COMPANY ANNOUNCEMENT NO. 19/2023

cBrain is well on track with the 2023-2025 growth plan

Copenhagen, November 2, 2023

With strong first half year results, cBrain (NASDAQ: CBRAIN) has embarked well on the 2023-2025 growth plan. During third quarter we see solid development in Denmark as well as international, in line with the continued implementation of our strategic initiatives. Focusing on F2 Climate Software, developing the F2-for-Partners concept, as well as now offering Artificial Intelligence (AI) for government as a fully integrated part of the F2 standard software.

Environmental permitting is a key global challenge, for government as well as industries, in the need for meeting climate objectives and new energy sources. By extending the F2 Climate Software for permitting with AI functionality, cBrain is taking a lead as supplier of government solutions within this field.

Solid organic growth based on a strong value proposition

With the F2 digital platform, cBrain offers government organizations the opportunity to digitize based on standard software instead of traditional custom-built solutions.

The adoption of standard software represents a disruptive and game-changing approach, as it offers government entities substantial business benefits through cost reductions, faster delivery, and accelerated digital transformation. cBrain thereby challenges one of the largest global industries, referred to as government digitization, and faces a significant business opportunity.

cBrain capitalizes this opportunity by executing an ambitious international growth plan. Extending the long-term growth plan, cBrain added specific areas of focus for the period 2023-2025. This includes investing in "F2 Climate Software," which serves as a door opener and accelerator for export and investing in the "F2-for-Partners" concept, which allows cBrain to further scale its business.

The growth plan is based on organic growth, and cBrain delivers solid growth and earnings with a strong positive cash flow.

Results show that cBrain is well on track with the 2023-2025 growth plan. In August, full-year revenue growth guidance for 2023 was revised and increased to 20-25%, up from the previous range of 15-20%, and full-year guidance for earnings before tax (EBT) increased to 20-25%, up from the previous range of 18-22%. The third quarter development confirms the revised guidance for the full year.

Continued success in Denmark and Germany, while increasing project size

cBrain continues to win market shares and develop the business in Denmark, thereby securing the important Danish reference position.

In the third quarter, cBrain announced agreements with two more Danish public organizations, The Danish Accreditation Institution, and Innovation Fund Denmark, to implement F2 as their digital platform and join the Danish F2 user group. Both public organizations are sponsored by the Ministry for Higher Education and Science, who has already implemented F2.

cBrain delivers still larger and more complex solutions. In September, cBrain successfully delivered an F2 based grants management solution for Danish Energy Agency ("Energistyrelsen"), which supports the administration of grants for heat pumps ("Varmepumpepuljen"). In parallel, this project supports cBrain's position as a supplier of climate software on the Danish market.

New projects in Denmark includes winning a public tender to deliver a new hunting license solution ("Jagttegn") for the Danish Environmental Protection Agency ("Miljøstyrelsen").

In Germany, cBrain continues to develop its business with Deutsche Rentenversicherung and initiating new projects across the organization.

Increasing size of projects is important to cBrain. It demonstrates that also for large and still more complex digital transformation projects, government organizations now begin to adapt standard software as an alternative to custom-built solutions.

F2 Climate software is an international door opener

The fight against climate change and global warming is driven and funded by governments. However, the reality is that it often takes years to execute political decisions due to bureaucratic delays, fueled by the lack of digitization and inefficient IT systems.

In close collaboration with the Danish government organizations cBrain has developed a category of F2 based solutions, called F2 Climate Software, that helps closing the time gap between political decision and bureaucratic execution.

F2 Climate Software is standard software, based on reusable open-source configuration and best practices, which has been developed in close collaboration with the Danish government. F2 Climate Software can be reused across the world, and thereby serves as an international door opener for cBrain.

In third quarter new climate software initiatives include new projects in Kenya, establishing cBrain India, increased focus on environmental permitting, and the use of artificial intelligence (AI).

cBrain has initiated a number of new projects in Kenya

During third quarter, cBrain signed its first project with the National Environmental Management Authority of Kenya (NEMA). cBrain is configuring and delivering an F2 based environmental inspection solution, which manages environmental auditing.

Following the first project, cBrain has just signed an agreement to deliver a solution for NEMA that supports company registration related to extended producer responsibility (EPR).

In parallel, cBrain has signed an agreement to develop a solution for the Kenya Diary board. Kenya Dairy Board is a state corporation under the Ministry of Agriculture & Livestock Development. The solution will help to support quality inspections related to milk production.

cBrain has established cBrain India in the state of Tamil Nadu

Under the guidance of the Green Strategic Partnership between India and Denmark, cBrain signed a partnership agreement with Kodumburar Solutions in India and established cBrain India located in Chennai, Tamil Nadu, India.

With more than 75 million citizens, Tamil Nadu is the sixth largest state by population in India. The government of Tamil Nadu has a strong focus on both government digitization and climate action. Tamil Nadu thereby offers a sweet spot for initiating the reuse of Danish government experiences and software in India.

With a strong focus on climate solutions and working with a partner, the joint venture is directly aligned with the F2 Climate Software and F2-for-Partners strategic initiatives.

The partnership has been formed over a longer period, including meetings with the government in Tamil Nadu as well as hosting meetings and government visits from Tamil Nadu in Denmark.

