Annual Report

2024

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Denmark

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COTS Software Redefines and Accelerates Government Digital Transformation

Driven by expanding partnerships and large contracts globally, cBrain intends to become a leading supplier of COTS (Commercial Off-The-Shelf) software for government.

Content

Management's Review

Letter from the CEO

Solid growth and earnings in 2024

Revenue grew by +12% to DKK 268m in 2024, up from DKK 239m in 2023, aligning with the expected revenue growth range of 12-13%.

Software revenue is 78% of total revenue, while implementation and support services account for 22% of total revenue. Software subscriptions, the majority based on long-term contracts with Danish government customers, account for more than 50 % of the total revenue.

Earnings before tax (EBT) grew to DKK 86m in 2024, up from DKK 81m in 2023, thereby reaching an EBT margin of 32%. EBT is therefore at the expected EBT margin of 30-32%.

Due to faster-than-expected global industry changes as well as market uncertainties in the US and Germany, cBrain has held back some of the planned market investments in 2024. This has resulted in costs being lower than expected.

The results show a strong positive cash flow from operating activities. This enables an increase in dividends and investments in the growth of the company and at the same time reduces long-term loans on cBrain-owned buildings.

cBrain does not have a share buyback program. However, due to solid earnings, cBrain proposes to raise dividends to DKK 0,64 per share (2023: DKK 0,28 per share) corresponding to a payout ratio of approx. 20% of profit for the year.

Executing the growth plan

In 2022, cBrain announced its 2023-2025 growth plan with the goal of consolidating the business model and preparing for long-term growth by positioning itself as a supplier of climate software for government and developing a partner model.

During the past two years, cBrain has executed this plan and during 2023 and 2024, cBrain has grown, initiated partnerships, and delivered solid results, growing revenue by +42% and growing EBT by +76%.

The growth plan assumes that government organizations over time will switch from relying on custom-built solutions and best-of-breed architectures to using standard software. The government IT industry is massive and dominated by large suppliers who benefit from consultancy fees and billable hours. This creates significant entry barriers as the classic vendors defend their business, and the growth plan therefore anticipates a long and slow transition to standard software.

The COTS for government seem to emerge faster than anticipated

Contrary to these assumptions, cBrain now sees indications that industry shifts toward standard software and platforms are occurring faster than anticipated. Fueled by a lack of skilled IT resources and a growing demand for fast delivery, cBrain sees a rapidly emerging IT industry, referred to as Commercial Off-The-Shelf (COTS) for government. For cBrain, this presents new strategic opportunities.

COTS for government, leveraging new technologies and platforms such as the F2 Digital Platform, enables digital transformation at higher speed and lower costs that outperform traditional IT modernization.

For example, cBrain delivered a complete end-to-end digital platform for two new Danish ministries within just three weeks during the autumn of 2024, and in 2025 cBrain has just announced a third new Danish ministry, following a similar fast-track implementation schedule. Traditionally, projects of this nature take years and often fail. The Danish ministerial cases thereby exemplify the power of the COTS for government approach.

cBrain has a first-mover advantage

The long-term cBrain growth strategy is founded on a vision and a business case to provide standard software for government. Over the past 15 years, cBrain has invested more than 450,000 hours in developing the F2 platform. Danish ministries and a total of more than 75 Danish authorities use F2 as their digital platform. Internationally cBrain has delivered F2 for government organizations across five continents.

With a solid first-mover advantage and a strong customer base, cBrain is well-positioned to become a leading international software provider of COTS for government solutions.

During the year 2024, the accelerated market shift and the power of the COTS for government approaches have opened new opportunities for cBrain. This is exemplified by the recent collaboration between cBrain and UNDP in Africa to support the UNDP Digital Offer for Africa strategy, and larger orders in Romania helping to modernize traditional mainframe-type solutions.

Reiterating the international growth strategy

The faster-than-expected market shift, with government looking toward IT modernization and digitization based on the alternative COTS for government approach, clearly represents an incredibly positive development for cBrain.

cBrain wants to fully take advantage of this, and a solid business with strong cash flow and earnings offer strategic flexibility. Consequently, cBrain is now reiterating and potentially adjusting its international growth strategy.

This includes evaluating organizational readiness, as well as market and product development strategies, to leverage and maximize the benefits of accelerated industry changes. With the goal of being an internationally leading vendor in the emerging COTS for government industry, cBrain will execute several changes to the growth plan during the spring of 2025.

Driving international expansion

With the current Danish customer base, cBrain has a strong home market position. Internationally this is an important reference position, and cBrain intends to maintain and develop a strong position on the Danish market.

However, to be a leader in the COTS for government industry and fully deploy the potential of the new emerging industry, cBrain will direct more resources into its international business.

cBrain has built its international business based on organic growth, building the business by addressing international customers directly or in collaboration with local partners. This strategy is maintained, but with an increased focus on working with international partners.

As of today, over one-third of the total revenue is export. cBrain is currently reiterating and potentially adjusting its international growth strategy with a goal, that within a few years, the international revenue will be significantly larger than the Danish revenue.

Lifting the business

During the past two years, cBrain has built a pipeline of potential customers, which are significantly larger than the average Danish customer. This includes projects in Germany and the US, as well as projects in the Emirates, India, Kenya, and Romania.

For cBrain to be a leader in the COTS for government industry, it is key to building an international business. Backed by a solid financial position, cBrain is therefore shifting a focus to international opportunities. This shift involves changes across the cBrain internal organization, from marketing and sales to delivery and R&D.

cBrain announced the growth plan in 2022 with an ambition to reach a revenue of 350 million in the year 2025. cBrain continues to execute its growth plan. However, reaching the revenue ambition requires winning and delivering some of the large international contracts cBrain is currently working on.

cBrain guides continued growth in revenue and solid earnings for 2025

With limited visibility, cBrain forecasts expected revenue growth in 2025 of 10-15% and earnings before tax (EBT) of 18-23%.

The earnings forecast is based on solid market development investments into international growth, across the African region, USA, Germany, and India, as well as investments into developing the F2-for-Partners concept.

Per Tejs Knudsen
CEO

Five-year Summary

T.DKK	**2024**	2023	2022	2021	2020
INCOME STATEMENT					
Revenue	267.781	239.182	187.924	154.662	120.120
Depreciation and amortization	-24.756	-21.165	-18.853	-19.444	-16.360
Operating profit (EBIT)	88.342	85.405	49.379	38.714	20.793
Financial items, net	-2.338	-4.051	-451	275	-696
Earnings before tax (EBT)	86.004	81.354	48.928	38.989	20.097
Profit for the period	64.815	63.178	38.383	31.006	15.537
FINANCIAL POSITION					
Cash and cash equivalents	22.256	9.234	2.225	72.181	50.792
Trade receivables	46.962	43.801	40.516	27.576	39.597
Total assets	392.376	340.857	322.693	215.851	155.100
Total equity	288.517	229.180	169.502	134.877	105.927
CASH FLOWS					
Cash flow from operating activities	67.924	86.297	62.312	50.231	43.754
Cash flow from investing activities	-47.434	-27.107	-226.443	-20.447	-18.123
Investments in PPE	-24.598	-703	-205.494	-957	0
Cash flow from financing activities	-7.468	-52.181	94.175	-8.396	-5.999

Definitions of financial ratios are set out in note 31 to the Consolidated Financial Statements.
Amounts are presented in European format.

Five-year Summary

T.DKK	2024	2023	2022	2021	2020
FINANCIAL RATIOS					
Revenue growth rate	12%	27%	22%	29%	25%
Profit margin (EBIT)	33%	36%	26%	25%	17%
Return on investment (ROI)	22%	24%	15%	18%	13%
EBT margin	32%	34%	26%	25%	17%
Liquidity ratio	208%	125%	104%	303%	294%
Solvency ratio	74%	67%	53%	62%	68%
Return on equity	25%	32%	25%	26%	16%
STOCK MARKET RATIOS					
Number of shares 1.000 pcs.	20.000	20.000	20.000	20.000	20.000
Book Value per Share (BVPS)	14,43	11,46	8,48	6,74	5,30
Basic EPS	3,24	3,16	1,92	1,55	0,78
Diluted EPS (DEPS)	3,24	3,16	1,92	1,55	0,78
ENVIRONMENTAL AND SOCIAL DATA					
Average number of employees (FTEs)	189	167	152	137	117
Gender diversity, all employees	40%	43%	43%	44%	40%
Scope 1 & 2 CO2e emissions (tons)	13	25	99	65	56

Definitions of financial ratios are set out in note 31 to the Consolidated Financial Statements.
Amounts are presented in European format.

REVENUE (DKK)	REVENUE GROWTH	EBT MARGIN	Share of revenue SOFTWARE SALES	Share of revenue INTERNATIONAL SALES
268m	12%	32%	78%	34%

Financial Results

Revenue

Total revenue increased by DKK 29m (+12%) to DKK 268m in 2024, driven by increased sales in Denmark and internationally, from DKK 239m total revenue in 2023.

Software sales increased DKK 20m or (+11%) from DKK 189m in 2023 to DKK 210m in 2024, constituting 78% of the total revenue.

Sales of services increased by DKK 8m (+16%) from DKK 50m in 2023 to DKK 58m in 2024.

International sales increased by DKK 6m (+7%) from DKK 84m in 2023 to DKK 90m in 2024, presently representing 34% of the total revenue.

For further details on cBrain's revenue segment information, see notes 3 and 4 consolidated financial statements.

Costs and capitalization

cBrain's costs are primarily staff costs (wages and salaries), business development, travel, and office expenditures including depreciation.

The increase in expenses from DKK 158m in 2023 to DKK 182m in 2024 is primarily attributed to the growth in employees and business development, due to investments in international expansion.

cBrain's intangible assets comprise capitalized development costs relating to the development of F2 standard software. In 2024, DKK 23m was capitalized as software under development.

Earnings Before Tax (EBT)

Earnings before taxes (EBT) increased by 5m (+6%) from DKK 81m in 2023 to DKK 86m in 2024. The EBT margin is 32% in 2024 compared to 34% in 2023.

Taxes

Income taxes of DKK 21m consist of the current tax on profits for the year, DKK 19m, and an adjustment for deferred tax of DKK +1m. Additionally, an adjustment for the prior year is DKK 2m. Thus, the effective tax rate for the year is 24%.

Intangible assets

In November 2024, F2 Version 12 was released, resulting in the transfer of DKK 23m from software under development to released software which is amortized over 5 years. In 2024 released software of DKK 20m was depreciated. For more detailed information and risk descriptions, please see notes 2 and 13 in the notes to consolidated financial statements.

Property, Plants, and Equipment (PPE)

The total amount for property, plant, and equipment stated in the consolidated financial statements is DKK 231m of which the headquarters in Copenhagen, Utzon House, has a carrying amount of DKK 192m.

The Utzon House is held by the 100% owned subsidiary cProperty ApS with cBrain A/S as the tenant and therefore the lease agreement is reflected in the parent company's balance sheet in accordance with accounting practice with a carrying amount of DKK 50m corresponding to 10 years of discounted lease payments. The agreement can be terminated earliest after 5 years.

In 2024 cBrain invested DKK 24m in facilities in Nordhavn, Denmark.

Liquidity and Capital Resources

cBrain is confident that its cash and cash equivalents, amounting to DKK 22m at the end of the year 2024, together with trade receivables totaling DKK 47m, and cash generated by ongoing operations will adequately cover its cash requirements for the next 12 months and beyond.

Debt and Interest Rate Risk

At the end of 2024, cBrain held outstanding 18-year variable-rate mortgage loans (borrowings), with rate-fixing every 6 months, totaling DKK 49m. Repayments of DKK 2m are scheduled within the next 12 months.

Management routinely assesses its exposure to interest rate fluctuations. A change in interest rates over the next 12 months is not anticipated to impact the financial statements notably.

cBrain has opted not to fix the interest rate, as the associated cost is estimated to be higher than the anticipated expenses attributed to forecasted increased interest rates.

Shareholders' Equity

Total equity has increased by DKK 59m and amounts to DKK 289m as of December 31, 2024.

cBrain did not repurchase any ordinary shares during the year. However, the Annual General Meeting authorizes management to repurchase up to 10% of its share capital.

Dividend

The Board of Directors proposes a dividend of DKK 0,64 per share for 2024, equivalent to a total dividend payment of DKK 13m to the shareholders (2023: 0,28 per share, equivalent to a total dividend of DKK 6m).

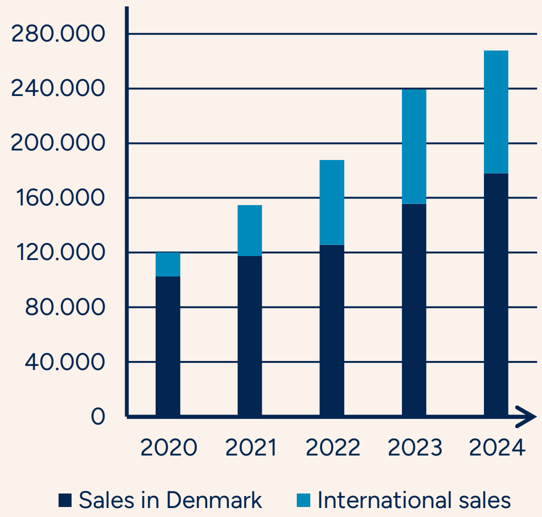
Cash flows

Cash flow from operating activities in 2024 is DKK 68m (2023: DKK 86m). The difference is attributable to a higher payment of advance taxes in 2024 to minimize interest expenses on payable tax.

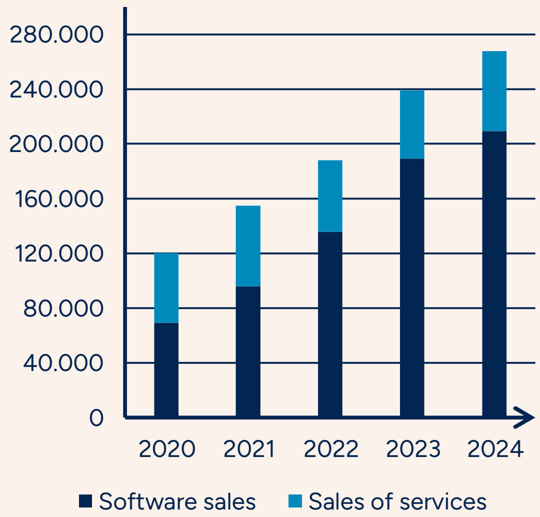
Cash flow from investing activities is DKK -47m (2023: DKK -27m), consisting of investments in F2 software development projects and fixed assets related to office buildings. In 2024, development projects amounting to DKK -23m were capitalized in 2024 (2023: DKK -26m). Additionally, DKK -24m was invested in office buildings, and DKK 1m capitalized IT hardware (2023: DKK -1m).

Cash flow from financing activities amounts to DKK -7m (2023: DKK -52 million), comprising dividends paid of DKK -5 million (2023: DKK -4 million) and repayment of borrowings of DKK -2m (2023: DKK -48m).

REVENUE split by
Sales in Denmark and International



REVENUE split by
Software and Sales of Services




F2

Our Business

Market and Value Proposition

Driven by expanding partnerships and large contracts globally, cBrain intends to become a leading supplier of COTS software for government

Commercial Off-The-Shelf (COTS) software for government redefines and accelerates government digital transformation

cBrain has developed F2, a highly flexible digital platform that can easily be configured to support all government work processes, communication, and case and document management.

Software for government digitization is one of the largest markets globally. Currently, this market is dominated by major suppliers who provide custom-built solutions by integrating best-of-breed software modules and components. However, many of these projects encounter significant challenges, often resulting in delays and budget overruns due to the complexity of implementing best-of-breed solutions.

cBrain is challenging the traditional government IT approach by offering standard software, commonly known as COTS software. Unlike custom-built, best-of-breed solutions, COTS for government offers substantial advantages to customers in terms of quality, delivery speed, and reduced implementation and maintenance costs.

Historically, government organizations worldwide have been reluctant to incorporate standard software into their digitization strategies. This hesitation often stems from internal IT departments and procurement processes that are structured to work with custom-built, best-of-breed solutions. However, several government agencies, including leading Danish government institutions, have recently started to adopt COTS, recognizing the benefits of standardized software.

cBrain sees indications that industry shifts toward standard software and platforms are occurring faster than anticipated. Fueled by a lack of skilled IT resources and a growing demand for fast delivery, cBrain sees a rapidly emerging IT industry, referred to as COTS for government. For cBrain, this presents new strategic opportunities.

The faster-than-expected market shift, with government looking toward IT modernization and digitization based on the alternative COTS for government approach, clearly represents an incredibly positive development for cBrain.

cBrain wants to fully take advantage of this, and the solid business with strong cash flow and earnings offer strategic flexibility. Consequently, cBrain has decided to revisit and potentially adjust its international growth strategy. This includes evaluating organizational readiness and market and product development strategies to leverage and make the most of the accelerated industry changes.

cBrain expects that the transition to COTS for Government will significantly reduce the need for IT consulting services, prompting a significant shift in the global government IT industry.

The F2 digital platform is a proven solution based on a model for digital bureaucracy and best practices, which have been developed in close collaboration with the Danish government. Currently, more than 75 Danish government entities, including 21 Danish ministries, use F2 as their digital platform. Additionally, F2 has been successfully implemented for government usage across 5 continents, including Egypt, France, Germany, Ghana, Guyana, Kenya, Nigeria, Romania, Thailand, Ukraine, the United Arab Emirates, the UK, and the USA.

The adoption of COTS for government software represents a disruptive and game-changing approach. It challenges the business model in traditional IT consulting industries that have relied on extensive projects, hourly billing practices, and branding solutions for specific customers as standard products.

By challenging one of the largest industries, cBrain faces a significant business opportunity. cBrain is capitalizing on this opportunity and is executing an ambitious international growth plan. Key elements of the growth plan include investing in F2 Climate Software, which serves as a door opener and accelerator for international sales and investing in the F2-for-Partners concept, which allows cBrain to scale its business further.

The F2-for-Partners concept enables a new type of partners

While governments worldwide increase their investments in digital transformation, the shortage of skilled IT professionals is often cited as a key factor in delays or failures in IT modernization projects.

COTS for government and tools like F2 and the F2 Service Builder enable users without a technical background to manage much of the IT work, thereby reducing the demand for skilled IT resources. This makes COTS for government an industry game-changing technology. By democratizing IT modernization and reducing the demand for skilled IT resources, it lowers costs and accelerates digital transformation.

Democratizing IT modernization is a core element and a significant value differentiator for the F2-for-Partners strategy. By enabling users with limited technical backgrounds to participate in digital transformation, F2 not only empowers customers but also new types of partners who focus on transformation services.

By heavily reducing reliance on skilled IT resources and offering best practice experience as an integral part of the configuration tools, the F2 Service Builder enables a new type of partner who offers specialized government transformation services, from advice to delivery, based on government domain expertise and without the burden of IT development.

Consequently, the F2-for-Partners strategy, fueled by the F2 Service Builder, not only enhances the agility of government agencies and speeds up transformation but also allows cBrain to scale its operations without proportionally increasing its internal resources.

Democratizing IT Modernization

While governments worldwide increase their investments in digital transformation and the IT industry expands to meet the demand, the shortage of skilled IT professionals is often cited as a key factor in delays or failures in IT modernization projects.

The emergence of COTS for government addresses the labor gap. Standard software and tools like F2 and the F2 Service Builder enable users without a technical background to manage much of the IT work, thereby reducing the demand for skilled IT resources.

This makes COTS a game-changing technology for government and the industry. By democratizing IT modernization and reducing the demand for skilled IT resources, COTS for government simultaneously lowers costs and accelerates successful digital transformation, thereby becoming a key enabler for government transformation.

Transforming government through digitizing represents a huge opportunity

Industry analysts estimate that by digitizing processes based on best practices and aligning the organization, governments can enhance services and improve citizens' quality of life while generating savings of over $1 trillion annually worldwide[1]In parallel, government digitization is fundamental to achieving the 17 United Nations Sustainable Development Goals (SDGs) and is a key tool for combating climate change.

Governments worldwide are, therefore, investing heavily in digitizing, making government digitizing one of the largest industries globally. However, government organizations often struggle to translate ambitious digitizing plans into deliverables and measurable results. This is primarily due to the traditional digitizing approach, which relies on custom-built solutions and software components, leading to large IT projects and budget overruns.

Based on the F2 digital platform, cBrain radically transforms this landscape. By leveraging the F2 standard software and best practices developed through close collaboration with the Danish government, cBrain offers government fast digital transformation at scale while effectively sidestepping the pitfalls of large-scale IT projects and budget overruns.

At the core of digital transformation projects usually lie three fundamental elements: process innovation, organizational implementation, and delivering a new IT system.

[1] *McKinsey & Company. Transforming Government Through Digitization.*

However, many projects encounter major impediments related to the delivery of a new IT system. Projects based on custom-built, or a best-of-breed approach are usually delayed and often the IT-related work drains the majority of project time and resources and deviates management focus. It leaves insufficient capacity for crucial process innovation and organizational efforts.

In contrast, leveraging standard software built for government eliminates a large portion of the IT-related work, and the transformation process gains momentum, accompanied by substantial reductions in costs and risks. As a result, ample time and resources are liberated, empowering government organizations to prioritize process innovation and organizational enhancements, while successfully transforming and meeting their strategic business goals.

Minimizing the IT work frees resources for process innovation. and organizational development

When undertaking digital transformation projects based on custom-built software or a best-of-breed approach, the major portion of project hours is allocated to IT development and integration. This focus on IT development often becomes a hindrance to digital transformation, as process innovation, organizational change, and implementation are given lower priorities and inadequate resources.

The switch to digital transformation, based on standard platforms built for government, drastically reduces risk, complexity, and the hours spent on IT development. Where the traditional approach can take years to design and deliver, while standard software can be configured and deployed as a ready-to-use solution within weeks or a few months.

The adoption of standard software thereby changes the industry. It not only accelerates the speed of digital transformation but also enhances system quality while significantly reducing costs. Moreover, it empowers organizations to focus on the actual benefits of digitalization, driven through process innovation and organizational change.

Configurable standard software enables continued digital transformation

Custom-built solutions are born legacy. Custom-built solutions are by nature hardcoded, and they normally dictate large-scale organizational implementation projects, thereby leaving minimal room for learning and subsequent adjustments. In contrast, modern standard software, represented by F2, is remarkably flexible and can be readily re-configured, continuously adapting to changing user requirements, organizational development, and process rethinking.

Leveraging standard software means that government organizations are no longer burdened with the constraints of legacy systems and large-scale implementation projects. Instead, standard software facilitates continued optimization and automation of service delivery as a natural progression and seamlessly extends beyond the initial project phase.

The adoption of standard software thereby enables government organizations to redesign their traditional highly risky large-scale approach into a digital transformation journey at a grand scale, based on many small steps, agility, and continuous learning, which are aligned with continued process innovation and organizational adjustments.

> *" Standard Software not only accelerates the speed of digital transformation but also enhances system quality while significantly reducing costs.*

Building a Digital Process Library with UNDP Resilience Hub in Nairobi

Digital is a lifeline to opportunity in Africa and paperless government is a key driver to growing GDP, which should not remain a luxury.

Reusing proven COTS for government software, the UNDP Digital Process Library will showcase best practices and ready-to-run solutions, thereby offering African government fast-track digital transformation at scale.

In May 2023, cBrain participated and presented a whitepaper, on digitizing to build accountable institutions, at the UN Science Technology and Innovation Forum in New York. In September, cBrain and UNDP presented an outline for collaboration at the UN General Assembly in New York, and in November cBrain and the regional UNDP's Resilience Hub in Nairobi announced a partnership.

The partnership between UNDP and cBrain illustrates how the F2-for-Partners strategy enabled new types of partners. Fully integrated with the UNDP Digital for Africa strategy, based on COTS for government and tools like the F2 service builder, the UNDP Digital Process Library offers fast-track digital transformation for government across the African region.

Danish ministries run paperless based on the F2. In October-December 2024, in just 10 weeks, the Danish paperless ministry solution was installed and adopted for a Kenyan federal ministry.

Paperless eGovernment is a cornerstone to accountable institutions and growing GDP. The African paperless ministry solution, reusing Danish government experiences, will now be offered to the African government as part of the UNDP Digital Offer for Africa strategy. Enabling African ministries to jump digitally 10 years in only 10 weeks.

cBrain solutions around the globe

cBrain serves customers across 5 continents.

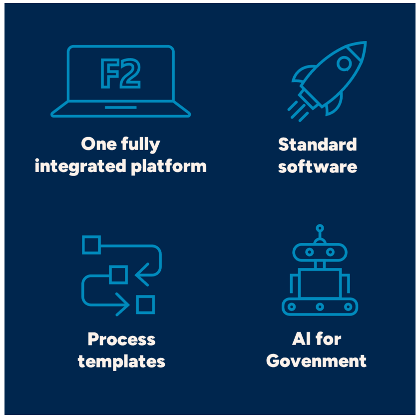
F2 has proven that the model for digital bureaucracy developed in close collaboration with the Danish government can be applied worldwide.

cBrain HQ

Customers and solutions

The F2 Software

F2 is built for government, based on the Danish government's best practices and the model for digital bureaucracy. cBrain has developed F2 in close collaboration with the Danish government, and today cBrain has invested more than 450.000 hours into developing the F2 digital platform.



The development began in 2006, with a focus on studying government processes and resources that facilitate service delivery. A groundbreaking realization was that government organizations function in fundamentally similar ways, based on the fundamental principles of the bureaucracy described by German philosopher Max Weber. This led to the development of a generic model for government work known as Digital bureaucracy.

Being able to model government processes is a significant change. Based on the model for digital bureaucracy, it has been possible to develop standard software for government usage, which supports government processes digitally and replaces custom-built solutions.

One complete and fully integrated digital platform, built for government and easy to customize and adapt

Built for government, F2 is a full-stack and highly secure digital platform. Accessible from PCs, tablets, and mobile devices, F2 provides formal and informal communication capabilities, meets all compliance and auditing requirements related to case production and content creation, and allows control of organizational roles and responsibilities.

Additionally, F2 supports generic workflows like requests, approvals, hearings, and Freedom of Information (FOI) requests, and even more important customer-specific workflows that facilitate citizen-facing processes from self-service to back-end case processing including handling complex rules, calculation, and filing, along with long-term archiving.

From F2 version 12 F2 has a fully built-in F2 AI assistant helping case workers and managers with multiple tasks such as preparing the basis for decisions, speeches, and new and providing overviews on complex materials, performing translation, etc. in a secure environment. F2 also supports more advanced AI methods in case handling and thereby increases efficiency, quality, and speed.

F2 is a highly flexible digital platform that can easily be configured to support all government work processes, communication, and case management.

Based on the built-in Administrator menu, privileged users can define and set up support for customer-specific organizations, routines, and workflows. This includes a highly efficient approach to process and workflow automation based on a process library. Moreover, F2 is a fully open platform that easily interfaces with other IT systems through an extensive set of APIs (Application Programming Interfaces).

