

January 1 – December 31, 2023

# Annual Report 2023

**In 2023 cBrain grew revenue by 27% and delivered record high earnings before tax margin (EBT margin) of 34%**

**“cBrain beats expectations on top and bottom lines as subscription revenue jumps”**

Company announcement No. 1/January 15, 2024

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# Management Review



# Letter from the CEO

## In 2023 cBrain grew revenue by 27% and delivered record high earnings before tax margin (EBT margin) of 34%

Total revenues grew by +27% to DKK 239m in 2023, up from DKK 188m in 2022. Earnings before tax (EBT) grew by +66% to DKK 81m in 2023, up from DKK 49m in 2022. cBrain thereby reports record high earnings before tax margin (EBT margin) of 34%.

cBrain is well on track and executes the 2023-2025 growth plan. The growth plan is based on organic growth, combined with a strong positive cashflow.

Fully aligned with the 2023-2025 growth plan, total software revenue, which is based on software licenses and software subscriptions, grew +40%, to DKK 189m in 2023 up from DKK 131m in 2022, while implementation and support services declined by -5% to DKK 50m in 2023, down from DKK 52m in 2022. Software thereby counts for 79% of total revenues in 2023.

The results are based on a solid development in Denmark as well as internationally. International sales grew +30% to DKK 81m in 2023, up from DKK 62m in 2022. International sales thereby count for 34% of total revenues in 2023.

In line with previous years, subscriptions count for more than 50% of total revenue in 2023, and cBrain is incredibly pleased to see solid growing subscriptions revenue. The majority of software subscriptions are based on capacity, which is calculated by active numbers of F2 users and modules, and the actual capacity usage is measured and invoiced by the end of each quarter.

cBrain recognized a significant jump in subscription revenue during the fourth quarter of 2023 due to increased usage of the F2 digital platform across the user base. The addition of more F2 users and more F2 modules to the subscription schemes demonstrates a high level of customer loyalty and user satisfaction.

In parallel cBrain came in with lower-than-expected costs. This further increased earnings before tax (EBT).

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

By leveraging standard software, cBrain offers government organizations fast digital transformation at scale. cBrain thereby challenges one of the largest global industries, government digitizing, and faces a huge business opportunity. To capitalize on this opportunity, cBrain has initiated a 3-year strategy covering the period 2023-2025.

While maintaining and growing the current business, the goal of the 2023-2025 growth plan is to further accelerate growth by investing in the "F2 Climate software" and the "F2-for-Partners" concept.

F2 Climate Software serves as a door opener and accelerator for international sales. Investing into the "F2-for-Partners" concept aims to build an F2-ecosystem of customers and consulting partners, which allows cBrain to increasingly outsource implementation services.

### **cBrain continues to win market shares in Denmark**

In Denmark cBrain grew the F2 customer base and added a solid number of new customers. This included 3 Danish ministries and several agencies, as well as the second largest Danish Municipality.

In parallel cBrain won a number of larger projects. Such projects demonstrate that cBrain is well on track, "moving up market," and challenges the traditional Big IT vendors, as cBrain offers customers configured F2 standard software as an alternative to traditional custom-built solutions.

In 2023 this e.g., included the delivery of a number of grant management solutions for the Danish Energy Agency (Energistyrelsen), inspections for the Work Environment in Denmark (Arbejdstilsynet), and delivering a new hunting license solution for the Danish Environmental Protection Agency (Miljøstyrelsen).

### **Internationally cBrain work across multiple countries**

Over the recent years, cBrain has successfully attracted its first customers across various countries.

Currently, cBrain has a customer base that spans France, Germany, Guyana, Kenya, Romania, the United Kingdom, the United States (USA), and the United Arab Emirates (UAE). In 2023, cBrain further expanded its presence to Ghana and India.

In order to support and scale international sales, cBrain has established an international business development organization with staff in Australia, France, Kenya, the USA, and the UAE.

Opening up new markets is still a priority for cBrain. As examples, cBrain was in 2023 awarded the first project in Romania. In December 2023, a Romanian language version of F2 was delivered by a local partner, who is now building a business based on the F2-for-Partners concept.

#### **Awarded company of the year by German-Danish Trade Organization**

cBrain continues to win new tenders in Germany. By delivering a number of F2 based projects for Deutsche Rentenversicherung, cBrain has established a solid position in Germany, and in December 2023 cBrain was awarded Danish company of the year by the German Danish Chamber of Commerce (Dansk-Tysk Handelskammer).

The German government has a strong focus on digitizing and by reusing Danish experiences it is possible to accelerate the digital transformation. cBrain has been awarded company-of-the-year due to the results which has been achieved as supplier to German public organizations like Deutsche Rentenversicherung.

cBrain has now initiated a collaboration with the German Danish Chamber of Commerce for cBrain to help and accelerate the transformation within German public sector. The German Federal Ministry for Economic Affairs and Climate Action support German Danish Chamber of Commerce.

#### **F2 Climate Software serves as international door opener**

In spite of significant investments, government organizations across the world struggle to accelerate the fight against climate change. One major obstacle is that it often takes years to execute political decisions due to bureaucratic delays, which are fueled by the lack of digitizing and inefficient IT systems.

In close collaboration with Danish government organizations, like the Danish Environmental Protection Agency (Miljøstyrelsen), cBrain has developed a large library of solutions, which is called climate software.

#### **F2 Climate Software helps to close the time gap from political decision to execution**

F2 is standard software, based on reusable open-source configuration and best practices, and F2 Climate Software can therefore easily be reused and adapted across the world and help government organizations to accelerate the deployment of climate action initiatives.

Denmark is a global leader within government digitizing and a global leader with respect to climate action\*, and cBrain notices a strong interest across the world to learn from Danish government experiences and relevant digital solutions like the F2 Climate Software.

In March 2023, cBrain participated at the United Nations Water Conference in New York. In parallel, the United Nations Department of Economic and Social Affairs adapted a library of blueprints for digital water governance, which has been developed in close collaboration between cBrain and the Danish Environmental Protection Agency (Miljøstyrelsen).

*\*United Nations E-Government Survey and Transparency International's annual Corruption Perception Index 2023*



The blueprints define standards and best practices for e.g., environmental permitting, protection of water resources, and wastewater inspections for the benefit of governmental organizations around the world.

In September 2023, cBrain participated at a White House executive environmental permitting summit in Washington DC. The purpose of the meeting was to discuss the issues that US agencies face seeking software to enable more effective and efficient environmental review and permitting processes.

During the summit cBrain presented F2 based solutions and Danish permitting best practises. This included functionality from self-service and process control to Artificial Intelligence (AI) that can accelerate the permitting processes.

In December 2023, cBrain participated as part of the Danish delegation to COP28 in Dubai, sharing Danish government experiences and digital solutions with government executives across the world.

### **Collaborating 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. It enables customers and consulting partners to take over different types of work, from configuration to training services, which relate to the implementation of F2 based solutions.

The F2-for-Partners concept thereby allows cBrain to accelerate growth without having to accelerate hiring. Instead of building a large internal cBrain organization, the F2-for-Partners concept allows cBrain to grow and

serve government customers across the world based on collaboration with an eco-system of external F2 experts.

### **F2 Service Builder enables an eco-system of partners**

F2 Service Builder is a game changing approach to government digitizing. F2 Service Builder is a new generation software tool that allows users to configure their own government processes simply by filling out a spreadsheet. This dramatically reduces time and resources to digitize government processes and it allows government to regain control of process digitizing.

In June 2023 cBrain released the first version of "F2 Service Builder", thereby achieving an important milestone related to the F2-for-Partners strategy, and during the autumn cBrain released a number of extensions to the F2 Service Builder.

### **cBrain has delivered the first AI for Government projects**

Due to the unique F2 architecture, cBrain can offer AI functionality for government, which is difficult to achieve with today's well-known general-purpose AI services. This includes using external services via connectors, like ChatGPT or IBM WatsonX, or using internal services, which are based on e.g., Llama2 and trained specifically for F2 usage.

This is essential to government usage of AI. F2 can thereby offer AI usage that complies with legislations and compliance restrictions. For example data protection and GDPR, as well as in-depth learning based on customer specific data, which will allow F2 to support customer specific case processing.

During the autumn of 2023, cBrain delivered the first AI projects. This includes projects for the Danish Ministry of digital government and gender equality (Digitaliserings- og Ligestillingsministeriet) and the Danish Environmental Protection Agency (Miljøstyrelsen).

### **F2 Version 11 offers built-in Artificial Intelligence (AI)**

In November 2023 cBrain released F2 Version 11. cBrain has invested +40.000 hours into the new version, and the new version of the standard software offers more than 1.200 new functions and improvements.

