cBRAIN

January 1 – June 30, 2024

# Interim
# Report
# 2024

cBrain A/S · Kalkbrænderiløbskaj 2 · DK-2100 Copenhagen, Denmark · CVR no. 24233359

# Democratizing IT Modernization

While governments around the world increase their investment 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 commercial off-the-shelf software (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, 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, becoming a key enabler for government transformation.

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# On track with Growth Plan

Revenue grew by +6% to DKK 139m in the first half of 2024, up from DKK 132m in the first half of 2023. The low half-year growth was expected due to an unusual revenue split between the first and second half of 2023, where first-half revenue grew +39% year over year and accounted for 55% of the total fiscal year revenue.

Danish revenue grew by +21% to DKK 87m in the first half of 2024, up from DKK 72m in the first half of 2023, showing a stable and solid development in the Danish market.

International sales declined by -13% to DKK 52m in the first half of 2024, down from DKK 60m in the first half of 2023. The lower international sales are due to the unusual revenue split between the first and second half of 2023, where a large portion of total software licenses related to international sale was recognized in the first half of 2023.

First half 2024 results show earnings before tax (EBT) of DKK 43m, down from DKK 47m in the first half of 2023. cBrain continues to deliver solid earnings with earnings before tax margin (EBT margin) of 31%. Earnings are slightly higher than expected as some of the international investments that were planned for in the first half of 2024 have been postponed to the second half of 2024.

cBrain is satisfied with the financial development, which is in line with expectations and slightly ahead of the 2023-2025 growth plan.

cBrain maintains the guidance for the fiscal year 2024, with revenue growth of 20-25% and the guided earnings before tax margin (EBT margin) of 24-30%. This is based on continued growth in Denmark, increased international sales, and increased investments into the growth plan in the second half of 2024.

### Growth is driven by subscriptions, strategic customers and partnerships

Software subscriptions count for approximately 50% of total revenue, based on customers renting the F2 software or having F2 software maintenance agreements. When existing customers extend their use of F2 by adding more users or modules, or new customers implement F2, this increases the subscription base. cBrain has long-term contracts with most customers, and the F2 software subscription base constitutes a solid and growing foundation for the business.

The F2 platform was built in close collaboration with a group of the Danish ministries. cBrain continues to develop new F2 versions in close collaboration with strategic government customers and these customers count for a majority of the revenue. Attracting and building long-term business relations with strategic customers is therefore core to the growth.

cBrain has a strong Danish customer base, which counts more than 75 Danish government organizations including most ministries, and Denmark ranks number one in the global United Nations e-government survey. With this reference position cBrain seeks to expand internationally, using F2 climate software as a door opener and the F2-for-Partners strategy as a key to scaling. During first half of 2024 cBrain has added several new customers to the customer base, but most of the revenue growth comes from existing customers.

The international growth plan is based on organic growth. When possible cBrain seeks to build the international business in collaboration with local partners and thereby limiting the size of the international cBrain organization. A cornerstone of the F2-for-Partners strategy is therefore allowing partners and customers access to the F2 configuration technology and training them to set up the F2 standard software and configure processes using the F2 Service Builder.

### cBrain delivers COTS (commercial off-the-shelf software) for government

Software for government digitization represents one of the largest global markets. Today the market is dominated by large suppliers who deliver custom-built solutions based on integration of best-of-breed software modules and components. But many projects fail, reporting huge delays and budget overruns due to the complexity of delivering best-of-breed based solutions.

cBrain challenges the IT government industry by delivering standard software, often referred to as commercial off-the-shelf software (COTS). As an alternative to best-of-breed solutions, COTS offers major benefits for customers with respect to quality, delivery time, and the costs of implementation and maintenance.

For historical reasons, government organizations around the world have been reluctant to adopt standard software as part of their digitization strategy. This reluctance is often due to internal IT organizations and procurement routines that are set up to utilize custom-built best-of-breed solutions. However, several governments

organizations, including a number of leading Danish government agencies, have begun to adopt COTS and embrace the benefits of standard software.

cBrain anticipates that the shift towards COTS will eliminate much IT consulting work and lead to a major change in the government IT industry worldwide.

cBrain has invested more than 400.000 hours in developing F2, a new generation of government software. F2 is a complete and fully integrated digital platform, designed and built from the start specifically for government use. Its built-in no-code/low-code configuration tools make it easy for individuals without a technical background to adapt F2 to meet specific customer requirements and processes.

The quality and benefits of F2 have been proven. cBrain has successfully delivered F2 to government organizations across five continents, including solutions in various government domains such as business affairs, climate and environment, education, energy, family, immigration, labor and market regulation, science, social affairs, and tax.

With the F2 digital platform and a continuously strengthening reference position both in Denmark and internationally, cBrain aims to become a leading global supplier of COTS for government.

### Increased focus on public tenders in Denmark
For the second half of 2024, cBrain expects continued growth in Denmark. This includes expanding the list of strategic customers who extend their use of F2 by adding more users, software modules, and processes, as well as acquiring new customers.

Danish revenue is primarily based on procurement through the Danish government procurement framework agreements (SKI). In addition, cBrain is strengthening its bidding activities for larger open public tenders in Denmark. One example is the public tender for a new Danish hunting license register, which cBrain has won and is currently working to deliver.

While it often takes a long time to win large open public tenders, securing such contracts can significantly boost Danish revenues. Based on early-stage success, cBrain has therefore increased investments in bid management.

Per Tejs Knudsen, CEO and founder of cBrain

## Solid position in Germany

cBrain has successfully established itself in Germany, and in the first half of 2024, German revenue accounted for approximately one-third of the company's total revenue.

Due to this success, cBrain was awarded the title "Danish Company of the Year 2023" by the German-Danish Chamber of Commerce. cBrain is now collaborating with the German-Danish Chamber of Commerce to further develop the German market. By reusing Danish experiences and solutions, cBrain can help accelerate the digital transformation of the German government.

It takes a long time to attract strategic customers, but cBrain now has a foothold in Germany and has proven that F2 can be reused for large German government organizations. This provides cBrain with a solid reference position for taking the next steps in Germany to further grow revenues.