F2 thereby represents a unique technology. F2 offers government organizations the opportunity to digitize based on standard software instead of traditional custom-built solutions, and due to the flexibility and configuration capabilities, F2 is suitable for nearly any type of government organization, from ministries to agencies, cities, and municipalities.

F2 can easily be configured to support any government workflow and process

With F2, it is possible to define customer-specific workflows, supporting both internal processes and external citizen-facing processes end-to-end, without making any changes to the standard software. A workflow is described by a process sheet, which is attached to a case type and stored in the process library.

The process sheet is open source and technically referred to as a declaration. The process sheet functions like a sheet in a spreadsheet, and the process sheet is stored separately from the basic F2 standard software. It is, therefore, possible, seamlessly, and fully automated, to upgrade F2 to new versions, regardless of how extensive F2 has been configured.

For advanced users, complex workflow and process declarations are built using the F2 Toolchain. However, for simpler workflows and processes, cBrain offers an interface to the toolchain called F2 Service Builder.

F2 Service Builder allows users to digitize workflows simply by filling out a spreadsheet.

The F2 Service Builder allows business users and process consultants to digitize workflows easily by filling out a spreadsheet. This includes the definition of end-to-end workflows, encompassing self-service, case processing, filing, and even data extracts and dashboards for management controls and reporting.

Users simply input the process definition into a spreadsheet, detailing all the necessary process steps, including checklists, automated email, letter generation, and more. The completed spreadsheet is then uploaded to the F2 standard software. Should users wish to modify the process definition, they can simply update the spreadsheet and upload the updated version, ready to run.

It may still take time to understand and design a government process, but with the F2 Service Builder, the IT work involved is significantly reduced or almost eliminated, allowing for the rapid setup of well-functioning processes in just hours.

Additionally, process definitions can be easily reused by copying an existing process, revising the copied sheet, and uploading it as a new process. As a result, the F2 Service Builder provides a unique and efficient approach for government organizations seeking to digitize a large number of processes at a high speed.

F2 Service Builder differentiates itself by being fully integrated with F2 and designed specifically for government use

No-code/low-code tools are becoming popular as they allow users to create and modify workflows and processes with minimal or no coding required. This enables users with limited technical expertise to build and customize solutions, thereby simplifying application development and process automation.

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Most widely used no-code/low-code tools are either designed for general-purpose use or are specialized for IT service and operations management. They are typically developed as stand-alone software tools, integrated into a best-of-breed environment through pre-built or open connectors, and many offer process design, form building, and other functionalities based on a visual user interface.

The design and architecture of F2 Service Builder provide significant benefits for government customers by eliminating integration work, optimizing system design, and offering unique government functionality and compliance.

While integration into best-of-breed environments often complicates no-code/low-code projects, turning them into complex IT deliveries, F2 Service Builder is delivered out-of-the-box, fully integrated, and ready to run. This approach saves significant time and eliminates the need for IT integration specialists.

Furthermore, F2 Service Builder offers deep integration into specific F2 functions, providing integrated user functionality that is often nearly impossible to achieve within a best-of-breed environment.

F2 Service Builder is a unique tool for both customers and partners

By allowing organizations to develop and reuse smart processes, the F2 Service Builder becomes a highly efficient tool for implementing best practices and driving standardization throughout the organization.

This makes the F2 Service Builder a unique tool for external partners who offer large-scale digital transformation to government organizations. With this tool, consulting partners specializing in process optimization and automation can deliver fast and agile digital transformation solutions.

Thanks to its flexibility, the process sheets can be easily modified to align with future changes in processes or organizational structures. This enables external consulting partners to offer government customers a genuinely agile approach, focusing on step-by-step process innovation and organizational development. Concurrently, they can build and provide pre-configured process libraries for their government customers based on well-established best practices.

The F2 Service Builder has already proven to be a pivotal tool within the F2 ecosystem of partners. cBrain continuously enhances its functionality through close collaboration with customers and partners.

Paperless eGovernment in weeks, not years

Danish ministries run on an F2-based solution which has been defined and configured to support ministries working paperless, supporting all workflows and all employees, from youngest staff to minister and government executives.

In the autumn of 2024, the Danish government announced three new ministries: The Ministry of Resilience and Preparedness, The Ministry of Elderly Affairs, and The Ministry of Green Tripartite Affairs.

For all 3 new ministries, the F2 Digital Platform was installed, configured, and ready to go live within only 3 weeks.

Only a very few ministries in the world work paperless. Delivering a complete digital platform for a federal ministry within only 3 weeks is unheard of within the IT industry. The ministerial projects thereby demonstrate the power of COTS for government solutions.

COTS for government, leveraging new technologies and platforms such as the F2 Digital Platform, enables digital transformation at higher speed and lower cost that outperforms traditional IT modernization projects. Using traditional software solution architectures, digitizing an entire ministry normally takes years and often fails. In contrast, the F2 platform offers a complete, easily configurable solution that enables fast-track digital transformation.

Customers and Growth Plan

F2 is a proven solution

Today more than 75 Danish government organizations, including 21 of 24 Ministries, use F2 as their digital platform. They run on the exact same software, and they typically upgrade, fully automated, once a year for new releases of the F2 software.

Additionally, F2 has been successfully implemented for government use across five continents, including Egypt, France, Germany, Ghana, Guyana, Kenya, Nigeria, Romania, Thailand, Ukraine, the United Arab Emirates, the UK, and the USA.

The cBrain business model is highly scalable

Adopting standard software based on COTS for government represents a disruptive and game-changing approach. By adopting standard software instead of custom-built solutions or a best-of-breed approach, a significant portion of the IT work related to digital transformation can be eliminated.

This offers government entities substantial business benefits through cost and risk reductions, faster delivery, and accelerated digital transformation. In addition, it challenges the traditional IT consulting industries, which have relied on extensive projects and hourly billing practices to establish their business.

With F2 cBrain challenges one of the largest industries and faces a significant business opportunity. cBrain intends to capitalize on this opportunity and is executing an ambitious international growth plan.

Due to the F2 product and partner strategy, the business model is international and highly scalable. Based on generic government principles and the Digital Bureaucracy model, the F2 digital platform has proven itself to support governments across the world.

Growth plan

cBrain is executing its international growth plan, anchored in two primary revenue streams, referred to as “Base” and “Steppingstones.”

The “Base” stream aims to achieve annual revenue growth of 10-15% by strengthening and expanding existing operations and customer relationships.

In parallel, the “Steppingstones” initiative aims to lift annual revenue growth to a significantly higher level by increasing contract values and winning larger international contracts.

With this development, we expect international revenue to exceed domestic revenue in a few years.

cBrain continues to execute its growth strategy, supported by a growing number of international pilot projects that set the stage for significant “Steppingstones” achievements and build a robust pipeline of opportunities. This includes pursuing global opportunities across the USA, Europe, Africa, the UAE, and India. In parallel, cBrain continues to build a strong reference position in the Danish home market.

The growth plan is based on organic growth. cBrain delivers solid growth and earnings with a strong positive cash flow, financing its business without needing loans.

Key elements of the growth plan include investing in F2 Climate Software, which serves as a door opener and accelerator for international sales and investing in the F2-for-Partners concept, which allows cBrain to scale its business further while generating a solid and stable subscription-based business.

cBrain is building an ecosystem of international partners who offer government digital transformation by leveraging the F2 standard software. This allows cBrain to grow without the linear restrictions of building its own organization.

F2 Climate Software

The fight against climate change and global warming is driven and funded by government, and by the use of legislation and financial incentives, politicians have an extraordinarily powerful toolbox. However, political decisions must be implemented by strong and accountable institutions. Therefore, it often takes years to execute decisions due to bureaucratic delays, fueled by the lack of digitizing and inefficient IT systems. Climate software helps government organizations to accelerate the deployment of climate action initiatives. Highly transparent while minimizing costs, the software supports a broad portfolio of processes from approvals and grant management to inspections.

More than 75 Danish government organizations, including
21 of 24 ministries, use F2 as their digital platform

Climate software means the speed of action.

In November 2020, the Danish Parliament adopted new legislation to remove carbon-rich farmland from production. By February 2021, the Danish Environmental Protection Agency (Danish EPA) had run the first round of the 300m Euro program. This program is now being scaled to achieve the Government's ambitious goal.

The Danish farmland program can potentially reduce CO_2 emissions by up to 20%. Using government climate software, the Danish EPA achieved fast-track execution, and by executing within months instead of years, the Danish government is now leading by example.

F2 Climate Software is standard software. It is based on reusable open-source configuration and best practices developed in close collaboration with the Danish EPA. Government climate software can, therefore, easily be reused worldwide, and Denmark has a strong tradition of sharing best practices with other countries.

As an example, a solution designed for the Danish EPA was replicated and deployed by the Guyana government to protect and regulate the trade of endangered species and animals in the Amazon rainforest. Thereby demonstrating how governments across the world can reuse and work together to protect and restore biodiversity.

Working with partners, cBrain can offer fast digital transformation for governments across the world

A key element of the cBrain growth plan is the F2-for-Partners concept, which enables a new generation of government digital transformation partners. Today, the majority of government organizations are served by a huge industry of IT system integrators and consulting firms, which have established their business and heavily rely on extensive projects and hourly billing practices.

While this industry continues to deliver custom-built solutions based on software components and application tools, governments struggle to convert ambitious digitization plans into deliverables and measurable results.

The F2-for-Partner concept allows governments themselves, or with the help of external consulting firms, to take over the configuration and implementation of F2.

By leveraging standard software, a large portion of the IT-related work is eliminated. This frees up time and resources and empowers government organizations and their digital transformation partners to prioritize process innovation and organizational enhancements, while successfully transforming and meeting their strategic business goals.

With the F2-for-Partner concept, cBrain enables a new generation of government digital transformation firms, who, based on an in-depth understanding of government best practices, offer process innovation and organizational enhancements.

By adopting standard software as the basis for digital transformation, these new consulting firms will enable government organizations to redesign their traditional high-risk large-scale initiatives into digital transformation journeys at scale, based on many small steps, agility, and continuous learning, which are aligned with continued process innovation and organizational adjustments.

cBrain continues to develop the F2 standard platform and best practices

This means happy users and a low total cost of ownership. Software continuously has to be maintained due to changing user requirements and technology changes, and custom-built solutions erode over time because they are simply too costly and time-consuming to maintain.

This is quite different from standard software. All government organizations that use F2 are regularly upgraded to the latest version. The club of F2 government user organizations, with more than 100 members internationally, faces significantly lower total costs of ownership while avoiding the high ongoing costs of systems maintenance.

With the F2 standard platform and best practices, cBrain offers users continuous access to new and upgraded software versions. The F2 standard software can be adapted to changing user requirements by easily re-configuring custom-specific processes and system setup independently of upgrades.

By relying on a COTS for government approach, a future legacy burden can be avoided.

Reusing best practices enables fast-track organizational deployment

The Digital Bureaucracy Model is based on government best-practices, which is the foundation for the design and functions of the F2 standard software. In parallel with the F2 digital platform, cBrain has also developed a best-practice implementation method called the F2 Implementation Method.

Digital transformation based on best practices and the reuse of standards drives and accelerates changes. However, to ensure a successful transformation, organizational readiness must be taken into account. Therefore, the F2 Implementation Method is based on transformation waves.

With this approach, organizational implementation is orchestrated by deploying best practices and functionality aligned with organizational change. This is possible because it is easy to reconfigure the standard software in parallel with process reengineering and organizational development.

The wave model is based on 3 elements: a set of overall best practice principles, deployment of generic routines, and driving departmental process digitizing based on case types.

The overall principles set the overall stage for digital ambitions and the speed of change. The overall principles guide the deployment of generic routines and functionality, leading to a specific Wave Scheme which directs both an organizational (business) project plan and a technical project plan.

By learning from implementation projects across the world, the F2 best practice implementation method is continuously developed.

The F2 best practice implementation method is offered for partners, as part of the F2-for-partners concept, thereby allowing partners to offer global government best practices as part of their digital transformation services.

Partnering in Romania

During 2024, cBrain Romanian partner Wing Lead Edge delivered their first F2-based solutions for government customers in Rumania.

Fueled by the power of COTS for government, tools like the F2 Service Builder offer partners a fast and low-risk route to configure the F2 digital platform to support individual government processes.

By the end of 2024, cBrain Romanian partner Wing Lead Edge has won a large tender to modernize the national pension system in Romania.

cBrain views the pension project as a milestone for the F2-for-Partners strategy. Using the F2 Digital platform and building multiple processes, to support Rumanian citizens and pension staff with the F2 Service Builder, demonstrates the power of COTS for government.

12 ways COTS for Government Has Accelerated Responsible Use of AI

Risk Management

Three strategic initiatives primarily drive the COTS software for government strategy and growth plan:

- Continued growth through the digitization of mission-critical business processes, leveraging cBrain methods and the standard F2 platform for government (F2 "classic").
- Enhanced positioning and growth through solutions for Climate Governance.
- Development of the F2 ecosystem through the establishment of partnerships.

1. Decline in demand

Cause

The geopolitical situation, war in Europe, political instability, risk of inflation, and scarcity of energy combined with rising prices preoccupy politicians and society can draw investment away from streamlining and modernizing the public sector through digitizing.

Risk

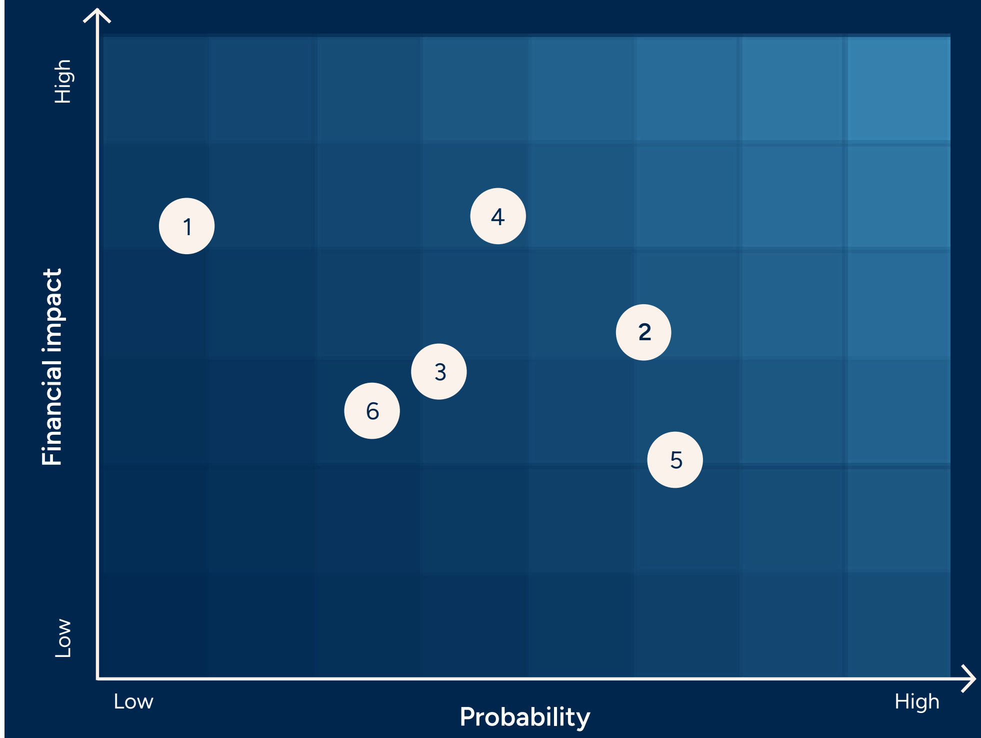
That cBrain fails to deliver on the growth expectations in the strategy and loss of key customers.

Mitigation

Sharpening cBrain's value proposition to customers so that it becomes even more attractive to customers. This applies, for example, to speed and precision in delivery,

Probability

Despite signs of worldwide crisis, the public sector has an undiminished need for increased efficiency and to meet citizens' expectations. The climate agenda and the need for action seem obvious despite the US withdrawal from the Paris Agreement. For both conditions, digitizing is a key element, which is why the likelihood of a weakening demand is not expected to be exceptionally large.



1 Decline in demand

2 Cyber Attack

3 Fail to retain and attract talent

4 Fail to build an F2 ecosystem

5 Competitors build standard platform similar to F2

6 Legal risks entering new geographical markets

2. Cyber Attack

Cause

The number and scope of cyber-attacks are increasing. cBrain delivers mission-critical solutions to the public sector and is thereby exposed.

Risk

Cyber-attacks, including breaches of confidentiality through unauthorized access to networks and data and taking control of customers' data, pose an increased risk to cBrain's reputation as well as finances.

Mitigation

cBrain's development and product strategy is based on controlling the value chain itself. The standard platform F2 is developed by highly educated and trained software engineers with a focus on the world market. Generic concepts, independence, and security are deeply embedded. Offshoring is not used.

cBrain's processes are certified as ISO 27001 and all cBrain's processes with personal data are annually reviewed and assessed by an external audit firm, which issues ISAE 3000 and 3402 statements to customers. cBrain will be NIS2 compliant before June 30, 2025.

The CTO monitors, supported by the security officer, on an ongoing basic threat level and makes sure that appropriate means are implemented. An ISO and ISAE Management Review Team consisting of the COO, CTO, CFO, CSO, the director for Service and Operations, and the security officer meet on at least a quarterly basis to oversee and evaluate policies and procedures.

This is also addressed in the section "Sustainability" under ESRS S4 – Customers and end-users.

Probability

The likelihood of cyber-attacks is increasing in general, and the public sector will increasingly be considered a target.

3. Fail to retain and attract talent

Cause

cBrain's business is based on skilled, talented, and resolute employees. cBrain's growth strategy requires a continued influx of new skilled employees and the development of existing employees. It is vital to maintain and further develop cBrain's unique DNA and position, which together define cBrain's mission: to be a trustworthy partner in the development of sustainable, responsible, and transparent public administrations and thus increase trust in democracy and its institutions.

Risk

A weakening of cBrain's culture and DNA, including its strong innovative power, could lead to the loss of employees. A failure to develop cBrain's reputation in the market and educational institutions could lead to challenges in attracting talent.

Mitigation

cBrain's management is very aware of the value of the cBrain culture. The new domicile, a new strategy that is broad and deeply anchored in the organization, leadership training and coaching, continuing intensive method development, well-developed onboarding processes, and a strong focus on a healthy work-life balance are key elements in addressing this risk.

Combined with reinforcing cBrain's narrative and value proposition to the market as an actor that takes the climate agenda and builds strong, responsible public organizations seriously, it contributes to a strong and attractive identity. Furthermore, the partner strategy can help meet the challenge of securing sufficient resources.

This is also addressed in the section "Sustainability" under ESRS S1 – Own Workforce.

Probability

The battle for skilled employees is tough, but cBrain is well prepared.

4. Fail to build an F2 ecosystem

Cause

A central element in cBrain's growth strategy is to establish partnerships with customers, IT consulting companies, management consultancy firms, and NGOs. By providing methods, knowledge, and tools together with the F2 standard platform and building an F2 ecosystem, cBrain wants to increase outreach and at the same time make it possible for customers to increase focus on the digital transformation of the organization and its business processes.

Risk

That cBrain fails to market and deliver a sufficiently well-developed concept and "infrastructure" around partners. That cBrain's value chain is not strong enough to support an ecosystem.

Mitigation

Since 2022, cBrain has invested heavily in organizational capacity and thereby gained a strong foothold for executing the strategy. The launch of F2 Service Builder in June 2023, the announcement of the integration of AI in August 2023, and the release of the comprehensive version 12 of F2 have increased interest in the market thereby lowering the risk of failing to build the F2 eco-system. Still work to be done, but the willingness to invest in the continued development of methods, tools, and competencies is extremely high, and top management is highly committed.

Probability

The probability that cBrain fails to build the foundation for an F2 ecosystem and to onboard partners within the strategic window is present, but it is regarded as low to medium based on the management's commitment and ability to execute.

5. Competitors build standard platforms similar to F2

Cause

cBrain regards the establishment of standard platforms targeting the public sector as a natural development of industries, as all industries standardize over time. Fueled by a lack of skilled IT resources and a growing demand for fast delivery, cBrain expects a rapidly emerging IT industry, referred to as COTS for government. This means that similar platforms will show up over time.

Risk

When more players start building standard platforms that are targeted and dedicated towards the public sector, cBrain will be exposed to increased and direct competition and thus lose some of the unique positions cBrain has in the market.

Mitigation

Through continued intensified and targeted investment in R&D and in positioning to maintain the lead, which lies partly in methods, partly in the standard platform, and the tools used to configure and onboard business processes in F2's process library. As cBrain began the development of the platform more than 15 years ago, cBrain has a considerable advantage.

Probability

It must be expected that standard platforms for government will be developed by other vendors in the market and thereby increase competition.

6. Legal risks entering new geographical markets

Cause

cBrain is increasingly entering into new markets, where business and commercial conditions are different and sometimes challenging.

Risk

cBrain fails to foresee and mitigate those risks including compromising cBrain's values and culture and thereby facing reputational and financial risks.

Mitigation

cBrain has developed and implemented policies and processes for due diligence and ethical issues. Increased attention from the audit committee.

This is also addressed in the section "Sustainability" under ESRS G1 – Business Conduct.

Probability

Below medium due to strong culture, education and training, proper process, and management awareness.

Shareholders

Shareholder Information

Stock Information

cBrain's share capital consists of 20 million shares with a nominal value of DKK 0,25 each. The company's shares consist of only one share class, and each share thus holds one vote and the same rights.

The company's articles of association do not limit ownership and voting rights. Shares must be registered by name. The share's short name is CBRAIN, registered under the ISIN code DK0060030286.

Additional information on shareholder relations and comprehensive information about the group can be found on cBrain's website at www.cbrain.com/investor.

Ownership

As of the end of 2024, cBrain has approximately 13.200 shareholders from 41 different countries (in 2023, there were around 14.700 shareholders from 40 countries). Fund ownership increased by 38% in 2024.

The following shareholders have informed cBrain that they own 5% or more of the company's share capital:

- Putega Holding ApS, Hellerup, holds 41,70% (2023: 42,66%) ownership and voting interest.

cBrain A/S owns 437.187 of its shares at the end of 2024, equivalent to 2,19% of the share capital.

Dividend Policy

The ordinary Annual General Meeting approves dividends. cBrain aims to maintain a strong financial position aligned with the company's activity level, ensuring the Proposal for the Annual General Meeting can uphold its strategic goals, including continued investment in new products and markets.

Management continuously assesses the company's capital needs based on its results and proposes dividend recommendations to the Annual General Meeting.

Investor Relation

cBrain has defined quality, continuity, and consistency as the goals for its Investor Relations (IR) activities. Simultaneously, within the framework of the law, the company aims to engage in an open and active dialogue with existing and potential shareholders, analysts, and other stakeholders interested in the company's business development and financial position. During 2024, cBrain intensified the dialogue with the market and was present at roadshows in the UK, Germany, Sweden, and Denmark.

All information potentially significant to stock price formation is disclosed via Nasdaq and can be found promptly on the company's website. Interested investors can subscribe to stock exchange announcements and other news on the company's website, www.cbrain.com/investor. All relevant information will always be accessible through the website.

cBrain's management is pleased to participate in investor and shareholder meetings where previously disclosed information can be elaborated upon and discussed.

Inquiries regarding the company's investor relations and stock market relations can be directed to: Ejvind Jørgensen, CFO & Head of Investor Relations (phone: +45 7216 1811, e-mail: ir@cbrain.com).

Proposal for the Annual General Meeting

Due to cBrain's satisfactory performance, the board recommends the Annual General Meeting to increase the dividend by +129%. This would raise the dividend from DKK 0,28 per share in 2023 to DKK 0,64 per share in 2024. Furthermore, the board proposes that the company be authorized to acquire its shares for one year, representing up to 10% of its share capital.

Annual General Meeting

The company's Annual General Meeting will be held on Tuesday, April 29, 2025, at 16:00. The Annual General Meeting will take place at the company's address: Kalkbrænderiløbskaj 2, 2100 Copenhagen, Denmark.

Financial Calendar 2025

April 29, 2025	Quarterly Announcement 1st quarter 2024
April 29, 2025	Annual General Meeting
August 21, 2025	Publication of the Interim Report 2024
November 5, 2025	Quarterly Announcement 3rd quarter 2024
February 19, 2026	Publication of Annual Report 2025

Company Announcements and Press Releases

From January 1, 2024, until the publication of the 2024 annual report, cBrain has issued the following announcements. and press releases to Nasdaq Copenhagen, which can be found on the company's website www.cbrain.com/investor.

Jan 15, 2024	cBrain beats expectations on top and bottom lines as subscription revenue jumps
Feb 8, 2024	cBrain and the German-Danish Chamber of Commerce have taken initiative to reuse Danish e-government experiences in Germany
Feb 22, 2024	cBrain guides continued growth and solid earnings in 2024 and suggests a dividend raise by 33%
Feb 22, 2024	In 2023 cBrain grew revenue by +27% and delivered record high earnings before tax margin (EBT margin) of 34%
Feb 28, 2024	cBrain Kodumburar India signs memorandum of understanding with state Tamil Nadu and Union Territory of Puducherry
Mar 7, 2024	cBrain partner to deliver first F2 based government solution in Ghana
Mar 14, 2024	cBrain releases first F2 standard module for government AI
Mar 21, 2024	Annual General Meeting 2024
Apr 16, 2024	Reporting of transactions made by persons discharging managerial responsibilities
Apr 22, 2024	cBrain Delivers Digital Solution to Certify Responsible Cannabis Production in California
Apr 24, 2024	cBrain takes lead within AI for government
Apr 24, 2024	Minutes of meeting from AGM 2024
May 16, 2024	cBrain Wins the Tax Governance Top Rating 2024 for mid cap companies
Jun 12, 2024	cBrain Signs Proof of Concept in Nigeria
Aug 5, 2024	cBrain Signs Contract on Ambitious AI Transformation Project in the UAE
Aug 21, 2024	On track with Growth Plan
Aug 21, 2024	Correction: On track with Growth Plan - EBT margin of 24-30% is maintained
Aug 26, 2024	cBrain continues to win market shares in Denmark
Oct 10, 2024	cBrain implements F2 for two new Danish ministries in just 3 weeks
Oct 28, 2024	cBrain lowers expected yearly revenue growth to 10-15%, but maintains EBT margin of 24-28%
Oct 28, 2024	Correction: cBrain lowers expected yearly revenue growth to 10-15%, but maintains EBT margin of 24-30%
Nov 7, 2024	cBrain executes growth plan, remaining on target
Nov 11, 2024	Scaling Climate Software Solutions in California
Nov 11, 2024	Correction: Scaling Climate Software Solutions in California
Nov 14, 2024	UNDP and cBrain Join Forces to Accelerate Africa's Digital Transformation
Nov 22, 2024	Elm and cBrain partner to Accelerate Government Digital Transformation in the region
Nov 28, 2024	cBrain to Support Extended Producer Responsibility in Thailand
Dec 19, 2024	cBrain Wins the ESG Transparency Award 2024
Jan 20, 2025	cBrain raises expected 2024 EBT margin to 30-32%
Jan 22, 2025	New Danish Ministry implements F2

Governance

Corporate Governance

The Board of Director's stance is that the primary objective is to ensure competent and purposeful leadership and the interests of all stakeholders.

cBrain has a single class of shares, and the company's articles of association contain no limits on ownership and voting rights. The Board of Directors assesses that both the share and capital structure are currently satisfactory.