In parallel, version 11 offers a number of new fully integrated modules. The list of new modules includes F2 Service Builder version 2, a new tool for reporting and business intelligence called F2 Analytics, a new concept for supporting document templates, as well as a technical foundation for Artificial Intelligence (AI).



**cBrain showcasing software to His Majesty King Frederik of Denmark at the Official Royal Visit to India, March 2023**

Based on AI foundation, cBrain can now offer a broad range of AI functionality fully integrated with F2. During 2024, cBrain plans to release a number of F2 based AI functions and modules, which have been specifically designed and built for government.

### **cBrain beats expectations on top and bottom lines**

In fiscal year 2023, cBrain initially aimed for revenue growth of 15-20% and earnings before tax margin (EBT margin) of 18-22%. However, exceeding expectations in the first half of 2023, we raised our full-year revenue growth guidance to 20-25% and EBT margin guidance to 20-25%.

With over 50% of revenue from software subscriptions, mainly based on capacity, cBrain experienced a significant increase in F2 usage in Q4, prompting a further precision of guidance to 25-27% revenue growth and 32-34% in EBT margin, which ended up being 27% revenue growth and 34% in EBT margin.

### **cBrain guides continued growth and solid earnings in 2024**

cBrain revenue is divided into software and services. In 2024, cBrain expects that software revenue will count for approximately 80% of total revenue.

Software revenue is based on subscriptions and one-time licenses. Most software revenue in Denmark is based on subscriptions, while internationally government organizations still prefer procurement based on one-time licenses in combination with software maintenance subscriptions.

The fourth quarter 2023 jump in subscription revenue offers a solid offset for continued software subscription revenue in 2024, and in parallel cBrain expects to win both new customers and new projects in 2024.

Aligned with the 2023-2025 strategy plan, cBrain does not expect to grow services revenue in 2024.

Based on strong growth of software revenue, driven by subscriptions as well as one-time licenses, and an unchanged level of services revenue, cBrain forecast revenue growth of 20-25% in 2024.

cBrain continues to invest in growth. This increases costs, and as part of the 2024 plan cBrain has allocated substantial investments for organizational development and to support international market opportunities in e.g. Germany and the USA. Consequently, cBrain forecast earnings before tax margin (EBT margin) of 24-30% in 2024.

cBrain finds itself in a strong position, entering 2024, with a solid pipeline of potential new customers and projects. At the same time, cBrain operates within a highly competitive market and government procurement often takes a long time.

cBrain results 2024 may therefore deviate positively as well as negatively from the forecasts.

### **cBrain raises share dividends by 33%**

Last year, in 2023 cBrain raised the dividend paid out to investors by 24%, thereby paying out a dividend of DKK 0,21 per share. In 2024, cBrain suggests raising the dividend by 33%, thereby paying out a dividend of DKK 0,28 per share.

In 2023, total subscription revenue counts for more than 2/3 of total software revenue.





# Five-year Summary

T.DKK	2023	2022	2021	2020	2019
<b>INCOME STATEMENT</b>					
Revenue	239.182	187.924	154.662	120.120	96.412
Depreciation and amortisation	-21.165	-18.853	-19.444	-16.360	-15.295
Operating profit (EBIT)	85.405	49.379	38.714	20.793	10.871
Financial items, net	-4.051	-451	275	-696	-71
Earnings before tax (EBT)	81.354	48.928	38.989	20.097	10.800
Profit for the period	63.178	38.383	31.006	15.537	8.110
<b>FINANCIAL POSITION</b>					
Cash and cash equivalents	9.234	2.225	72.181	50.792	31.160
Trade receivables	43.801	40.516	27.576	39.597	33.874
Total assets	340.857	322.693	215.851	155.100	121.026
Total equity	229.180	169.502	134.877	105.927	91.887
<b>CASH FLOWS</b>					
Cash flow from operating activities	86.297	62.312	50.231	43.754	27.408
Cash flow from investing activities	-27.107	-226.443	-20.447	-18.123	-15.275
Investments in PPE	-703	-205.494	-957	0	0
Cash flow from financing activities	-52.181	94.175	-8.396	-5.999	-6.516

Definitions of financial ratios are set out in note 28 to the Consolidated Financial Statements.

Amounts are presented in European format.

# Five-year Summary

T.DKK	2023	2022	2021	2020	2019
<b>FINANCIAL RATIOS</b>					
Revenue growth rate	27%	22%	29%	25%	16%
Profit margin (EBIT)	36%	26%	25%	17%	11%
Return of investment (ROI)	24%	15%	18%	13%	9%
EBT margin	34%	26%	25%	17%	11%
Liquidity ratio	125%	104%	303%	294%	371%
Solvency ratio	67%	53%	62%	68%	76%
Return on equity	32%	25%	26%	16%	9%
<b>STOCK MARKET RATIOS</b>					
Number of shares 1,000 pcs.	20.000	20.000	20.000	20.000	20.000
Book Value per Share (BVPS)	11,46	8,48	6,74	5,30	4,59
Basic EPS	3,16	1,92	1,55	0,78	0,41
Diluted EPS (DEPS)	3,16	1,92	1,55	0,78	0,41
<b>ENVIRONMENTAL AND SOCIAL DATA</b>					
Average number of employees (FTEs)	167	152	137	117	98
Gender diversity, all employees	43%	43%	44%	40%	38%
Scope 1 & 2 CO <sub>2</sub> e emissions (tonnes)	26	99	65	56	95

Definitions of financial ratios are set out in note 28 to the Consolidated Financial Statements.

Amounts are presented in European format.

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**REVENUE (DKK)**

**239m**

**REVENUE GROWTH**

**27%**

**EBT MARGIN**

**34%**

**SHARE OF REVENUE  
SOFTWARE SALES**

**79%**

**SHARE OF REVENUE  
INTERNATIONAL SALES**

**35%**

# Financial Results 2023

## cBrain achieves all-time high software sales both in Denmark and internationally

### Revenue

Total revenue increased by DKK 51m (+27%) to DKK 239m in 2023, driven by increased software sales, from DKK 188m total revenue in 2022.

Software sales increased DKK 54m or (+40%) from DKK 136m in 2022 to DKK 189m in 2023, constituting 79% of the total revenue.

Sales of services decreased by DKK 2m (-5%) from DKK 52m in 2022 to DKK 50m in 2023. The decline in revenue from services aligns with cBrain's strategy of moving software configuration services to customers and partners.

International sales increased by DKK 18m (+30%) from DKK 62m in 2022 to DKK 81m in 2023, presently representing 35% of the total revenue.

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 personnel expenses (wages and salaries), business development, travel and office expenditure including depreciation.

The increase in expenses from DKK 139m in 2022 to DKK 158m in 2023 is primarily attributed to the growth in employees.

cBrain's intangible assets comprise capitalized development costs relating to the development of F2 standard software. In 2023, DKK 26m was capitalized as software under development.

### Earnings Before Taxes (EBT)

Earnings before taxes (EBT) increased by 32m (+65%) from DKK 49m in 2022 to DKK 81m in 2023. The EBT margin is 34% in 2023 compared to 26% in 2022.

### Tax

Current tax on profits for the year is DKK 16m, adjustment for deferred tax is DKK 2m. The effective tax rate for the year is 22,5%.

### Intangible assets

In November 2023, F2 Version 11 was released, resulting in the transfer of DKK 22m from Software under Development to Released Software which is amortized over 5 years. In 2023 released Software of DKK 15m was depreciated. For more detailed information and risk descriptions, please see note 2 in the notes to Consolidated Financial Statements.

### Property, plants, and equipment (PPE)

The total amount for property, plant, and equipment stated in the Consolidated Financial Statements is DKK 212m of which the new headquarters in Copenhagen, Utzon House, has a carrying amount of DKK 198m.

The Utzon House is held by the 100% owned subsidiary cProperty ApS with cBrain A/S as the tenant and therefore the lease agreement is reflected in the parent company's balance sheet in accordance with the accounting practice with a carrying amount of DKK 57m corresponding to 10 years of discounted lease payments. The agreement can be terminated earliest after 5 years.

### Liquidity and Capital Resources

In 2023, cBrain utilized its positive cash balance to make an extraordinary repayment of DKK 45m on borrowings associated with the purchase of Utzon House. This repayment resulted in a reduction of cBrain's cash balance.

cBrain is confident that its cash and cash equivalents, amounting to DKK 9m end of year 2023, together with trade receivables totaling DKK 41m, and cash generated by ongoing operations, will adequately cover its cash requirements for the next 12 months and beyond.

### Debt and Interest Rate Risk

At the end of year 2023, cBrain held outstanding 20-years variable-rate mortgage loans (borrowings), with rate-fixing every 6 month, totaling a carrying amount of DKK 51m, with repayments of DKK 2m scheduled within the next 12 months.

