ministry and Environmental Permitting.

The F2 Paperless Ministry Solution

cBrain has built a strong home market position in Denmark. This position has been achieved by taking leadership as the supplier of the F2 Paperless Ministry solution, which today is the digital platform for almost all Danish ministries.

In the autumn 2024 the Danish government announced 3 new ministries, and in January cBrain announced that all 3 new ministries have now chosen F2 as their digital platform. The F2 ministry solution was installed and configured, ready to go live within only 3 weeks. The new ministerial projects demonstrate the power of Commercial Off-The-Shelf (COTS) for government solutions and consolidate cBrain's unique position in the Danish market.

Building from the paperless ministry leadership position, cBrain has successfully been able to expand outside the ministerial solution niche into the broad Danish government market. Today serving more than 75 Danish government organizations with a large catalog of citizen-facing solutions, from tax solutions and auditing to grants management, inspections, licensing, and family affairs.

A key pillar of the expanded growth strategy is to replicate the Danish success by establishing bridgeheads in new international markets, based on a focused, vertical go-to-market approach centered around the Paperless Ministry offering. The ultimate goal is to achieve global niche leadership, thereby securing a strong foundation for future growth.

cBrain is currently testing and validating the new strategic Paperless Ministry initiative, with market initiatives in Europe and Africa.

In Europe, cBrain is still working to establish contacts with ministries in selected countries. In Africa, the initial market activities have led to a pilot project, where the Danish Paperless Ministry solution was configured and made ready to go live for a Kenyan ministry in just 10 weeks.

cBrain is now developing a go-to-market plan for the African region, working closely with Danish embassies in Africa and aligning with the UNDP Digital Offer for Africa strategy. This builds on the partnership with UNDP announced in November 2024. cBrain sees the African Paperless Ministry solution, leveraging Danish government experience, as a unique tool to help African governments achieve fast digital transformation.

Environmental Permitting

As a second pillar of its expanded growth strategy, and in parallel with the Paperless Ministry initiative, cBrain has launched an ambitious initiative to position the F2 Environmental Permitting solution as a strategic niche offering, aiming to take a leading international market position.

The importance of environmental assessment and permitting is growing worldwide. Government review and permitting processes are required for many infrastructure projects, including roads, bridges, mines, factories, and power plants. In April 2025, the White House issued an executive order stating that executive departments and agencies shall make maximum use of technology in environmental review and permitting processes for infrastructure projects of all kinds.

In close collaboration with the Danish Environmental Protection Agency (EPA), cBrain has developed an F2 based Environmental Permitting solution that eliminates the use of paper-based applications and accelerates case processing time and quality.

In July 2024, the White House Council on Environmental Quality (CEQ) issued a report to Congress that assesses and recommends technologies to improve environmental reviews and permitting processes. In this report, the cBrain F2 Platform is highlighted as a successful process and AI tool for environmental permitting.

cBrain therefore views environmental permitting as a potential niche entry point into the U.S. market, at both the federal and state levels, supporting its decision to invest in this area as the second pillar of its expanded growth strategy.

cBrain maintains its financial guidance for 2025

cBrain has provided financial guidance for the year, with an expected revenue growth of 10-15% and EBT (Earnings Before Tax) of 18-23%. cBrain maintains its financial guidance for 2025.

The allocation of leadership and delivery resources to support the new niche initiatives may temporarily slow current activities. However, the expanded growth strategy is expected to drive new business and accelerate overall growth over time. Depending on the pace of success, executing the expanded growth strategy therefore introduces uncertainty to the 2025 revenue outlook, both on the upside and downside.

In the 2025 budget cBrain has allocated extra one-time costs to market expansion of approximately 4 million Euro to support the revised strategy. These costs are fully included in the financial outlook for 2025 but are conditional on the validation to ensure disciplined growth.

Best regards

Per Tejs Knudsen, CEO

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