Kodumburar Solutions has in-depth understanding of Indian government practices. Based on the partnership, Kodumburar Solutions and cBrain intend to offer the F2 digital platform and Danish government best practices, including F2 Climate Software, to accelerate fast government digital transformation as well as climate action initiatives in India.

Working with partners allows cBrain to scale internationally

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 most government organizations are served by a huge industry of IT system integrators and consulting firms. While this industry continues to deliver rigid legacy solutions based on custom-built solutions and software components, governments struggle to convert ambitious digitization plans into deliverables and measurable results.

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

This is essential to the F2-for-Partner concept. The F2-for-Partner concept allows government themselves and/or external consulting partners to manage the configuration and implementation of F2, while eliminating a major part of the IT work.

The F2-for-Partner concept thereby enables a new generation of government digital transformation partners, who focus on delivering real digital transformation effects instead of a lot of IT work.

A key enabler for government and/or their partners to manage the configuration and implementation of F2, is the F2 Service Builder product. cBrain announced the F2 Service Builder during the spring, and the first version of the product is now being used by customers.

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

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.

With the F2 Service Builder business users and process consultants can very easily digitize workflows 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 controlling and management reporting.

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, sometimes just within a few hours. Additionally, process definitions can be easily reused by copying an existing process, revising the copied sheet, and uploading it as a new process.

cBrain is happy to notice that the F2 Service Builder has gained considerable attention among customers. During the third quarter, several customers have been introduced, and while building a community of F2 Service Builder customers, cBrain is now further developing F2 Service Builder product.

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 an extremely 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 easily be modified to align with future changes in processes or organizational structures. This enables external consulting partners to offer government customers a truly 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.

As a result, cBrain expects the F2 Service Builder to become a pivotal tool within the F2 ecosystem of partners. Through close collaboration with customers and partners, cBrain continuously enhances the functionality of the F2 Service Builder.

In August cBrain announced AI for Government

cBrain expects that artificial intelligence will dramatically increase productivity and quality of government work.

During spring cBrain further developed F2 to offer artificial intelligence (AI) functionality, tailor-made for government usage and seamlessly integrated with F2.

Furthermore, cBrain has developed and prepared a sandbox approach which allows individual government organizations to learn and explore AI usage. In parallel the sandbox approach enables government organizations to inspire and learn from each other.

Due to the unique F2 architecture, cBrain can offer AI functionality for government, which is difficult to achieve with today's well-known general-purpose AI services. This includes addressing compliance restrictions, as well as in-depth learning based on customer data, which will allow F2 to support customer specific case processing.

First customers now use sandboxes as a secure learning environment

A sandbox is a research-based initiative, that offers a secure environment for simulating live government work and case processing. The sandbox allows individual government authorities to investigate and test specific use cases, while using their own case type specific data.

This is possible, as cBrain can offer AI on premise, thereby eliminating many of the issues related to compliance and the use of person related data.

The F2 based AI sandbox approach is ready for customers, and in the third quarter cBrain signed the two first agreements with customers. This includes a Danish ministerial department and a large Danish government agency, who will pilot AI functionality aligned with their individual needs.

Accelerating government environmental permitting by use of AI

cBrain is currently initiating several new F2 based AI initiatives. This includes the development of a digital platform supporting environmental permitting, fully integrated with AI.

While government permitting is a crucial aspect of ensuring the safety, environmental compliance, and orderly development of energy projects, it is also complex and time-consuming, thereby making government permitting a major source of delay in the transition towards new energy sources.

The Danish Environmental Protection Agency (EPA), "Miljøstyrelsen", is responsible for environmental protection and regulation in Denmark. Striking a balance between regulatory thoroughness and agility is essential for ensuring a timely and successful energy transition. Therefore, the Danish EPA has initiated an ambitious digital transformation project to expedite government permitting.

Working in close collaboration with the Danish EPA cBrain has as a first step configured an F2 based solution which supports environmental permitting. This solution has been delivered and is in production.

As next step, historic data from the Danish EPA is now being used as basis for training and adding AI functions for the permitting solutions, which fully integrated with case processing, supports, and accelerates the permitting process.

Sharing permitting experiences internationally

In close collaboration which the Danish EPA, cBrain has developed leading edge solutions to support and accelerate government environmental permitting. As environmental permitting is a global challenge, these solutions gain interest from governments across the world.

In October, cBrain was invited by the White House Council on Environmental Quality to participate in the Environmental Permitting Technology and Data Summit in Washington. The Council on Environmental Quality (CEQ) within the Executive Office of the President of the United States coordinates the federal government's efforts to improve, preserve, and protect America's public health and environment. This included presenting Danish EPA solutions at the summit, as well as a dedicated evening event at the Danish Embassy in Washington, discussing permitting reform initiatives with key federal stakeholders and how digital technologies can improve the efficiency and effectiveness of federal infrastructure permitting processes.

In December, cBrain participates as part of the Danish delegation at the COP28 in Dubai. cBrain is preparing to share experiences and climate software solutions with a special focus on environmental permitting. This includes participation in a number of sessions and panel debates at the COP28.

Best regards

Per Tejs Knudsen, CEO

Inquiries regarding this Company Announcement may be directed to

Ejvind Jørgensen, CFO, cBrain A/S, ir@cbrain.com, +45 2594 4973