The 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 60m and amounts to DKK 229m as of December 31, 2023.

During the year cBrain repurchased 3.355 ordinary shares. Management is authorized by the Annual General Meeting to repurchase up to 10% of its share capital. In the same period cBrain has sold 7.351 ordinary shares primary to cBrain's employees.

### Dividend

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

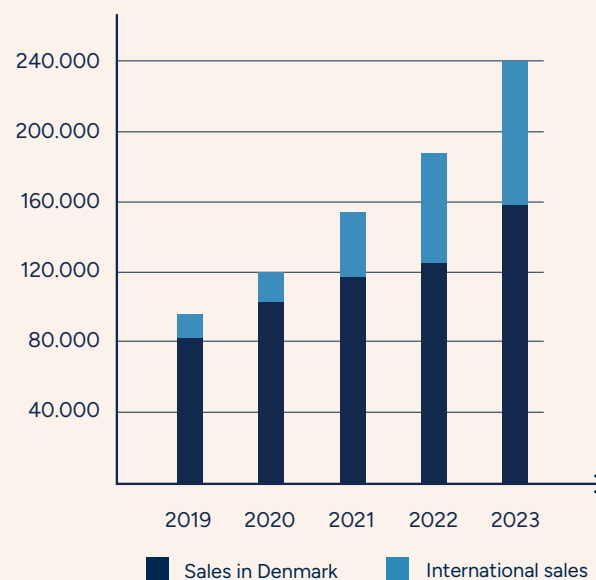
### Cash flows

Cash flow from operating activities in 2023 is DKK 86m.

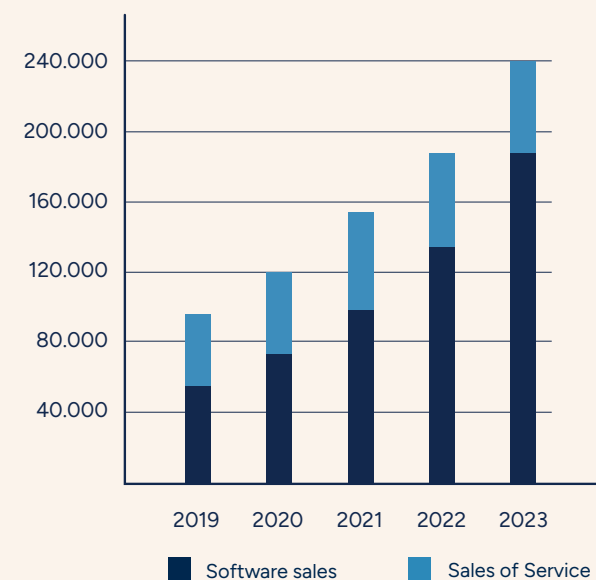
Cash flow from investing activities is primarily related to investments in software development projects and amounts to DKK 27m.

Cash flow from financing activities consists of dividend paid DKK 4m, and repayment of borrowings DKK 48m.

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



**REVENUE** split by  
Software and Sales of Services

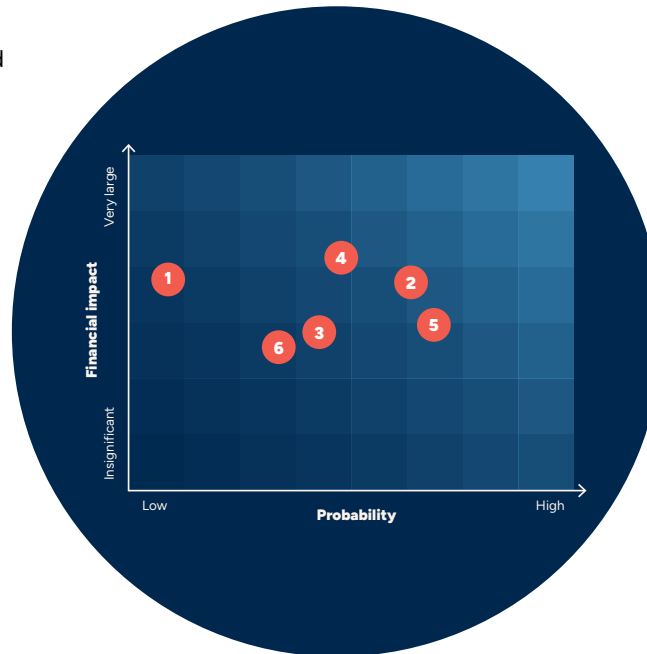




# Risk Factors

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 eco system by establishing partnerships with
  - Key customers by supporting them with methods, F2 platform and F2 Service Builder.
  - External consultants who are engaged with cBrain customers and thereby have domain knowledge.
  - Management consultancy companies who acknowledge the power of a standard platform built for government and can provide strategic advisory and skilled resources in digital transformation.
  - IT consultancy companies who acknowledge the power of a standard platform built for government, have access to and can attract clients who are interested in an innovative approach.



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

## 1 Decline in demand

### Cause

War in Europe, global inflation, and scarcity of energy combined with sharply rising prices preoccupies

politicians and society and can draw investment away from streamlining and modernizing the public sector through digitizing.

### Risk

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

### Mitigation

Sharpening cBrain's value proposition to customers, so that it becomes even more attractive to customers. This applies, for example, to speed and precision in delivery, reduction of risk for the customer through agile implementation, where the solution is configured rather than coded, and a strong price/performance ratio.

### Probability

Despite signs of crisis in the world, the public sector has an undiminished need for increased efficiency and for meeting citizens' expectations. The climate agenda and the need for action seems obvious. For both conditions, it applies that digitizing is a key element, why the likelihood of a weakening demand is not expected to be exceptionally large.

## 2 Cyber Attack

### Cause

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



**Risk**

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

**Mitigation**

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

cBrain's processes are ISO 27001 certified and all cBrain's processes in relation to personal data are annually reviewed and assessed by an external audit firm, which issues SAE 3000 and 3402 statements to customers.

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

**Probability**

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

**3 Fail to retain and attract talent****Cause**

cBrain's business is based on skilled, talented, and

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

**Risk**

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

**Mitigation**

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

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

**Probability**

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



#### 4 Fail to build F2 ecosystem

##### **Cause**

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

##### **Risk**

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

##### **Mitigation**

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

##### **Probability**

The probability that cBrain fails to build the foundation for a F2 eco system and to onboard partners within the

strategic window is present, but it is regarded low to medium based on the management's commitment and ability to execute.

#### 5 Competitors build standard platform similar to F2

##### **Cause**

cBrain sees the establishment of standard platforms targeting the public sector as a natural development of industries, as all industries standardize over time. Therefore, it is a matter of time when it will happen.

##### **Risk**

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

##### **Mitigation**

Through continued intensified and targeted investment in R&D and in positioning to maintain the lead, which lies partly in methods, partly in the standard platform and the tools used to configure and onboard business processes in F2's process library.

##### **Probability**

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

#### 6 Legal risks entering new geographical markets

##### **Cause**

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

##### **Risk**

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

##### **Mitigation**

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

##### **Probability**

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



**U.S. Ambassador Alan Leventhal and Professor Katherine Richardson speaking at the cBrain International Climate Action event, April 2023**

# 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, Guyana, Kenya, Romania, The 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.



\*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 heavily relies on large projects and hourly billings.

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. At the same time, it leaves insufficient capacity for crucial process innovation and organizational efforts, diverting management focus.

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

// **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.**

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 used for IT. 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, that are aligned with continued process innovation and organizational adjustments.



# cBrain solutions around the globe

**cBrain serves customers across 5 continents.**

**F2 has proven that the model for digital bureaucracy that was 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 game-changer. Based on the model for digital bureaucracy, it has been possible to develop standard software for government usage, that supports government processes digital 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 both generic workflows like approvals, hearings, and Freedom of information (FOI) request, 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 organization, 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 API's (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.



### **One fully integrated platform**

offers out-of-the-box all the functions a government authority needs to run it's administration



### **Standard software**

ready for operation without custom coding, thereby minimizing risk and implementation time while reducing a lot of consultancy work



### **Process templates**

Configured for individual mission critical processes, covering all steps from self-service to case processing, filing and management reporting



## **F2 Service Builder.**

**Create, maintain and modify workflows, from self-service to case processing and filing - simply by filling out a spreadsheet.**

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 controlling and management 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 make changes to 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 of the 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, Guyana, Kenya, Romania, The 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 been 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 a very strong toolbox. However, political decisions must be implemented by strong and accountable institutions. The reality is therefore that it often take 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. Already in February 2021, the Danish Environmental Protection Agency (EPA) managed to run the first round of the 300 million Euro program.

