

## **COMPANY ANNOUNCEMENT NO. 08/2025**

### **cBrain® advances global growth strategy, maintaining long-term focus**

Copenhagen, August 21, 2025

We are now entering the final half year of our 2023–2025 growth plan. We see standard software for government evolving into a large industry, challenging the dominance of traditional suppliers. With more than 15 years of experience, a strong product position, and solid customer references, we look confidently toward the next decade.

We aim to take a leadership position within the commercial off-the-shelf (COTS) software for government industry, and we have refined our strategy accordingly. Our dual go-to-market approach balances depth with focus: we continue to build our core business around large account customers ("super accounts"), while in parallel pursuing global leadership in selected niches where F2 becomes a category-defining standard.

With F2, we are shaping the future of COTS for government. Our product roadmap is driven by a unique technology position: a complete and fully integrated platform, standard software purpose-built for government, while offering easy configuration to meet customer requirements without any modification to the core software.

#### **We maintain our full year guidance**

Revenue for the first half of 2025 amounts to DKK 132 million, this is down 5% from DKK 139 million in the same period of 2024. Earnings before tax (EBT) total DKK 31 million, corresponding to an EBT margin of 24%.

Software revenue for the first half of 2025 amounted to DKK 100 million, a decrease of 10% compared to DKK 111 million in the same period last year, primarily due to lower international license sales. Revenue from one-time software licenses declined by 58%, making up 14% of total revenue. Services revenue increased by 15% to DKK 32 million, representing 24% of total revenue. Recurring revenue (subscriptions) grew by 24% and represent 61% of total revenue, up from approximately 47% last year.

While revenue for the first half of the year was lower due to a decline in one-time software license sales, we are encouraged by the solid performance of recurring revenue streams. The first half demonstrates a strong underlying business, with subscriptions growing 24% and services revenue increasing 15%. In addition, the solid EBT margin of 24% generated a strong positive operating cash flow of DKK 40 million.

The one-time software license decline, reflects timing-related factors and market-specific delays. Given the short delivery cycles for one-time licenses, revenue is directly impacted by fluctuations in procurement schedules.

In the second quarter, some Danish government organizations postponed procurements due to internal planning processes and resort changes, affecting the timing of recognized revenue. Similar to Denmark, delays in international projects have impacted results, representing a key driver of lower one-time license revenue.

We maintain our full-year guidance, growing revenue 10-15% with an EBT margin of 18-23%. For the second half, we forecast continued growth in recurring licenses, and expect one-time licenses to reach a level that secures the same total volume of one-time licenses in 2025 as in 2024. In Denmark, we expect postponed procurements to be completed. Internationally, we anticipate projects across the USA, Germany, the UAE, and Africa to drive growth in one-time license revenue.

#### **Focused on long-term growth through strategic investments**

During the spring, cBrain (NASDAQ: CBRAIN) has taken internal steps to strengthen its organization with the aim of taking a leadership position in the fast-emerging global market for Commercial-Off-The-Shelf (COTS) software for governments. This includes developing go-to-market strategies and establishing dedicated teams to build and lead global niches such as paperless ministry and environmental permitting.

During the first half year, cBrain has been able to report progress in both verticals, with the Kenyan ministry of ICT running a pilot project and supporting the new U.S. government standard for environmental permitting.

We believe the global COTS for government opportunity is significant. We have therefore also adopted a long-term perspective, even if this may affect short-term performance. cBrain has the financial strength to execute on this strategy. These changes have influenced the first half results, as we are reallocating project resources.

In the beginning of the year, we allocated extra costs of 30 million DKK to support the organizational development and market investments. Until now we have allocated a smaller part of these investments, and we continue to evaluate opportunities.

### **Thriving toward global leadership in the Paperless Ministry market**

The setup and configuration of cBrain F2® for ministries, used by Danish ministries as their digital platform, is referred to as the Paperless Ministry solution. A key pillar of the expanded growth strategy is to replicate the Danish success, and with Denmark ranked number one in the United Nations E-Government Survey for the past eight years, cBrain holds a strong reference position when exporting the Paperless Ministry solution.