If an offer is made to acquire the company's shares, the Board of Directors, under the legislation and the company's stated policy, will approach this openly and communicate the offer to shareholders along with the Board of Directors' comments.

The Annual General Meeting is the company's highest decision-making authority, and the Board emphasizes that shareholders receive a thorough briefing on the matters decided at the Annual General Meeting.

All shareholders are entitled to attend the company's Annual General Meeting provided they have requested an admission card. At the Annual General Meeting, shareholders can pose questions to the board and management, and shareholders can also submit written proposals for topics they wish to include on the agenda for the Annual General Meeting in good time before the Annual General Meeting.

The Board's stance is to maintain the Annual General Meeting as a physical event and possibly expand it with virtual participation over time, which the Articles of Association allow. A more detailed description of Annual General Meeting-related matters can be found on the company's website www.cbrain.com/general-meeting.

cBrain's management continuously adheres to the recommendations for good corporate governance, most recently updated in December 2020. You can find this code at: www.corporategovernance.dk.

cBrain's statutory corporate governance statement (the corporate governance recommendations) can be found on the company's website under Investor Relations: www.cbrain.com/corporate-governance.

Various policies and procedures related to corporate governance, as well as charters for board committees can be found there.

All employees receive yearly training and perform a test in the Code of Conduct, security policy and procedures, and data ethics.

Statutory Gender Reporting under Danish Law

cBrain aims to have the highest possible degree of diversity and complementary skills in employees and management groups, as we believe that it creates the basis for more innovative and sustainable decisions and solutions.

A well-balanced workforce in terms of gender is essential.

The IT industry is characterized by significantly fewer women than men employed overall.

Our policy is not to discriminate based on gender and to hire based on professional qualifications.

Over several years, cBrain has systematically worked to achieve a more equal distribution between the genders because diversity strengthens the company's competitiveness; cf. the company's diversity policy.

Until an equal distribution is achieved, the underrepresented gender is chosen. Therefore, the underrepresented gender is chosen consistently when two candidates of each gender are equal with the competence profile defined for the position/position in question until a distribution of at least 40/60 is reached for all levels.

This approach has contributed to a good development in recent years, resulting in a – to the industry – very satisfactory gender distribution. Thus, 40% (2023 43%) of cBrain's total workforce are women.

cBrain's goal for management is to have an equal distribution between the genders in management. When there is a change in or addition to the management, cBrain will apply the same policy as for the rest of the company, namely that the underrepresented gender is chosen consistently when two candidates of each gender are equal with the competence profile that is defined for the position/position in question, until a distribution of at least 40/60 is reached.

	Actual 2024	Target 2030
Board of Directors		
Total number of members	5	
Underrepresented gender in %	20%	40%
Executive Management (Level 1)		
Total number of members	2	
Underrepresented gender in %	0%	40%
Directors (Level 2)		
Total number of members	4	
Underrepresented gender in %	25%	40%
Total (Level 1 + 2)		
Total number of members	6	
Underrepresented gender in %	17%	40%
Managers (Level 3)		
Total number of members	17	
Underrepresented gender in %	35%	40%

Board of Directors

The board of directors consists of five members, one of whom is a woman. The board aims for the underrepresented gender to constitute at least two people, corresponding to at least 40%. In 2024, the share of the underrepresented gender was 20%.

The board attaches great importance to continuity and finds no basis for expanding the number of members currently due to the company's size. The board will continue its work to achieve this goal and has set 2030 as the target date.

Executive Management

Level 1 is the company's registered management. At level 1, there are no women, and thus the women make up 0%. The goal is to reach at least 40% by the end of 2030.

Directors

Level 2 is the management that reports directly to the company's registered management (level 1). By the end of 2024, one woman, equivalent to 25% of the directors in cBrain. cBrain's' other levels of management (levels 1 and 2) consist of 6 members, with 17% being the underrepresented gender. The goal is to increase the underrepresented group to 40% by the end of 2030.

Since there have been no natural changes, i.e., resignations or additions to other management during 2024, we have not been able to progress further toward our target of 40%. Therefore, we are committed to improvement. Management will conduct assessments, facilitate internal dialogue, and collaborate with stakeholders to implement targeted strategies to improve diversity and inclusion within the organization. Through proactive initiatives and leadership, management will drive efforts to make significant progress toward meeting diversity goals.

Managers

Level 3 comprises additional personnel entrusted with staff management duties.

By the end of 2024, 6 out of 17 equivalents to 35% represented women.

cBrain considers the development with the target figure to be satisfactory. Since continuity in management is considered extremely important with the growth strategy that has been laid, the company does not want to replace members of the management until this becomes natural.

Management continuously assesses which measures are meaningful given the gender composition of the management. When designing job profiles, emphasis is placed on signaling diversity, which is also supported through the company's management training program.

In 2024, the work with job profiles continued and strengthened, and the leadership training program was enhanced and supported via individual coaching. For the second time, cBrain hosted a" Women in Tech Dinner" for computer science students at the Technical University of Denmark (DTU). During this event, female students were invited to a dinner with a specific focus on their experiences working as women in the IT industry.

Corporate Responsibility

Since 2018, cBrain has participated in the UN Global Compact, thereby endorsing the UNGC's Ten Principles. In this context, cBrain has identified SDG16—Peace, Justice, and Strong Institutions—as a focus area. The focus on access to justice and building effective, accountable, and inclusive institutions at all levels aligns with cBrain's mission.

In 2020, sustainability efforts were expanded to include SDG 13, Climate Action, and SDG 17, Partnerships, as part of cBrain's focus on developing Climate Software. Under the heading "Closing the time gap," cBrain assists authorities in rapidly implementing climate and environmental regulations through F2, thus accelerating the achievement of intended outcomes.

Data Ethics

In 2021, the Board of Directors drafted and adopted a data ethics policy under section 99d of the Danish Financial Statements Act: www.cbrain.com/csr/policies. This policy addresses the types of data used, how it is obtained and utilized, the basis for ethical considerations, and the follow-up procedures.

This policy has contributed to increased awareness of data ethics in the product development cycle and customer solutions' design and implementation process.

Management is responsible for data ethics, and the Audit Committee oversees its implementation. The policy can be found on the company's website under Investor Relations: www.cbrain.com/corporate-governance.

The report on data ethics, as required by section 99d of the Danish Financial Statements Act, is available here:
www.cbrain.com/corporate-governance/dataethicsreport-2024.

Tax Policy

cBrain developed a tax policy in 2019, which was last revised in 2021. Through this tax policy, cBrain aims to elaborate and express the company's stance on tax matters. This is done by adopting a value-based approach, where principles and ethical norms for the company's behavior are expressed.

It is a conscious choice as it aligns with the company's values, culture, and approach. The policy serves as a guideline and reference point to steer the company in its decisions. The complete tax policy can be found here:
www.cbrain.com/corporate-governance.

Climate and Environmental Policy

In 2023, the company developed a new Climate and Environmental policy, and during that year, cBrain achieved an ISO 14001 certification.

The policy can be found here:
www.cbrain.com/s/Climate-and-Environmental-Policy.

Management

The Board of Directors and the executive management establish and approve overarching policies, procedures, and controls related to the financial reporting process. The executive management continuously monitors compliance with relevant laws and regulations concerning financial reporting and informs the Board of Directors accordingly.

The Board of Directors' Responsibilities

The Board of Directors defines the company's objectives and strategies and approves the overall budgets and action plans. The Board exercises general oversight of the company, ensuring that it is managed properly and in compliance with legislation and articles of association.

The Board of Directors is primarily responsible for ensuring that cBrain has the necessary procedures to manage the company's risks and that these procedures are effectively implemented.

The Audit Committee consists of two independent Board Members, and the scope of the committee's work is defined in a separate charter. The committee held four meetings in 2024, with 100% attendance.

The remuneration committee consists of two members. In 2024, it held two meetings with 100% attendance.

The Board of Directors' work framework is defined in a set of rules and procedures, which are reviewed at least once a year and adjusted as needed. The rules and procedures include procedures for executive management reporting, the Board of Directors' working methods, and a description of the Chair of the Board's responsibilities and areas of authority.

At least four Board of Directors Meetings are held each year, and the Board also meets as required. In 2024, five Board Meetings were held, with 100% attendance.

Composition of the Board of Directors

The company is governed by a Board of Directors consisting of five members elected by the Annual General Meeting, two of whom are independent.

At the annual general meeting in 2023, it was decided to change the election period to one year from then on.

At cBrain's Annual General Meeting in April 2024, Peter Loft, Thomas Qvist, and Per Tejs Knudsen were reelected to the board for one year. Peter Loft is independent.

The composition of the Board of Directors, including Board Committees, is chosen to ensure continuity and representation of key competencies for cBrain. The goal is to secure the company's ongoing development and achieve its long-term objectives.

The Board of Directors has experience and expertise in strategy, innovation, management, technology, finance, law, social development, and the public sector.

The independent Board Members have broad experience in management and board work, including at publicly traded companies.

Remuneration for the Board of Directors and Management

cBrain has established remuneration for the Board of Directors and Management at a level reflecting the size and complexity of the company.

For the financial year 2024, the proposed total remuneration for the Board is DKK 410.000 (2023: DKK 350.000). The total remuneration for the executive management in 2024 amounts to DKK 5,2m (2023: DKK 5,0m).

The distribution of remuneration for the Board of Directors and executive management can be found on the company's website under Investor: www.cbrain.com/s/cBrain-Remuneration-Report-2024.

Stock Options and Incentive Programs

cBrain has, in prior years, provided certain employees with the opportunity to receive remuneration in the form of shares under Danish Law (LL § 7P). In 2024, no employees used this option. Please refer to note 8 - Staff costs for further details.

The Board of Directors continuously considers whether stock option programs can be established for the employees.

Auditors

cBrain's independent auditor is elected by the Annual General Meeting for one year at a time. Before the recommendation for election at the Annual General Meeting, the Audit Committee and, subsequently, the Board of Directors critically assess the auditor's independence, competence, and more.

During the audit of the annual report, accounting practices in the most significant areas are also audited.

At the General Meeting in 2022, EY Godkendt Revisionspartnerselskab was elected as independent auditors for the first time. EY was re-elected in 2024.

Board of Directors

Henrik Hvidtfeldt, Chair

MSc in Engineering from the Technical University of Denmark, HD in International Business from the Copenhagen Business School, and a Commercial Pilot. Chair of cBrain (since 2006). Chair of Flight4000 A/S. 62 years old. Number of cBrain shares: 8.300.

Elected to the Board at the Annual General Meeting in 2023 for a 2-year term. First elected to the Board in 2006. Henrik Hvidtfeldt is not considered independent due to the 12-year tenure limit. Chair of the Remuneration Committee.

Lisa Herold Ferbing, Vice Chair

Master of Laws (Cand.Jur.) from the University of Copenhagen in 1982. Independent management consultant, CEO of Casa Monte Verde ApS, and professional board member (since 2013). Vice Chair of DANSK IT. Chair of Gudme Raaschou Investment Fund. Chair of Lån & Spar Investment Fund and KIA Invest. Member of the Board for Invest Administration A/S. 65 years old. The number of cBrain shares: 0.

Elected to the Board of Directors as an independent member at the Annual General Meeting in 2023 for a 2-year term. First elected to the Board of Directors in 2019. Chair of the Audit Committee.

Peter Sam Loft

Master of Laws (Cand.Jur.) from the University of Copenhagen in 1980. Tax advisor at Bachmann Partners (since 2019). Adjunct Professor at CBS/University of Copenhagen. Member of the Board for Øfeldt Centres. 67 years old. The number of cBrain shares: 0.

Elected to the Board as an independent member at the Annual General Meeting in 2024 for a 2-year term. First elected to the Board of Directors in 2014. Member of the Audit Committee.

Per Tejs Knudsen

CEO and founder of cBrain A/S and Director of cProperty ApS. Owner of Putega Holding ApS. Master of Science in Engineering from the Technical University of Denmark (DTU) and HD in Accounting from the Copenhagen Business School. Member of the Advisory Board at the Institute for Informatics and Mathematical Modelling at DTU. Member of the Council at DTU. Member of the Danish Academy of Technical Sciences (ATV). 66 years old. The number of cBrain shares, through Putega Holding ApS: 8.532.000.

Elected to the Board at the Annual General Meeting in 2024 for a 2-year term. First elected to the Board in 2006. Member of the Remuneration Committee. As an executive, Per is not independent.

Thomas Qvist

CTO at cBrain A/S. Director and owner of Felida ApS. Master of Science in Engineering from the Technical University of Denmark. 59 years old. Number of cBrain shares: 715.945.

Elected to the Board at the Annual General Meeting in 2024 for a 2-year term. First elected to the Board in 2006. As an executive, Thomas is not independent.

Executive Management

Per Tejs Knudsen, CEO

Thomas Qvist, CTO

Sustainability

Introduction

cBrain is a one-product company serving government authorities and institutions across five continents. The company provides F2, a standard software platform tailored to the specific needs of the public sector. It is built on the philosophy of being "100% standard software but highly configurable."

Since 2018, Denmark has consistently been ranked as the number one country in eGovernment in a UN global survey conducted every two years. At the same time, Denmark ranks first in the Transparency International Corruption Perceptions Index. cBrain is proud to provide F2 to 21 of 24 Danish ministries, over 45 Danish agencies, and major municipalities like Copenhagen and Aarhus. This extensive presence in Denmark allows cBrain to bring valuable best-practice insights on public sector processes and digital transformation to clients worldwide.

Today, more than one-third of cBrain's revenue comes from international markets. The company is heavily investing in global expansion, with notable partnerships, including the UNDP in Africa, Elm in Saudi Arabia, and a joint venture in India.

Since 2018, cBrain has supported the UN Global Compact's Ten Principles and actively engages with the Sustainable Development Goals (SDGs). Specifically, cBrain has prioritized three SDGs that align with both the company's strategy and its commitment to positive global impact:

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

SDG 16: Strong Government Institutions

The core of F2 is the Digital Bureaucracy Platform, designed with a deep understanding of bureaucracy, as described by philosopher Max Weber. F2 ensures transparency, accountability, efficiency, and documentation of decisions made. By implementing F2 and guiding the digital transformation journey, government institutions establish a solid foundation for effective, accountable, and inclusive administrations, supporting SDG 16.

13 CLIMATE ACTION

SDG 13: Climate Change

Since 2019, cBrain has significantly invested in Environment, Energy, and Climate. The company accelerates the implementation of climate and environmental legislation, contributing to the reduction of greenhouse gas emissions and the protection of biodiversity. As global climate action requires urgent steps, cBrain is committed to accelerating the transition from decision-making to execution. This aligns with SDG 13: taking urgent action to combat climate change and its impacts.

To support the company's growth, cBrain became ISO 27001 certified in 2017, demonstrating our ability to manage all security aspects. In 2023, we renewed our environmental policy. We achieved ISO 14001 certification, underscoring our commitment to environmental stewardship and our role in contributing to positive global development by helping clients and taking action internally.

17 PARTNERSHIPS FOR THE GOALS

SDG 17: Partnerships

Recognizing the importance of collaboration between the public and private sectors, cBrain has focused on strengthening partnerships to succeed in meeting SDG 13. As a result, SDG 17 has become central to the company's strategy. By rethinking its value chain and building partnerships with clients, government bodies, industry organizations, and NGOs, cBrain is scaling and accelerating initiatives to address climate and environmental challenges. This focus on collaboration will continue to grow in the coming years, with cBrain strengthening these efforts for lasting impact.

The implementation of the EU Corporate Sustainability Reporting Directive (CSRD)

Since 2018, cBrain has been reporting on Environmental, Social, and Governance (ESG) factors in accordance with NASDAQ's ESG Reporting Guide and continually improving its reporting practices. The press has recognized our commitment to transparency, and in 2024, cBrain was once again acknowledged as a frontrunner in transparency within our sector.

Now, it is time for cBrain to take the next step. The Corporate Sustainability Reporting Directive (CSRD) sets new and higher standards for disclosing a company's Environmental, Social, and Governance (ESG) performance, increasing transparency around its impact on ESG-related matters relevant to its operations and value chain. By aligning our reporting with CSRD standards, cBrain will provide stakeholders a clearer understanding of our ambitions, progress, and initiatives in key sustainability areas.

While the CSRD is expected to become mandatory for cBrain in the financial year 2026, the Board of Directors has decided to begin aligning our reporting with the CSRD framework starting in the financial year 2024 for several reasons:

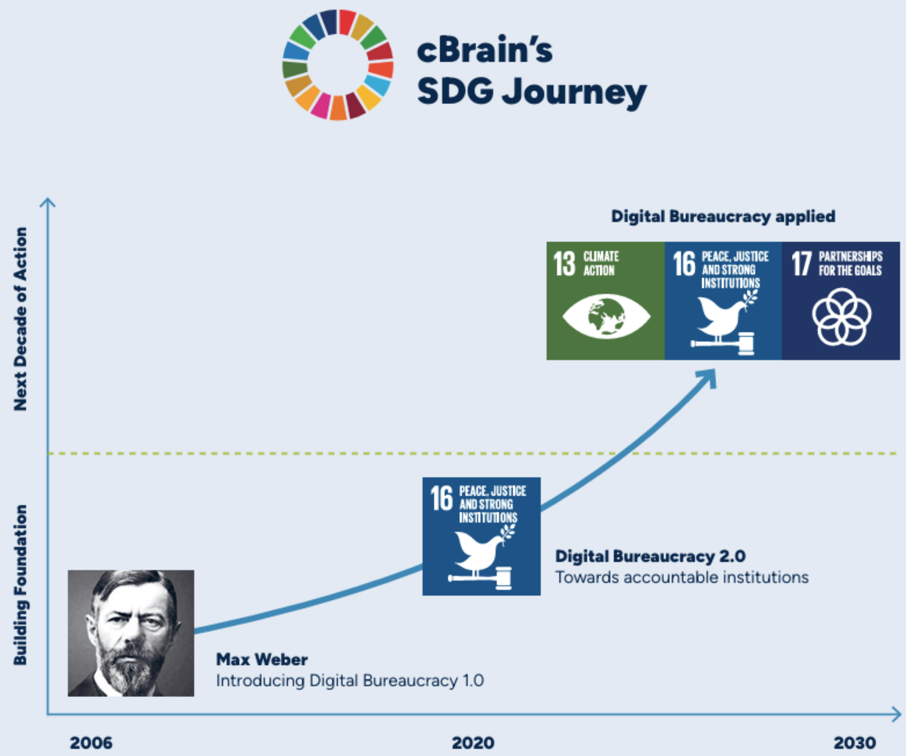
- We want to roll out the CSRD in stages, ensuring it is done correctly and with a focus on the actual value it provides, balancing compliance with value generation.
- The F2 platform, tools, and methods help governments close the gap between political decisions and their execution, especially in environmental and climate regulations. With F2, we can speed up the implementation of environmental and climate policies, aiding society's transition to necessary changes.
- The F2 platform promotes transparency, which focuses on building stronger, accountable institutions and democracy. As a corporate value, transparency and trust are key drivers for cBrain.

We view the implementation of CSRD as a journey, much like corporate social responsibility and corporate sustainability. By aligning our reporting to the CSRD framework, we will sharpen our focus, strategy, and initiatives, delivering strong business results that balance financial performance with ESG goals. Thus, we will create sustainable outcomes for both our business and society. This is our commitment to our stakeholders and the broader global community.

Our implementation began in the spring of 2024 with a preliminary double materiality assessment. This included scoping the assessment, mapping the value chain, identifying stakeholders, conducting impact, risk, and opportunity (IRO) assessments, and analyzing and prioritizing the outcomes of our GAP analysis.

For the financial year 2024, we have chosen not to pre-implement the CSRD but to align our reporting with key elements of the CSRD framework, including topical standards and references in the ESRS standards to our reporting, while acknowledging that we do not report on all paragraphs under the relevant topical standards.

Ejvind Jørgensen
CFO & Head of Investor Relations



AI and permitting climate software is a door opener in the US government market

Across continents, slow public case processing holds back sustainable energy transformation, and speeding up environmental permitting is essential to fighting climate change.

In close collaboration with the Danish EPA, cBrain has built a COTS permitting solution that utilizes AI to accelerate case processing. In June, the White House Council of Environmental Quality singled out cBrain in their report to the United States Congress on eNEPA (Digital environmental permitting), and cBrain shared a panel with the CEQ Permitting Director at Denmark's Sustainability Day during the United Nations General Assembly.

COTS for government software enables fast-track digital transformation. In California, cBrain has successfully launched a new process to certify Sustainable Cannabis Production in just a few weeks and is expanding our geographic reach by welcoming new customers to our Sustainable Land initiative solutions, which serve more Resource Conservation Districts in the state.

General information

Basis for preparation

BP-1 **General basis for preparation of sustainability statements**

Our approach has been to implement as many of the relevant CSRD standards as possible in our 2024 sustainability reporting and incorporate them in the 2024 annual report as a separate section to the management's review.

The Sustainability reporting has been prepared on a consolidated basis, consistent with cBrain's financial statements. The reporting period covers the period January 1 – December 31, 2024.

As detailed in our reporting, our preliminary double materiality assessment covers impacts, risks, and opportunities across our upstream and downstream value chains.

No information related to intellectual property, know-how, or innovation results has been omitted. Additionally, cBrain has not used any exceptions to disclose impending developments or ongoing negotiations.

BP-2 **Disclosures in relation to specific circumstances**

For the 2024 reporting period, we have structured our sustainability disclosure to align with CSRD, implemented through the ESRS. These changes include:

- cBrain's sustainability reporting has been incorporated into the annual report and structured to comply with the ESRS requirements.
- We have conducted stakeholder interviews to ensure that relevant stakeholders' opinions are included in our preliminary double materiality assessments.
- We have conducted a preliminary double materiality assessment in line with ESRS to identify material impacts, risks, and opportunities across our operations and value chain, including upstream and downstream.
- New disclosures and metrics have been introduced in compliance with ESRS requirements, including expanded reporting on Greenhouse Gas (GHG) accounting.

Governance

GOV-1 **The role of the administrative, management and supervisory bodies**

Board of Directors

The Board of Directors defines cBrain's sustainability vision and approves the annual sustainability reporting incorporated in the annual report. The board includes two executives and three non-executive members, two of whom are independent. The board has a diversity target for women of 40%, which is described in the management review in this report. All members have relevant experience in our sectors and regions.

Audit Committee

The Audit Committee oversees and follows up on cBrain's risk processes, including the management of environmental, social, and governance (ESG) risks and strategies, and reports to the Board of Directors.

The Audit Committee is composed of two non-executive members with financial and tax expertise.

Executive Management

The Executive Management is responsible for cBrain's ESG performance and approves the ESG objectives and strategies.

GOV-2 **Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies**

Sustainability Board

The Sustainability Board is comprised of members from different departments, including Climate & Sustainability, HR, Finance, and Compliance. The board is chaired by the CFO and steers the sustainability agenda and progress against cBrain's sustainability targets. The Sustainability Board provides quarterly updates to the Audit Committee and Executive Management.

Sustainability Governance

Board of Directors

Defines the sustainability vision and approves the sustainability statement.

Chair: Henrik Hvidtfeldt

Audit Commitee

Oversees risk processes, incl ESG risks and strategies.

Chair: Lisa Charlotte Ferbing

Executive Management **Team**

Per Tejs Knudsen CEO	Thomas Qvist CTO	Ejvind Jørgensen CFO	Robert Lentz COO	David Cotterill CSO	Charlotte Horn Andersen HR Director

Resposible for ESG Performance and approves the ESG objectives and strategies.

Corporate functions

Ensure progress in sustainable development initiatives while following the group's ESG policies and values.

Sustainability Board

Steers the sustainability agenda and progress against cBrain's sustainability targets.

Chair: Ejvind Jørgensen

GOV-3 Integration of sustainability-related performance in incentive scheme

Executive management's variable remuneration is not fixed and may vary annually based on KPIs, including the growth plan execution, financial results, market conditions, organizational performance, and sustainability goals.

In 2024, executive management received a discretionary variable cash bonus, partially based on cBrain's positioning efforts in the U.S. regarding permitting and achieving the ESG Transparency Award 2024 during the European Sustainability Week held in Bonn, Germany.

No additional sustainability-related incentives are currently implemented at other levels.

GOV-4 Statement on due diligence

cBrain performs due diligence activities relating to people and the environment. The table below outlines the specific processes and activities related to this sustainability reporting.

Core elements of environmental and social due diligence	Activities related to our reporting reporting
a) Embedding due diligence in governance, strategy and business mode	We have integrated due diligence into our governance and business strategy to ensure sustainability is central to our decision-making.
b) Engaging with affected stakeholders in all key steps of the due diligence	We have actively engaged with stakeholders to gather feedback and address potential impacts throughout the due diligence process.
c) Identifying and assessing adverse impacts	We have assessed environmental and social risks to understand their potential effects and prioritize actions accordingly.
d) Taking actions to address those adverse impacts	We have implemented corrective and preventive measures to manage identified risks and mitigate negative impacts.
e) Tracking the effectiveness of these efforts and communicating	We have monitored the effectiveness of our efforts and report transparently to ensure accountability and continuous improvement.

GOV-5 Risk management and internal controls over sustainability reporting

Sustainability reporting is subject to the risk of material misstatement due to incomplete data and human errors. To manage this risk, we have implemented various processes.

The Sustainability Board, led by the CFO, holds quarterly meetings to address ESG risks. To minimize reporting errors, the board has implemented several processes in its internal controls over sustainability reporting.

Our environmental GHG emissions are compared to those of similar organizations during the preparation process for fluctuations.

Strategy and business model

SBM-1 Strategy, business model and value chain

cBrain's long-term growth strategy is driven by a vision to provide standardized software solutions for governments worldwide. Our success in Denmark, where 21 out of 24 ministries, over 45 agencies, and major municipalities like Copenhagen and Aarhus rely on our technology, positions us as a leader in public sector digital transformation. This strong foundation enables us to share best practices with governments globally.

COTS software offers a faster, more efficient alternative to custom-built IT solutions, reducing costs and risks. While governments have traditionally been cautious, successful implementations, such as cBrain's F2 platform, now used by nearly all Danish ministries and over 75 government organizations—are accelerating adoption worldwide.

Developed with over 450,000 hours of investment, the F2 platform is a fully integrated, no-code/low-code system tailored to government needs. Supporting diverse sectors across multiple continents, F2 is redefining digital transformation in the public sector.

cBrain is headquartered in Copenhagen with offices in Europe, the USA, the UAE, Kenya, and Senegal; cBrain has a team of 220 employees (headcounts December 31, 2024) dedicated to driving innovation. We believe in democracy and see digitization as a key enabler of more transparent, efficient, and resilient government institutions.