The Danish farmland program has a potential to reduce CO<sub>2</sub> (Carbon Dioxide) emissions by up to 20%. By use of government climate software, the Danish EPA has documented 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.





**Lisbeth Knudsen, Strategic Director at Mandag Morgen speaking at a cLounge event about AI in public case management, August 2023**

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.

### **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, that 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 government 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 highly risky large-scale initiatives into digital transformation journey at scale, based on many small steps, agility, and continuous learning, that 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-build 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, face significantly lower total costs of ownership, while avoiding the high ongoing costs of systems maintenance.

It often takes a very long time to develop custom-built solutions. Custom-built solutions are therefore often in 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 very 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.



**A delegation of High Level Water Officials from China, Thailand, Indonesia, Malaysia, Vietnam and the Phillippines visited cBrain in August 2023 on the occasion of The World Badminton Championship in Denmark.**

# Applied Climate Software for Governments

<p><b>F2</b></p>	<p><b>Energy Efficiency</b></p>	<p><b>Home Energy Audit</b> Denmark</p>	<p><b>Energy Efficiency in Companies</b> Egypt</p>	<p><b>Inflation Cash Assistance</b> Denmark</p>	<p><b>Heat Pump Grant</b> Denmark</p>
<p><b>Sustainable Land Use</b></p>	<p><b>Climate Lowlands</b> Denmark</p>	<p><b>Sustainable Land Initiative</b> USA</p>	<p><b>Climate Forest Grants</b> Denmark</p>	<p><b>Protection of Biodiversity</b></p>	<p><b>Licensing of Trade Endangered Species (CITES)</b> Denmark &amp; Guyana</p>
<p><b>EU Natura 2000 Protected Areas</b> Denmark</p>	<p><b>Urban Roof-top Gardening</b> Denmark</p>	<p><b>Wildlife Regulation</b> Denmark</p>	<p><b>Circular Economy and Waste</b></p>	<p><b>Extended Producer Responsibility</b> Kenya</p>	<p><b>International Waste Export and Import</b> Denmark</p>
<p><b>Protection of Nature</b></p>	<p><b>Dredging</b> Denmark</p>	<p><b>Lake and Stream Restoration</b> Denmark</p>	<p><b>Environmental Support in the Arctic</b> Denmark</p>	<p><b>Genetic Resources</b></p>	<p><b>License and Control of Genetically Modified Organisms</b> Denmark</p>
<p><b>Access Benefit Sharing Nagoya-convention</b> Denmark</p>	<p><b>Clean water and air</b></p>	<p><b>Drinking Water Protection</b> Denmark</p>	<p><b>Waste Water Control</b> Denmark</p>	<p><b>Home Woodstove Removal</b> Denmark</p>	





# Shareholders



# Shareholder Information

## Share Capital

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

The company's articles of association do not impose any limits on ownership and voting rights. The shares must be registered by name. The share's short name is CBRAIN, and it is registered under the ISIN code DK0060030286.

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

## Ownership

As of the end of 2023, cBrain has approximately 14.700 shareholders from 40 different countries (in 2022, there were around 14.500 shareholders from 45 countries). The following shareholders have informed cBrain that they own 5% or more of the company's share capital:

- Putega Holding ApS, Hellerup, holds a 42,66% ownership and voting interest.

cBrain A/S owns a total of 437.187 of its own shares at the end of 2023, equivalent to 2,19% of the share capital.

## Dividend Policy

Dividends are approved by the ordinary Annual General Meeting.

cBrain aims to maintain a strong financial position that is aligned with the company's level of activity, ensuring

it can uphold its strategic goals, including continued investment in new products and markets.

The management continuously assesses the company's capital needs in relation to its results and proposes dividend recommendations to the Annual General Meeting based on this assessment.

## Investor Relation

cBrain has defined quality, continuity, and consistency as the goals for its Investor Relations (IR) activities. Simultaneously, within the framework of the law, the company aims to engage in an open and active dialogue with existing and potential shareholders, analysts, and other stakeholders interested in the company's business development and financial position. From July 1, 2023, all communication to shareholders has been changed to English.

All information with potential significance for stock price formation is disclosed via Nasdaq and can be promptly found on the company's website. Interested investors can subscribe to stock exchange announcements and other news on the company's website [www.cbrain.com/investor](http://www.cbrain.com/investor). All relevant information will always be accessible through the website.

cBrain's management is pleased to participate in investor and shareholder meetings where previously disclosed information can be elaborated upon and discussed. Inquiries regarding the company's investor relations and stock market relations can be directed to: Ejvind Jørgensen, CFO & Head of Investor Relations (phone: +45 7216 181, e-mail: [ir@cbrain.com](mailto:ir@cbrain.com)).

## Proposal for the Annual General Meeting

Due to cBrain's satisfactory performance, the board recommends to the Annual General Meeting to increase dividend by +33%. This would raise the dividend from 0,21 kroner per share in 2022 to 0,28 kroner per share in 2023. Furthermore, the board proposes that the company be authorized to acquire its own shares for a one-year period, representing up to 10% of the company's share capital. Lastly, the board present and revised and updated remuneration policy.

## Annual General Meeting

The company's Annual General Meeting will be held on Thursday, April 24, 2024, at 16:00. The Annual General Meeting will take place at the company's address:

Kalkbrænderiløbskaj 2,  
2100 Copenhagen,  
Denmark

## Financial calendar 2024

<b>April 24, 2024</b>	Quarterly Announcement 1st quarter 2024
<b>April 24, 2024</b>	Annual General Meeting
<b>August 21, 2024</b>	Publication of the Interim Report for the first half of 2024
<b>November 7, 2024</b>	Quarterly Announcement 3rd quarter 2024
<b>February 20, 2025</b>	Publication of annual report 2024

## Company Announcements and Press Releases since January 1, 2023

From January 1, 2023, until the publication of the 2023 annual report, cBrain has issued the following announcements to Nasdaq Copenhagen, which can be found on the company's website [www.cbrain.com/investor](http://www.cbrain.com/investor)

<b>January 2, 2023</b>	Copenhagen Municipality chooses cBrain F2 as the new grant administrative system in the Culture and Leisure Administration	<b>June 28, 2023</b>	cBrain enters into an agreement with the Agency for Labor Market and Recruitment
<b>January 11, 2023</b>	cBrain enters into an agreement with the Danish Immigration Service	<b>June 30, 2023</b>	June 30, 2023 cBrain has entered into a partnership and won first order in Romania
<b>January 19, 2023</b>	cBrain adjusts earnings before tax (EBT) upwards	<b>July 6, 2023</b>	cBrain to test F2 Climate Software with the Kenyan National Environmental Management Authority (NEMA)
<b>January 20, 2023</b>	cBrain to deliver solutions for energy schemes (grants) at the Danish Energy Agency	<b>August 8, 2023</b>	cBrain upgrades 2023 financial guidance
<b>January 30, 2023</b>	cBrain has established a joint venture company in Ghana	<b>August 15, 2023</b>	cBrain announces AI for Government Initiative
<b>February 17, 2023</b>	cBrain has entered into an agreement in Ukraine supporting the reconstruction of the municipal infrastructure in Makariv	<b>August 22, 2023</b>	Two more Danish public organizations join the F2 user group
<b>February 23, 2023</b>	International growth plan to pave the way for revenue growth of 30%	<b>August 23, 2023</b>	cBrain reports all-time high revenue growth of 39% and earnings before tax (EBT) of 35%
<b>February 23, 2023</b>	cBrain has successfully initiated the next steps in the international growth plan	<b>September 11, 2023</b>	cBrain has established cBrain India, a joint venture subsidiary in Tamil Nadu, India
<b>March 14, 2023</b>	cBrain enters into an important contract in Germany	<b>November 2, 2023</b>	cBrain is well on track with the 2023-2025 growth plan
<b>March 22, 2023</b>	Notice of general meeting	<b>November 29, 2023</b>	cBrain joins the OMX Copenhagen Benchmark Index
<b>April 19, 2023</b>	cBrain expects to release the first version of F2 Service Builder before the summer holidays	<b>December 14, 2023</b>	The Tree Crop Development Authority in Ghana and cBrain Sign MoU for a 6-year Project
<b>May 3, 2023</b>	cBrain enters into an agreement with the Ministry of the Interior and Health	<b>December 18, 2023</b>	cBrain has won a new long-term contract with the Danish Ministry of Finance
<b>June 6, 2023</b>	cBrain has taken an important step on the growth journey and releases F2 Service Builder	<b>January 15, 2024</b>	cBrain beats expectations on top and bottom lines as subscription revenue jumps
<b>June 14, 2023</b>	cBrain to deliver F2 for management services in Aarhus Municipality	<b>February 8, 2024</b>	cBrain and the German-Danish Chamber of Commerce have taken initiative to reuse Danish e-government experiences in Germany



# Governance

# Corporate Governance

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

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

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

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

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

After two years of virtual Annual General Meetings in 2020 and 2021 due to COVID-19, the Board's stance is to maintain the Annual General Meeting as a physical event and possibly expand it with virtual participation over

time, which the Articles of Association allow for. A more detailed description of Annual General Meeting-related matters can be found on the company's website [www.cbrain.com/general-meeting](http://www.cbrain.com/general-meeting).