## Pursuing the next international strategic customers

Internationally, cBrain is working on several large projects, building a pipeline for future strategic international clients. cBrain expects that several of these projects will further mature during the autumn and boost international sales.

As part of this effort, cBrain is establishing a local presence in multiple countries, combining local cBrain staff and local partners, while developing the F2-for-Partners strategy.

Scaling international sales based on an organic growth model takes time, so cBrain is operating and initiating sales activities across multiple geographies in parallel. During the first half of 2024, cBrain has taken important steps in several countries. This includes:

- California: In April, cBrain announced an agreement with local authorities in California to deliver a digital solution supporting the GRASS-C (Growing Responsible and Socially Sustainable Cannabis) certification program. This expands the cBrain catalog of climate software solutions previously delivered in California and represents the first solution delivered in the US based on the F2 Service Builder.

- India: In September 2023, cBrain announced a joint venture in India, cBrain Kodumburar. In February 2024, cBrain announced a Memorandum of Understanding (MoU) with the Government of Puducherry to promote and accelerate digital solutions in the Union Territory of Puducherry for the sustainable development of the territory. Additionally, a MoU was signed with the state of Tamil Nadu, aiming to establish a digital administration for the state.

- Ghana: In March, cBrain announced that its partner, Omni Strategies, won a public tender in Ghana to deliver an F2-based solution for the National Communication Authority (NCA) in Accra. Using the F2 Service Builder, the F2 platform will be configured to support facilities management within the NCA, digitizing processes related to building and fleet management.

- Kenya: During the spring, cBrain successfully launched a solution for the Kenya Dairy Board, a state corporation under the Ministry of Agriculture & Livestock Development. The solution will help support quality inspections related to milk production.

- Nigeria: In June, cBrain signed an agreement with the Ministry of Innovation, Science and Technology in Nigeria to deliver a Proof of Concept (PoC) project. The purpose is to deliver an F2-based solution that demonstrates secure and transparent government procurement processes, from planning and approval to filing and auditing, across multiple government agencies.

- Romania: cBrain's partner in Romania has delivered the first F2 solutions for government customers, using the F2 Service Builder to support customer-specific process requirements.

- United Arab Emirates (UAE): cBrain has just signed a contract to enter a new partnership, supporting an agency in the UAE with their AI-driven digital transformation. This supports the continued success of implementing the growth plan with a special focus on climate software, while building partnerships.

- Washington DC: In close collaboration with the Danish Environmental Protection Agency, cBrain has developed a unique F2 solution that end-to-end supports all functions to accelerate environmental permitting, from self-service and process control to Artificial Intelligence (AI). Environmental permitting is essential to the green transition, and cBrain is working with several federal agencies in Washington DC to validate if and how the F2 permitting solution can be reused in the US.

## The first version of F2 AI Assistant was announced in April

During the spring, cBrain has marketed F2 version 11. F2 version 11 offers a long list of new features and extension modules, and many customers have already upgraded successfully.

In April, cBrain introduced the first version of the F2 AI Assistant. The F2 AI Assistant is a new extension module that provides AI functionality seamlessly and fully integrated with the F2 standard software.

The F2 AI Assistant was developed in collaboration with the Danish Ministry of Digitization and the Danish Environmental Protection Agency, aiming to create AI functionality specifically designed for government users and government security requirements.

The F2 AI Assistant operates on-premises, which is essential for governments to protect data and comply with GDPR requirements. Fully integrated with the F2 standard software, the F2 AI Assistant is context-sensitive and built to support public administration, offering functionality that generic AI services cannot provide. Features in the first version of the F2 AI Assistant include writing record summaries, speeches, notes, and news.

The introduction of the F2 AI Assistant marks the beginning of a new product line of AI extension modules for F2. In parallel with developing the F2 AI Assistant, cBrain has delivered a number of specialized AI projects, which are being used to inspire the design of future AI extension modules.

## F2 Service Builder is a key driver for scaling

The F2-for-Partners strategy is a core element of our 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.

As part of the F2-for-Partners strategy, cBrain is preparing the F2 configuration toolset for external users, with the F2 Service Builder serving as a cornerstone for this transition.

The F2 Service Builder is an innovative and highly effective no-code/low-code configuration tool that stands out from existing tools on the market due to its design and architecture. It is a key technology enabler for building the F2 partner ecosystem and is therefore a central driver of both the F2-for-Partners strategy and long-term scaling.

## The fully integrated F2 Service Builder represents a new type of no-code/low-code tool

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.

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.

F2 Service Builder differentiates itself by being fully integrated with F2 and designed specifically for government use. Additionally, F2 Service Builder offers a user-friendly interface that enables users with limited technical expertise to build and customize solutions simply by filling in a spreadsheet.

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.

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.

In addition to these integration benefits, F2 Service Builder simplifies and optimizes the building of workflows through its integrated design method and user interface. Guided by F2 Service Builder, users can create complete, ready-to-run workflows, automated end-to-end from self-service to case management and filing, simply by filling out pre-defined fields in a spreadsheet.

The spreadsheet interface reduces the need for user training, allows for efficient reuse of workflows, and the design guidance is based on a best practices model for government work, thereby supporting well-designed workflows.

### Democratizing IT Modernization

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 Commercial Off-the-Shelf Software (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, 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, becoming a key enabler for government transformation.

### Enabling a new type of partners

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 a new type of partners who focus on transformation services.

At the heart of this democratization is the F2 Service Builder. Fully integrated with F2 and designed for government workflows, the F2 Service Builder eliminates the heavy integration work required when using general-purpose no-code/low-code tools and simplifies the process of configuring solutions tailored to specific governmental needs.

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.

### cBrain announces F2 Service Builder 2

Being a key technology driver and an accelerator for the F2-for-Partners strategy, cBrain continues to invest in the F2 Service Builder.

The first version of F2 Service Builder has been well received and has been successfully used for solution delivery in several countries during the spring. Based on learnings from these projects, cBrain is now developing a new and extended version, called F2 Service Builder 2, which is planned for release in the autumn.