By establishing beachheads in new international markets, based on a vertical go-to-market approach centered around the Paperless Ministry offering, the goal is to achieve global niche leadership and secure a strong foundation for future growth. To support this, cBrain is building an internal team, dedicated to export the F2 Paperless Ministry solution globally.

During the first half year, cBrain has taken a number of important steps in the market.

In Kenya, cBrain has successfully configured F2 for the Kenyan ICT Ministry, ready-to-go live within only 10 weeks. This was achieved by copying and adapting the F2 configuration used by the Danish ministries.

In June, the Kenyan ICT Ministry revealed plans to roll out the F2 digital platform across all government departments, thereby transitioning into paperless working environments. The Kenyan project stands out as a strong reference for cBrain when engaging with potential ministerial customers in other parts of the world.

Working in close collaboration with the Danish Ministry of Foreign Affairs and UNDP, cBrain plans to market the African version of the F2 Paperless Ministry across Africa.

Many African government organizations focus on digitization as a key driver of GDP growth and as a foundation for building accountable and sustainable institutions. With the African Paperless Ministry solution, configured and proven through the Danish-Kenyan ministerial collaboration, cBrain now offers the African region a unique, secure, and fast track to digital transformation, while addressing a large number of potential government customers.

During the spring, cBrain has further developed the collaboration with the UNDP Resilience Hub in Nairobi, and in March cBrain presented the African initiatives, which are closely aligned with the UNDP Digital Offer for Africa strategy, at the United Nations Science and Technology conference in New York.

cBrain has a special focus on Germany and has established initial contacts with a number of German ministries at both federal and regional level. The new German government leadership has a strong focus on digitization, and cBrain believes that reusing Danish government experiences can help accelerate German government digital transformation.

In Denmark, cBrain recently announced an agreement with Aalborg Municipality to deliver the paperless ministry solution for one of the municipality departments. This agreement indicates a larger market, beyond the initial focus at federal ministries, delivering the paperless ministry solution for local government.

### **Advancing digital sovereignty with the Danish Ministry of Digital Affairs**

Driven by the new and rapidly changing global geopolitical situation, digital sovereignty is becoming increasingly important for governments across the world.

During the spring, cBrain entered into collaboration with the Danish Ministry of Digital Affairs to support the government's ambition of strengthening digital sovereignty. As part of this initiative, the Ministry launched a pilot project to test the use of open-source document editing integrated into the cBrain F2 platform.

Technically, the cBrain F2 platform is built on an open architecture that separates data from editing tools. This design supports digital sovereignty by giving government users the freedom to use multiple types of editing software in parallel.

The project is driven by the political objective of reducing dependency on international software vendors. Leveraging F2's open architecture, the pilot enables ministry staff to work with open-source

editing tools such as Collabora, while ensuring full data integrity, template compliance, and seamless collaboration across environments.

Through this work, cBrain demonstrates how F2 supports digital sovereignty by offering governments an open and flexible platform that allows freedom of choice regarding editing tools, without compromising on security. The outcome of this pilot may serve as a blueprint for other ministries in Denmark and abroad, further strengthening cBrain's position as a trusted partner for governments seeking independence in their digital infrastructures.

### **Building a global Environmental Permitting market vertical**

As a second pillar of its expanded growth strategy, cBrain has identified environmental permitting as a key international vertical, aiming to establish a leading global position in this market with the cBrain F2 Environmental Permitting solution.

The importance of environmental assessment and permitting grows globally, and governments are increasingly requiring robust review and approval processes for infrastructure projects such as roads, bridges, mines, factories, and power plants. This trend creates a significant market opportunity for cBrain.

In collaboration with the Danish Environmental Protection Agency (EPA), cBrain has developed a fully digital permitting solution based on the cBrain F2 platform. This solution replaces traditional paper-based applications, reduces case processing times, and enhances both quality and transparency.

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

To support international scaling, cBrain has formed a dedicated team focused on exporting the F2 Environmental Permitting solution and views environmental permitting as a strategic entry point into the U.S. market.