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

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

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

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

## **Statutory Gender Reporting under Danish Law**

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

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

In the following, there is accounted for the goals and development regarding the underrepresented gender in accordance with §99b of the Danish Financial Statements Act.

The IT industry is characterized by the fact that, in general, significantly fewer women than men are employed.

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

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

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

This approach has contributed to a good development in recent years, resulting in a – in relation to the industry – very satisfactory gender distribution. Thus, 43% (2022 43%) of cBrain's total workforce today are women.

cBrain's goals for the management is to have an equal distribution between the genders in management. When there is a change in or addition to the management,



	Actual 2023	Target 2026
<b>Board of Directors</b>		
Total number of members	5	
Underrepresented gender in %	20%	40%
<b>Executive Management (Level 1)</b>		
Total number of members	2	
Underrepresented gender in %	0%	40%
<b>Directors (Level 2)</b>		
Total number of members	4	
Underrepresented gender in %	25%	40%
<b>Total (Level 1 + 2)</b>		
Total number of members	6	
Underrepresented gender in %	17%	40%
<b>Managers (Level 3)</b>		
Total number of members	17	
Underrepresented gender in %	35%	

cBrain will apply the same policy as for the rest of the company, namely that the underrepresented gender is chosen consistently when two candidates of each gender are equal in relation to the competence profile that is defined for the position/position in question, until a distribution of at least 40/60 is reached.

### Board of Directors

The board of directors consists of 5 members, one of whom is a woman. It is the board's aim that the underrepresented gender must constitute at least 2 people, corresponding to at least 40%. In 2023, the share of the underrepresented gender was 20%.

The board attaches great importance to continuity on the board and finds no basis for expanding the number on the board currently, due to the company's size. The board will continue its work to achieve this goal and has set 2026 as the target for this.

### Executive Management

Level 1 is the company's registered management. At level 1, there are no women, and thus the women make up 0%. The goal here is for the underrepresented to amount to at least 40% by the end of 2026.

### Directors

Level 2 is the management that reports directly to the company's registered management (level 1). By the end of 2023, one woman makes up 25% of the directors in cBrain. cBrain's other levels of management (levels 1 and 2) consist of 6 members, with 17% being the underrepresented gender. The goal is to increase the underrepresented group to 40% by the end of 2026.

Since there have been no natural changes, i.e., resignations or additions to other management during 2023, we have not been able to progress further toward our target of 40% and therefore, we are committed to improvement. Management will conduct assessments, facilitate internal dialogue, and collaborate with stakeholders to implement targeted strategies aimed at improving diversity and inclusion within the organization. Through proactive initiatives and leadership, management will drive efforts to make significant progress toward meeting diversity goals.

### Managers

Level 3 comprises additional personnel entrusted with staff management duties.

By the end of 2023, 6 out of 17 equal to 35% represented women.

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

The management continuously assesses which measures are meaningful in relation to the gender composition of the management. When designing job profiles, emphasis is placed on signaling diversity, and this is also supported through the company's management training program.

In 2023, the work with job profiles has continued and further strengthened and the leadership training program has been enhanced and supported via individual coaching. For the second time, cBrain hosted "Women in Tech Dinner" for computer science students at the Technical University of Denmark (DTU). During this event, female students are invited to a dinner with a specific focus on the experiences of working as women in the IT industry.

### Corporate Responsibility

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

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

The statutory report on corporate responsibility as required by section 99a of the Danish Financial Statements Act, is available on the company's website under Investor Relations: [www.cbrain.com/csr-reports](http://www.cbrain.com/csr-reports).

### Data Ethics

In 2021, the Board of Directors drafted and adopted a data ethics policy in accordance with section 99d of the Danish Financial Statements Act. This policy addresses the types of data used, how it is obtained, how it is utilized, the basis for ethical considerations, and the follow-up procedures.

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

The responsibility for data ethics lies with the management, with the Audit Committee overseeing its implementation. The policy can be found on the company's website under Investor Relations: [www.cbrain.com/corporate-governance](http://www.cbrain.com/corporate-governance)

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

### Tax policy

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

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

### Climate and Environmental Policy

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

The policy can be found here: [www.cbrain.com/s/Climate-and-Environmental-Policy.pdf](http://www.cbrain.com/s/Climate-and-Environmental-Policy.pdf)

## Management

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

### The Board of Directors' Responsibilities

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

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

The Audit Committee consist of two independent Board Members, and the scope of the committee's work is defined in a separate charter. The committee held four meetings in 2023, with 100% attendance.

The remuneration committee consist of two members, and the committee held two meetings in 2023, with 100% attendance.

The framework for the Board of Directors' work is defined in a set of rules and procedures, which is



reviewed at least once a year and adjusted as needed. The rules and procedures include procedures for the executive management's reporting, the working methods of the Board of Directors, as well as a description of the Chair of the Board's responsibilities and areas of authority.

At least four Board of Directors Meetings are held each year. In addition, the Board of Directors meets as required. In 2023, four Board Meetings were held, and two member was absent in one meeting.

#### **Composition of the Board of Directors**

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

At cBrain's Annual General Meeting in April 2023, Henrik Hvidtfeldt and Lisa Charlotte Herold Ferbing were re-elected to the board for a two-year period. Lisa Charlotte Herold Ferbing is independent.

At the Annual General Meeting in April 2022, Peter Loft, Thomas Qvist, and Per Tejs Knudsen were re-elected to the board for a two-year period. Peter Loft is independent.

At the General Meeting in 2023 the company's Articles of Association was changed. Board Members are in the future elected for a period of one year. Re-election is possible.

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

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

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

#### **Remuneration for the Board of Directors and Management**

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

For the fiscal year 2023, the proposed total remuneration for the Board is DKK 350.000 (2022: DKK 350.000). The total remuneration for the executive management in 2023 amounts to DKK 5,0m (2022: DKK 4,9m).

The distribution of remuneration for the Board of Directors and executive management can be found on the company's website under Investor: [www.cbrain.com/s/Remuneration-Policy-UK.pdf](http://www.cbrain.com/s/Remuneration-Policy-UK.pdf)

#### **Stock Options and Incentive Programs**

cBrain has provided certain employees with the opportunity to receive remuneration in the form of shares in accordance with Danish Law (LL § 7P). Please refer to note 8 - Staff costs for further details.

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

#### **Auditors**

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

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

At the General Meeting in 2022 EY Godkendt Revisionspartnerselskab was elected as independent auditors for the first time. EY was re-elected in 2023.

# Board of Directors



## **Henrik Hvidtfeldt - Chair**

MSc in Engineering from the Technical University of Denmark, HD in International Business from the Copenhagen Business School, and a Commercial Pilot. Chair of cBrain (since 2006). Chair of Flight4000 A/S, Board Member of XENA Networks ApS. 61 years old. Number of cBrain shares: 8.300.

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



## **Lisa Charlotte Herold Ferbing**

Master of Laws (Cand.Jur.) from the University of Copenhagen in 1982. Independent management consultant, CEO of Casa Monte Verde ApS and professional board member (since 2013). Chair of DANSK IT. Chair of Gudme Raaschou Investment Fund. Chair of Lån & Spar Investment Fund and IA Invest. Member of the Board for Invest Administration A/S. 64 years old. Number of cBrain shares: 0.

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



## **Peter Sam Loft**

Master of Laws (Cand.Jur.) from the University of Copenhagen in 1980. Tax advisor at Bachmann Partners (since 2019). Adjunct Professor at CBS/University of Copenhagen. Member of the Board for Øfeldt Centres. 66 years old. Number of cBrain shares: 0.

Elected to the Board as an independent member at the Annual General Meeting in 2022 for a 2-year term. First elected to the Board of Directors in 2014. Member of the Audit Committee.



## **Per Tejs Knudsen**

CEO and founder of cBrain A/S and Director of cProperty ApS. Owner of Putega Holding ApS. Master of Science in Engineering from the Technical University of Denmark and HD in Accounting from the Copenhagen Business School. Member of the Advisory Board at the Institute for Informatics and Mathematical Modelling at the Technical University of Denmark. Member of the Council at the Technical University of Denmark. Member of the Danish Academy of Technical Sciences (ATV). 65 years old. Number of cBrain shares, through Putega Holding ApS: 8.532.000.