**Per Tejs Knudsen**
**CEO**

# Financial Highlights

| T.DKK | H1 2024 | H1 2023 | FY 2023 |
|---|---|---|---|
| **INCOME STATEMENT** | | | |
| Revenue | 139.178 | 131.780 | 239.182 |
| Depreciation and amortization | -12.026 | -10.353 | -21.165 |
| Operating profit (EBIT) | 43.958 | 48.461 | 85.405 |
| Financial items, net | -1.072 | -1.733 | -4.051 |
| Earnings before tax (EBT) | 42.886 | 46.728 | 81.354 |
| Profit for the period | 31.802 | 36.196 | 63.178 |
| **FINANCIAL POSITION** | | | |
| Cash and cash equivalents | 1.730 | 3.632 | 9.234 |
| Trade receivables | 74.037 | 77.064 | 43.801 |
| Total assets | 371.800 | 364.879 | 340.857 |
| Total equity | 255.504 | 201.566 | 229.180 |
| **CASH FLOWS** | | | |
| Cash flow from operating activities | 11.134 | 19.635 | 86.297 |
| Cash flow from investing activities | -12.222 | -12.230 | -27.107 |
| Investments in PPE | -681 | -648 | -703 |
| Cash flow from financing activities | -6.416 | -5.998 | -52.181 |

| T.DKK | H1 2024 | H1 2023 | FY 2023 |
|---|---|---|---|
| **FINANCIAL RATIOS** | | | |
| Revenue growth rate | 6% | 39% | 27% |
| EBIT-margin | 32% | 37% | 36% |
| Return of investment (ROI) | 12% | 13% | 24% |
| EBT-margin | 31% | 35% | 34% |
| Liquidity ratio | 170% | 153% | 125% |
| Solvency ratio | 69% | 55% | 67% |
| Return on equity | 14% | 21% | 32% |
| **STOCK MARKET RATIOS** | | | |
| Number of shares 1.000 pcs. | 20.000 | 20.000 | 20.000 |
| Book Value per Share (BVPS) | 12,78 | 10,08 | 11,46 |
| Basic EPS | 1,59 | 1,81 | 3,16 |
| Diluted EPS (DEPS) | 1,59 | 1,81 | 3,16 |
| **ENVIRONMENTAL AND SOCIAL DATA** | | | |
| Average number of employees (FTEs) | 183 | 164 | 167 |
| Gender diversity, all employees | 40% | 41% | 43% |
| Scope 1 & 2 $CO_2e$ emissions (tons) | 13 | 12 | 26 |

| REVENUE (DKK) | REVENUE GROWTH | EBT MARGIN | Share of revenue SOFTWARE SALES | Share of revenue INTERNATIONAL SALES |
|---|---|---|---|---|
| 139m | 6% | 31% | 80% | 37% |

# Financial Remarks

## Revenue
Total revenue increased by DKK 7m (+6%) to DKK 139m during the first six months of 2024, driven by increased software sales, from DKK 132m total revenue in the same period in 2023. The low half-year growth, compared to the first six month of 2023, was expected due to an unusual revenue split between the first and second half of 2023, where first-half revenue grew +39% year over year and accounted for 55% of the total fiscal year revenue.

Software sales increased DKK 5m (+5%) from DKK 106m during the first six months in 2023 to DKK 111m in 2024, constituting 80% of the total revenue.

Sales of services increased by DKK 2m (+7%) from DKK 26m during the first six months in 2023 to DKK 28m in 2024.

Sales in Denmark increased by 21% to DKK 87m in the first six months of 2023 from DKK 72m in the same period in 2023.

International sales decreased by DKK 8m (-13%) from DKK 60m during the first six months in 2023 to DKK 52m in 2024, presently representing 37% of the total revenue. The decrease in international sales is due to the unusual revenue split between the first and second half of 2023, where a large portion of total software licenses related to international sale was recognized in the first half of 2023.

For further details on cBrain's revenue, see note 3 and 4 of the notes to the Consolidated Financial Statements.

## Costs and capitalization
cBrain's costs are primarily staff costs (salaries), business development, travel and office expenditure including depreciation.

The increase in expenses from DKK 83m during the first six months of 2023 to DKK 95m in the same period in 2024 is primarily attributed to the growth in employees.

cBrain's intangible assets comprise of capitalized development costs relating to the development of F2 standard software. During the first six months in 2024, DKK 12m was capitalized as software under development.

## Earnings Before Tax (EBT)
Earnings before taxes (EBT) decreased by 4m (-8%) to DKK 43m during the first six months of 2024, compared to DKK 47 in the period in 2023. As of June 30, 2024, the EBT margin is 31% compared to 35% as of June 30, 2023.

## Taxes
Current tax on profits for the first six months of 2024 is DKK 10m, adjustment for deferred tax is DKK 1m. The effective tax rate for the first six months of 2024 is 25,8%.

## Intangible assets
During the first six months of 2024 DKK 12m has been capitalized as Software under Development which primarily consists of salaries. The capitalized amount is on level with the same period in 2023.

## Property, plants and equipment (PPE)
The total amount for property, plant, and equipment stated in the Consolidated Financial Statements is DKK 209m of which the headquarters in Copenhagen, Utzon House, has a carrying amount of DKK 194m. The Utzon House is held by the 100% owned subsidiary cProperty ApS with cBrain A/S as the tenant.

## Liquidity and Capital Resources
cBrain is confident that its cash and cash equivalents, amounting to DKK 2m as of June 30, 2024, together with trade receivables totaling DKK 74m, and cash generated by ongoing operations, will adequately cover its cash requirements for the next 12 months and beyond.

## Debt and Interest Rate Risk
As of June 30, 2024, cBrain held outstanding 18-years variable-rate mortgage loans (borrowings), with rate-fixing every 6 months, totaling an outstanding amount of DKK 50m, with repayments of DKK 2m scheduled within the next 12 months.

Management routinely assesses its exposure to interest rate fluctuations. It is not anticipated that the projected change in interest rates over the next 12 months will notably impact on the financial statements. 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 54m compared to the same period last year and amounts to DKK 256m as of June 30, 2024.