Government Climate Software
Through digitization, cBrain plays a critical role in helping governments accelerate their climate goals, bridging the gap between political intent and action. Our climate software mission is clear: We want to use digitization to close the time gap from political decisions to execution.

Our climate software has driven meaningful impact across regions and challenges:

- Combating water and air pollution in Denmark
- Advancing circular economy efforts in Kenya
- Protecting endangered species in the Amazon
- Promoting energy efficiency in Denmark
- Supporting sustainable land use in California
- Leading reforestation initiatives in Denmark

Our stakeholders

We engage with our stakeholders through regular communication, feedback loops, professional development opportunities, and sustainability initiatives. This approach ensures mutual value creation, fosters trust, and drives sustainable growth for both cBrain and our stakeholders.

SBM-2 **Interests and views of stakeholders**

Engaging with stakeholders is key to cBrain's value creation and long-term success. Their insights shape our strategy for developing and providing COTS for government.

Through continuous dialogue with both internal and external stakeholders, we ensure that we remain aligned with evolving needs and challenges while fostering a collaborative environment.

Our stakeholders include a wide range of groups, from clients and employees to investors, suppliers, partners, and regulatory authorities. These diverse groups play an integral role in shaping cBrain's business model, and guiding decisions related to product development, sustainability, and strategic growth. Below is an overview of how we engage with each group and the outcomes that drive our business forward:

The table below outlines our engagement with key stakeholders, its purpose, and its outcomes. These insights inform our due diligence and material assessment.

Key Stakeholders	Engagement and Purpose	Outcome
Customers	Gather feedback on product needs and expectations to enhance our product and alignment with public sector needs.	Improved our software product's relevance and client satisfaction, including both government case workers and citizens (end-users).
Civil society and end-users	Self-service solutions and transparency	Ensure quality and accessibility
Employees	Foster a meaningful workplace and support professional development.	Higher engagement and alignment with cBrain's mission.
Investors	Communicate business performance and sustainability goals.	Increased transparency, ESG ratings, and investor relations.
Suppliers	Ensure responsible sourcing and sustainability alignment.	Adherence to cBrain's conduct standards.
Partners	Initiated international business based on organic growth, building the business by addressing international customers directly or in collaboration with local partners.	Strengthened partnerships and supply chain resilience.
Regulators/Authorities	Maintain compliance and alignment with regulatory standards, including sustainability and data protection.	Ensured compliance with regulations and enhanced reputation.

Materiality assessment process

IRO-1 Description of the process to identify and assess material impacts, risks and opportunities

In 2024, cBrain conducted its first materiality assessment in accordance with ESRS requirements, starting with an analysis of its business relationships, value chain, and impacted stakeholders to identify relevant sustainability issues. This process involved identifying and objectively assessing impacts, risks, and opportunities (IROs) to inform materiality decisions, resulting in a comprehensive preliminary double materiality assessment (DMA).

Key stakeholders, including employees, customers, and suppliers, contributed insights into sustainability matters and helped identify and score IROs. Each sustainability matter was further reviewed through interviews with designated stakeholder representatives, focusing on identifying IROs at a sub-topic level.

Our materiality assessment was conducted in line with the requirements of ESRS 1, applying the principle of double materiality, which includes:

- Impact Materiality: Evaluates the scale, scope, irremediability, and likelihood of impacts (both positive and negative, actual and potential).
- Financial Materiality: Assesses the financial magnitude of risks and opportunities, the likelihood, and the nature of their financial effect.

A sustainability matter was considered material if at least one Impact, Risk, or Opportunity (IRO) exceeded the threshold, indicating either impact materiality, financial materiality, or both. Non-material sustainability matters were those with no identified IRO or where all IROs fell below these thresholds.

Critical decisions included identifying stakeholder representatives, scoring IROs, and the final assessment of sustainability matters, which was completed in a workshop with stakeholder input. A sustainability matter was deemed material if identified by a stakeholder and had an associated IRO, with each IRO documented along with its basis for materiality.

IRO-2 Disclosure requirements in ESRS covered by the undertaking's sustainability statement

For the financial year 2024, we have chosen not to pre-implement the CSRD but to align our reporting with key elements of the CSRD framework, including topical standards and references in the ESRS standards to our reporting, while acknowledging that we do not report on all paragraphs under the relevant topical standards.

Due to our preliminary double materiality assessment, certain disclosure requirements (E2, E3, E4, E5, S2, and S3) are not material to cBrain's business operations and sustainability reporting. While these areas are not material, we will continue to monitor them as part of our ongoing sustainability assessment. Should our business activities evolve, including expansion into new operational geographies, service scope changes, or stakeholder expectations shifts, we will re-evaluate these topics to determine whether they warrant inclusion in future reports.

E2 **Pollution:** Our operations as a software developer do not involve significant pollution risks or emissions beyond minimal office-based activities. Currently, no material pollution-related impacts or dependencies are linked to our operations.

E3 **Water and Marine Resources:** Our data center employs a water-free cooling system, ensuring that our operations do not rely on industrial water usage or directly impact marine ecosystems.

E4 **Biodiversity and Ecosystems:** Our activities do not directly interact with or impact biodiversity or ecosystems. Our office-based work does not involve land use or development in areas with significant biodiversity or ecological considerations.

E5 **Resource use and circular economy:** We focus on optimizing digital resources and minimizing waste. Our business model does not heavily engage in circular economic practices, but we continue to monitor opportunities for reducing environmental impact through efficient resource use and waste management.

S2 **Workers in the Value Chain:** Our core operations do not rely extensively on large networks of value-chain employees.

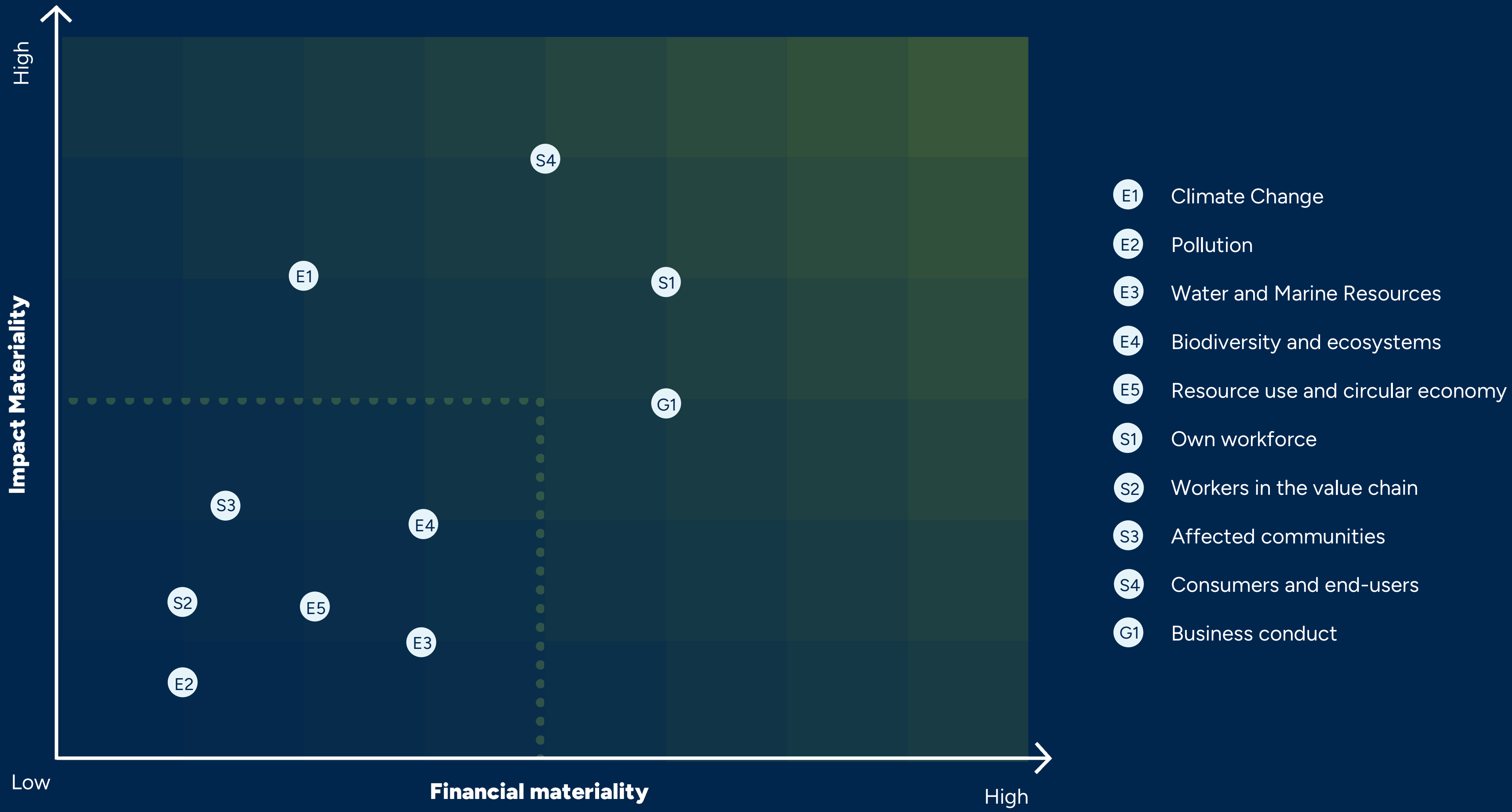
S3 **Affected Communities:** Our operations do not have a significant physical presence or direct impact on communities in a manner that would create material social impact, risks, or opportunities.

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

The material impacts, risks, and opportunities identified in cBrain's materiality assessment are outlined below and are also aligned with the ESRS topics: E1 Climate Change, S1 Own Workforce, S4 Consumers and end-users, and G1 Business Conduct within this sustainability reporting.

		Direction			Time horizon		
		Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
E1 Climate change							
Carbon emissions from own operations Carbon emissions from our operations have a negative impact on climate change by increasing greenhouse gases in the atmosphere, thereby intensifying global warming.	Actual negative impact		•		•	•	•
S1 Own Workforce							
Failure to sustain a strong DNA to attract and retain talent We view cBrain's unique culture and DNA as our foremost competitive advantage in attracting and retaining top talent and fostering organizational strength and social cohesion.	Potential negative impact		•			•	•
S1 Consumers and end-users							
Enabling easy-to-use citizen-centric digital services increases transparency and faster response	Potential positive impact			•	•	•	•
G1 Business Conduct							
Risk of bribery & corruption in high-risk regions Certain areas of our current and potential customers, especially those in regions with higher risks of corruption, face increased vulnerability. Our presence in these regions requires initiative-taking measures to mitigate risks, especially when engaging with government officials and during initial payments or guarantee deposits, which are often required in the tender processes in these regions.	Risk		•	•	•	•	•

Materiality Matrix



Environmental Information

ESRS E1 Climate Change

E1-1 Transition plan for climate change mitigation

cBrain aims to achieve climate neutrality by 2030. This objective reflects our dedication to aligning business operations with the global goal of limiting warming to 1.5°C, as outlined in the Paris Agreement.

Progress towards this goal is already underway. In 2022, cBrain achieved carbon neutrality for office electricity using solar energy and CO2 offsets. In 2023, this commitment was extended to include a contribution to CO2 reduction for our flight travels, and in 2024, we have further expanded to contribute CO2 reduction for 25% of our total scope 1, 2, and 3 emissions. The next phase of our plan involves addressing the remaining elements of our carbon footprint, with the goal of achieving carbon neutrality across all Scope 1, 2, and 3 emissions by 2030.

Our transition plan is guided by the principles of our *Climate and Environmental Policy*. It includes science-based emissions reduction targets that are aligned with the Science-Based Targets Initiative (SBTi) methodology. These targets include direct emissions from operations (Scope 1), indirect emissions from purchased electricity and heating (Scope 2), and a broader range of indirect emissions from our value chain (Scope 3).

To achieve these goals, cBrain is optimizing energy use across its operations and prioritizing renewable energy sources where possible. When renewable solutions are not yet viable, we are implementing carbon offsetting and contributing to CO2 reduction to ensure progress toward our net-zero target. Waste reduction is another critical component of our strategy, focusing on improving disposal practices. Partnerships with organizations like EI Recycling for e-waste and eSmiley for food waste monitoring support these efforts.

Our ISO 14001 certification provides a structured framework for implementing sustainability measures, ensuring transparency, accountability, and continuous improvement in our approach to climate change mitigation. Comprehensive data collection is central to our plan, enabling precise carbon footprint analysis that informs target emissions reduction initiatives.

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Developing and delivering software globally requires office facilities and business travel, making carbon emissions unavoidable.

Our materiality assessment identified the following potential impact on climate change:

Material risks, impacts, and opportunities related to climate change

		Direction			Time horizon		
		Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
Carbon emissions from own operations	Actual negative impact		•		•	•	•

Carbon emissions from own operations

Carbon emissions from our operations negatively impact climate change by increasing greenhouse gases in the atmosphere, thereby intensifying global warming.

E1-2 Policies related to climate change mitigation and adaptation

Our *Climate and Environmental Policy*, approved in 2023, outlines our commitment to reducing environmental impacts in line with globally recognized standards. Guided by the Science-Based Targets Initiative (SBTi) methodology, we aim to achieve climate neutrality by 2030, focusing on energy efficiency, renewable energy sourcing, and responsible waste management at our headquarters.

The policy covers key areas, including building operations, procurement, and mobility, as well as setting measurable goals for each. It is guided by Standard Operating

Procedures (SOPs). We adhere to the ISO 14001 standard to ensure systematic improvement, transparency, and stakeholder trust in our environmental performance. In 2024, we passed our first ISO 14001 external audit with no required amendments.

E1-3 **Actions and resources in relation to climate change policies**

To support our *Climate and Environmental Policy*, we have implemented targeted actions and dedicated resources to achieve climate neutrality by 2030. Key actions include optimizing energy usage, prioritizing renewable sources, and applying climate compensation where renewable access is limited. We focus on waste reduction through external onsite inspections of our waste disposal and responsible e-waste disposal through partnerships, including with EI Recycling. We also run internal campaigns to minimize food waste, supported by eSmiley monitoring. All actions are managed under our ISO 14001-certified system.

E1-4 **Targets related to climate change mitigation and adaptation**

The Science Based Targets Initiative (SBTi) provides a globally recognized framework for setting ambitious, science-based emissions reduction targets that align with the Paris Agreement.

As part of our ambition to achieve climate neutrality by 2030, we have aligned our emissions reduction targets with the Science-Based Targets Initiative (SBTi) methodology. However, due to the ongoing uncertainty regarding SBTi's guidance on including carbon offsets in Scope 3 target setting, we have decided not to submit our targets for official validation currently and await the organization's consultation process to clarify its position in anticipation of updated guidelines.

Given that Scope 3 emissions account for the majority of our carbon footprint, the lack of clear guidance on offset integration significantly impacts our target-setting approach. While we will not seek formal validation at this stage, we remain fully committed to setting and pursuing meaningful science-based emissions reduction targets in line with SBTi principles and methodologies when it is clear.

E1-5 **Energy consumption and mix**

Our energy use primarily includes district heating and electricity. In alignment with our science-based methodology, we aim to reduce our reliance on non-renewable energy sources while integrating renewable energy options. This includes engaging our suppliers at all offices to ensure our operations are supplied with renewable electricity, adhering to the principles of additionality.

Greenhouse Gas Emissions

tCO_2e	Note	2024	2023	2022	2021	2020
SCOPE 1 GHG EMISSIONS	1	0	0	0	0	0
District heating		12,5	12,0	59,0	50,0	27,0
Electricity, market-based		0,0	0,0	40,4	14,6	29,8
SCOPE 2 GHG EMISSIONS	2	12,5	12,0	99,4	64,6	56,8
Other indirect emissions (scope 3)	3					
• Bistro		138,6	28,0	-	-	-
• Hosting center electricity		1,2	1,1	-	-	-
• PC, monitors, phones/tablets		138,6	-	-	-	-
Category 1: Purchased goods	4	191,9	29,1	0,0	0,0	0,0
Category 5: Waste	5	0,4	0,5	0,0	0,0	0,0
• Air travel		378,4	236,4	74,0	41,6	-
• Hotel stays		12,2	12,0	-	-	-
• Taxi		2,6	-	-	-	-
• Car		2,0	-	-	-	-
Category 6: Business travel	6	395,2	248,4	74,0	41,6	0,0
SCOPE 3 GHG EMISSIONS		587,5	278,0	74,0	41,6	0,0
TOTAL SCOPE 1, 2 and 3 EMISSIONS		600,0	290,0	173,4	106,2	56,8

tCO_2e	Note	2024	2023	2022	2021	2020
CO_2e COMPENSATION BOUGHT	7	8,5	13,2	0,0	0,0	0,0
Electricity, location-based		8,5	13,2	40,4	14,6	29,8
Renewable energy purchased		8,5	13,2	0,0	0,0	0,0
SHARE OF RENEWABLE ENERGY, %		100%	100%	0%	0%	0%
GHG emissions, tCO_2e/mDKK	8					
GHG emissions (location-based)		2,3	1,3	0,9	0,7	0,5
GHG emissions (market-based)		2,2	1,2	0,9	0,7	0,5
GHG emissions, tCO_2e/FTE	9					
GHG emissions (location-based)		3,2	1,8	1,1	0,8	0,5
GHG emissions (market-based)		3,2	1,7	1,1	0,8	0,5
Energy Consumption, MWh	10					
District heating		353,1	287,1	420,3	390,7	249,4
Electricity		183,9	167,9	294,8	284,7	279,7
ENERGY CONSUMPTION, MWh		537,0	455,0	715,1	675,4	529,1
ENERGY CONSUMPTION, MWh/FTE		2,8	2,7	4,7	4,9	4,5

Notes to the GHG emissions

E1-6 **Gross Scopes 1, 2, 3 and Total GHG emissions**

Since 2018, we have reported on Scope 1 and 2 emissions. In 2022, we expanded our reporting to include Scope 3 emissions from business travel (air travel) and electricity usage from our external data center. In 2023, we further broadened our Scope 3 reporting by incorporating hotel stays and emissions from waste and food purchases.

In 2024, we aligned our GHG emissions reporting with the GHG Protocol, including all significant emission categories. Additionally, we refined our methodology and calculation methods for each category, as detailed below.

Note 1 - Direct GHG emissions (scope 1)

cBrain does not directly consume energy or operate company vehicles, so we have no Scope 1 emissions.

Note 2 - Indirect GHG emissions (scope 2)

cBrain reports indirect greenhouse gas (GHG) emissions from purchased heat and electricity in accordance with both market-based and location-based methodologies.

- Market-based emissions reflect indirect GHG emissions based on procurement choices, including contractual instruments such as Power Purchase Agreements.
- Location-based emissions are calculated using national grid average emission factors specific to each site's geographic location.

Electricity consumption data, measured in kWh, is collected through Energinet, which calculates cBrain's CO_2e emissions based on its electricity usage.

Note 3 - Other indirect GHG emissions (scope 3)

Indirect emissions from our value chain are classified as Scope 3. cBrain has conducted a preliminary materiality assessment of the fifteen categories defined by the GHG Protocol and identified three as material. The remaining categories are neither applicable nor lack sufficient data for accurate emissions calculations.

The data collection methods and emission calculation approaches are detailed under each relevant category below.

Note 4 – Purchased goods and services (Category 1)

Category 1 includes cBrain's food purchases for our bistro, electricity consumption for leased data storage, and purchase of computers, monitors, mobile phones, and tablets.

§ Bistro

The largest suppliers provide data on purchases, accounting for 80% of the bistro's total food purchases. The largest supplier provided CO_2e emissions data, while emissions for other suppliers are calculated using Concito's "The Big Climate Database version 1.2." CO_2e emissions for the remaining purchases are extrapolated based on quantities. The remaining 20% primarily comes from our meat suppliers. As a result, emissions from the bistro in 2024 are significantly higher than in 2023.

§ Hosting center electricity

Data on electricity used for leased data storage is obtained from invoices provided by the supplier. The CO_2e emissions are calculated by multiplying the total usage by a location-specific emission factor, as the energy mix at the data center differs from that of the headquarters due to its different location.

§ PC, monitors, phones/tablets

The data on the number of computers, mobile phones, monitors, and tablets purchased during the year is collected from invoices provided by suppliers. This data is then multiplied by the corresponding manufacturer's product-specific emission factor for the entire product's lifetime.

The purchased technology has a 3-5 years lifespan, after which the used equipment is sold for recycling, thereby contributing to more sustainable consumption (circular economy). We recognize the products' emissions at purchase, which can lead to annual fluctuations.

Note 5 – Waste (Category 5)

§ Waste

Waste management primarily includes cardboard, paper, and food waste from the Bistro. Data is obtained from Marius Pedersen's self-service portal, tracking monthly waste collections. CO_2e emissions are calculated using the GHG Protocol's "waste-type-specific" method, applying unique emission factors for each waste type and treatment. Emissions for 2023 and 2024 are based on concrete calculations of waste from the company's emission factors for food waste and cardboard.

Note 6 - Business travel (Category 6)

§ Air travel

The emissions for each flight have been calculated by obtaining information on all registered flights during the reporting period. The distance for each flight was determined using the online tool www.airmilescalculator.com, which calculates the distance between points A and B using Vincenty's formula, including stopovers. Flights were categorized as domestic, short-haul, long-haul, or international (between non-EU countries) to account for emissions at different altitudes.

Additionally, the class type was considered when applying the appropriate emission factor. The well-to-tank emission factor for each flight category was multiplied by the distance and added to the flight's emissions, yielding the total CO_2e emissions for each air travel.

§ Hotel stays

Data related to hotel stays, which includes the country, number of nights, and number of rooms, are collected based on data from employees' reimbursement of hotel expenses. The CO_2e-emissions are then calculated based on DEFRA's country-specific emission factors. For countries not included in DEFRA's data set, the emission factor was derived from www.hotelfootprints.org, as referred by DEFRA.

§ Taxi

CO_2e-emissions from taxi rides are calculated based on employees' reimbursement of taxi expenses. The total price is used to estimate the number of kilometers driven in each country, which is multiplied by an average emission factor per kilometer.

§ Car

Transport includes driving in the employees' own cars, where driving is conducted in relation to cBrain's activities, primarily to and from customers. Specific information on car types and the fuel used, either electricity, diesel or petrol, has been obtained for 84% of the total distances driven to multiply the distance with the relevant emissions

Note 7 - CO_2e compensation purchased

cBrain receives information about CO_2e compensation purchased directly from suppliers.

Note 8 - GHG emissions based on net revenue

The total GHG emissions based on both location- and market-based approaches have been calculated to net revenue using the following formula:

$$\frac{\text{t}CO_2\text{e emissions in total (location- or market-based)}}{\text{Net revenue}}$$

Note 9 - GHG emissions based on FTE

The total GHG emissions based on both location- and market-based approaches have been calculated to the number of FTEs using the following formula:

$$\frac{\text{t}CO_2\text{e emissions in total (location- or market-based)}}{\text{Number of FTE's}}$$

Note 10 - Energy consumption

The data used for the total energy consumption is the same data used for the CO_2e-emission calculations. The total energy consumption is calculated by converting the total district heating and electricity into the same unit (MWh) and adding them.

E1-7 GHG removals and GHG mitigation projects financed through carbon credits

We remain completely neutral in emissions from our electricity consumption by adding solar power to the grid through The 0-Mission, a program in which cBrain subscribes to a solar park in Vandel near Vejle in Denmark.

To account for our Scope 3 emissions, we have chosen to focus our compensation strategy on supporting the Danish National Carbon Budget by committing funds to Klimaskovfonden for national afforestation projects. This decision reflects our shift away from purchasing Clean Development Mechanism (CDM) carbon offsets established under the Kyoto Protocol. While the preferable alternative would have been to buy direct carbon credits, the reality is that the carbon credit market and its associated technologies remain underdeveloped.

As a result, and in alignment with our commitment to real and effective carbon emissions offsets and removal, a zero will appear in the Scope 3 offsets line of our 2024 GHG carbon accounts.

We continue to monitor developments in the carbon credit market and CO2 removal technologies, positioning ourselves as early adopters of a mindset dedicated to true CO2 reduction.

E1-8 Internal carbon pricing

We do not apply internal carbon pricing schemes in our business.

E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

We have opted to exercise the phase-in allowance to omit the financial effects from material physical and transition risks and potential climate-related opportunities required in E1-9 risks and potential climate-related opportunities required in E1-9.

Applied Software for Government

Social Information

ESRS S1 Own workforce

At cBrain, our employees are at the core of our success, playing a pivotal role in maintaining our strong market position and driving the continuous development of our business. As a knowledge-intensive, fast-growing company, attracting, retaining, and developing top talent is essential to achieving our strategic goals.

We recognize our employees as our greatest asset and are committed to fostering a work environment that prioritizes health, safety, and well-being. Investing in employee development strengthens our organizational DNA, creating a dynamic and inclusive workplace where everyone can contribute, grow, and reach their full potential.

Our approach to employee engagement is built on strong leadership, open communication, and a culture of collaboration. We offer comprehensive training programs, hands-on development opportunities, and ongoing feedback mechanisms to ensure continuous professional growth. Additionally, we actively monitor engagement and well-being through regular surveys, reinforcing our commitment to a thriving and motivated workforce.

ESRS 2 SBM-3 **Material impacts, risks and opportunities and their interaction with strategy and business model**

cBrain's growth strategy depends on a continuous influx of new talent and the ongoing development of our existing teams. We must continuously nurture and strengthen our unique organizational DNA to sustain our market position and remain a trusted partner in developing COTS solutions for government software.

Our materiality assessment identified the following potential impact on our workforce:

Material risks, impacts, and opportunities related to climate change

		Direction			Time horizon		
		Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
Failure to sustain a strong DNA to attract and retain talent	Potential negative impact		•		•	•	

Failure to sustain a strong DNA to attract and retain talent

At cBrain, our culture and DNA are key to attracting and retaining talent while fostering organizational and social cohesion. Weakening our core values in product innovation, customer focus, and workplace culture could lead to higher employee turnover and impact business growth. Maintaining a strong reputation in the job market and among educational institutions is also essential for securing future talent.

To mitigate this risk, we embed a strong people agenda in our business strategy, focusing on leadership training, continuous method development, structured onboarding, and work-life balance. We also remain committed to equal opportunities and diversity as fundamental pillars of our culture.

S1-1 Policies related to own workforce

We are committed to creating an ambitious yet fair and inclusive workplace, guided by our CSR Policy, Code of Conduct, and key Human Rights, Diversity, and Fair Labor Practices policies.

cBrain wishes to build long-term relations with employees and be a supportive employer through a holistic view of our employees' different life phases and situations.

Employee health and safety are highly prioritized, supported by our Global Health Policy, which offers fitness and sports facilities at the headquarters as well as social and sports clubs (incl. running, climbing, walking, badminton, basket, padel, board games, etc.), ergonomic workstations, free annual vaccinations, along with regular safety training. We also promote a healthy work-life balance through flexible work arrangements. Moreover, our people have a high degree of autonomy in planning their own work, and our low-hierarchy organizational structure encourages open dialogue, innovation, and creativity.