### **cBrain seeks to capitalize on first-mover advantage in the environmental permitting market**

The White House issued in April 2025 an Executive Order directing all federal agencies to adopt digital technologies to streamline environmental permitting. 30 days later, the White House Council on Environmental Quality (CEQ) released the Permitting Technology Action Plan and introduced a new set of federal data standards for digital permitting systems.

cBrain has rapidly configured its F2 Environmental Permitting solution to align with these standards and, in July 2025, cBrain demonstrated the adapted solution to U.S. federal authorities in Washington, D.C.

cBrain believes it is among the very first vendors to support the new CEQ standards. This early alignment provides a first-mover advantage, and cBrain is experiencing an increased interest in its permitting technology as federal and state agencies are seeking to provide answers to political demand for faster permitting through digital modernization.

### **Continued success in Denmark**

The Danish market represents a strong international reference position for cBrain, today serving more than 75 Danish government organizations with a large catalog of citizen-facing solutions, from tax solutions and auditing to grants management, inspections, licensing, and family affairs. cBrain continues to win market shares in Denmark.

### **New Danish Ministry ready to go live within 3 Weeks**

In January, cBrain announced an agreement to deliver the F2 Paperless Ministry solution for the new Danish Ministry of Resilience and Preparedness. F2 ministry solution was installed and configured, ready to go live in only 3 weeks.

This project demonstrates the power of Commercial Off-The-Shelf (COTS) for government solutions. Using traditional software solution architectures, digitizing an entire ministry normally takes years and often fails. In contrast, the cBrain F2 platform offers a secure and cost efficient solution that can be easily configured to support fast track digital transformation within a matter of weeks.

Demonstrating the speed of delivery and expanding the Danish reference position directly supports the aim to take global leadership, supplying the F2 Paperless Ministry solution.

### **Danish Energy Agency goes live with heat pump grant system, approving first applications in minutes**

With references across multiple Danish agencies, cBrain is building a solid market position supplying F2 based solutions for grant management.

In March, the Danish Energy Agency successfully launched its new digital grant management approval system for the heat pump subsidy program, delivering fast and efficient results beyond expectations.

The new grant management solution is based on the cBrain F2 platform, which has been configured to support, all steps end-to-end, from self-service to case processing, evaluation, and filing.

According to agency executives the system exceeded all expectations. During the first minutes, the F2 Based solution automatically granted approval to 930 of the applicants.

Due to automated case processing steps, combined with automated integrations into multiple national registers, the grant process has been fully automated for the majority of applications. Now only cases that need more information and special evaluation require manual interaction.

The successful launch of the heat pump subsidy system underscores how smart technology, like the F2 COTS for government platform, can support faster, smarter, and more effective public services, accelerating Denmark's green transition.

### **Third largest Danish Municipality implements the F2 Paperless Ministry solution**

Early July, cBrain announced an agreement with Aalborg Municipality. cBrain will deliver F2 as a digital platform to the Urban and Rural Affairs Department in Aalborg Municipality. This administration is responsible for areas including urban development, construction, infrastructure, mobility and nature, and the implementation is expected to be completed within 6–8 weeks, with a planned go-live by September/October 2025.

With this agreement, cBrain is now delivering the F2 platform for the three largest municipalities in Denmark: Copenhagen, Aarhus, and Aalborg. Fully integrated and delivered out-of-the-box, cBrain F2 supports executive decision-making, formal and informal communication, case management, workflows, and compliance. Today, Copenhagen represents the largest deployment, with more than 3,000 users.

The agreement with Aalborg highlights that the F2 Commercial-Off-The-Shelf (COTS) Government Platform is gaining traction not only among national ministries and agencies but also within large, complex local government organizations.

Local governments thereby represent a significant market opportunity beyond the initial central government focus on Paperless Ministry, extending the reach of the cBrain F2 Paperless Government Platform to cities and local authorities internationally.

### **In Denmark, cBrain has delivered a new national hunting license solution**

cBrain has delivered a new national hunting license solution for the Danish Agency for Green Transition and Aquatic Environment.

Delivered as one fully integrated platform, F2 has been configured to support all user requirements functionality, end-to-end. Highly automated, this includes self-service and portal for more than 180,000 hunters, a registry of hunters, case processing related to issuing hunting license, managing different hunting tests for different types of weapons, game harvest reporting, police security checks, and license payments.