During the year cBrain has not repurchased any ordinary shares. Management is authorized by the Annual General Meeting to repurchase up to 10% of its share capital.

## Cash flows
Cash flow from operating activities during the first six months of 2024 is DKK 11m.

Cash flow from investing activities is primarily related to investments in software development projects and amounts to DKK 12m.

Cash flow from financing activities amounts to DKK 6 which consists of dividend paid of DKK 5m, and repayment of borrowings DKK 1m.

## Significant transactions with related parties
Apart from the management's remuneration, there have been no other transactions with the management and members of Board of Directors.

## Events after balance sheet date
From the balance sheet date until the date of the submission of this interim report, no events of significance for the interim report have occurred, that are not recognized or referred to in the interim report.

**REVENUE** split by
Sales in Denmark and International

First half year



■ Sales in Denmark   ■ International sales
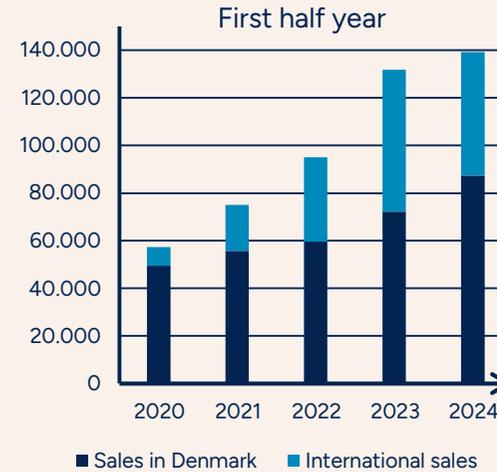
**REVENUE** split by
Software and Sales of Services

First half year



■ Software sales   ■ Sales of services
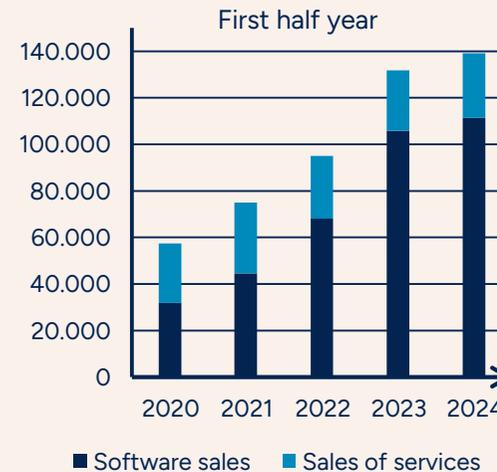
# Risk Management

Three strategic initiatives primarily drive the strategy and the company growth plan:

- Continued growth through digitizing of mission critical business processes based on cBrain methods and the standard platform F2 for government (F2 "classic").

- Boost positioning and growth through solutions for Climate Governance.

- Build F2 ecosystem by establishing partnerships.

**Risks**

As none of the risk factors identified in the Annual Report 2023 has significantly changed, the detailed argumentation for risk factors including cause, risk, mitigation and probability is not repeated here.

The risk for cyber-attack (2) has been adjusted (probability increased) to reflect the geopolitical situation. It is still the management view that cBrain is prepared and well protected. Adoption of NIS2 is planned and is under implementation.

The risk for competitors building standard platforms similar to F2 (5) has been adjusted (financial impact decreased). It is the management view that the emergence of new dedicated process platforms for Government will increase the markets attention and demand for those platforms, and increase attention for F2 as well, as F2 is a first mover and can show significant impact and results.
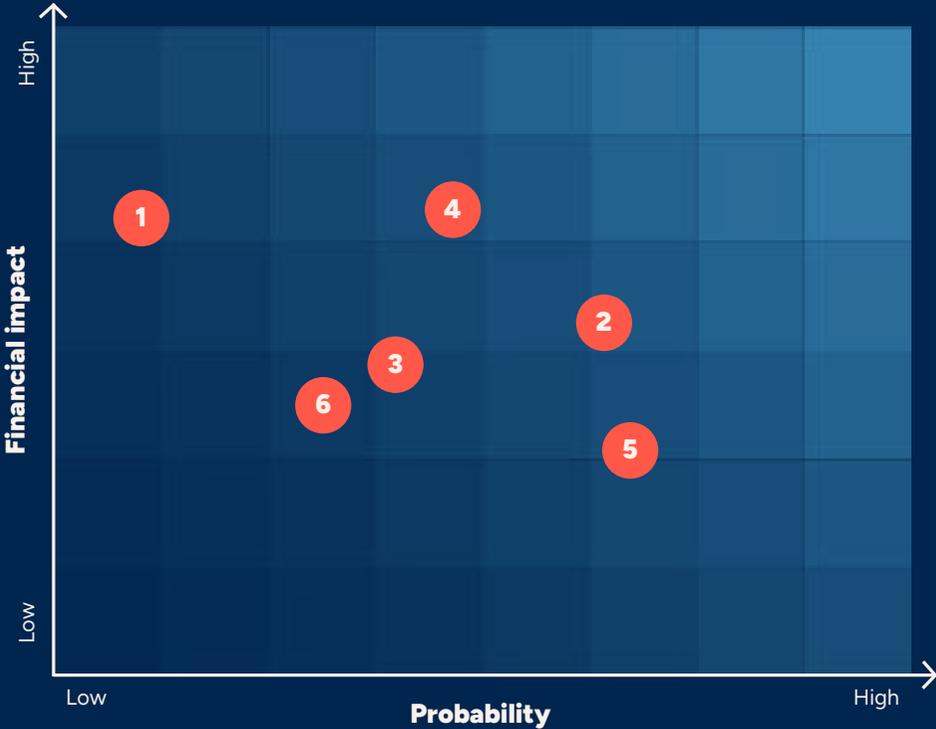


| | 1 | Decline in demand | | 4 | Fail to build F2 ecosystem |
| | 2 | Cyber Attack | | 5 | Competitors build standard platform similar to F2 |
| | 3 | Fail to retain and attract talent | | 6 | Legal risks entering new geographical markets |

# Our Business

# Market and Value Proposition

## By leveraging standard software, cBrain offers government organizations fast digital transformation at scale

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

With the F2 digital platform, cBrain offers government organizations the opportunity to digitize based on standard software instead of traditional custom-built solutions. This eliminates a significant portion of the IT work related to digital transformation and offers government entities substantial business benefits through cost reductions, faster delivery, and accelerated digital transformation.