We uphold a zero-tolerance approach to discrimination and harassment. According to our policies, any discrimination based on race, gender, religion or beliefs, political view, sexual orientation, social or ethnic origin, or other personal characteristics is prohibited across all aspects of employment.

Harassment, including unwanted behavior of a sexual nature, is not tolerated, and employees are encouraged to report any concerns to HR.

Diversity is a core value, as outlined in our Diversity Policy. We believe that a diverse culture brings varied perspectives, and drives innovation, and our initiatives aim for at least 40% gender representation in management by 2030.

Recruitment and promotion processes value diverse backgrounds and include factors such as gender, age, educational background, experience, language, etc., ensuring an inclusive workplace.

Our commitment to data security reflects the trust essential to our operations. Data privacy is rigorously protected in line with international standards.

Furthermore, our employee policies align with global frameworks like the UN Guiding Principles on Business and Human Rights, underscoring our dedication to ethical and responsible business practices worldwide.

All policies are approved by the board of directors and overseen by the audit committee.

S1-2 Processes for engaging with own workforce and workers' representatives about impacts

We know that personal influence in one's own work is crucial to employee engagement. We are dedicated to relating openly with our employees on matters affecting their well-being and perceived rights. We use structured and informal channels, such as regular development meetings, one-to-one meetings with managers, and team feedback sessions, to ensure that employee perspectives are integrated into our decision-making. Our leadership, including HR, facilitates these interactions, documenting feedback to address any issues at an executive level.

Our people policies encourage employees to share concerns without fear of retaliation, and we have included courses in psychological safety as part of our Good Communication program to maintain psychological safety through secure, open communication.

We continuously assess and adjust our engagement processes based on employee feedback and surveys, aligning our practices with organizational goals. For instance, we conduct onboarding surveys, which enable us to monitor and increase job motivation during the onboarding process. Yearly, we develop an employee data analysis based on qualitative information from exit interviews to draw lessons and identify focus areas for improvement and strengthening employee engagement and retention.

S1-3 Processes to remediate negative impacts and channels for own workforce to raise concerns

Employees are encouraged to speak freely and report any concerns or complaints regarding harassment, suspected legal or financial misconduct, or other issues to their manager, HR, or directly to any members of the executive management. This mechanism provides a confidential way to report serious concerns, supporting our commitment to securing a respectful and ethical workplace.

Where internal channels may not be suitable, employees can anonymously use the whistleblower protection framework to ensure their concerns are addressed to the audit committee chair.

S1-4 Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

In 2024, as part of our strategic focus, cBrain HR collaborated with an organizational psychologist to identify and evaluate employee training initiatives that support our organizational culture goals. Under the "Good Communication" initiative, we have conducted internal team sessions such as High-Performance Teams, Master the Difficult Conversation, become a Good Listener, and Create Psychological Safety. These courses equip our employees to manage challenging conversations, build active listening, and foster a culture where everyone feels comfortable sharing ideas and feedback with colleagues, managers, customers, and partners.

Additionally, we have introduced the next phases of Good Communication, where leaders and employees receive training in emotional intelligence, which will be a new initiative in 2025. HR has launched "cBook for Managers," which contains different management tools, including stress handling, to help managers in their role and support a healthy work environment, enabling them to identify early stress symptom warnings.

S1-5 Targets related to managing material impacts, advancing positive impacts, as well as to risks and opportunities

We conduct regular workplace assessments (APV) to gather feedback on working conditions and ensure a safe, healthy environment. These assessments help identify risks and improvement areas, with action plans shared with all employees. HR also conducts an annual analysis covering hiring, terminations, leave, and exit interview feedback. Additionally, surveys during onboarding help identify areas for improvement and support management in optimizing the employee experience.

In 2018 and 2021, we conducted engagement surveys and workshops to assess the work environment and overall job satisfaction. These insights help us continuously refine our approach, and we are preparing an employee analysis for 2025. While we are not a KPI-driven company, we take engagement survey results seriously and set ambitious targets for key people metrics.

Our priority is achieving high response rates to ensure meaningful feedback. Surveys are conducted anonymously to encourage openness, and the insights gathered drive ongoing improvements in employee well-being while supporting cBrain's growth and innovation goals. This approach helps us balance employee well-being with business performance.

S1-6 Characteristics of the Undertaking's Employees

Headquartered in Denmark, cBrain operates in more than 10 countries across five continents with a workforce of 220 employees (headcounts). In 2024, 19 employees left, resulting in a 7% turnover rate.

We strive for a balanced workforce based on gender, age, and international background. Our mix of permanent and temporary employees contributes to a dynamic environment, blending the perspectives of experienced professionals and early-career talents.

The IT industry is typically unevenly composed, with women representing less than 23% of the workforce in Denmark and its neighboring countries. At cBrain, women make up 40% of our workforce, which is significantly above industry norms. We believe gender diversity positively influences our working environment by fostering a more balanced workforce cohesion, enabling innovation, and contributing to our good business results.

The tables on the next page show details about the diversity and characteristics of our workforce. cBrain has under 50 employees abroad, below 10% of its workforce, so the table is not divided by country.

S1-7 Characteristics of non-employees in the undertaking's own workforce

Our non-employees primarily include partners in regions, playing a key role in expanding our market presence and bringing in key local competencies. While operating independently, they are guided to uphold our ethical conduct and company values and are included in all significant company strategic and social events. We regularly assess our reliance on these non-employee roles to ensure alignment with our strategic expansion goals, enabling a cohesive presence in new markets while effectively managing associated risks.

S1-8 Collective bargaining coverage and social dialogue

cBrain's employees are not covered by collective bargaining agreements. However, Danish employees are well protected by the Danish Salaried Employees Act (Funktionærloven) and Holidays Act, which protects employees to a high degree through ambitious and fair standards for employment terms such as notice periods, vacation, and working hours. Local law applies to employees outside Denmark, and in some areas of employment, cBrain offers even better conditions than the law requires.

Diversity and characteristics of employees

FTE's		2024	2023	2022	2021	2020
Gender diversity						
Male		113	95	87	77	70
Female		76	72	65	60	47
Other		-	-	-	-	-
	1	**189**	**167**	**152**	**137**	**117**
Women's representation by levels						
Board of Directors	2	20%	20%	20%	20%	20%
Executive Management	3	0%	0%	0%	0%	0%
Directors	4	25%	25%	0%	0%	0%
Managers	5	35%	35%	38%	30%	30%
All employees	6	40%	43%	44%	44%	40%
Distribution of employees by age group	7					
Under 30 years old		18%	-	-	-	-
Between 30-50 years old		56%	-	-	-	-
Over 50 years old		26%	-	-	-	-
Gender pay gap						
Managers	8	40%	-	-	-	-
Other employees below managers	9	8%	-	-	-	-
CEO pay ratio	10	4,6:1	4,6:1	4,6:1	4,6:1	4,6:1

Headcounts		2024	2023	2022	2021	2020
Permanent employees						
Male		137	87	80	68	65
Female		65	67	61	57	46
Other		-	-	-	-	-
	11	**202**	**154**	**141**	**125**	**111**
Temporary employees						
Male		12	8	7	9	5
Female		6	5	4	3	1
Other		-	-	-	-	-
	12	**18**	**13**	**11**	**12**	**6**
Non-guaranteed employees						
Male		5	6	5	4	4
Female		3	4	3	3	2
Other		-	-	-	-	-
	13	**8**	**10**	**8**	**7**	**6**
Employee turnover	14					
Permanent employees		7%	11%	12%	9%	12%
Temporary employees		11%	16%	17%	40%	40%
Non-guaranteed employees		32%	10%	0%	22%	14%

S1-9 **Diversity metrics**

The accounting policies for diversity and employee characteristics metrics in the table above are described below.

Note 1 - Gender diversity

Gender diversity is reported based on the average number of employees during the financial year, categorized by the gender registered with authorities. This includes all full-time and part-time staff, adjusted for working hours relative to a full-time equivalent (FTE) position.

Note 2 - Women's representation in the Board of Directors

The Board of Directors consists of five members, of whom one is a woman.

Note 3 – Women representation in Executive Management

The Executive Management team consists of two male members.

Note 4 – Women's representation in Directors

Directors are defined as an extension of executive management in daily operations and are collectively called the executive management team. The team includes four additional members, of whom one is a woman.

Note 5 – Women representation in Managers

Managers include all other personnel with direct people management responsibilities. At the end of the financial year, the average number of managers was 17, of whom six were women.

Note 6 – Women representation in all employees

Gender diversity is the average number of female employees divided by the total number of FTEs.

Note 7 – Distribution of employees by age group

The distribution of employees by age group is based on the average number of employees in each age category as of the last day of the financial year.

Note 8 – The gender pay gap for managers

Managers (see definition of Managers in Note 5), have a 40% gender pay gap, mainly due to male managers' longer tenure and broader responsibilities. New hires and promotions receive equal salaries, adjusted for qualifications.

Note 9 – The gender pay gap for other employees

Other employees include all non-management staff. The 8% gender pay gap is due to a group of male employees with longer tenure and broader responsibilities. New hires receive equal pay based on qualifications.

Note 10 – CEO pay ratio

The annual total remuneration ratio of the highest-paid individual (CEO) to the median annual total remuneration for all employees, excluding the highest-paid individual.

Note 11 – Permanent employees

Permanent employees are defined as full-time employees and are reported based on headcount at the end of the financial year.

Note 12 – Temporary employees

Temporary employees include part-time workers (hourly paid employees) and are reported based on headcount at the end of the financial year.

Note 13 – Non-guaranteed employees

Non-guaranteed employees include contractors (external consultants) who are closely affiliated with the company for specific purposes, such as market development consultants abroad. These employees are reported based on headcount at the end of the financial year.

Note 14 – Employee turnover

Employee turnover is calculated as the number of employees who left the company during the year, divided by the average number of employees during the year.

S1-10 Adequate Wages

All our employees in European countries are paid an adequate wage in line with Directive (EU) 2022/2041, ensuring compliance with local wage standards. As our workforce primarily consists of highly educated employees, our wages are set way above these minimum benchmarks to reflect the skills and expertise of our employees. Our non-European employees similarly receive adequate wages based on national and market benchmarks.

S1-11 Social protection

Our employees' well-being is a top priority. Comprehensive social protection measures are available as part of employment, including healthcare, retirement plans, disability insurance, and paid leave. These benefits are tailored to meet local regulations and market standards.

S1-12 Persons with disabilities

We do not track employee disability but value the diversity among our team.

S1-13 Training and Skills Development metrics

All employees participate in two annual performance dialogues with their direct managers, using a structured form to guide the process and assess past performance, set future goals, and outline personal development plans. These reviews ensure alignment between individual growth and our strategic objectives, with outcomes documented and shared with HR to support continuous employee development.

In 2024, cBrain invited all employees to an off-site three full-day workshop working with the execution of our strategic growth goals and "Plan 2023-2025" where everybody had the opportunity to participate in strategy work and share innovative ideas and concerns related to company ambitions.

Additionally, we offer a wide range of development opportunities tailored to our workforce's diverse needs, including technical training, leadership development, agile project management, and personal skills development programs. On average, each employee completed 42,5 hours of training in 2024 equally distributed for the entire workforce.

S1-14 Health and safety metrics

We are committed to a safe, healthy, and supportive workplace. Our Global Health Policy promotes well-being through proactive health monitoring, including monthly reviews of sick leave and vacation balances. Employees facing heavy workloads or stress are encouraged to seek support from managers and HR.

We prioritize both physical and mental health, offering ergonomic assessments, flu vaccinations, a fitness center, company-sponsored sports events, and healthy meals. Our Good Communication initiative includes training in workplace safety, emotional intelligence, and psychological safety to foster a positive culture.

All employees are covered by health and safety procedures. In 2024, work-related injuries remained below 1%, resulting in minimal lost workdays.

S1-15 Work-life balance

We value work-life balance as a core component of employee well-being, and we perceive it to increase our overall productivity. We are committed to providing flexible terms and arrangements and policies that help employees maintain a healthy balance between their work responsibilities and personal lives.

In 2024, 100% of employees were entitled to family-related leave, reflecting our dedication to supporting the employees' family needs. Of these, 5% of employees took family-related leave, with 2% of men and 6% of women utilizing this benefit.

S1-16 Remuneration metrics (pay gap and total remuneration)

We are committed to fair and equal remuneration practices that reflect our dedication to inclusivity and transparency. We regularly review and analyze our pay structures to ensure that employees are compensated fairly based on an evaluation of skills, experience, responsibilities, and contributions. As part of this process, we monitor the gender pay gap to identify and address any disparities in pay between male and female employees performing comparable roles and with comparable educational and experience profiles.

S1-17 Incidents, complaints, and severe human rights impacts

In 2024, in terms of human rights impacts, cBrain reported no incidents or complaints. We maintain a respectful and ethical work environment with accessible, anonymous reporting channels that are monitored. Our policies are regularly assessed to align with best practices.

Social Information

ESRS S4 Consumers and end-users

ESRS 2 SBM-2 **Interests and views of stakeholders**

Government digital transformation represents one of the largest markets globally.

COTS for government is a game-changing approach that offers government organizations fast digital transformation at scale. This offers a huge market opportunity for cBrain and cBrain intends to become a leading global supplier of COTS for government. With F2, cBrain has a first-mover advantage and a unique value proposition.

cBrain intends to become a leading global supplier of COTS for government.

With F2, cBrain has a unique value proposition, backed by a strong customer reference base. The business roadmap for global leadership is based on 3 building blocks: Strategic customers (Super Accounts), Subscriptions, and Partners.

While governments around the world increase their investments in digital transformation and the IT industry expands to meet the demand, the shortage of skilled IT professionals is often cited as a key factor in delays or failures in IT modernization projects.

The emergence of COTS for government addresses the labor gap. Standard software and tools like F2 and the F2 Service Builder enable users without a technical background to manage much of the IT work, thereby reducing the demand for skilled IT resources.

This makes COTS for government an industry game-changing technology. By democratizing IT modernization and reducing the demand for skilled IT resources, COTS for government simultaneously lowers costs and accelerates successful digital transformation, thereby becoming a key enabler for government transformation.

By adopting best practices from the most digital country in the world with high standards when it comes to e.g. transparency, justice, inclusion, anti-corruption, biodiversity, and climate regulation, cBrain and its partners can provide government, citizens, businesses, and end-users around the world with solutions that support and respects not only human rights but all The Teen Principles set up by UN and several of UN's Sustainable Development Goals.

ESRS 2 SBM-3 **– Material impacts, risks and opportunities and their interaction with strategy and business model**

The world is becoming increasingly digital. It opens for opportunities as well as risks.

Our materiality assessment identified the following potential impact on our workforce:

Material risks, impacts, and opportunities related to consumers and end-users

		Direction			Time horizon		
		Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
Enabling easy-to-use citizen-centric digital services increases transparency and faster response	Potential positive impact			•	•	•	•

The level of cyber risk is increasing and can compromise services and data thereby disturbing society and causing vulnerability.

There is a tendency for large government projects to fail to meet schedule, budget, and results that can contribute to a lack of trust towards government and digitalization.

The demand for increased efficiency and better citizen services in the public sector is huge and offers opportunities for cBrain to expand our business and to develop and provide solutions that help citizens and businesses to interact with the public sector in a way that is helpful, respectful and efficient and at the same time lower the digital threshold and barriers.

Increased complexity in legislation can cause complex solutions that can make it difficult for citizens and businesses to grasp to understand what to do. Digitalization can offer help but also in itself drive complexity. It can be a double-edged sword.

cBrain regards this development as a huge opportunity because we foresee that it will drive the demand for standard solutions built for government and based on best practices.

At the same time, it will demand increased investment in security and the protection of data and the integrity of data and in the enhancement of the end-user dialogue whether it is civil servants, citizens, or businesses.

S4-1 **Policies related to consumers and end-users**

As a provider of eGovernment services across 5 continents cBrain recognizes and is aware of its responsibility towards society.

cBrain has many years maintained a comprehensive security policy and system, which is ISO 27001 certified and controlled by external assessors. The General Data Protection Regulation from the EU has been implemented according to Danish law and is audited by external assessors yearly. Results from the assessment are disclosed on cBrain's customer portals. The F2 software is developed by the principal security by design. Assessments cover Denmark and Germany, but policies and procedures are followed globally.

cBrain has been preparing for the implementation of The Network and Information Security 2 (NIS-2) Directive, which aims to achieve a high common level of cybersecurity across the EU. cBrain will finalize the implementation before the deadline decided by the Danish Parliament.

S4-2 **Processes for engaging with consumers and end-users about impacts**

According to the Danish Company Act cBrain implemented a Data Ethical Policy in 2021 and reports every year on the development. Policy and reports are available on cBrain's homepage www.cbrain.com/corporate-governance.

As described in the Data Ethical Policy the product board has the responsibility to assess any data ethical issues in the product development cycle to ensure that cBrain keeps its data ethical promises. The product manager is responsible for making sure that assessments are carried through. Further in the implementation of customer solutions, it is the responsibility of the project manager to ensure that data ethical issues are brought up and discussed with the customer's management.

A Code of Conduct has been in place since 2018 and ensures that policies are implemented, updated, and followed. A Supplier Code of Conduct ensures that partners and suppliers are following the same principles.

All staff are trained and tested in the Code of Conduct relevant policies and in the security system as a part of the onboarding process and are retrained and tested yearly.

S4-3 **Processes to remediate negative impacts and channels for consumers and end-users to raise concerns**

Innovation, further development, and enhancement of the standard platform are anchored in the product board under the governance of the CEO and CTO and are steered by the product manager. As a one-product company, it is a strategic forum.

From customers and end-users cBrain receives constant input and cBrain arranges and hosts Best Practice events at the headquarters, where solutions and issues are discussed.

cBrain releases new major versions of F2 every year but consider adopting a more agile release mechanism in the future.

cBrain has developed a whole range of methods and tools that support the design and implementation process in customer projects. E.g., the F2 Bureaucracy Model, the F2 Design Model, The Wave Implementation Model, The Banana Model, The Innovation Cookbook, and the Alfa-Beta-Scaling Model. At the core of those models is Innovation Design thinking, which enables a remarkably high degree of end-user participation. Working with the F2 product, which is configurable to a remarkably high extent, gives the users the ability to impact the configuration all through the design process. We call it Open Design.

Accessibility is key not only to the public sector but also to cBrain. We develop standard software for the public sector with an outreach to quite different user groups including of course citizens and businesses. The German public market is characterized by exceedingly high standards regarding end-user accessibility and working with one of the largest agencies in Germany, cBrain has invested years in meeting those high standards.

Formal reporting mechanisms are implemented to make sure that cBrain Policies and Code of Conduct are followed including a Whistle Blower channel to manage possible incidents. The Audit Committee oversees it.

S4-4 Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

By implementing international standards for security (ISO 27001) and environment (ISO 14001) we have established a risk-based management setup and a company culture that secures and supports high attention.

We act systematically to prevent any misuse of sensitive data, and we have clear policies and guidelines for how employees should manage situations of data leakage if it should arise. The same goes for environment-related issues. Thereby risks are reduced.

Due to the focus on SGD 16, we work constantly to improve transparency and responsibility through our product F2. Via our methods and F2, we emphasize and support a citizen-centric approach, which results in easy-to-use self-service solutions with high quality, that again deliver high value for citizens, businesses, and public entities.

By providing solutions in the area of climate, energy and environmental regulation, cBrain contributes to lowering the CO_2e emission and enhancement of biodiversity.

S4-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

0 reports have been filed via The Code of Conduct channel and the Whistle Blower channel since it was established in 2018 and respectively 2020.

For 2024, cBrain related (excl. "Caused by customer") security incidents targets and results have been:

Significance	Target	Result
Minimal impact	No Target	12
Minor impact	Less than 10	4
Impact	Less than 5	3
Greater impact	0	0
Catastrophic impact	0	0
Total		**19**

The Danish Data Protection Agency (DDPA)

- 1 report has been issued to DDPA
- 0 issue has been addressed by DDPA

The Centre for Cyber Security (CFCS)

- 0 reports have been issued to CFCS
- CFCS has addressed 1 issue

After a reply from cBrain to CFCS, CFCS concluded that there was no security flaw and the case was closed.

External ISO 27001 audit of cBrain

- Performed in September 2024
- Besides improvement suggestions only 1 minor nonconformity, which cBrain had rectified by 1/12-2024.

External ISAE 3402 & 3000 audits of cBrain

- Performed in the period November 2024 to January 2025
- Resulted in 0 nonconformities.

Governance Information

ESRS G1 Business Conduct

ESRS 2 SBM-2 **Interests and views of stakeholders**

We are committed to conducting business with integrity in all aspects of our operations and ensuring compliance with the laws and regulations in every country where we operate. As a global provider of COTS for governments, we recognize the importance of ethical practices in our interactions with the public sector.

As a growing organization, we continually enhance our compliance program and emphasize the need for a shared understanding of our business conduct among our people, suppliers, and partners. Our strong culture of integrity and transparency ensures that our people understand the importance of ethical conduct in our business practices and build trust with our stakeholders.

ESRS 2 SBM-3 **Material impacts, risks and opportunities and their interaction with strategy and business model**

Working with government agencies requires engaging with officials at multiple levels, making vigilance against corrupt business practices essential, particularly in high-risk regions where bribery and corruption risks are elevated. These risks include facilitation payments and potential corruption involving government officials.

Our materiality assessment identified the following potential impact on our business conduct:

Material risks, impacts, and opportunities related to climate change

		Direction			Time horizon		
		Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
Risk of bribery & corruption in high-risk regions	Risk		•	•	•	•	•

Risk of bribery & corruption in high-risk regions

Certain areas of our current and potential customers, especially those in regions with higher risks of corruption, face increased vulnerability. Our presence in these regions requires initiative-taking measures to mitigate risks, especially when engaging with government officials and during initial payments or guarantee deposits, which are often required in the tender processes in these regions.

Any incident of bribery or corruption could result in fines, penalties, and reputational damage for cBrain, undermining our relationships with current and prospective public customers, suppliers, or partners. This risk is present not only within our own operations but also among our partners and is notably higher in regions such as the Middle East, Africa, Asia, and South America.

G1-1 **Business conduct policies and corporate culture**

Our compliance framework is built on our core values, Code of Conduct, and Supplier Code of Conduct, supplemented by specific policies addressing anti-corruption, data protection, IT security, and insider trading. These policies empower our employees and suppliers to make decisions that align with our ethical standards.

The Board of Directors holds ultimate responsibility for overseeing cBrain's corporate culture and business conduct, while the Executive Management is tasked with leading by example and promoting a culture of integrity throughout the organization.

Risks related to business integrity and compliance are actively overseen and managed across the organization by the CFO and the General Counsel, and discrepancies are reported to the Audit Committee. No report has been given in 2024.

Code of Conduct

Our Code of Conduct sets clear ethical standards for the company and encompasses all aspects of our operations and activities, including compliance with laws, respect for human rights, commitment to diversity, fair competition, and anti-corruption practices. It outlines responsibilities related to business integrity, such as anti-money laundering regulations and data protection, and prohibits aggressive tax strategies and political contributions. Employees are required to report any violations, and suppliers must adhere to similar ethical standards.

The CFO is responsible for the Code of Conduct. No noncompliance is reported to the Audit Committee, and no incident has been reported in 2024. The Code of Conduct is reviewed annually and updated in line with relevant legislation, with the latest update occurring in October 2024 due to the annual review.

Training and Awareness

To ensure understanding and adherence to the Code of Conduct, we provide ongoing, mandatory training and regular communications for all employees. This training is integrated into the onboarding process for recruits and covers the Code of Conduct and our anti-corruption policies. All business conduct policies are readily accessible to employees through cBrain's onboarding. Annually, all employees must restudy the program and achieve at least 90% in an online test to complete.

In 2024, we strengthened our compliance framework by centralizing the compliance organization under the governance of the CFO. The Compliance and security internal auditors now collaborate closely with the General Counsel and CFO on tasks related to ISO certifications and ISAE audits.

Whistle-Blower System

cBrain offers a whistle-blower system that enables employees, customers, suppliers, and partners to report any financial or legal impropriety allegations. This system is accessible through our website, and all reported concerns are reviewed and assessed by the audit committee chair to determine if they fall under the scope of the whistle-blower policy and, ultimately, if required by our external auditor.

Training on the whistle-blower system and the associated privacy policy is mandatory because all employees are a part of the onboarding process. Whistle-blowers are protected from retaliation, discrimination, or disciplinary action resulting from their reports.

In 2024, zero concerns were raised through the whistle-blower system.

G1-2 Management of relationships with suppliers

Supplier Code of Conduct

Our success is built on strong partnerships with suppliers who share our ethical principles, and we clearly outline our expectations in our Supplier Code of Conduct.

The Supplier Code of Conduct addresses potential risks related to labor practices, human rights, health and safety, environmental responsibility, and bribery and corruption. Suppliers must comply with international human rights standards and national laws regarding child and forced labor, working hours, wages and benefits, and non-discrimination.

We expect our suppliers to prioritize occupational health, safety, and environmental compliance while supporting cBrain's goal of reducing Scope 3 emissions and achieving net-zero emissions by 2030. This includes providing data on greenhouse gas (GHG) emissions and setting emissions reduction targets that align with the Paris Agreement.

All primary suppliers are required to sign our Supplier Code of Conduct and disseminate it to their subcontractors and business associates involved in providing goods and services as outlined in our contracts.

Suppliers are subject to ad hoc risk evaluations and audits to ensure compliance. We reserve the right to terminate contracts with any supplier that violates the Supplier Code of Conduct or refuses to participate in a remediation plan when requested. In 2024, cBrain conducted one evaluation through an audit.

We recognize our responsibility to our suppliers by maintaining standard payment terms of net 30 days to prevent overdue payments, particularly for small and medium-sized enterprises (SMEs).

The General Counsel is responsible for the Supplier Code of Conduct, which is reviewed annually and updated to align with relevant legislation. The most recent update occurred in March 2023.

G1-3 Prevention and detection of corruption and bribery

We uphold a zero-tolerance policy toward bribery and corruption, committing to conduct our business ethically and with integrity in all dealings and relationships worldwide. We comply with anti-bribery and corruption laws in every jurisdiction where we operate, and we neither engage in nor tolerate any form of facilitation payments.

Our Code of Conduct and Anti-Corruption Policy clearly outlines our commitment to preventing bribery, fraud, and corruption. All employees undergo mandatory training in these specific policies, and our expectations are communicated to suppliers through our Supplier Code of Conduct.

In regions such as the Middle East, Africa, Asia, and South America, we face an elevated risk of corruption and bribery, particularly within our sales departments, which often engage with government officials. To address these challenges, employees operating in high-risk areas receive targeted compliance training and dedicated support to ensure they understand and adhere to our ethical standards, including anti-corruption.

We encourage employees, suppliers, customers, and partners to report any allegations of corruption, bribery, fraud, or other legal or financial misconduct by contacting the CFO or through our whistle-blowing mechanism.

Concerns submitted via the whistle-blower system are reviewed and assessed by the audit committee chair and our external auditors if required.