Elected to the Board at the Annual General Meeting in 2022 for a 2-year term. First elected to the Board in 2006. Member of the Remuneration Committee.



## **Thomas Qvist**

CTO at cBrain A/S. Director and owner of Felida ApS. Master of Science in Engineering from the Technical University of Denmark. 58 years old. Number of cBrain shares: 715.945.

Elected to the Board at the Annual General Meeting in 2022 for a 2-year term. First elected to the Board in 2006.

## **Executive Management**

**Per Tejs Knudsen**  
CEO

**Thomas Qvist**  
CTO





# Statements

# Management Statement

The Board of Directors and the Executive Management have today discussed and approved the annual report of cBrain A/S for the financial year 2023.

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

It is our opinion that the consolidated financial statements and the Parent company financial statements give a true and fair view of the Group's and the Parent company's financial position at 31 December 2023 and of the results of the Group's and the Parent company's operations and cash flows for the financial year 1 January – 31 December 2023.

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

In our opinion, the annual report of cBrain A/S for the financial year 2023 identified as cBrain-2023-12-31-en.zip has been prepared, in all material respects, in compliance with the ESEF-regulation.

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

*Copenhagen, February 22, 2024*

## **Executive Management**

**Per Tejs Knudsen**  
*CEO*

**Thomas Qvist**  
*CTO*

## **Board of Directors**

**Henrik Hvidtfeldt**  
*Chair*

**Lisa C. Herold Ferbing**

**Peter Loft**

**Per Tejs Knudsen**

**Thomas Qvist**

# Independent Auditor's Report

To the shareholders of cBrain A/S

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

### **Opinion**

We have audited the consolidated financial statements and the parent company financial statements of cBrain A/S for the financial year 1 January – 31 December 2023, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including material accounting policy information, for the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2023 in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

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

### **Basis for opinion**

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

### **Independence**

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

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

### **Appointment of auditor**

We were initially appointed as auditor of cBrain A/S on 28 April 2022 for the financial year 2022. We have been reappointed annually by resolution of the general meeting for a total consecutive period of 2 years up until the financial year 2023.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year 2023. These matters were addressed during our audit of the financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

## Key audit matters

### **Capitalisation of development projects**

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

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

The Group monitors the expected carrying amount of development projects in progress and evaluates whether any indications of impairment for the completed development projects exists.

Development projects in progress and completed projects are tested for impairment at least annually.

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

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

## How our audit addressed the key audit matter

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

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

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

## Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

## Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the



preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are

inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were

of most significance in the audit of the consolidated financial statements and the parent company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

### **Report on compliance with the ESEF Regulation**

As part of our audit of the Consolidated Financial Statements and Parent Company Financial Statements of cBrain A/S, we performed procedures to express an opinion on whether the annual report of cBrain A/S for the financial year 1 January – 31 December 2023 with the file name cBrain-2023-12-31-en.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements including notes.

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

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary;

- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

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

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements including notes;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF

taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;

- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of cBrain A/S for the financial year 1 January – 31 December 2023 with the file name cBrain-2023-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

**Copenhagen, 22 February 2024**  
**EY Godkendt Revisionspartnerselskab**  
**CVR no. 30 70 02 28**

**Mikkel Sthyr**  
**State Authorised**  
**Public Accountant**  
**mne26693**

**Henrik Pedersen**  
**State Authorised**  
**Public Accountant**  
**mne35456**



# Financials

# Consolidated Financial Statements

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



## Consolidated Statements of Comprehensive Income

### CONSOLIDATED INCOME STATEMENT

T.DKK	Notes	2023	2022
Revenue	3,4	239.182	187.924
Cost of services	5	-2.152	-1.083
External expenses	6,7	-35.683	-29.135
Staff costs	8	-121.181	-110.423
Research and development costs capitalized		26.404	20.949
Depreciation and amortization expense	9	-21.165	-18.853
<b>Operating profit (EBIT)</b>		<b>85.405</b>	<b>49.379</b>
Financial income	10	1.313	720
Financial expenses	11	-5.364	-1.171
<b>Earnings before income taxes (EBT)</b>		<b>81.354</b>	<b>48.928</b>
Income taxes	12	-18.176	-10.545
<b>Profit for the year</b>		<b>63.178</b>	<b>38.383</b>

### EARNINGS PER SHARE (EPS)

T.DKK	Notes	2023	2022
<b>Basic EPS</b>	19	<b>3,16</b>	<b>1,92</b>
<b>Diluted EPS (DEPS)</b>		<b>3,16</b>	<b>1,92</b>

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

T.DKK	Notes	2023	2022
Profit for the period		63.178	38.383
Other comprehensive income		0	0
<b>Total comprehensive income for the year</b>		<b>63.178</b>	<b>38.383</b>

## Consolidated Balance Sheet

### ASSETS

T.DKK	Notes	2023	2022
Intangible assets	13	64.594	55.144
Property, plant and equipment	14	211.572	215.081
Other financial assets	15	798	511
<b>Total non-current assets</b>		<b>276.964</b>	<b>270.736</b>
Trade receivables	16	43.801	40.516
Contract assets	17	8.630	1.705
Other receivables		2.228	7.511
Receivables		54.659	49.732
Cash and cash equivalents		9.234	2.225
<b>Total current assets</b>		<b>63.893</b>	<b>51.957</b>
<b>Total assets</b>		<b>340.857</b>	<b>322.693</b>

### EQUITY AND LIABILITIES

T.DKK	Notes	2023	2022
Share capital		5.000	5.000
Retained earnings		218.580	160.302
Proposed dividend		5.600	4.200
<b>Total equity</b>	19	<b>229.180</b>	<b>169.502</b>
Deferred tax liabilities	20	11.759	9.829
Borrowings	21	48.807	92.669
<b>Total non-current liabilities</b>		<b>60.566</b>	<b>102.498</b>
Trade payables		3.429	5.418
Contract liabilities	17	5.163	10.467
Current tax liabilities	18	13.780	5.114
Borrowings	21	1.906	5.910
Other payables	22	26.833	23.784
<b>Total current liabilities</b>		<b>51.111</b>	<b>50.693</b>
<b>Total liabilities and equity</b>		<b>340.857</b>	<b>322.693</b>

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## Consolidated Statement of Changes in Equity

2023

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

2022

T.DKK	Share capital	Retained earnings	Proposed dividend	Total equity
<b>Equity, January 1</b>	<b>5.000</b>	<b>126.477</b>	<b>3.400</b>	<b>134.877</b>
Net profit for the year	0	34.183	4.200	38.383
<b>Comprehensive income for the period</b>	<b>0</b>	<b>34.183</b>	<b>4.200</b>	<b>38.383</b>
Share-based payments	0	234	0	234
Purchase of treasury shares	0	-666	0	-666
Dividends	0	74	-3.400	-3.326
<b>Transactions with owners</b>	<b>0</b>	<b>-358</b>	<b>-3.400</b>	<b>-3.758</b>
<b>Equity, December 31</b>	<b>5.000</b>	<b>160.302</b>	<b>4.200</b>	<b>169.502</b>

## Consolidated Cash Flow Statement

T.DKK	2023	2022	T.DKK	2023	2022
Operating profit (EBIT)	85.405	49.379	Investments in intangible assets	-26.404	-20.949
Depreciation and amortization	21.165	18.853	Investments in property, plant, and equipment	-703	-205.494
<i>Change in working capital</i>			<b>Cash flow from investing activities</b>	<b>-27.107</b>	<b>-226.443</b>
Change in trade- and other receivables	1.998	-12.521	Repayment of lease liabilities	0	-1.078
Change in contract assets and -liabilities	-12.229	5.584	Borrowings	0	99.821
Change in trade- and other payables	1.060	8.497	Repayment of borrowings	-48.073	-1.242
Cash flow from operating profit	97.399	69.792	Dividends paid, net	-4.108	-3.326
Share-based payments	235	234	<b>Cash flow from financing activities</b>	<b>-52.181</b>	<b>94.175</b>
Financial items	-3.885	-1.081	Cash and cash equivalents, January 1	2.225	72.181
Income taxes paid	-7.452	-6.633	Net cash flow for the period	7.009	-69.956
<b>Cash flow from operating activities</b>	<b>86.297</b>	<b>62.312</b>	<b>Cash and cash equivalents, December 31</b>	<b>9.234</b>	<b>2.225</b>



# Notes to the Consolidated Financial Statement

## Note 1 - Accounting policies

### General information

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

### Basis of Preparation

The annual report for 2023 includes both the consolidated financial statements of cBrain A/S and its subsidiaries (the group), as well as separate financial statements for the parent company.