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

The adoption of standard software represents a disruptive and game-changing approach. It challenges the traditional IT consulting industries that have relied on extensive projects and hourly billing practices to establish their business.

By challenging one of the largest industries, cBrain faces a significant business opportunity. cBrain intends to capitalize 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 further scale its business.

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

### 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, improve citizens' quality of life, while generating savings of over $1 trillion annually worldwide*. In parallel, government digitizing is fundamental to achieving the 17 United Nations Sustainable Development Goals (SDGs) and is a key tool to combat climate change.

Governments around the world are therefore heavily investing 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, relying on custom-built solutions and software components, leading to large IT projects and budget overruns.

### The adoption of standard software is a game-changing approach

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 Danish government, cBrain offers government fast digital transformation at scale while effectively sidestepping the pitfalls of large-scale IT projects and budget overruns.



**Configurable Standard Software**
Cost reductions, faster delivery and accelerated digital transformation

*McKinsey & Company. Transforming Government Through Digitization.*

The adoption of standard software is a disruptive and game-changing approach. Digital transformation, based on standard software instead of custom-built solutions, eliminates a significant portion of IT-related project tasks. The adoption of standard software brings massive business benefits for government entities due to cost reductions and faster delivery times. Additionally, it poses a significant challenge to a substantial part of the government IT industry, which currently relies heavily on large projects and hourly billing.

At the core of digital transformation projects usually lie three fundamental elements: process innovation, organizational implementation, and the delivery of a new IT system. However, many projects encounter major impediments related to the delivery of a new IT system. Projects based on custom-built are usually delayed and often the IT-related work drains the majority of project time and resources and deviate management focus. It leaves insufficient capacity for crucial process innovation and organizational efforts.

In contrast, leveraging standard software 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, the major portion of project hours is allocated to IT development. 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 software instead of custom-built software, drastically reduces the complexity and the hours spent on IT development.

Custom-built solutions 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 digitizing, 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 extending 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 grand scale, based on many small steps, agility, and continuous learning, which are aligned with continued process innovation and organizational adjustments.

> **"The adoption of standard software is a game-changing approach.**
>
> **It empowers organizations to focus on the actual benefits of digitizing, driven through process innovation and organizational change.**

# 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 Danish government 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 400.000 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 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 fully integrated digital platform, supporting all government processes and compliance requirements
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 approvals, hearings, and Freedom of Information (FOI) requests, as well as customer-specific workflows that facilitate citizen-facing processes from self-service to case processing and filing, along with long-term archiving.

F2 is a highly flexible digital platform which 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 type of 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 change 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 in a manner similar to a sheet in a spreadsheet, and the process sheet is stored totally separated from the basic F2 standard software. It is therefore possible, seamless 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. This allows users with limited technical experience to define workflows easily by simply filling out a spreadsheet.
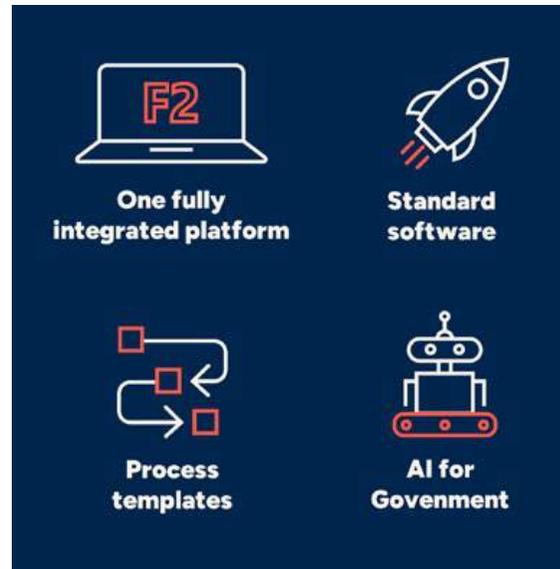
## F2 Service Builder allows users to digitize workflows simply by filling out a spreadsheet

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 and 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 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. 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 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 be easily 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.

# Customers and Growth Plan

**F2 is a proven solution**
Today more than 75 Danish government organizations, including almost all 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 usage across 5 continents, including countries such as Egypt, France, Germany, Ghana, Guyana, Kenya, Romania, Ukraine, United Arab Emirates, UK, and USA.

**The cBrain business model is highly scalable**
The adoption of standard software represents a disruptive and game-changing approach. By adopting standard software instead of custom-built solutions, it is possible to eliminate a significant portion of the IT work related to digital transformation.

This offers government entities substantial business benefits through cost reductions, faster delivery, and accelerated digital transformation, and in addition it challenges the traditional IT consulting industries that 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.

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 further scale its business.

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

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

cBrain is building an eco-system of international partners, who offers government digital transformation by leveraging the F2 standard software. Thereby cBrain can 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 use of legislation and financial incentives, politicians have an extraordinarily strong toolbox. However, political decisions must be implemented by strong and accountable institutions. The reality is therefore that 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.

Climate software means speed of action. Closing the time gap between political decision and bureaucratic execution.

In November 2020, the Danish Parliament adopted a new legislation to take carbon rich farmland out of production. By February 2021, the Danish Environmental Protection Agency (Danish EPA) managed to run the first round of the 300m Euro program.

The Danish farmland program has a potential to reduce $CO_2$ emissions by up to 20%. By use of government climate software, the Danish EPA achieved fast track execution, and by executing within months instead of years, 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 across the world, and Denmark has a strong tradition in sharing best practices with other countries.

As an example, a solution designed for the Danish EPA, was replicated and deployed by 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.

cBrain has a strong Danish customer base, which counts more than 75 Danish government organizations including more than 80% of all ministries

### 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 by 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 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 software and best practices

This means happy users and 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.

With standard software this is very different. All government organizations who use F2 are on a regular basis 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.