Training and Awareness

We provide mandatory anti-corruption and bribery training for new employees through our onboarding process and yearly updates via online training. In 2024, 100% of employees completed training and testing on our Code of Conduct, Anti-Corruption Policy, and Information Security Policy. By prioritizing training, testing, and awareness, we ensure that our employees are equipped to uphold our commitment to integrity in all aspects of our operations.

G1-4 **Incidents of corruption or bribery**

In 2024, cBrain reported no breaches of the Code of Conduct. There were also no incidents related to human rights, fraud, corruption, bribery, or violations of antitrust or competition laws.

Additionally, cBrain did not receive any convictions or fines for breaches of anti-corruption or anti-bribery laws, nor were we subject to any legal actions related to corruption or bribery during this year.

G1-5 **Political influence and lobbying activities**

We do not fund political parties and strictly make charitable contributions that comply with local laws and ethical standards. Before they are executed, all donations must receive approval from the CFO.

cBrain is a member of several trade and business associations in Denmark and other countries where we operate, with a total annual contribution for these memberships amounting to DKK 1m.

Furthermore, no cBrain Board of Directors, Executive Management, or other management members held positions in public administration or regulatory bodies in the two years preceding the 2024 reporting period.

G1-6 **Payment practices**

Our standard contract payment terms are set at 30 days from receipt of the invoice for all suppliers. This applies to approximately 80% of our annual invoices by value. We ensure payments are made within this 30-day timeframe for services received, which encompasses about 5% of our annual invoices. The remaining invoices are also paid within 30 days of receipt, maintaining consistency through our payment practices.

Statements

Management Statement

The Board of Directors and Executive Management have today discussed and approved the annual report of cBrain A/S for the financial year 2024.

The annual report has been prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

It is our opinion that the consolidated financial statements and the Parent company's financial statements give a true and fair view of the Group's and the Parent company's financial position on December 31, 2024, and of the results of the Group's and the Parent company's operations and cash flows for the financial year January 1 – December 31, 2024.

In our opinion, the Management's review gives a fair review of the development in the Group's and the Parent company's operations and financial conditions, the results for the year, cash flows, and financial position as well as a description of the principal risks and uncertainty factors that the Group and the Parent company face.

In our opinion, the annual report of cBrain A/S for the financial year 2024 identified as cBrain-2024-12-31- en.zip has been prepared, in all material respects, in compliance with the ESEF-regulation.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, February 20, 2025

Board of Directors

Henrik Hvidtfeldt
Chair

Lisa C. Herold Ferbing
Vice Chair

Peter Loft

Per Tejs Knudsen

Thomas Qvist

Executive Board

Per Tejs Knudsen
CEO

Thomas Qvist
CTO

Independent Auditor's Report

To the shareholders of cBrain A/S

Report on the audit of the Consolidated Financial Statements and Parent Company Financial Statements

Opinion

We have audited the consolidated financial statements and the parent company financial statements of cBrain A/S for the financial year 1 January – 31 December 2024, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including material accounting policy information, for the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2024 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2024 in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Our opinion is consistent with our long-form audit report to the Audit Committee and the Board of Directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge, we have not provided any prohibited non-audit services as described in article 5(1) of Regulation (EU) no. 537/2014.

Appointment of auditor

We were initially appointed as auditor of cBrain A/S on 28 April 2022 for the financial year 2022. We have been reappointed annually by resolution of the general meeting for a total consecutive period of 3 years up until the financial year 2024.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year 2024. These matters were addressed during our audit of the financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section, including in relation to the key audit matters below. Accordingly, our audit included the design and performance of procedures to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Key audit matters:

Capitalisation of development projects

Development projects are capitalized when the criteria's according to IAS 38 are met. This includes whether the development projects are clearly defined and identifiable, and where the technical feasibility, sufficient resources and the cost price can be determined as well as potential future economic benefits can be demonstrated.

The criteria for recognition and measurement of development projects are subject to Management's estimates and judgements. which is uncertain by nature.

The Group monitors the expected carrying amount of development projects in progress and evaluates whether any indications of impairment for the completed development projects exists. Development projects in progress and completed projects are tested for impairment at least annually.

We focused on this area as the assessment of whether the criteria for recognition of development projects are met and the preparation of impairment test are subject to significant Management estimates and judgements.

We refer to Note 2 for accounting estimates and Note 13 Intangible Assets.

How our audit addressed the key audit matter

We have assessed whether the prepared documentation for the recognition of development projects meets the criteria for capitalization in accordance with IAS 38.

On a sample basis, we have tested the recognized direct labor expenses to time registrations and other payroll related information. In addition, we have on a sample basis assessed whether the capitalized indirect costs are directly attributable to the development projects and whether the costs are accurate.

We have compared the budgets used in the impairment test with the business plans approved by Management, and assessed the key assumptions used in the impairment test through discussions with management about strategic initiatives. We have compared management's estimates from previous periods to realized earnings, to assess the reliability of Management's Expectations for future earnings.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements, or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required by relevant law and regulations.

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of relevant law and regulations. We did not identify any material misstatement of the Management's review.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on compliance with the ESEF Regulation

As part of our audit of the Consolidated Financial Statements and Parent Company Financial Statements of cBrain A/S, we performed procedures to express an opinion on whether the annual report of cBrain A/S for the financial year 1 January – 31 December 2024 with the file name cBrain-2024-12-31-en.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements including notes.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary.
- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements including notes;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of cBrain A/S for the financial year 1 January – 31 December 2024 with the file name cBrain-2024-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen, 20 February 2025
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Mikkel Sthyr State Authorised Public Accountant mne26693	Henrik Pedersen State Authorised Public Accountant mne35456

Financials

Consolidated Financial Statements

- Consolidated Statement of Comprehensive Income
- Consolidated Balance Sheet
- Consolidated Cash Flow Statement
- Consolidated Statement of Changes in Equity
- Notes to the Consolidated Financial Statements

Consolidated Statements of Comprehensive Income

CONSOLIDATED INCOME STATEMENT

T.DKK	Notes	2024	2023
Revenue	3,4	267.781	239.182
Cost of services	5	-3.483	-2.152
External expenses	6,7	-38.131	-35.683
Staff costs	8	-135.905	-121.181
Research and development costs are capitalized.		22.836	26.404
Depreciation and amortization expense	9	-24.756	-21.165
Operating profit (EBIT)		**88.342**	**85.405**
Financial income	10	1.066	1.313
Financial expenses	11	-3.404	-5.364
Earnings before income taxes (EBT)		**86.004**	**81.354**
Income taxes	12	-21.189	-18.176
Profit for the year		**64.815**	**63.178**

EARNINGS PER SHARE

T.DKK	Notes	2024	2023
Basic EPS	20	3,24	3,16
Diluted EPS (DEPS)	20	3,24	3,16

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

T.DKK	Notes	2024	2023
Profit for the period		64.815	63.178
Other comprehensive income		0	0
Total comprehensive income for the year		**64.815**	**63.178**

Consolidated Balance Sheet

ASSETS

T.DKK	Notes	2024	2023
Intangible assets	13	67.660	64.594
Property, plant and equipment	14	231.265	211.572
Right-of-use assets	15	2.821	0
Other financial assets	16	950	798
Total non-current assets		**302.696**	**276.964**
Trade receivables	17	46.962	43.801
Contract assets	18	16.011	8.630
Other receivables		4.451	2.228
Receivables		67.424	54.659
Cash and cash equivalents		22.256	9.234
Total current assets		**89.680**	**63.893**
Total assets		**392.376**	**340.857**

EQUITY AND LIABILITIES

T.DKK	Notes	2024	2023
Share capital		5.000	5.000
Retained earnings		270.717	218.580
Proposed dividend		12.800	5.600
Total equity	**20**	**288.517**	**229.180**
Deferred tax liabilities	21	12.610	11.759
Lease liabilities	22	1.181	0
Borrowings	23	46.852	48.807
Provisions	24	115	0
Total non-current liabilities		**60.758**	**60.566**
Trade payables		3.333	3.429
Lease liabilities	22	1.541	0
Contract liabilities	18	5.744	5.163
Current tax liabilities	19	8.829	13.780
Borrowings	23	1.981	1.906
Other payables	25	21.673	26.833
Total current liabilities		**43.101**	**51.111**
Total liabilities and equity		**392.376**	**340.857**

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Consolidated Statements of Changes in Equity

2024

T.DKK	Share capital	Retained earnings	Proposed dividend	Total equity
Equity, January 1	**5.000**	**218.580**	**5.600**	**229.180**
Net profit for the year	0	52.015	12.800	64.815
Comprehensive income for the period	**0**	**52.015**	**12.800**	**64.815**
Share-based payments	0	0	0	0
Purchase of treasury shares	0	0	0	0
Sale of treasury shares	0	0	0	0
Dividends	0	122	-5.600	-5.478
Transactions with owners	**0**	**122**	**-5.600**	**-5.478**
Equity, December 31	**5.000**	**270.717**	**12.800**	**288.517**

2023

T.DKK	Share capital	Retained earnings	Proposed dividend	Total equity
Equity, January 1	**5.000**	**160.302**	**4.200**	**169.502**
Net profit for the year	0	57.578	5.600	63.178
Comprehensive income for the period	**0**	**57.578**	**5.600**	**63.178**
Share-based payments	0	235	0	235
Purchase of treasury shares	0	-454	0	-454
Sales of treasury shares	0	827	0	827
Dividends	0	92	-4.200	-4.108
Transactions with owners	**0**	**700**	**-4.200**	**-3.500**
Equity, December 31	**5.000**	**218.580**	**5.600**	**229.180**

Consolidated Cash Flow Statement

T.DKK	2024	2023
Operating profit (EBIT)	88.342	85.405
Depreciation and amortization	24.756	21.165
Change in working capital		
Change in trade- and other receivables	-5.384	1.998
Change in contract assets and -liabilities	-6.800	-12.229
Change in trade- and other payables	-5.256	1.060
Cash flow from operating profit	95.658	97.399
Share-based payments	0	235
Financial items	-2.229	-3.885
Income taxes paid	-25.505	-7.452
Cash flow from operating activities	**67.924**	**86.297**

T.DKK	2024	2023
Investments in intangible assets	-22.836	-26.404
Investments in property, plant, and equipment	-24.598	-703
Cash flow from investing activities	**-47.434**	**-27.107**
Repayment of lease liabilities	-73	0
Interest lease payments	-8	0
Repayment of borrowings	-1.909	-48.073
Dividends paid, net	-5.478	-4.108
Cash flow from financing activities	**-7.468**	**-52.181**
Cash and cash equivalents, January 1	9.234	2.225
Net cash flow for the period	13.022	7.009
Cash and cash equivalents, December 31	**22.256**	**9.234**

Notes to the Consolidated Financial Statement

Note 1 – Accounting policies

General information

cBrain A/S (the "Company") is listed on the Danish Exchange and incorporated and domiciled in Copenhagen, Denmark. The address of its registered office is Kalkbrænderiløbskaj 2, 2100 Copenhagen, Denmark.

Basis of Preparation

The annual report for 2024 includes both the consolidated financial statements of cBrain A/S and its subsidiaries (the group), as well as separate financial statements for the parent company.

The consolidated financial statements for cBrain A/S have been prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies.

The accounting policies, as described below, have been consistently applied in the reporting year and for the comparative figures. Where relevant, accounting policies have been moved below the notes.

The consolidated financial statements are expressed in thousands of Danish Kroner (T.DKK). Danish Kroner amounts are depicted in European format.

New Accounting Regulation

The implementation of new or amended standards and interpretations, which are mandatory for preparers of financial statements in 2024, has been implemented but has not resulted in changes to recognition and measurement in the consolidated financial statements or the parent company's financial statements.

At the time of the publication of this annual report, some new or amended standards and interpretations have not yet come into effect and, therefore, have not been incorporated into the annual report.

The newly issued, not-yet-effective standards and interpretations will be implemented as they become mandatory for the consolidated financial statements and the parent company's financial statements.

Management assesses that these will not have a significant impact on the consolidated financial statements or the parent company's financial statements for the coming financial years.

Consolidated Financial Statements

The consolidated financial statements include cBrain A/S (the parent company), and subsidiaries in which cBrain A/S has control.

The group controls an entity if the group is exposed to or has rights to variable returns from its involvement with the entity and can use its power to affect those returns.

In assessing whether the group has control, consideration is given to de facto control and exercisable or convertible potential voting rights that exist at the reporting date.

Entities in which the group exercises significant, but not controlling, influence over operational and financial decisions are classified as associated companies. Considerable influence typically exists when the group directly or indirectly owns or controls more than 20% of the voting rights but less than 50% or otherwise controls the respective entity.

The consolidated financial statements are prepared as a summary of the parent company's and the individual subsidiaries' financial statements, presented by the group's accounting policies, with eliminations for intercompany revenues and expenses, equity interests, internal balances, dividends, as well as realized and unrealized gains from transactions between the consolidated entities. Unrealized gains from transactions with associated companies are eliminated in proportion to the group's ownership interest in the entity. Unrealized losses are eliminated in the same manner as unrealized gains unless they represent an impairment.

Foreign Currency Transactions

For each of the reporting entities within the group, a functional currency is determined. The functional currency is the currency used in the primary economic environment in which each reporting entity operates. Transactions in currencies other than the functional currency are considered foreign currency transactions.

Transactions in foreign currencies are translated into the functional currency at the exchange rate prevailing on the transaction date at initial recognition. Exchange rate differences arising between the transaction date and the payment date are recognized in the income statement as financial income or expenses.

Receivables, payables, and other monetary items denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing on the balance sheet date.

Note 1 – Accounting policies (continued)

Prepayments received in foreign currency related to customer contracts are translated into the entity's functional currency using the exchange rate at the date when the entity initially recognizes the non-monetary asset or liability arising from the payment.

The difference between the exchange rate on the balance sheet date and the exchange rate at the time the receivable or liability arose or the rate in the most recent annual report is recognized in the income statement as financial income or expenses.

When including entities in the consolidated financial statements with a functional currency other than Danish kroner, translation is performed in the income statement and other comprehensive income at the exchange rates on the transaction date, and balance sheet items are translated at the exchange rates on the balance sheet date. The transaction date exchange rate is determined using the average rate for each month, to the extent that it does not significantly differ from other methods.

Exchange rate differences arising from the translation of these entities' equity at the beginning of the year to the balance sheet date's exchange rates and from the translation of total income from the transaction date's exchange rates to the balance sheet date's exchange rates are recognized in other comprehensive income in a separate reserve for currency translation adjustments under equity.

Reporting in accordance with the ESEF Regulation

With the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF) Regulation, a common electronic reporting format has been introduced, which must be used by issuers of financial instruments on regulated markets in the EU when preparing annual reports.

The combination of the XHTML format and iXBRL tags allows annual reports to be readable by both humans and machines, making the information in annual reports more accessible and easier to analyze and compare. The group's iXBRL tags have been developed in accordance with the ESEF Taxonomy, which is part of the ESEF Regulation and has been developed based on the IFRS Taxonomy. Items in the consolidated financial statements are tagged to elements in the ESEF Taxonomy.

For items that are not explicitly defined in the ESEF Taxonomy, extended taxonomy elements have been created. These extended elements are linked to elements in the ESEF Taxonomy, except for elements that are subtotals. The annual report submitted to the Financial Supervisory Authority (the Officially Designated Mechanism) consists of the XHTML document and the technical files, all of which are included in the ZIP file cBrain_2024_12_31.zip.

Key Definitions

XHTML (eXtensible HyperText Markup Language) is a text-based language used to structure and markup content such as text, images, and hyperlinks in documents that are displayed in a web browser.

iXBRL tags (Inline XBRL tags) are hidden metadata embedded in the source code of an XHTML document, enabling the transformation of XHTML-formatted information into a machine-readable XBRL data representation using appropriate software.

A financial reporting taxonomy is an electronic table of contents for reporting elements used to report company data. A taxonomy element is an element defined in a taxonomy that is used for machine-readable tagging of information in an XBRL data dictionary.

Note 2 - Accounting Estimates

Determination of the carrying amount of certain assets and liabilities requires management to make judgments, estimates, and assumptions about future events.

Estimates and assumptions are based on historical experience and other factors and are regarded by management as reasonable in the circumstances but are inherently uncertain and unpredictable and therefore the actual outcome may differ from these estimates.

It may be necessary to revise previously made estimates due to changes in the conditions on which these estimates were based or due to added information or subsequent events.

Estimates that are particularly significant for financial reporting include, among others, impairment tests of development projects.

Impairment testing of development projects

Ongoing development projects are evaluated for impairment at least annually. cBrain A/S operates in a competitive market, and despite experiencing increased demand for the IT solutions (F2) offered by cBrain, the requirements for solutions are becoming more demanding.

Note 2 - Accounting Estimates (continued)

cBrain is, therefore, dependent on staying at the forefront of technological advancements. At the same time, there is a constant market demand for better and more efficient IT solutions, which may result in a shortened product lifespan. All ongoing development projects are proceeding as planned, and there is no information from customers or competitors indicating that current and new versions of F2 will not be sellable as expected.

Based on these considerations, management has assessed the recoverable amount of ongoing development projects in terms of expected future net cash flows, including completion costs.

Additionally, management has determined that for completed development projects subject to amortization over 5 years, there are no indications of impairment beyond the depreciation taken.

Please refer to note 13 in the consolidated financial statements.

Revenue recognition

Revenue recognition requires management to make judgments that are based on assumptions about historical and forecast information, as well as regional and industry economic conditions in which we or our clients operate.

Key decisions include identifying separate performance obligations, evaluating contract modifications, and estimating revenue based on the percentage of completion method, which requires significant judgment in estimating time to complete budgets.

Management utilizes historical data from comparable projects when estimating the time to complete budgets.

Please refer to notes 3 and 4 in the consolidated financial statements.

Note 3 – Segment information

Market areas

cBrain's software solution is a comprehensive product consisting of a wide range of configurable software modules and libraries. The software product is marketed under the brand name: F2 (production system, case management, and business processes).

When presenting information related to geographical areas, details about revenue distribution across geographical segments are reported based on the geographical location of customers.

Segments

cBrain operates as a single operating segment, as there is no division of the group's activities in internal reporting.

The intangible and tangible fixed assets recognized on the group's balance sheet can be attributed to Denmark.

T.DKK	2024	2023
Products and Services		
Software	209.555	189.179
Services	58.226	50.003
	267.781	**239.182**
Timing of revenue recognition		
Over time	229.343	198.796
At a point in time	38.438	40.386
	267.781	**239.182**
Geographical information		
Denmark	178.053	155.498
Other EU-countries	81.364	75.930
Countries outside the EU	8.364	7.754
	267.781	**239.182**
Significant Customers		
Customer A*	156.075	128.884
Customer B	71.056	74.091

*Customers in the Danish state are aggregated together as Customer A.

Note 4 – Revenue

T.DKK	2024	2023
Software	209.555	189.179
Services	58.226	50.003
	267.781	**239.182**

§ Accounting Policies

Classes of revenues

cBrain's revenue comprises Software and Services.

Software

Software comprises software subscription and -licenses, software-as-a-service (SaaS), customization and configuration as well as maintenance, operation, and support.

Services

Services include the sale of consultancy services, education, and training. Services revenue represents fees earned from consulting and education services.

Revenue recognition

When a sales agreement includes multiple performance obligations, the total sales value of the agreement is allocated proportionately to the individual performance obligations identified within the agreement. When the contract cannot be separated into distinct performance obligations, the entire contract is recognized linearly over the contract period.

Revenue is recognized by cBrain using the five-step model in IFRS 15 and is recognized when control over the individually identifiable performance obligation transfers to the customer.

The recognized revenue is measured based on the consideration that cBrain expects to be entitled to in a contract with a customer. cBrain's recognition of revenue can occur either overtime or for sales of software licenses at a point in time. Revenue is recognized from customers when control transfers to the customer at an amount that reflects the consideration cBrain expects to be entitled to as compensation for these services.

Recognition of revenue requires the existence of a contract approved by both the customer and cBrain, with a mutual obligation to fulfill the agreement, identifiable rights to the delivery of goods or services, identifiable payment terms, a commercial substance in the contract, and cBrain will probably receive payment for its services. Revenue is recognized when control of the service has been transferred to the customer.

The sales value of contract assets and liabilities is measured based on the degree of completion and the total expected revenue in each contract. The degree of completion is measured using an input-based method, based on the hours incurred relative to the expected total hours required to fulfill the contract, which is deemed to best reflect the transfer of control.

When the sales value in a contract cannot be determined reliably, it is measured at the costs incurred or the net realizable value if lower.

Individual contract assets and liabilities are recognized in the balance sheet as contract assets under receivables or as contract liabilities under liabilities, depending on the net amount of the sales value after deducting progress billings and advances received.

Costs related to sales and contract acquisition are recognized in the income statement as they are incurred. cBrain's primary payment terms are 30 days.

Note 5 – Cost of Services

§ Accounting Policies

The cost of services includes expenses for IT equipment and software incurred to generate the revenue for the year. Cost of services also includes research expenses and expenses related to development projects that do not meet the criteria for recognition in generating the intangible assets.

Note 6 - External Expenses

T.DKK	2024	2023
Sales and marketing costs	17.533	16.579
General and administrative expenses	19.246	17.756
Short-term leases expenses	1.352	1.348
	38.131	**35.683**

§ Accounting Policies

External expenses comprise expenditures associated with sales and marketing, including distribution, sales, advertising, and allowances for bad debts. Furthermore, general and administrative expenses related to premises and other miscellaneous expenses related to administration.

Note 7 - Fees to the Statutory Auditors

T.DKK	2024	2023
Statutory audit	868	841
Other assurance services	191	160
Tax and VAT advisory services	0	60
Other services	156	30
	1.215	**1.091**

Fees for services other than the statutory audit of the financial statements provided by EY Godkendt Revisionspartnerselskab, Denmark amounted to T.DKK 347 (2023: T.DKK 250). This includes assurance opinions related to IT, other assurance opinions, agreed-upon procedures as well as CSRD-related services.

Note 8 – Staff costs

T.DKK	2024	2023
Wages and salaries	132.886	118.456
Social security costs	2.552	2.308
Share-based payment expense	0	5
Board fee	410	350
Other personnel expenses	57	62
	135.905	**121.181**
Average number of employees	**189**	**167**

Fees and remuneration to the Board of Directors and Executive Management

T.DKK	2024	2023
Fees to the Board of Directors		
Board fee	**410**	**350**
Remuneration to the Executive Management		
Fixed base salary	3.605	3.434
Short-term cash incentive	1.547	1.583
	5.152	**5.017**
Total short-term remuneration	**5.562**	**5.367**

§ Accounting Policies

Staff costs include salaries and wages, as well as discretionary bonuses for the group's employees. Additionally, other personnel expenses are recognized.

When employees are offered the opportunity to convert salary into shares in cBrain under § 7P of the Danish Tax Assessment Act, the subscription is made at the market price without any benefit element, and therefore, no separate cost is calculated and recognized for this.

Note 9 – Depreciation and Amortization Expense

T.DKK	2024	2023
Software	19.770	16.953
Leases	81	0
Land and buildings	3.787	3.418
Other Equipment	1.118	794
	24.756	**21.165**

§ Accounting policies

Depreciation, amortization, and impairment comprise amortization and impairment of intangible assets and depreciation of tangible fixed assets for the year, including depreciation of leased assets.

Note 10 – Financial Income

T.DKK	2024	2023
Interest income, other	466	772
Exchange rate gains	600	541
	1.066	**1.313**

§ Accounting Policies

Financial income is recognized in the income statement as the amounts relating to the financial years. Financial income includes interest income, realized and unrealized gains on securities, and foreign exchange transactions.

Note 11 - Financial Cost

T.DKK	2024	2023
Interest expense, leases	8	0
Interest expense, other	2.811	4.550
Exchange rate losses	585	814
	3.404	**5.364**

§ Accounting Policies

Financial expenses are recognized in the income statement as the amounts relating to the financial year. Financial expenses include interest costs, realized and unrealized losses on securities, debt, and foreign exchange transactions, as well as supplements and refunds under the advance tax scheme, and related items.

Note 12 – Income Taxes

T.DKK	2024	2023
Current tax on profits for the year	18.697	16.206
Adjustment for deferred tax	851	1.930
Adjustments in respect of current income tax of previous year	1.641	40
	21.189	**18.176**
Total income tax		
Tax using the Danish corporation tax rate (22%)	18.921	17.898
Non-deductible	-96	-295
Write-off of non-deductible depreciation	667	590
Effect of different tax rates on foreign subsidiaries	56	44
Other adjustments	0	-101
Adjustments in respect of current income tax of previous year	1.641	40
	21.189	**18.176**
Effective tax rate	**24,6%**	**22,3%**

Note 12 – Income Taxes (continued)

§ Accounting Policies

Current tax, which consists of current tax expense for the year and changes in deferred tax, is recognized in the income statement with the portion attributable to the profit for the year and directly in equity for the portion that can be attributed to entries posted directly to equity.

Note 13 – Intangible Assets

2024

T.DKK	Software	Software under development	Total
Cost, January 1	181.517	3.417	184.934
Additions	0	22.836	22.836
Transfer	23.277	-23.277	0
Cost, December 31	**204.794**	**2.976**	**207.770**
Amortization, January 1	120.340	0	120.340
Amortization	19.770	0	19.770
Amortization, December 31	**140.110**	**0**	**140.110**
Carrying amount, December 31	**64.684**	**2.976**	**67.660**

Out of the year's additions to software under development, totaling DKK 22,8m, capitalized salaries amount to DKK 22,6m.

In 2024, software under development of DKK 23,3m was released and transferred to software.

In 2024, management performed an impairment test of the carrying amount of development projects in progress. It has been assessed that the recoverable amount in the form of value in use exceeds the carrying amount. The value in use is calculated based on expected net cash flows for 5 years.

2023

T.DKK	Software	Software under development	Total
Cost, January 1	156.298	2.232	158.530
Additions	0	26.404	26.404
Transfer	25.219	-25.219	0
Cost, December 31	**181.517**	**3.417**	**184.934**
Amortization, January 1	103.387	0	103.387
Amortization	16.953	0	16.953
Amortization, December 31	**120.340**	**0**	**120.340**
Carrying amount, December 31	**61.177**	**3.417**	**64.594**

In 2023, out of the year's additions to development projects in progress, totaling DKK 26,4m, capitalized salaries amount to DKK 25,3m.

In 2023, management performed an impairment test of the carrying amount of development projects in progress. It has been assessed that the recoverable amount in the form of value in use exceeds the carrying amount. The value in use is calculated based on expected net cash flows for 5 years.

§ Accounting Policies

Software under development that is clearly defined and identifiable, where technical feasibility, sufficient resources, and a potential future market or use within the group can be demonstrated, and where the intention is to complete, market, or use the project, are recognized as intangible assets if their cost can be reliably measured, and there is sufficient assurance that future earnings or net selling prices will cover production, selling, administrative, and development costs. Other development costs are recognized in the income statement in the financial statement line cost of services.

Capitalized development costs are measured at cost less accumulated depreciation and impairment. The cost includes salaries and wages, and other directly attributable costs related to the group's development activities.