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

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

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

### New Accounting Regulation

The implementation of new or amended standards and interpretations, which are mandatory for preparers of financial statements in 2023, has been implemented but has not resulted in changes to recognition and measurement in the consolidated financial statements or the parent company's financial statements.

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

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

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

### Consolidated Financial Statements

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

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

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

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

The consolidated financial statements are prepared as a summary of the parent company's and the individual subsidiaries' financial statements, presented in accordance with the group's accounting policies, with eliminations for intercompany revenues and expenses, equity interests, internal balances, dividends, as well as realized and unrealized gains from transactions between the consolidated entities. Unrealized gains from transactions with associated companies are eliminated in

## Note 1 - Accounting policies (continued)

proportion to the group's ownership interest in the entity. Unrealized losses are eliminated in the same manner as unrealized gains unless they represent an impairment.

### Foreign Currency Transactions

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

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

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

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

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

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

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

### Reporting in accordance with the ESEF Regulation

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

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

For items that are not explicitly defined in the ESEF Taxonomy, extended taxonomy elements have been created. These extended elements are linked to elements in the ESEF Taxonomy, except for elements that are subtotals. The annual report submitted to the Financial Supervisory Authority (the Officially Designated Mechanism) consists of the XHTML document and the technical files, all of which are included in the ZIP file cBrain\_2023\_12\_31.zip.

## Note 1 - Accounting policies (continued)

### Key Definitions

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

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

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

## Note 2 - Accounting Estimates

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

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

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

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

### Impairment testing of development projects

Ongoing development projects are evaluated for impairment at least annually. cBrain A/S operates in a competitive market, and despite experiencing increased demand for

the IT solutions (F2) offered by cBrain, the requirements for solutions are becoming more demanding.

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

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

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

Please refer to note 13 in the consolidated financial statements.

### Revenue recognition

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

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

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

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



## Note 3 – Segment Information

### Market areas

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

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

### Segments

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

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

T.DKK	2023	2022
<b>Products and Services</b>		
Software	189.179	135.406
Services	50.003	52.518
	<b>239.182</b>	<b>187.924</b>
<b>Timing of revenue recognition</b>		
Over time	198.796	148.693
At a point in time	40.386	39.231
	<b>239.182</b>	<b>187.924</b>
<b>Geographical information</b>		
Denmark	155.498	125.739
Other EU-countries	75.930	54.488
Countries outside the EU	7.754	7.697
	<b>239.182</b>	<b>187.924</b>
<b>Significant Customers</b>		
Customer A*	128.884	104.274
Customer B	74.091	53.643

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

## Note 4 – Net Revenue

T.DKK	2023	2022
Software	189.179	135.406
Services	50.003	52.518
	<b>239.182</b>	<b>187.924</b>

### § Accounting Policies

#### *Classes of revenues*

cBrain's revenue comprises Software and Services.

#### *Software*

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

#### *Services*

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

#### *Revenue recognition*

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

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

The recognized revenue is measured based on the consideration that cBrain expects to be entitled to in a contract with a customer. cBrain's recognition of revenue can occur either over time or for sales of software licenses at a point in time. Revenue is

recognized from customers when control transfers to the customer at an amount that reflects the consideration cBrain expects to be entitled to as compensation for these services.

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

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

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

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

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

## Note 5 – Cost of Services

### § Accounting Policies

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

## Note 6 - External Expenses

T.DKK	2023	2022
Sales and marketing costs	16.579	14.590
General and administrative expenses	17.756	13.518
Short-term leases expenses	1.348	1.027
	<b>35.683</b>	<b>29.135</b>

### § Accounting Policies

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

## Note 7 - Fees to the Statutory Auditors

T.DKK	2023	2022
Statutory audit	841	645
Other assurance services	160	155
Tax and VAT advisory services	60	0
Other services	30	30
	<b>1.091</b>	<b>830</b>

Fees for services other than the statutory audit of the financial statements provided by EY Godkendt Revisionspartnerselskab, Denmark amounted to T.DKK 250 (2022: T.DKK 185). This includes assurance opinions related to IT, other assurance opinions, agreed-upon procedures as well as tax compliance related services.

## Note 8 – Staff costs

T.DKK	2023	2022
Wages and salaries	118.456	106.994
Social security costs	2.308	2.760
Share-based payment expense	5	296
Board fee	350	350
Other personnel expenses	62	23
	<b>121.181</b>	<b>110.423</b>
<b>Average number of employees</b>	<b>167</b>	<b>152</b>

### Fees and remuneration to the Board of Directors and Executive Management

T.DKK	2023	2022
<b>Fees to the Board of Directors</b>		
Board fee	350	350
<b>Remuneration to the Executive Management</b>		
Fixed base salary	3.434	3.434
Short-term cash incentive	1.583	1.457
	<b>5.017</b>	<b>4.891</b>
<b>Total short-term remuneration</b>	<b>5.367</b>	<b>5.241</b>

## Note 8 – Staff costs (continued)

### § Accounting Policies

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

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

## Note 9 – Depreciation and Amortization Expense

T.DKK	2023	2022
Software	16.953	15.024
Leases	0	1.738
Land and buildings	3.418	1.873
Other Equipment	794	218
	<b>21.165</b>	<b>18.853</b>

### § Accounting policies

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

## Note 10 – Financial Income

T.DKK	2023	2022
Interest income, other	772	54
Exchange rate gains	541	666
	<b>1.313</b>	<b>720</b>

### § Accounting Policies

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

## Note 11 - Financial Cost

T.DKK	2023	2022
Interest expense, leases	0	8
Interest expense, other	4.550	824
Exchange rate losses	814	339
	<b>5.364</b>	<b>1.171</b>

### § Accounting Policies

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



## Note 12 – Income Taxes

T.DKK	2023	2022
Current tax on profits for the year	16.206	10.290
Adjustment for deferred tax	1.930	320
Adjustments in respect of current income tax of previous year	40	-65
	<b>18.176</b>	<b>10.545</b>
<b>Total income tax</b>		
Tax using the Danish corporation tax rate (22%)	17.898	10.666
Non-deductible expenses	238	-319
Adjustments in respect of current income tax of previous year	40	-65
	<b>18.176</b>	<b>10.282</b>
<b>Effective tax rate</b>	<b>22,3%</b>	<b>21,2%</b>

### § Accounting Policies

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

## Note 13 – Intangible Assets

2023			
T.DKK	Software	Software under development	Total
Cost, January 1	156.298	2.232	158.530
Additions	0	26.404	26.404
Transfer	25.219	-25.219	0
<b>Cost, December 31</b>	<b>181.517</b>	<b>3.417</b>	<b>184.934</b>
Amortization, January 1	103.387	0	103.387
Amortization	16.953	0	16.953
<b>Amortization, December 31</b>	<b>120.340</b>	<b>0</b>	<b>120.340</b>
<b>Carrying amount, December 31</b>	<b>61.177</b>	<b>3.417</b>	<b>64.594</b>

Out of the year's additions to software under development, totaling DKK 26,4m, capitalized salaries amount to DKK 25,3m.

In 2023, software under development in the amount of DKK 25,2m was released and transferred to software.

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

## Note 13 – Intangible Assets (continued)

2022

T.DKK	Software	Software under development	Total
Cost, January 1	134.290	3.292	137.582
Additions	0	20.948	20.948
Transfer	22.008	-22.008	0
<b>Cost, December 31</b>	<b>156.298</b>	<b>2.232</b>	<b>158.530</b>
Amortization, January 1	88.363	0	88.363
Amortization	15.024	0	15.024
<b>Amortization, December 31</b>	<b>103.387</b>	<b>0</b>	<b>103.387</b>
<b>Carrying amount, December 31</b>	<b>52.911</b>	<b>2.232</b>	<b>55.143</b>

In 2022, out of the year's additions to development projects in progress, totaling T.DKK 20.949, capitalized salaries amount to T.DKK 17.249.

In 2022, management performed an impairment test of the carrying amount of development projects in progress. It has been assessed that the recoverable amount in the form of value in use exceeds the carrying amount. The value in use is calculated based on expected net cash flows for a 5-year period.

### § Accounting Policies

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

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

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

## Note 14 – Property, plant and equipment

### 2023

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

Land and buildings with a carrying amount of DKK 209m comprise land of DKK 31m, which is not subject to depreciation.