It often takes an exceedingly long time to develop custom-built solutions. Custom-built solutions are therefore often at risk of being outdated when they are delivered, because user requirements or technical standards have changed while the solution was built. At the same time, it is extremely hard to maintain and upgrade custom-built solutions, the result being that users have to live with the burden of outdated IT-systems.

In contrast, standard software offers users continuous access to new and upgraded versions of the software. With the ability to easily re-configure custom specific processes and system setup, independently of upgrades, the F2 standard software can be adapted to changing user requirements.

### 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 reuse of standards drive and accelerate change. But to ensure successful transformation, it is important to take organizational readiness into account. The F2 Implementation Method is therefore 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.

# Applied Climate Software for Governments



**F2**

**Energy Efficiency**
- Home Energy Audit — Denmark
- Energy Efficiency in Companies — Egypt
- Inflation Cash Assistance — Denmark
- Heat Pump Grant — Denmark

**Sustainable Land Use**
- Climate Lowlands — Denmark
- Sustainable Land Initiative — USA
- Climate Forest Grants — Denmark

**Protection of Biodiversity**
- Licensing of Trade Endangered Species (CITES) — Denmark & Guyana

- EU Natura 2000 Protected Areas — Denmark
- Urban Roof-top Gardening — Denmark
- Wildlife Regulation — Denmark

**Circular Economy and Waste**
- Extended Producer Responsibility — Kenya
- International Waste Export and Import — Denmark

**Protection of Nature**
- Dredging — Denmark
- Lake and Stream Restoration — Denmark
- Environmental Support in the Arctic — Denmark

**Genetic Resources**
- License and Control of Genetically Modified Organisms — Denmark

- Access Benefit Sharing Nagoya-convention — Denmark

**Clean water and air**
- Drinking Water Protection — Denmark
- Waste Water Control — Denmark
- Home Woodstove Removal — Denmark

# Shareholders

## Stock Information

cBrain is a Danish software company listed on NASDAQ OMX Nordic (Symbol: CBRAIN) under the share code: DK0060030286.

In total cBrain has +14.000 shareholders in +40 countries.

For additional information regarding shareholder relations and in-depth information about cBrain visit
**www.cbrain.com/investor**

## Financial Calendar

August 21, 2024          Publication of the Interim Report for the first half of 2024

November 7, 2024        Quarterly Announcement 3rd quarter 2024

February 20, 2025       Publication of the Annual Report 2024

## Contact
Inquiries regarding the company's relationships with investors
and the market can be directed to:

Ejvind Jørgensen
CFO & Head of Investor Relations
E-mail: ir@cbrain.com

## Company Announcements and Press Releases since January 1, 2024

In the period from January 1, 2024, onwards the publication of the interim report for 2023, cBrain has published the following notices to Nasdaq Copenhagen. They can all 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 |

# Statement

# Management Statement

The Board of Directors and the Executive Board have today discussed and approved the Interim Report of cBrain A/S for the period January 1, 2024 to June 30, 2024.

The Interim Report has not been audited or reviewed by the company's independent auditors.

The interim financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and additional requirements in the Danish Financial Statements Act.

The accounting policies remain unchanged from the annual report for 2023.

In our opinion, the interim consolidated financial statements give a true and fair view of cBrain's consolidated assets, liabilities and financial position at June 30, 2024 and of the results of cBrain's consolidated operations and cash flows for the period January 1, 2024 to June 30, 2024.

Furthermore, in our opinion, the Management review includes a fair review of the development in cBrain's operations and financial conditions, the results for the period, cash flows and financial position as well as a description of the most significant risks and uncertainty factors that cBrain faces, relative to the disclosures in the annual report for 2023.

Copenhagen, August 21, 2024

## Board of Directors

**Henrik Hvidtfeldt**
Chair

**Lisa C. Herold Ferbing**

**Peter Loft**

**Per Tejs Knudsen**

**Thomas Qvist**

## Executive Board

**Per Tejs Knudsen**
CEO

**Thomas Qvist**
CTO

# Financials

**Interim Financial Statements for first half-year 2024**

# Consolidated Statements of Comprehensive Income

**CONSOLIDATED INCOME STATEMENT**

| T.DKK | Notes | H1 2024 | H1 2023 | FY 2023 |
|---|---|---|---|---|
| Revenue | 3, 4 | 139.178 | 131.780 | 239.182 |
| Cost of services | | -1.603 | -824 | -2.152 |
| External expenses | | -19.700 | -18.618 | -35.683 |
| Staff costs | | -73.432 | -65.106 | -121.181 |
| R&D costs capitalized | | 11.541 | 11.582 | 26.404 |
| Depreciation and amortization expense | | -12.026 | -10.353 | -21.165 |
| **Operating profit (EBIT)** | | **43.958** | **48.461** | **85.405** |
| Financial income | | 520 | 310 | 1.313 |
| Finance costs | | -1.592 | -2.043 | -5.364 |
| **Earnings before taxes (EBT)** | | **42.886** | **46.728** | **81.354** |
| Income taxes | | -11.084 | -10.532 | -18.176 |
| **Profit for the period** | | **31.802** | **36.196** | **63.178** |

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

| T.DKK | Notes | H1 2024 | H1 2023 | FY 2023 |
|---|---|---|---|---|
| Profit for the period | | 31.802 | 36.196 | 63.178 |
| Other comprehensive income | | 0 | 0 | 0 |
| **Total comprehensive income for the period** | | **31.802** | **36.196** | **63.178** |

**EARNINGS PER SHARE (EPS)**

| T.DKK | Notes | H1 2024 | H1 2023 | FY 2023 |
|---|---|---|---|---|
| Basic EPS | | 1,59 | 1,81 | 3,16 |
| Diluted EPS (DEPS) | | 1,59 | 1,81 | 3,16 |