Note 13 – Intangible Assets (continued)

Upon completion of the development work, development projects are depreciated on a straight-line basis over their estimated economic useful life from the date at which the asset is ready for use. The amortization period is 5 years. The amortization base is reduced by any impairments.

Note 14 – Property, plant and equipment

2024

T.DKK	Land and buildings	Other Equipment	Total
Cost, January 1	214.564	4.495	219.059
Additions	24.331	1.367	25.698
Adjustment of cost	-1.100	0	-1.100
Cost, December 31	**237.795**	**5.862**	**243.657**
Depreciation, January 1	6.014	1.473	7.487
Depreciation	3.883	1.118	5.001
Accumulated depreciation on adjustment of cost	-96	0	-96
Depreciation, December 31	**9.801**	**2.591**	**12.392**
Carrying amount, December 31	**227.994**	**3.271**	**231.265**

Land and buildings with a carrying amount of DKK 192m comprise land of DKK 31m, which is not subject to depreciation.

2023

T.DKK	Land and buildings	Other Equipment	Total
Cost, January 1	214.332	4.024	218.356
Additions	232	471	703
Disposals	0	0	0
Cost, December 31	**214.564**	**4.495**	**219.059**
Depreciation, January 1	2.596	679	3.275
Depreciation	3.418	794	4.212
Depreciation, December 31	**6.014**	**1.473**	**7.487**
Carrying amount, December 31	**208.550**	**3.022**	**211.572**

§ Accounting Policies

Property, plant, and equipment are measured at cost less accumulated depreciation and impairment.

The cost includes the purchase price and expenses directly attributable to the acquisition until the asset is ready for use.

Property, plant and equipment are depreciated on a straight-line basis over their expected useful lives, as follows:

- Land: is not depreciated.
- Buildings: 20-50 years
- Building installations: 5 years
- Other equipment: 3-5 years.

The depreciation base is calculated considering the residual value of the asset and is reduced by any impairments. The depreciation period is determined at the time of acquisition and is reviewed annually.

A leased asset is recognized under property, plant, and equipment in the balance sheet when, under a lease agreement, the group gains control over a specific identified asset for the duration of the lease.

Note 14 – Property, plant and equipment (continued)

The leased asset is initially measured at cost, which is equivalent to the value of the lease liability adjusted for prepaid lease payments.

Subsequently, the asset is measured at cost less accumulated depreciation. The leased asset is depreciated over the shorter of the lease term and the useful life of the leased asset. Depreciation is recognized linearly in the income statement.

The leased asset is adjusted for changes in the lease liability resulting from changes in the terms of the lease agreement or changes in the cash flows of the contract as a result of changes in an index or interest rate.

Gains and losses from the disposal of Property, plant and equipment are calculated as the difference between the selling price, net of selling expenses, and the carrying amount at the date of disposal.

Note 15 - Right-of-use assets

Office leases

T.DKK	2024	2023
Cost, January 1	0	0
Addition	2.902	0
Cost, December 31	**2.902**	**0**
Depreciation, January 1	0	0
Depreciation	81	0
Amortization, December 31	**81**	**0**
Carrying amount, December 31	**2.821**	**0**

§ Accounting Policies

Right-of-use assets are leased real estate property. Right-of-use assets are measured at a cost corresponding to the lease liability recognized, adjusted for any lease incentives received, and initial direct costs. Depreciation is calculated using the straight-line method over the lease term or the useful life of the right-of-use assets, whichever is shortest.

The variable lease payments that do not depend on index or a rate are recognized as expense in the year the event or condition that triggers the payment occurs.

For all asset classes, non-lease components will be separated from the lease components and thereby not form part of the recognized right-of-use asset and the lease liability.

Note 16 – Other Financial Assets

T.DKK	2024	2023
Cost, January 1	798	511
Additions	152	643
Disposals	0	-356
Cost, December 31	**950**	**798**
Carrying amount, December 31	**950**	**798**

§ Accounting policies

Other financial assets consist of office rental deposits and deposits for the establishment of company registration in cBrain Kodumburar India Private Limited. These assets are measured at amortized cost.

The leases have notice periods ranging from 3 months to 6 years.

Note 17 – Trade Receivables

T.DKK	2024	2023
Trade receivables, gross	**47.565**	**44.059**
Change in provision for credit losses:		
Provision, January 1	258	266
Unused amounts reversed	-258	-266
Additions	603	258
Provision, December 31	**603**	**258**
Trade receivables, net	**46.962**	**43.801**

2024

T.DKK	Not overdue	Due 1-30 days	Due 31-60 days	Due >60 days	Total
Contract assets, gross	16.011	0	0	0	16.011
Trade receivables, gross	44.185	2.242	434	704	47.565
Expected credit loss	-567	-12	-3	-21	-603
Trade receivables, net	**43.618**	**2.230**	**431**	**683**	**46.962**
Trade receivables and contract assets, net	**59.629**	**2.230**	**431**	**683**	**62.973**
Share of trade receivables and contract assets expected to be paid					**99%**
Expected credit loss %	**1,3%**	**0,5%**	**0,7%**	**3,0%**	**1,3%**

The group's payment terms are primary 30 days.

2023

T.DKK	Not overdue	Due 1-30 days	Due 31-60 days	Due >60 days	Total
Contract assets, gross	8.630	0	0	0	8.630
Trade receivables, gross	40.772	2.603	114	570	44.059
Expected credit loss	-226	-19	-2	-11	-258
Trade receivables, net	**40.546**	**2.584**	**112**	**559**	**43.801**
Trade receivables and contract assets, net	**49.176**	**2.584**	**112**	**559**	**52.431**
Share of trade receivables and contract assets expected to be paid					**99%**
Expected credit loss %	**0,6%**	**0,7%**	**1,8%**	**1,9%**	**0,6%**

§ Accounting policies

Receivables are recognized at amortized cost, which usually corresponds to the nominal value. The value is reduced by allowance for expected losses, calculated using the simplified expected credit loss model.

Note 18 – Contract Assets and Liabilities

T.DKK	2024	2023
Contract assets		
Work-in-progress	16.011	8.630
	16.011	**8.630**
Contract liabilities		
Deferred income	4.427	3.020
Prepayments from customers	771	2.143
Costs to fulfill contracts	546	0
	5.744	**5.163**
Contract assets and liabilities are classified in the balance sheet as follows:		
Contract assets	16.011	8.630
Contract liabilities	-5.744	-5.163
	10.267	**3.467**

The increase in work-in-progress can be attributed to several larger IT projects which are expected to be completed and finally invoiced in 2025.

Contract assets as of December 31, 2023, relating to produced unbilled revenue totaling DKK 8,6m are recognized in revenue in 2024.

Contract liabilities as of December 31, 2023, relating to deferred income and prepayments from customers totaling DKK 5,2m are recognized in revenue in 2024.

§ Accounting policies

Contract assets comprise produced, unbilled revenue and costs incurred to fulfil contracts. The individual contract assets are recognized as receivables in the balance sheet when the selling price can be measured reliably.

Contract liabilities include deferred income and prepayments from customers. The individual contract liabilities are recognized under liabilities in the balance sheet as the sales value of the underlying assets.

Note 19 – Current Tax Liabilities

T.DKK	2024	2023
Corporation tax receivable/payable, January 1	13.780	5.114
Current tax for the year	18.697	16.206
Adjustment of tax relating to previous years	1.221	40
Corporation tax paid in the year	-24.869	-7.580
	8.829	**13.780**

§ Accounting Policies

Current tax receivables and liabilities are recognized in the balance sheet as tax calculated on the taxable income for the year, adjusted for tax on previous years' taxable income and for tax paid on account.

Note 20 – Share Capital

Reconciliation of Treasury Shares

Pcs.	2024		2023	
Treasury shares, January 1	437.187	2,2%	441.183	2,2%
Treasury shares acquired in the year	0	0,0%	3.355	0,0%
Treasury shares sold in the year	0	0,0%	-7.351	0,0%
	437.187	**2,2%**	**437.187**	**2,2%**

The share capital consists of 20.000.000 shares with a nominal value of DKK 0,25 each. No shares have special rights.

As of December 31, 2024, the group holds 437.187 treasury shares (compared to 437.187 shares as of December 31, 2023). The market value of the group's treasury shares as of December 31, 2024, is DKK 78,4m (compared to DKK 117,6m as of December 31, 2023).

Note 20 – Share Capital (continued)

In 2024, the group did not sell any treasury or repurchase any ordinary shares. The Annual General Meeting authorizes the management to repurchase up to 10% of its share capital.

The proposed dividend for 2024 amounts to DKK 12,8m, equivalent to DKK 0,64 per share (compared to DKK 45,6m, equivalent to DKK 0,28 per share in 2023).

Statement of Earnings per Share

Pcs.	2024	2023
Number of shares	20.000.000	20.000.000
Average number of own treasury shares	-437.187	-439.185
Average number of shares, outstanding	**19.562.813**	**19.560.815**
Basic EPS	**3,24**	**3,16**
Diluted EPS (DEPS)	**3,24**	**3,16**

§ Accounting Policies

Dividends are recognized as a liability at the time of approval by the Annual General Meeting. Dividends expected to be paid for the year are recorded as a separate line item within equity.

The acquisition of treasury shares is recognized directly in equity at cost. Consideration and dividends received on the sale of treasury shares are also directly credited to equity.

Proceeds from the sale of treasury shares are recognized directly credited on equity.

Note 21 – Deferred Tax Liabilities

T.DKK	2024	2023
Deferred tax liability, January 1	11.759	9.509
Adjustment for deferred tax for the year	851	1.930
Deferred tax liability, December 31	**12.610**	**11.759**
Recognized deferred tax liabilities are attributable to the following:		
Intangible assets	14.885	14.211
Property, plant and equipment	-694	-318
Provisions, etc.	-1.581	-2.134
	12.610	**11.759**

§ Accounting Policies

Deferred tax liabilities and deferred tax assets are recognized in accordance with the tax law and rates that will be applicable, under the legislation in effect as of the balance sheet date, when the deferred tax is expected to become payable as current tax. Changes in deferred taxes due to changes in tax rates are recognized in the income statement.

Note 22 – Lease Liabilities

T.DKK	2024	2023
Undiscounted lease liability		
Within one year	1.610	0
Between 1 and 3 years	1.209	0
Between 3 and 5 years	0	0
More than 5 years	0	0
	2.819	**0**
Amounts recognized in the balance sheet		
Current financial liabilities	1.541	0
Non-current financial liabilities	1.181	0
	2.722	**0**
Amounts recognized in the statement of profit or loss		
Lease payments	73	0
Interest expenses related to lease liabilities	8	0
	81	**0**

§ Accounting Policies

Lease liabilities are recognized as the present value of the remaining lease payments, discounted using an alternative borrowing rate. The lease liability is measured at initial recognition as the present value of future lease payments discounted using an alternative borrowing rate.

Note 23 – Borrowings

2024

	Coupon Rate	Effective Interest Rate	Currency	Maturity
Floating interest rate mortgage loans	3,92%	3,92%	DKK	18 years

2023

	Coupon Rate	Effective Interest Rate	Currency	Maturity
Floating interest rate mortgage loans	4,06%	4,06%	DKK	19 years

T.DKK	2024	2023
Within one year	1.981	1.906
1-3 years	4.200	4.041
3-5 years	4.538	4.366
More than 5 years	38.619	40.932
Total contractual undiscounted cash flows	**49.338**	**51.245**

T.DKK	2024	2023
Non-current liabilities	46.852	48.807
Current liabilities	1.981	1.906
Carrying amount	**48.833**	**50.713**

There are no debt covenants in the borrowing agreement.

Note 23 – Borrowings (continued)

§ Accounting Policies

Borrowings from credit institutions, etc., are initially recognized at fair value, net of transaction costs incurred upon borrowing. Subsequently, financial liabilities are measured at amortized cost using the effective interest method, with the difference between the proceeds and the nominal value recognized in the income statement as financial expenses over the term of the loan.

Other financial liabilities are measured at amortized cost.

Note 24 – Provisions

T.DKK	2024	2023
Provisions, January 1	0	0
Arising during the year	115	0
Unused amounts reversed	0	0
Provisions, December 31	**115**	**0**

§ Accounting Policies

Provisions relate to expected future costs for the removal of installations and equipment, as well as reinstatement, etc., upon vacating cBrain's leased properties. These provisions are reevaluated annually based on the condition of the leases at the balance sheet date.

Note 25 – Other payables

§ Accounting Policies

Other payables include bonus, holiday allowance and other staff obligations, VAT, PAYE tax labor market contributions, etc. Other payables are measured at amortized costs using the effective interest method.

Note 26 – Commitments and Contingencies

T.DKK	2024	2023
Short-term lease commitments, within one year	0	779
	0	**779**

In 2024 short-term lease payments of TDKK 1.352 (2023: TDKK 1.348) has been expensed.

Collateral

The property located at Kalkbrænderiløbskaj 2, 2100 Copenhagen Ø, with a total carrying amount of DKK 192,4m, is used as collateral in an owner's mortgage deed to:

- Mortgage loan for the remaining debt of DKK 48,8m (2023: DKK 50,7m).
- Credit institution for DKK 15,0m as joint liability for the Group's bank balances.

Restricted cash

cBrain's subsidiary, cBrain MENA Computer System and Design LLC, has provided security in cash deposited of DKK 2,4m (2023: DKK 1,8m) to the Group's bank in Dubai (EmiratesNBD). The group does not have withdrawal rights for the deposit, and therefore, the deposit is presented as other receivables.

Other Contingent Liabilities

cBrain's Danish companies are jointly and severally liable for the tax on the Danish companies' income, etc. The total amount of outstanding corporate income tax in Denmark is DKK 8,9m (2023: DKK 13,9m). The Danish companies are also jointly and severally liable for Danish withholding taxes in the form of dividend tax, royalty tax, and interest tax. Any subsequent adjustments to corporate taxes and withholding taxes may result in the Group's liability being a larger amount.

Note 27 – Related Party Transactions

cBrain's related parties exercising a significant influence comprise the company's Board of Directors and Executive Management Board as well as relatives of these persons. Related parties also comprise companies in which the individuals mentioned above have material interests.

The Group did not enter into any agreements, deals, or other transactions in 2024 in which the Parent company's Board of Directors or Executive Management Board had a financial interest, except for transactions following from the employment relationship.

Key Management Personnel consists of the Board of Directors and the Executive Management. Remuneration to members of the Board of Directors and the Executive Management Board is disclosed in note 8 and the Remuneration Report for 2024.

Members of the Board of Directors are elected by the shareholders at the Annual General Meeting for terms of one year.

Refer to pages 37 for additional information on Board of Directors members. Interest in the company of members of the Board of Directors and the Executive Management Board:

For a detailed description of the parent companies' transactions with subsidiaries, please refer to the parent company's financial statements note 28.

Shareholder Composition

The following shareholders own 5% or more of the company's share capital:

- Putega Holding ApS, Denmark, ownership interest 41,70% (2023: 42,66%) (Per Tejs Knudsen, CEO and board member of cBrain A/S).

As of the end of 2024, the parent company had approximately 13.200 shareholders compared to approximately 14.700 shareholders at the end of 2023.

Note 28 – Financial Instruments and Risks

Categories of Financial Instruments

T.DKK	2024	2023
Financial assets measured at amortized cost		
Other financial assets	950	798
Trade receivables	46.962	43.801
Other receivables	4.451	2.228
Cash and cash equivalents	22.256	2.225
	74.619	**56.061**
Financial liabilities measured at amortized cost		
Lease liabilities	2.722	0
Borrowings	48.833	50.713
Provisions	115	0
Trade payables	3.333	3.429
	55.003	**54.142**

Financial Risk Management Strategies

cBrain is exposed to market risks in the form of changes in exchange rates and interest rates, as well as credit risks and liquidity risks, due to its operations, investments, and financing activities.

Management believes that cBrain operates with a low-risk profile, and as such, foreign currency, interest rate, and credit risks only occur on a commercial basis. It is cBrain's policy not to engage in active speculation in financial risks.

Entering new markets may involve transactions in foreign currencies, which could expose cBrain to currency fluctuations. Therefore, this area is closely monitored to assess the need for currency hedging instruments. For implemented optimization, refer to the following section.

Foreign Exchange Risk

cBrain's **foreign exchange risk** is primarily managed by matching cash inflows and outflows in the same currency. The difference between cash inflows and outflows in the same currency represents an unhedged currency risk. The majority of positions are in EUR, USD, GBP and AED.

Note 28 – Financial Instruments and Risks (continued)

Currency Risk on Recognized Assets and Liabilities

2024

T.DKK	EUR	USD	GBP	AED	
Cash and cash equivalents	2.946	280	792	565	**4.583**
Receivables	12.563	928	0	3.717	**17.208**
Liabilities	-557	0	0	-32	**-589**
Unhedged net-position	14.952	1.208	792	4.250	**21.202**
Loss/gain at 10 % strengthening/ weakening of DKK	+/- 1.495	+/- 121	+/- 79	+/- 425	**+/- 2.120**

2023

T.DKK	EUR	USD	GBP	AED	
Cash and cash equivalents	2.298	1.259	290	278	**4.125**
Receivables	3.289	468	172	4.599	**8.528**
Liabilities	-209	0	0	-94	**-303**
Unhedged net-position	5.378	1.727	462	4.783	**12.350**
Loss/gain at 10 % strengthening/ weakening of DKK	+/- 538	+/- 173	+/- 46	+/- 478	**+/- 1.235**

Interest Rate Risks

cBrain's interest rate risk is related to bank balances and debt to mortgage loans (borrowings). As of December 31, 2024, the Group has a bank balance of DKK 22,3m (2023: DKK 9,2 million). In connection with bank balances, there is a total credit facility of DKK 0 million. The bank balances are subject to variable day-to-day interest rates.

The Group's borrowings consist of an 18-year variable-rate mortgage loan with rate-fixing every 6 months. As of December 31, 2024, borrowings amount to DKK 48,8 million (2023: DKK 50,7 million). The interest rate as of December 31, 2024, is 3,92%. If the interest rate were to increase by one percentage point, it would have a negative effect of DKK 0,5 million. A corresponding decrease in interest rates would have the opposite effect. The impact of changes in interest rates on the Group's result does not differ from the impact on equity.

Liquidity Risks

cBrain's objective is to maintain sufficient liquidity reserves to be able to respond appropriately to unforeseen fluctuations in liquidity. Excess liquidity is placed in deposit or savings accounts, considering the expected liquidity needs. Liquidity is only placed with financial institutions with high creditworthiness.

Non-Derivative Financial Liabilities

2024

T.DKK	Less than 6 months	Between 6 and 12 months	Between 1 and 5 years	After 5 years	Total
Lease liabilities	805	805	1.209	0	2.819
Borrowings	991	991	8.738	38.619	49.338
Trade payables	3.333	0	0	0	3.333
Other payables	21.673	0	0	0	21.673
	26.802	**1.796**	**9.947**	**38.619**	**77.163**

2023

T.DKK	Less than 6 months	Between 6 and 12 months	Between 1 and 5 years	After 5 years	Total
Lease liabilities	0	0	0	0	0
Borrowings	953	953	8.407	40.932	51.245
Trade payables	3.429	0	0	0	3.429
Other payables	23.766	3.067	0	0	26.833
	28.148	**4.020**	**8.407**	**40.932**	**81.507**

Credit Risks

Credit risk is low due to the types of customers, primarily consisting of public authorities and professional organizations. The finance department continuously reviews credit risks, including the size and age distribution of receivables from individual customers.

Note 28 – Financial Instruments and Risks (continued)

In 2024, an expected loss of DKK 0,6m was recognized (2023: DKK 0,3), and no losses were realized during the financial year.

See note 17 for further information about credit risks.

Changes in liabilities arising from financing activities

Borrowings

	2024	2023
Opening, January 1	50.713	98.579
Borrowings	0	0
Repayment of borrowings	-1.909	-48.073
Amortization of loan costs (non-cash)	29	207
Closing, December 31	**48.833**	**50.713**

Note 29 - Capital Structure

cBrain's management continuously assesses whether the Group's capital structure aligns with the interests of the Group and its shareholders. The overall objective is to maintain a capital structure that supports long-term financial growth while maximizing returns to the Group's stakeholders through optimizing the ratio of equity to debt. The Group's overall strategy remains unchanged from the previous year.

cBrain's capital structure consists of borrowings, lease liabilities, cash and cash equivalents, equity, including share capital, and retained earnings. The Board of Directors reviews the capital structure twice a year in connection with the presentation of the interim and annual reports. As part of this review, the Board of Directors assesses the cost of capital and the risks associated with each type of capital.

The financial gearing at the balance sheet date can be summarized as follows:

T.DKK	2024	2023
Lease liabilities	2.722	0
Borrowings	48.833	50.713
Cash and cash equivalents	-22.256	-9.234
	29.299	**41.479**
Equity	**288.517**	**229.180**
Financial Gearing Ratio	**10,2%**	**18,1%**

The Group does not have a specific target for the level of financial leverage.

Note 30 - Events After the Balance Sheet Date

No events have occurred after the end of the financial year that require adjustment or disclosure in the annual report for 2024.

Note 31 – Key Ratios

The key figures and financial ratios have been prepared on a consolidated basis and defined and calculated in accordance with the 'Recommendations and Financial Ratios' issued by the Danish Finance Society, using the following calculation formulas:

$$\text{Revenue growth rate} = \frac{\text{Revenue in current period - Revenue in previous period}}{\text{Revenue in previous period}}$$

$$\text{Profit margin (EBIT)} = \frac{\text{Operating profit (EBIT)}}{\text{Revenue}}$$

$$\text{Return on investment (ROI)} = \frac{\text{Result before tax (EBT)}}{\text{Total assets}}$$

$$\text{EBT margin} = \frac{\text{Earnings before income taxes (EBT)}}{\text{Revenue}}$$

$$\text{Liquidity ratio} = \frac{\text{Total current assets}}{\text{Total current liabilities}}$$

$$\text{Solvency ratio} = \frac{\text{Total equity}}{\text{Total assets}}$$

$$\text{Return on equity} = \frac{\text{Profit for the period}}{\text{Average equity}}$$

$$\text{Book Value per Share (BVPS)} = \frac{\text{Total equity}}{\text{Number of shares}}$$

$$\text{Basic EPS} = \frac{\text{Profit for the period}}{\text{Average outstanding shares}}$$

$$\text{Diluted EPS (DEPS)} = \frac{\text{Profit for the period}}{\text{Average outstanding shares + Diluted shares}}$$

Average number of employees (FTEs) = Number of employees calculated as average FTE (full-time equivalents)

Gender diversity, all employees = Gender diversity is calculated as average FTE (full-time equivalents) per gender.

Scope 1 & 2 CO2e emissions (tons) = Emissions for electricity and district heating at cBrain's locations (market-based).

Parent Company Financial Statements

- Statement of Comprehensive Income
- Balance Sheet
- Cash Flow Statement
- Statement of Changes in Equity
- Notes to the Parent Company Financial Statements

Statements of Comprehensive Income

INCOME STATEMENT

T.DKK	Notes	2024	2023
Revenue	3,4	267.781	239.182
Cost of services	5	-3.483	-3.558
External expenses	6,7	-38.356	-34.811
Staff costs	8	-135.905	-120.664
Research and development costs capitalized		22.836	26.404
Depreciation and amortization expense	9	-28.455	-25.194
Operating profit (EBIT)		**84.418**	**81.359**
Financial income	10	2.538	2.988
Financial cost	11	-2.885	-3.637
Earnings before income taxes (EBT)		**84.071**	**80.710**
Income taxes	12	-20.192	-18.013
Profit for the year		**63.879**	**62.697**

STATEMENT OF COMPREHENSIVE INCOME

T.DKK	Notes	2024	2023
Profit for the period		63.879	62.697
Other comprehensive income		0	0
Total comprehensive income for the year		**63.879**	**62.697**

DISTRIBUTION OF PROFIT

T.DKK	Notes	2024	2023
Proposed dividend		12.800	5.600
Development costs reserve		2.392	7.372
Retained earnings		61.487	49.725
Total		**63.879**	**62.697**

Balance Sheet

ASSETS

T.DKK	Notes	2024	2023
Intangible assets	13	67.660	64.594
Property, plant and equipment	14	38.832	15.510
Right-of-use assets	15	52.758	56.522
Investments in subsidiaries	16	125.226	50.050
Receivables from subsidiaries	17	7.353	7.209
Other financial assets	18	950	798
Total non-current assets		**292.779**	**194.683**
Receivables from subsidiaries	17	15.095	92.705
Trade receivables	19	45.776	40.943
Contract assets	20	16.011	8.630
Other receivables		1.869	442
Receivables		78.751	142.720
Cash and cash equivalents		21.540	8.764
Total current assets		**100.291**	**151.484**
Total assets		**393.070**	**346.167**

EQUITY AND LIABILITIES

T.DKK	Notes	2024	2023
Share capital		5.000	5.000
Reserve for development costs		52.709	50.317
Retained earnings		216.274	167.465
Proposed dividend		12.800	5.600
Total equity	**23**	**286.783**	**228.382**
Deferred tax liabilities	24	12.581	11.727
Lease liabilities	25	47.941	52.557
Provisions	26	615	500
Total non-current liabilities		**61.137**	**64.784**
Trade payables		3.281	3.379
Lease liabilities	25	7.337	5.464
Contract liabilities	20	5.744	5.163
Current tax liabilities	21	8.010	13.780
Other payables	22	20.778	25.215
Total current liabilities		**45.150**	**53.001**
Total liabilities and equity		**393.070**	**346.167**

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Statements of Changes in Equity

2024

T.DKK	Share capital	Reserve for development costs	Retained earnings	Proposed dividend	Total equity
Equity, January 1	**5.000**	**50.317**	**167.465**	**5.600**	**228.382**
Net profit for the year	0	2.392	48.687	12.800	63.879
Comprehensive income for the period	**0**	**2.392**	**48.687**	**12.800**	**63.879**
Share-based payments	0	0	0	0	0
Purchase of treasury shares	0	0	0	0	0
Sale of treasury shares	0	0	0	0	0
Dividends	0	0	122	-5.600	-5.478
Transactions with owners	**0**	**0**	**122**	**-5.600**	**-5.478**
Equity, December 31	**5.000**	**52.709**	**216.274**	**12.800**	**286.783**

2023

T.DKK	Share capital	Reserve for development costs	Retained earnings	Proposed dividend	Total equity
Equity, January 1	**5.000**	**42.945**	**117.040**	**4.200**	**169.185**
Net profit for the year	0	7.372	49.725	5.600	62.697
Comprehensive income for the period	**0**	**7.372**	**49.725**	**5.600**	**62.697**
Share-based payments	0	0	235	0	235
Purchase of treasury shares	0	0	-454	0	-454
Sale of treasury shares	0	0	827	0	827
Dividends	0	0	92	-4.200	-4.108
Transactions with owners	**0**	**0**	**700**	**-4.200**	**-3.500**
Equity, December 31	**5.000**	**50.317**	**167.465**	**5.600**	**228.382**

Cash Flow Statement

T.DKK	2024	2023
Operating profit (EBIT)	84.418	81.359
Depreciation and amortization	28.455	25.194
Change in working capital		
Change in trade- and other receivables	-6.260	4.578
Change in contract assets and -liabilities	-6.800	-12.229
Change in trade- and other payables	-4.535	2.254
Change in receivables from subsidiaries	-1.150	-7.455
Cash flow from operating profit	94.128	93.701
Share-based payments	0	235
Financial items, net	-26	-412
Income taxes paid	-25.505	-7.452
Cash flow from operating activities	**68.597**	**86.072**

T.DKK	2024	2023
Investments in intangible assets	-22.836	-26.404
Investments in property, plant and equipment	-25.341	-538
Investments in subsidiaries	-2.085	-48.073
Cash flow from investing activities	**-50.262**	**-75.015**
Repayment of lease liabilities	-73	0
Interest lease payments	-8	0
Dividends paid, net	-5.478	-4.108
Cash flow from financing activities	**-5.559**	**-4.108**
Cash and cash equivalents, January 1	8.764	1.815
Net cash flow for the period	12.776	6.949
Cash and cash equivalents, December 31	**21.540**	**8.764**

Notes to the Parent Company Financial Statement

Note 1 - Accounting Policies

Basis of Preparation

The separate annual financial statements for the parent company are included in the annual report because the Danish Financial Statements Act requires a separate parent company financial statement.

