

## **COMPANY ANNOUNCEMENT NO. 01/2025**

### **cBrain raises expected 2024 EBT margin to 30-32%**

Copenhagen, January 20, 2025

For the year 2024, cBrain (NASDAQ: CBRAIN) has forecasted revenue growth of 10-15% and earnings before tax (EBT) of 24-30%.

Revenue growth is now narrowed from 10-15% to 12-13%, aligning with the middle of the previous range. In parallel cBrain raises expected EBT from 24-30% to 30-32%. The expected revenue growth is in line with the three-year growth plan, while earnings exceed expectations.

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 market investments, which were planned for in 2024. Instead cBrain has taken a number of initiatives to adapt its go-to-market strategy and organization to take advantage of the changing market situation. This has resulted in costs being lower than expected.

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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 and developing a partner model. Over the past two years, cBrain has successfully executed this plan. This includes gaining market share, initiating partnerships, and delivering solid results and cash flow.

The growth plan is based on the assumption 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 slow transition to standard software.

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. Traditionally, projects of this nature take years and often fail, and the Danish ministerial cases thereby exemplify the power of the COTS for government approach.

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. 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 approach 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.

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

cBrain wants to fully take advantage of this, and the solid business with strong cash flow and earnings offers strategic flexibility. Consequently, cBrain has decided to revisit and potentially adjust its

international growth strategy. This includes evaluating organizational readiness, as well as market and product development strategies, to leverage and make the most of the accelerated industry changes.

cBrain publishes its annual report 2024 on 20. February 2025.

Best regards

Per Tejs Knudsen, CEO

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