# Consolidated Balance Sheet

## ASSETS

| T.DKK | Notes | June 30, 2024 | June 30, 2023 | Dec. 31, 2023 |
|---|---|---|---|---|
| Intangible assets | 5 | 66.444 | 58.224 | 64.594 |
| Property, plants and equipment | 6 | 208.818 | 213.049 | 211.572 |
| Other assets | | 799 | 511 | 798 |
| **Total non-current assets** | | **276.061** | **271.784** | **276.964** |
| | | | | |
| Trade receivables | | 74.037 | 77.064 | 43.801 |
| Contract assets | | 16.623 | 4.913 | 8.630 |
| Other receivables | | 3.349 | 7.486 | 2.228 |
| Receivables | | 94.009 | 89.463 | 54.659 |
| | | | | |
| Cash and cash equivalents | | 1.730 | 3.632 | 9.234 |
| | | | | |
| **Total current assets** | | **95.739** | **93.095** | **63.893** |
| | | | | |
| **Total assets** | | **371.800** | **364.879** | **340.857** |

## EQUITY AND LIABILITIES

| T.DKK | Notes | June 30, 2024 | June 30, 2023 | Dec. 31, 2023 |
|---|---|---|---|---|
| Share capital | | 5.000 | 5.000 | 5.000 |
| Retained earnings | | 250.504 | 196.566 | 218.580 |
| Proposed dividend | | 0 | 0 | 5.600 |
| **Total equity** | | **255.504** | **201.566** | **229.180** |
| | | | | |
| Deferred tax liabilities | | 12.128 | 10.548 | 11.759 |
| Borrowings | 7 | 47.844 | 91.739 | 48.807 |
| **Total non-current liabilities** | | **59.972** | **102.287** | **60.566** |
| | | | | |
| Trade payables | | 5.086 | 4.639 | 3.429 |
| Contract liabilities | | 15.980 | 17.815 | 5.163 |
| Current tax liabilities | | 6.340 | 8.740 | 13.780 |
| Borrowings | 7 | 1.944 | 4.968 | 1.906 |
| Other payables | | 25.923 | 24.864 | 26.833 |
| Provisions | | 1.051 | 0 | 0 |
| **Total current liabilities** | | **56.324** | **61.026** | **51.111** |
| | | | | |
| **Total liabilities and equity** | | **371.800** | **364.879** | **340.857** |

| | Notes |
|---|---|
| Accounting policies | 1 |
| Accounting estimates | 2 |

# Consolidated Statements of Changes in Equity

**JUNE 30, 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 | 31.802 | 0 | 31.802 |
| **Comprehensive income for the period** | **0** | **31.802** | **0** | **31.802** |
| | | | | |
| Dividends | 0 | 122 | -5.600 | -5.478 |
| **Transactions with owners** | **0** | **122** | **-5.600** | **-5.478** |
| | | | | |
| **Equity, June 30** | **5.000** | **250.504** | **0** | **255.504** |

**JUNE 30, 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 | 36.196 | 0 | 36.196 |
| **Comprehensive income for the period** | **0** | **36.196** | **0** | **36.196** |
| | | | | |
| Share-based payments | 0 | 235 | 0 | 235 |
| Purchase of treasury shares | 0 | -985 | 0 | -985 |
| Sale of treasury shares | 0 | 726 | 0 | 726 |
| Dividends | 0 | 92 | -4.200 | -4.108 |
| **Transactions with owners** | **0** | **68** | **-4.200** | **-4.132** |
| | | | | |
| **Equity, June 30** | **5.000** | **196.566** | **0** | **201.566** |

# Consolidated Cash Flow Statement

| T.DKK | H1 2024 | H1 2023 | Full Year 2023 |
|---|---|---|---|
| Operating profit (EBIT) | 43.958 | 48.461 | 85.405 |
| Depreciation and amortization | 12.026 | 10.353 | 21.165 |
| *Change in working capital* | | | |
| Change in trade and other receivables | -31.357 | -36.523 | 1.998 |
| Change in contract assets and -liabilities | 2.824 | 4.140 | -12.229 |
| Change in trade and other payables | 747 | 301 | 1.060 |
| Change in provisions | 1.051 | 0 | 0 |
| Cash flow from operating profit | 29.249 | 26.732 | 97.399 |
| | | | |
| Share-based payments | 0 | 235 | 235 |
| Financial items, net | -1.252 | -953 | -3.885 |
| Income taxes paid | -16.863 | -6.379 | -7.452 |
| **Cash flow from operating activities** | **11.134** | **19.635** | **86.297** |

| T.DKK | H1 2024 | H1 2023 | Full Year 2023 |
|---|---|---|---|
| Investments in intangible assets | -11.541 | -11.582 | -26.404 |
| Investments in property, plant and equipment | -681 | -648 | -703 |
| **Cash flow from investing activities** | **-12.222** | **-12.230** | **-27.107** |
| | | | |
| Repayment of borrowings | -938 | -1.890 | -48.073 |
| Dividends paid, net | -5.478 | -4.108 | -4.108 |
| **Cash flow from financing activities** | **-6.416** | **-5.998** | **-52.181** |
| | | | |
| Cash and cash equivalents, beginning of period | 9.234 | 2.225 | 2.225 |
| Net cash flow for the period | -7.504 | 1.407 | 7.009 |
| **Cash and cash equivalents, end of period** | **1.730** | **3.632** | **9.234** |

**Notes**

# Note 1 – Accounting policies

### General information
cBrain A/S 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 of the Interim Report
This unaudited condensed consolidated interim financial report for the half-year reporting period ended June 30, 2024, comprises the interim financial statements of the parent company cBrain A/S and any subsidiaries controlled by cBrain.

The condensed interim financial report has been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting as adopted by the EU, and further requirements in the Danish Financial Statements Act for the presentation of interim reports by listed companies.

The condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended December 31, 2023, and any public announcements made by cBrain during the interim reporting period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period and the adoption of new and amended standards as set out below.

### Implementation of new or changed accounting standards and interpretations
IASB has issued amended standards which apply for the first time in 2024. None of these amended standards and interpretations are expected to have any significant impact on the financial statements.

# Note 2 – Accounting estimates

The preparation of the interim financial statements requires management to make accounting estimates and judgments, which affect the application of accounting policies for recognized assets, liabilities, income, and costs. Actual results may differ from these estimates.