The parent company's financial statements for cBrain A/S have been prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies.

The parent company's financial statements are presented in thousands of Danish kroner (T.DKK), which is considered the functional currency of the Parent company’s activities. Amounts are presented in European format.

The accounting policies, as described below, have been consistently applied in the reporting year and for the comparative figures. Where relevant, accounting policies have been moved to the notes.

The accounting policies are the same as those for consolidated financial statements, with the exception described below. For a detailed description of the group’s accounting policies, please refer to note 1 of the consolidated financial statements.

Foreign Currency Translation

Foreign exchange adjustments of intragroup accounts are recognized in the income statement in cBrain A/S’ financial statements. Foreign exchange adjustments of intra-group accounts between cBrain A/S and subsidiaries are considered part of the net investment in the subsidiaries concerned. Settlement of intra-group balances considered part of the net investment is not, per se, considered a partial divestment of a subsidiary.

Investments in subsidiaries

Investments in subsidiaries are measured at cost, for a detailed description please refer to note 16.

Taxation

cBrain A/S is subject to the Danish rules on mandatory joint taxation of the Group's Danish subsidiaries. cBrain A/S serves as the Group's administration company for group taxation and consequently settles all corporate tax payments with the tax authorities. Contributions to/from subsidiaries within the group taxation regime are recognized under tax on the profit for the year. Tax liabilities and receivables are recorded under current assets/liabilities.

Joint tax contributions to be paid or received are recognized in the balance sheet under receivables from or payables to group companies. Companies that utilize tax losses in other companies pay joint tax contributions to the parent company equivalent to the tax value of the utilized losses, while companies whose tax losses are utilized by other companies receive joint tax contributions from the parent company, equivalent to the tax value of the utilized losses (full allocation).

Note 2 - Accounting Estimates

For a description of the accounting estimates please refer to note 2 to the consolidated financial statements.

Management judges that all critical accounting estimates concerning the parent company are included in note 2 of the consolidated financial statements and that there are no critical accounting estimates that are unique to the parent.

Note 3 – Segment Information

Market areas

cBrain's software solution is a comprehensive product consisting of a wide range of configurable software modules and libraries. The software product is marketed under the brand name: F2 (production system, case management, and business processes).

When presenting information related to geographical areas, details about revenue distribution across geographical segments are reported based on the geographical location of customers.

Segments

cBrain operates as a single operating segment, as there is no division of the Group's activities in internal reporting.

The intangible and property, plant, and equipment recognized on the Group's balance sheet can be attributed to Denmark.

Note 3 – Segment Information (continued)

T.DKK	2024	2023
Products and Services		
Software	209.555	189.179
Services	58.226	50.003
	267.781	**239.182**
Timing of revenue recognition		
Over time	229.343	198.796
At a point in time	38.438	40.386
	267.781	**239.182**
Geographical information		
Denmark	178.053	155.498
Other EU-countries	81.364	75.930
Countries outside the EU	8.364	7.754
	267.781	**239.182**
Significant Customers		
Customer A*	156.075	128.884
Customer B	71.056	74.091

*Customers in the Danish state are aggregated together as Customer A.

Note 4 – Net revenue

T.DKK	2024	2023
Software	209.555	189.179
Services	58.226	50.003
	267.781	**239.182**

§ Accounting Policies

For a description of the accounting policies, please refer to the consolidated financial statements note 4.

Note 5 – Cost of Services

§ Accounting Policies

For a description of the accounting policies, please refer to the consolidated financial statements note 5.

Note 6 - External Expenses

§ Accounting Policies

For a description of the accounting policies, please refer to the consolidated financial statements note 6.

Note 7 - Fees to the Statutory Auditors

T.DKK	2024	2023
Statutory audit	816	791
Other assurance services	191	160
Tax and VAT advisory services	0	60
Other services	156	30
	1.163	1.041

Fees for services other than the statutory audit of the financial statements provided by EY Godkendt Revisionspartnerselskab, Denmark amounted to T.DKK 347 (2023: T.DKK 250). This includes assurance opinions related to IT, other assurance opinions, agreed-upon procedures as well as CSRD related services.

Note 8 – Staff costs

T.DKK	2024	2023
Wages and salaries	132.886	117.939
Social security costs	2.552	2.308
Share-based payment expense	0	5
Board fee	410	350
Other personnel expenses	57	62
	135.905	120.664
Average number of employees	**189**	**167**

Fees and remuneration to the Board of Directors and Executive Management

T.DKK	2024	2023
Fees to the Board of Directors		
Board fee	410	350
Remuneration to the Executive Management		
Fixed base salary	3.605	3.434
Short-term cash incentive	1.547	1.583
	5.152	5.017
Total short-term remuneration	**5.562**	**5.367**

§ Accounting Policies

For a description of the accounting policies, please refer to the consolidated financial statements note 8.

Note 9 – Depreciation and Amortization Expense

T.DKK	2024	2023
Software	19.770	16.953
Leases	6.666	6.585
Land and buildings	238	206
Furnishing of rented premises	663	656
Other Equipment	1.118	794
	28.455	25.194

§ Accounting Policies

For a description of the accounting policies, please refer to the consolidated financial statements note 9.

Note 10 – Financial Income

T.DKK	2024	2023
Interest income, subsidiaries	1.492	1.852
Interest income, other	458	595
Exchange rate gains	588	541
	2.538	**2.988**

§ Accounting Policies

For a description of the accounting policies, please refer to the consolidated financial statements note 10.

Note 11 - Financial Cost

T.DKK	2024	2023
Interest expense, leases	1.872	2.038
Interest expense, other	515	785
Exchange rate losses	498	814
	2.885	**3.637**

§ Accounting Policies

For a description of the accounting policies, please refer to the consolidated financial statements note 11.

Note 12 – Income Taxes

T.DKK	2024	2023
Current tax on profits for the year	17.879	16.076
Adjustment for deferred tax	854	1.897
Adjustments in respect of current income tax of previous year	1.459	40
	20.192	**18.013**
Total income tax		
Tax using the Danish corporation tax rate (22%)	18.496	17.756
Non-deductible	107	27
Write-off of non-deductible depreciation	52	45
Effect of higher tax rates in Germany	78	64
Other adjustments	0	81
Adjustments in respect of current income tax of previous year	1.459	40
	20.192	**18.013**
Effective tax rate	**24,0%**	**22,3%**

§ Accounting Policies

For a description of the accounting policies, please refer to the consolidated financial statements note 12.

Note 13 - Intangible Assets

2024

T.DKK	Software	Software under develop-ment	Total
Cost, January 1	181.517	3.417	184.934
Additions	0	22.836	22.836
Transfer	23.277	-23.277	0
Cost, December 31	**204.794**	**2.976**	**207.770**
Amortization, January 1	120.340	0	120.340
Amortization	19.770	0	19.770
Amortization, December 31	**140.110**	**0**	**140.110**
Carrying amount December 31	**64.684**	**2.976**	**67.660**

Out of the year's additions to software under development, totaling DKK 22,8m, capitalized salaries amount to DKK 22,6m.

In 2024, software under development of DKK 23,3m was released and transferred to software.

In 2024, management performed an impairment test of the carrying amount of development projects in progress. It has been assessed that the recoverable amount in the form of value in use exceeds the carrying amount. The value in use is calculated based on expected net cash flows for 5 years.

2023

T.DKK	Software	Software under develop-ment	Total
Cost, January 1	156.298	2.233	158.531
Additions	0	26.403	26.403
Transfer	25.219	-25.219	0
Cost, December 31	**181.517**	**3.417**	**184.934**
Amortization, January 1	103.387	0	103.387
Amortization	16.953	0	16.953
Amortization, December 31	**120.340**	**0**	**120.340**
Carrying amount December 31	**61.177**	**3.417**	**64.594**

In 2023, out of the year's additions to software under development, totaling DKK 26,4m, capitalized salaries amount to DKK 25,3m.

In 2023, management performed an impairment test of the carrying amount of development projects in progress. It has been assessed that the recoverable amount in the form of value in use exceeds the carrying amount. The value in use is calculated based on expected net cash flows for 5 years.

§ Accounting Policies

For a description of the accounting policies, please refer to the consolidated financial statements note 13.

Note 14 - Property, plant, and Equipment

2024

T.DKK	Land and buildings	Leasehold improve-ments	Other Equipment	**Total**
Cost, January 1	11.193	3.302	4.495	18.990
Additions	23.974	0	1.367	25.341
Disposals	0	0	0	0
Cost, December 31	**35.167**	**3.302**	**5.862**	**44.331**
Depreciation, January 1	1.135	872	1.473	3.480
Depreciation	238	663	1.118	2.019
Depreciation, December 31	**1.373**	**1.535**	**2.591**	**5.499**
Carrying amount December 31	**33.794**	**1.767**	**3.271**	**38.832**

2023

T.DKK	Land and buildings	Leasehold improve-ments	Other Equipment	**Total**
Cost, January 1	11.193	3.235	4.024	18.452
Additions	0	67	471	538
Disposals	0	0	0	0
Cost, December 31	11.193	3.302	**4.495**	**18.990**
Depreciation, January 1	929	216	679	1.824
Depreciation	206	656	794	1.656
Depreciation, December 31	**1.135**	**872**	**1.473**	**3.480**
Carrying amount December 31	**10.058**	**2.430**	**3.022**	**15.510**

§ Accounting Policies

With the accounting policies described for the consolidated financial statements note 14, the parent company's accounting policies differ in the following aspects:

Property, plant, and equipment in the parent company are depreciated on a straight-line basis over their expected useful lives, as follows:

- Land: is not depreciated.
- Buildings: 30 years.
- Leasehold improvements: 5 years
- Other equipment: 3-5 years.

Note 15 – Right-of-use Assets

Office leases

T.DKK	**2024**	2023
Cost, January 1	65.252	64.337
Addition (remeasurement)	0	915
Addition	2.902	0
Cost, December 31	**68.154**	**65.252**
Depreciation, January 1	8.730	2.145
Depreciation	6.666	6.585
Amortization, December 31	**15.396**	**8.730**
Carrying amount, December 31	**52.758**	**56.522**

§ Accounting Policies

For a description of the accounting policies, please refer to the consolidated financial statements note 15.

Note 16 - Investments in Subsidiaries

T.DKK	2024	2023
Cost, January 1	50.340	50.340
Additions	75.176	0
Cost, December 31	**125.516**	**50.340**
Impairment losses, January 1	-290	-290
Impairment losses, December 31	**-290**	**-290**
Carrying amount, December 31	**125.226**	**50.050**

The capital shares in subsidiaries are specified as follows:

Name	Place of origin	Voting and ownership share	Equity	Profit for the year
cProperty ApS	Copenhagen, Denmark	100%	123.519	-88
cBrain MENA Computer System and Design LLC	Dubai, UAE	100%	346	99
cBrain North America LLC	Delaware, USA	100%	0	0
cBrain East Africa Computer System Design Limited	Nairobi, Kenya	100%	-113	-113
cBrain Omni Ghana Ltd	Accra, Ghana	50%*	0	0
cBrain Kodumburar India Private Limited	Tamil Nadu, India	50%*	0	0

*Shareholder agreements give cBrain control of the company.

§ Accounting Policies

Investments in subsidiaries are measured in the parent company's financial statements at cost. The cost includes the purchase consideration recognized at fair value plus direct acquisition costs.

If there is an indication of impairment, impairment tests are conducted as described in the accounting policies applied for the consolidated financial statements. Where the carrying amount exceeds the recoverable amount, **it is written down to this lower value**.

When distributing reserves other than retained earnings in subsidiaries, the distribution reduces the acquisition cost of the investments if the distribution has the character of a repayment of the parent company's investment.

Note 17 - Receivables from Subsidiaries

§ Accounting Policies

Long-term receivables from subsidiaries include office rent deposits to cBrain's' 100% owned subsidiary, cProperty ApS (CVR no. 37294098). The amount is equivalent to one year's lease payments. The office rent is price-regulated annually with a minimum of 2% annually and a maximum of 4%. As a result, the rental deposit is adjusted accordingly.

Short-term receivables from subsidiaries mainly include a short-term loan to cProperty ApS provided in connection with the purchase of Utzon House in 2022.

In 2024, the company's short-term receivable from cProperty ApS was reduced by DKK 75 million through a capital increase in cProperty ApS of nominally DKK 75,000, subscribed for 1,000 per capital share of DKK 1. As of December 31, 2024, the mortgage loan (borrowings) in cProperty has a carrying amount of DKK 49m, and the property, plant, and equipment have a carrying amount of DKK 192m. Therefore, cBrain does not expect any credit loss on this receivable.

Short-term loans accrue interest at a rate equivalent to cBrain's deposit rate at the company's bank. As of December 31, 2024, the interest rate was 1,09% (2023: 2,85%).

Note 18 – Other Financial Assets

T.DKK	2024	2023
Cost, January 1	798	466
Additions	152	643
Disposals	0	-311
Cost, December 31	**950**	**798**
Carrying amount, December 31	**950**	**798**

§ Accounting Policies

For a description of the accounting policies, please refer to the consolidated financial statements note 16.

Note 19 – Trade Receivables

T.DKK	2024	2023
Trade receivables, gross	**46.379**	**41.201**
Change in provision for credit losses:		
Provision, January 1	258	266
Unused amounts reversed	-258	-266
Additions	603	258
Provision, December 31	**603**	**258**
Trade receivables, net	**45.776**	**40.943**

§ Accounting Policies

For a description of the accounting policies, please refer to the consolidated financial statements note 17.

Reconciliation of expected credit loss

2024

T.DKK	Not overdue	Due 1-30 days	Due 31-60 days	Due >60 days	Total
Contract assets, gross	16.011	0	0	0	16.011
Trade receivables, gross	42.999	2.242	434	704	46.379
Expected credit loss	-567	-12	-3	-21	-603
Trade receivables, net	**42.432**	**2.230**	**431**	**683**	**45.776**
Trade receivables and contract assets, net	**58.443**	**2.230**	**431**	**683**	**61.787**
Share of trade receivables expected to be paid					**99%**
Expected credit loss %	**1,3%**	**0,5%**	**0,7%**	**3,0%**	**1,3%**

2023

T.DKK	Not overdue	Due 1-30 days	Due 31-60 days	Due >60 days	Total
Contract assets, gross	8.630	0	0	0	8.630
Trade receivables, gross	37.914	2.603	114	570	41.201
Expected credit loss	-226	-19	-2	-11	-258
Trade receivables, net	**37.688**	**2.584**	**112**	**559**	**40.943**
Trade receivables and contract assets, net	**46.318**	**2.584**	**112**	**559**	**49.573**
Share of trade receivables expected to be paid					**99%**
Expected credit loss %	**0,6%**	**0,7%**	**1,8%**	**1,9%**	**0,6%**

Note 20 – Contract Assets and Liabilities

T.DKK	2024	2023
Contract assets		
Work-in-progress	16.011	8.630
	16.011	**8.630**
Contract liabilities		
Deferred income	4.427	3.020
Prepayments from customers	771	2.143
Costs to fulfill contracts	546	0
	5.744	**5.163**
Contract assets and liabilities are classified in the balance sheet as follows:		
Contract assets	16.011	8.630
Contract liabilities	-5.744	-5.163
	10.267	**3.467**

Contract assets as of December 31, 2023, relating to produced unbilled revenue totaling DKK 8,6m are recognized in revenue in 2024.

§ Accounting Policies

For a description of the accounting policies, please refer to the consolidated financial statements note 18.

Note 21 – Current Tax Liabilities

T.DKK	2024	2023
Corporation tax receivable/payable, January 1	13.780	4.851
Current tax for the year	17.879	16.076
Adjustment of tax relating to previous years	1.220	40
Corporation tax paid in the year	-24.869	-7.187
	8.010	**13.780**

§ Accounting Policies

For a description of the accounting policies, please refer to the consolidated financial statements note 19.

Note 22 – Other Payables

§ Accounting Policies

For a description of the accounting policies, please refer to the consolidated financial statements note 25.

Note 23 – Share Capital

Reconciliation on Treasury Shares

Pcs.	2024		2023	
Treasury shares January 1	437.187	2,2%	441.183	2,2%
Treasury shares acquired in the year	0	0,0%	3.355	0,0%
Treasury shares sold in the year	0	0,0%	-7.351	0,0%
	437.187	**2,2%**	**437.187**	**2,2%**

The share capital consists of 20.000.000 shares with a nominal value of DKK 0,25 each. No shares have special rights.

Note 23 – Share Capital (continued)

As of December 31, 2024, the group holds 437.187 treasury shares (compared to 437.187 shares as of December 31, 2023). The market value of the group's treasury shares as of December 31, 2024, is DKK 78,4m (compared to DKK 117,6m as of December 31, 2023).

In 2024, the group did not sell any treasury or repurchase any ordinary shares. The Annual General Meeting authorizes the management to repurchase up to 10% of its share capital.

The proposed dividend for 2024 amounts to DKK 12,8m, equivalent to DKK 0,64 per share (compared to DKK 45,6m, equivalent to DKK 0,28 per share in 2023).

Statement of Earnings per Share

Pcs.	2024	2023
Number of shares	20.000.000	20.000.000
Average number of own treasury shares	-437.187	-439.185
Average number of shares, outstanding	**19.562.813**	**19.560.815**
Basic EPS	**3,19**	**3,13**
Diluted EPS (DEPS)	**3,19**	**3,13**

§ Accounting Policies

For a description of the accounting policies, please refer to the consolidated financial statements note 20.

Note 24 – Deferred Tax Liabilities

T.DKK	2024	2023
Deferred tax liability January 1	11.727	9.830
Adjustment for deferred tax for the year	854	1.897
Deferred tax liability December 31	**12.581**	**11.727**
Recognized deferred tax liabilities are attributable to the following:		
Intangible assets	14.885	14.211
Property, plant, and equipment	-723	-350
Provisions, etc.	-1.581	-2.134
	12.581	**11.727**

§ Accounting Policies

For a description of the accounting policies, please refer to the consolidated financial statements note 21.

Note 25 – Lease Liabilities

T.DKK	2024	2023
Undiscounted lease liability		
Within one year	9.085	7.329
Between 1 and 3 years	16.612	15.100
Between 3 and 5 years	16.025	15.710
More than 5 years	20.951	29.543
	62.673	**67.682**
Amounts recognized in the balance sheet		
Current financial liabilities	7.337	5.464
Non-current financial liabilities	47.941	52.557
	55.278	**58.021**
Amounts recognized in the statement of profit or loss		
Lease payments	7.402	7.162
Interest expenses related to lease liabilities	1.872	2.072
	9.274	**9.234**

§ Accounting Policies

For a description of the accounting policies, please refer to the consolidated financial statements note 22.

Note 26 – Provisions

T.DKK	2024	2023
Provisions, January 1	500	500
Arising during the year	115	0
Unused amounts reversed	0	0
Provisions, December 31	**615**	**500**

Provisions relate to expected future costs for the removal of installations and equipment, as well as reinstatement, etc., upon vacating cBrain's leased properties. These provisions are reevaluated annually based on the condition of the leases at the balance sheet date.

Note 27 – Commitments and Contingencies

T.DKK	2024	2023
Short-term lease commitments, within one year	0	779
	0	**779**

Guarantee obligations

cBrain A/S acts as a guarantor for its 100% owned subsidiary cProperty ApS's mortgage loan for the remaining debt of DKK 48,8m (2023: DKK 50,7m). The property located at Kalkbrænderiløbskaj 2, 2100 Copenhagen Ø, has a total carrying amount of DKK 192,4m.

Other Contingent Liabilities

cBrain A/S has issued a letter of support for the fully owned subsidiary cProperty ApS, committing to provide, if required, the necessary funds for cProperty ApS to honor its liabilities as the fall is due until December 31, 2026.

Note 27 – Commitments and Contingencies (continued)

Other Contingent Liabilities

cBrain's Danish companies are jointly and severally liable for the tax on the Danish companies' income, etc. The total amount of outstanding corporate income tax in Denmark is DKK 8,9m (2023: DKK 13,9m). The Danish companies are also jointly and severally liable for Danish withholding taxes in the form of dividend tax, royalty tax, and interest tax. Any subsequent adjustments to corporate taxes and withholding taxes may result in the Group's liability being a larger amount.

Note 28 – Related Parties Transactions

For the Parent company, in addition to transactions with other related parties depicted in note 27 of the consolidated financial statements, related parties also comprise subsidiaries where cBrain A/S has a controlling or significant influence.

The Parent company leases cBrain's headquarter from its 100% owned subsidiary cProperty ApS (CVR no. 37294098), please refer to note 15 and note 25.

The Parent company's outstanding balance with subsidiaries comprises receivables of DKK 22,5m, current account DKK 15,1m and non-current group deposits of DKK 7,4m (2023: DKK 99,9m, current account DKK 92,7m, and non-current group deposits DKK 7,2m).

Balances with subsidiaries comprise office rent deposits to cBrain's' 100% owned subsidiary, cProperty ApS, and short-term loans to cProperty ApS provided in connection with the purchase of Utzon House in 2022. The short-term loans are accrued interest. For more information, please refer to note 16. Interest on receivables from subsidiaries is specified in note 10.

Terms and conditions

The Parent company's outstanding balance with subsidiaries is unsecured and are repayable in cash. The outstanding balance accrues interest at 1,09%

Note 29 – Financial Instruments and Risks

Categories of Financial Instruments

T.DKK	2024	2023
Financial assets measured at amortized cost		
Receivables from subsidiaries	15.095	92.705
Trade receivables	45.776	40.943
Other receivables	1.869	442
Cash and cash equivalents	21.540	8.764
	84.280	**142.854**
Financial liabilities measured at amortized cost		
Lease liabilities	55.278	58.021
Provisions	615	500
Trade payables	3.281	3.379
	59.174	**61.900**

Financial Risk Management Strategies

cBrain is exposed to market risks in the form of changes in exchange rates and interest rates, as well as credit risks and liquidity risks, due to its operations, investments, and financing activities.

Management believes that cBrain operates with a low-risk profile, and as such, foreign currency, interest rate, and credit risks only occur on a commercial basis. It is cBrain's policy not to engage in active speculation in financial risks.

Entering new markets may involve transactions in foreign currencies, which could expose cBrain to currency fluctuations. Therefore, this area is closely monitored to assess the need for currency hedging instruments. For implemented optimization, refer to the following section.

Foreign Exchange Risk

cBrain's foreign exchange risk is primarily managed by matching cash inflows and outflows in the same currency. The difference between cash inflows and outflows in the same currency represents an unhedged currency risk. The majority of positions are in EUR, USD, GBP, and AED.

Note 29 – Financial Instruments and Risks (continued)

Currency Risk on Recognized Assets and Liabilities

2024

T.DKK	EUR	USD	GBP	AED	
Cash and cash equivalents	2.946	280	792	0	**4.018**
Receivables	12.563	928	0	3.905	**17.396**
Liabilities	-557	0	0	0	**-557**
Unhedged net-position	14.952	1.208	792	3.905	**20.857**
Loss/gain at 10 % strengthening/weakening of DKK	+/- 1.495	+/- 121	+/- 79	+/- 391	**+/- 2.085**

2023

T.DKK	EUR	USD	GBP	AED	
Cash and cash equivalents	2.298	1.259	290	0	**3.847**
Receivables	3.289	468	172	4.535	**8.464**
Liabilities	-209	0	0	0	**-209**
Unhedged net-position	5.378	1.727	462	4.535	**12.102**
Loss/gain at 10 % strengthening/weakening of DKK	+/- 538	+/- 173	+/- 46	+/- 454	**+/- 1.210**

Interest Rate Risks

cBrain's interest rate risk is related to bank balances and debt to mortgage loans (borrowings). As of December 31, 2024, the company has a bank balance of DKK 21,5m (2023: DKK 8,8m). In connection with bank balances, there is a total credit facility of DKK 0 million. The bank balances are subject to variable day-to-day interest rates.

Liquidity Risks

cBrain's objective is to maintain sufficient liquidity reserves to be able to respond appropriately to unforeseen fluctuations in liquidity. Excess liquidity is placed in deposit or savings accounts, considering the expected liquidity needs. Liquidity is only placed with financial institutions with high creditworthiness.

Non-Derivate Financial Liabilities

2024

T.DKK	Less than 6 months	Between 6 and 12 months	Between 1 and 5 years	After 5 years	Total
Lease liabilities	4.530	4.555	32.636	20.952	62.673
Trade payables	3.281	0	0	0	3.281
Other payables	20.778	0	0	0	20.778
	28.589	**4.555**	**32.636**	**20.952**	**86.732**

2023

T.DKK	Less than 6 months	Between 6 and 12 months	Between 1 and 5 years	After 5 years	Total
Lease liabilities	3.652	3.676	30.811	29.042	67.181
Trade payables	3.379	0	0	0	3.379
Other payables	22.148	3.067	0	0	25.215
	29.179	**6.743**	**30.811**	**29.042**	**95.775**

Credit Risks

Credit risk is low due to the types of customers, primarily consisting of public authorities and professional organizations. The finance department continuously reviews credit risks, including the size and age distribution of receivables from individual customers.

In 2024, an expected loss of DKK 0,6m was recognized (2023: DKK 0,3), and no losses were realized during the financial year.

The company has not entered into derivative financial instruments for hedging recognized financial assets and liabilities.

Note 30 - Capital Structure

T.DKK	2024	2023
The financial gearing at the balance sheet date can be summarized as follows:		
Lease liabilities	55.278	58.021
Cash and cash equivalents	-21.540	-8.764
	33.738	**49.257**
Equity	**286.783**	**228.382**
Financial Gearing Ratio	**11,8%**	**21,6%**

Note 31 - Events After the Balance Sheet Date

There have been no events occurring after the end of the financial year that would require adjustment or disclosure in the annual report.

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