The project demonstrates the breadth of the F2 COTS for government platform. Delivered as one fully integrated solution, F2 is able to support national registers, case processing, self-service and mass operations such as billing and payment collection.

### **F2 for Partners**

The F2-for-Partners strategy is a core element of the long-term growth plan. By establishing an ecosystem of partners and customers who manage the consulting work related to implementing and servicing F2 solutions, cBrain can scale its business without revenue growth being directly constrained by the burden of organizational expansion.

At the core of this strategy are the F2 Service Builder no-code configuration tools. The F2 Service Builder allows local partners and governments to independently design and build F2-based government solutions. Solutions are configured using a spreadsheet interface, enabling users without a technical background to create solutions. The configured solutions are stored as open source definitions in so-called process libraries.

The combination of open source and process libraries makes it easy to reuse solutions simply by copying and adapting the process definition source code. The F2 Service Builder technology thus enables rapid development and reuse, helping governments accelerate digital transformation and scale solutions efficiently.

### **Working with UNDP, aligning with the Digital offer for Africa strategy**

In November 2024, UNDP and cBrain signed a Memorandum of Understanding (MoU). Aligned with the UNDP Digital Offer for Africa strategy, the partnership aims to accelerate digital transformation of governments and their citizens in the African region.

During the spring, cBrain has initiated an F2 process library at UNDP Resilience Hub in Nairobi. Working in collaboration with UNDP and Danish government, the process library will form the platform

for developing and scaling best practice solutions for government across the region, using inclusion, capacity, economy, and resilience as key strategic pillars.

When the partnership was announced, Ahunna Eziakonwa, UN Assistant-Secretary General and UNDP's Regional Bureau for Africa Director, stated: "Digital is the lifeline to opportunity in Africa, and it should not remain a luxury. With the right partners like Denmark and cBrain, we can expand critical access to information and education, and unlock innovation at scale, thus bridging divides and empowering millions to shape a more equal and prosperous future in Africa".

In parallel, the Ambassador of Denmark in Nairobi, Stephan Schönnemann, stated: "cBrain is a leading Danish software company, promoting digitalization as a driver for good governance. Their collaboration with UNDP can help drive the sustainable development and digital transformation across the African continent. This collaboration echoes the spirit of the Danish government's new Africa strategy which places a strong emphasis on technology, public-private partnerships, democracy, and knowledge sharing".

#### **First large scale project in Romania**

In December 2024, cBrain's partner in Romania, Wing Leading Edge, has won a public tender to deliver a new national platform for administering citizen pensions. The solution is being delivered in the Romanian language, with cBrain operating as a sub-supplier.

Using the F2 Service Builder and process libraries, F2 is now being configured as the case management and processing core, supporting close to 100 different administrative processes and integrating with multiple other systems.

cBrain sees the Romanian pension project as a milestone both technically and strategically. The project demonstrates the capabilities of the F2 Service Builder and process library technology, and it highlights the early success of the F2-for-Partners strategy.

#### **F2 AI Assistant offers government AI on premise**

AI is emerging as a transformative technology for governments worldwide. For cBrain, AI is not a separate product but an integrated part of our strategy to deliver Commercial-Off-The-Shelf (COTS) software for government.

We embed AI directly into the F2 platform, ensuring that it supports caseworkers and managers in their daily work, and due to our unique technology, the F2 Assistant runs on premise, thereby safeguarding the principles of security, transparency, and data sovereignty.

We continue to develop the F2 AI Assistant, adding new capabilities during the first half new capability. Operating fully within the secure F2 environment, the AI Assistant can summarize documents, propose case-relevant actions, and support knowledge sharing across organizations, always under the control and without compromising sovereignty.

We see AI not only as a driver of efficiency but also as a catalyst for redefining digital government operations, further strengthening F2 as a category-defining standard in the global COTS software for government industry.

#### **Shaping the future of government software**

Already into the last quarters of our 2023–2025 growth plan, we are very encouraged by the progress. With a strong product position and strong customers references, supported by a solid financial position, we see cBrain well-positioned for the decade ahead.

We are confident that our strategy, built on taking leadership in COTS for government industry, will enable us to capture the opportunities of a fast-emerging market and secure long-term, sustainable growth.

Best regards

Per Tejs Knudsen, CEO

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