The significant accounting estimates and judgments are consistent with those applied in the annual report for 2023.

# Note 3 – Segment information

### Segments
cBrain has only one operating segment, as there is no division of the group's activities in internal reporting.

The included intangible and tangible fixed assets on the balance sheet can largely be attributed to Denmark.

### Market areas
cBrain's F2-software solution is a comprehensive product consisting of a wide range of software modules and libraries that can be configured. The software product is marketed under the brand name F2.

### Geographical areas
When presenting information regarding geographical areas, information about the distribution of revenue across geographical segments is calculated based on customers' geographical locations.

The following table shows revenue by reportable segment for the six-month period ended June 30:

| T.DKK | H1 2024 | H1 2023 | FY 2023 |
|---|---:|---:|---:|
| **Products and Services** | | | |
| Software | 111.402 | 105.858 | 189.179 |
| Services | 27.776 | 25.922 | 50.003 |
| | **139.178** | **131.780** | **239.182** |
| | | | |
| **Timing of revenue recognition** | | | |
| Over time | 93.997 | 91.792 | 198.796 |
| At a point in time | 45.181 | 39.988 | 40.386 |
| | **139.178** | **131.780** | **239.182** |

## Note 3 – Segment information (continued)

| T.DKK | H1 2024 | H1 2023 | FY 2023 |
|---|---|---|---|
| **Geographical information** | | | |
| Denmark | 87.311 | 72.169 | 155.498 |
| Other EU-countries | 48.487 | 55.566 | 75.930 |
| Countries outside the EU | 3.380 | 4.045 | 7.754 |
| | **139.178** | **131.780** | **239.182** |
| | | | |
| **Significant Customers** | | | |
| Customer A* | 78.173 | 57.872 | 128.884 |
| Customer B | 47.566 | 54.706 | 74.091 |

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

## Note 4 – Revenue

| T.DKK | H1 2024 | H1 2023 | FY 2023 |
|---|---|---|---|
| Software | 111.402 | 105.858 | 189.179 |
| Services | 27.776 | 25.922 | 50.003 |
| | **139.178** | **131.780** | **239.182** |

## Note 5 – Intangible assets

**June 30, 2024**

| T.DKK | Software | Software under development | Total |
|---|---|---|---|
| Cost, January 1 | 181.517 | 3.417 | 184.934 |
| Additions during the period | 0 | 11.541 | 11.541 |
| **Cost, June 30** | **181.517** | **14.958** | **196.475** |
| | | | |
| Amortization, January 1 | 120.340 | 0 | 120.340 |
| Amortization for the period | 9.691 | 0 | 9.691 |
| **Amortization, June 30** | **130.031** | **0** | **130.031** |
| | | | |
| **Carrying amount, June 30** | **51.486** | **14.958** | **66.444** |

**June 30, 2023**

| T.DKK | Software | Software under development | Total |
|---|---|---|---|
| Cost, January 1 | 156.298 | 2.233 | 158.531 |
| Additions during the period | 0 | 11.582 | 11.582 |
| **Cost, June 30** | **156.298** | **13.815** | **170.113** |
| | | | |
| Amortization, January 1 | 103.387 | 0 | 103.387 |
| Amortization for the period | 8.502 | 0 | 8.502 |
| **Amortization, June 30** | **111.889** | **0** | **111.889** |
| | | | |
| **Carrying amount, June 30** | **44.409** | **13.815** | **58.224** |

## Note 6 – Property, plant and equipment

**June 30, 2024**

| T.DKK | Land and buildings | Other Equipment | Total |
|---|---|---|---|
| Cost, January 1 | 214.564 | 4.495 | 219.059 |
| Additions during the period | 0 | 681 | 681 |
| Disposals during the period | -1.100 | 0 | -1.100 |
| **Cost, June 30** | **213.464** | **5.176** | **218.640** |
| | | | |
| Depreciation, January 1 | 6.014 | 1.473 | 7.487 |
| Depreciation for the period | 1.932 | 499 | 2.431 |
| Accumulated depreciation on disposals | -96 | 0 | -96 |
| **Depreciation, June 30** | **7.850** | **1.972** | **9.822** |
| | | | |
| **Carrying amount, June 30** | **205.614** | **3.204** | **208.818** |

**June 30, 2023**

| T.DKK | Land and Buildings | Other Equipment | Total |
|---|---|---|---|
| Cost, January 1 | 213.952 | 4.024 | 217.976 |
| Additions during the period | 523 | 353 | 876 |
| Disposals during the period | 0 | -228 | -228 |
| **Cost, June 30** | **214.475** | **4.149** | **218.624** |
| | | | |
| Depreciation, January 1 | 2.216 | 679 | 2.895 |
| Depreciation for the period | 2.315 | 365 | 2.680 |
| **Depreciation, June 30** | **4.531** | **1.044** | **5.575** |
| | | | |
| **Carrying amount, June 30** | **209.944** | **3.105** | **213.049** |

## Note 7 – Borrowings

| | Coupon Rate | Effective Interest Rate | Currency | Maturity |
|---|---|---|---|---|
| **June 30, 2024** | | | | |
| Floating interest rate loans | 3,92% | 3,92% | DKK | 18 years |
| **June 30, 2023** | | | | |
| Floating interest rate loans | 4,06% | 4,06% | DKK | 19 years |

| T.DKK | H1 2024 | H1 2023 | 2023 |
|---|---|---|---|
| Within one year | 1.944 | 4.968 | 4.215 |
| 1-3 years | 4.120 | 14.904 | 8.391 |
| 3-5 years | 4.452 | 44.712 | 8.334 |
| More than 5 years | 39.272 | 32.123 | 55.091 |
| **Total contractual undiscounted cash flows** | **49.788** | **96.707** | **76.031** |

| T.DKK | June 30, 2024 | June 30, 2023 | December 31, 2023 |
|---|---|---|---|
| Non-current liabilities | 47.844 | 91.739 | 48.807 |
| Current liabilities | 1.944 | 4.968 | 1.906 |
| **Carrying amount** | **49.788** | **96.707** | **50.713** |

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