### 2022

T.DKK	Land and buildings	Leasehold improvements	Other Equipment	Total
Cost, January 1	11.193	957	461	12.611
Additions	202.433	0	3.312	205.745
Transfer	706	-957	251	0
<b>Cost, December 31</b>	<b>214.332</b>	<b>0</b>	<b>4.024</b>	<b>218.356</b>
Depreciation, January 1	723	0	461	1.184
Depreciation	1.873	0	218	2.091
<b>Depreciation, December 31</b>	<b>2.596</b>	<b>0</b>	<b>679</b>	<b>3.275</b>
<b>Carrying amount, December 31</b>	<b>211.736</b>	<b>0</b>	<b>3.345</b>	<b>215.081</b>

In 2022, the DKK 202,2m in additions to land and buildings for the year are associated with the acquisition of cBrain's new headquarters, situated at Kalkbrænderiløbskaj 2, 2100 Copenhagen Ø.

In 2022, depreciation on land and buildings totaled DKK 1,9m, with DKK 1,7m attributable to leased assets.

## Note 14 – Property, plant and equipment (continued)

### § Accounting Policies

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

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

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

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

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

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

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

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

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

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

## Note 15 – Other Financial Assets

T.DKK	2023	2022
Cost, January 1	511	6.931
Additions	643	511
Disposals	-356	-6.931
<b>Cost, December 31</b>	<b>798</b>	<b>511</b>
<b>Carrying amount, December 31</b>	<b>798</b>	<b>511</b>

### § Accounting policies

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

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



## Note 16 – Trade Receivables

T.DKK	2023	2022
<b>Trade receivables, gross</b>	<b>44.059</b>	<b>40.782</b>
<b>Change in provision for credit losses:</b>		
Provision, January 1	266	114
Net change	-8	152
<b>Provision, December 31</b>	<b>258</b>	<b>266</b>
<b>Trade receivables, net</b>	<b>43.801</b>	<b>40.516</b>

### 2023

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

In the fiscal year 2023, the group updated the expected loss model to include an expected loss ratio for contract assets. However, no losses were recognized for contract assets.

The group's payment terms are primary 30 days.

### 2022

T.DKK	Not overdue	Due 1-30 days	Due 31-60 days	Due >60 days	Total
Trade receivables, gross	39.408	768	575	31	40.782
Expected credit loss	-239	-8	-17	-2	-266
<b>Trade receivables, net</b>	<b>39.169</b>	<b>760</b>	<b>558</b>	<b>29</b>	<b>40.516</b>
<b>Share of trade receivables expected to be paid</b>					<b>99%</b>
<b>Expected credit loss %</b>	<b>0,6%</b>	<b>1,0%</b>	<b>3,0%</b>	<b>6,5%</b>	<b>0,7%</b>

### § Accounting policies

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

## Note 17 – Contract Assets and Liabilities

T.DKK	2023	2022
<b>Contract assets</b>		
Work-in-progress	8.630	1.705
	<b>8.630</b>	<b>1.705</b>
<b>Contract liabilities</b>		
Deferred income	3.020	2.955
Prepayments from customers	2.143	7.512
	<b>5.163</b>	<b>10.467</b>
<b>Contract assets and liabilities are classified in the balance sheet as follows:</b>		
Contract assets	8.630	1.705
Contract liabilities	-5.163	-10.467
	<b>3.467</b>	<b>-8.762</b>

The increase in work-in-progress can be attributed to several larger IT projects which are expected to be completed and finally invoiced in the first half of 2024.

Contract assets as of December 31, 2022, relating to produced, unbilled revenue totaling DKK 1,7m are recognized in revenue in 2023.

### § Accounting policies

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

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

## Note 18 – Current Tax Liabilities

T.DKK	2023	2022
Corporation tax receivable/payable, January 1	5.114	1.493
Current tax for the year	16.206	10.098
Adjustment of tax relating to previous years	40	65
Corporation tax paid in the year	-7.580	-6.542
	<b>13.780</b>	<b>5.114</b>

### § Accounting Policies

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

## Note 19 – Share Capital

### Reconciliation of Treasury Shares

Pcs.	2023		2022	
Treasury shares, January 1	441.183	2,2%	438.010	2,2%
Treasury shares acquired in the year	3.355	0,0%	4.000	0,0%
Treasury shares sold in the year	-7.351	0,0%	-827	0,0%
	<b>437.187</b>	<b>2,2%</b>	<b>441.183</b>	<b>2,2%</b>

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

As of December 31, 2023, the group holds 437.187 treasury shares (compared to 441.183 shares as of December 31, 2022). The market value of the group's treasury shares as of December 31, 2023, is DKK 117,6m (compared to DKK 69,5m as of December 31, 2022).

In 2023, the group sold 5.893 treasury shares to employees with a total value of DKK 0,8m, and 1.458 shares were utilized for employee remuneration through share-based compensation with a value of DKK 0,2m.

During 2023, cBrain repurchased 3.355 ordinary shares. The management is authorized by the Annual General Meeting to repurchase up to 10% of its share capital.

The proposed dividend for 2023 amounts to DKK 5,6m, equivalent to DKK 0,28 per share (compared to DKK 4,2m, equivalent to DKK 0,21 per share in 2022).

### Statement of Earnings per Share

Pcs.	2023	2022
Number of shares	20.000.000	20.000.000
Average number of treasury shares	-439.185	-439.597
<b>Average number of shares, outstanding</b>	<b>19.560.815</b>	<b>19.560.403</b>
<b>Basic EPS</b>	<b>3,16</b>	<b>1,92</b>
<b>Diluted EPS (DEPS)</b>	<b>3,16</b>	<b>1,92</b>

### § Accounting Policies

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

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

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

## Note 20 – Deferred Tax Liabilities

T.DKK	2023	2022
Deferred tax liability, January 1	9.829	9.509
Adjustment for deferred tax for the year	1.930	320
<b>Deferred tax liability, December 31</b>	<b>11.759</b>	<b>9.829</b>

### Recognized deferred tax liabilities are attributable to the following:

Intangible assets	14.211	12.131
Property, plant and equipment	-318	187
Provisions, etc.	-2.134	-2.489
	<b>11.759</b>	<b>9.829</b>

### § Accounting Policies

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

## Note 21 – Borrowings

2023	Coupon Rate	Effective Interest Rate	Currency	Maturity
Floating interest rate mortgage loans	4,06%	4,06%	DKK	19 years

2022	Coupon Rate	Effective Interest Rate	Currency	Maturity
Floating interest rate mortgage loans	1,12%	1,12%	DKK	20 years

T.DKK	2023	2022
Within one year	4.215	4.968
1-3 years	8.391	14.904
3-5 years	8.334	44.712
More than 5 years	55.091	33.995
<b>Total contractual undiscounted cash flows</b>	<b>76.031</b>	<b>98.579</b>

T.DKK	2023	2022
Non-current liabilities	48.807	92.669
Current liabilities	1.906	5.910
<b>Carrying amount</b>	<b>50.713</b>	<b>98.579</b>

## Note 21 – Borrowings (continued)

### § Accounting Policies

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

Other financial liabilities are measured at amortized cost.

## Note 22 – Other payables

### § Accounting Policies

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

## Note 23 – Commitments and Contingencies

T.DKK	2023	2022
Short-term lease commitments, within one year	779	707
	<b>779</b>	<b>707</b>

### Collateral

The property located at Kalkbrænderiløbskaj 2, 2100 Copenhagen Ø, with a total carrying amount of DKK 198,4m, is used as collateral in an owner's mortgage deed to:

- Mortgage loan for the remaining debt of DKK 50,7m (2022: DKK 98,6m).
- Credit institution for DKK 15,0m as joint liability for the Group's bank balances.

### Restricted cash

cBrain's subsidiary, cBrain MENA Computer System and Design LLC, has provided security in cash deposited of DKK 1,8m (2022: DKK 1,8m) to the Group's bank in Dubai (EmiratesNBD). The group does not have withdrawal rights for the deposit, and therefore, the deposit is presented as other receivables.

### Other Contingent Liabilities

cBrain's Danish companies are jointly and severally liable for the tax on the Danish companies' income, etc. The total amount of outstanding corporate income tax in Denmark is DKK 13,9m (2022: DKK 5,1m). The Danish companies are also jointly and severally liable for Danish withholding taxes in the form of dividend tax, royalty tax, and interest tax. Any subsequent adjustments to corporate taxes and withholding taxes may result in the Group's liability being a larger amount.



## Note 24 – Related Party Transactions

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

The Group did not enter into any agreements, deals, or other transactions in 2023 in which the Parent company's Board of Directors or Executive Management Board had a financial interest, except for transactions following from the employment relationship.

Key Management Personnel consists of the Board of Directors and the Executive Management. Remuneration to members of the Board of Directors and the Executive Management Board is disclosed in note 8 and the Remuneration Report for 2023.

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

Refer to pages 34-35 for additional information on Board of Directors members. Interest in the company of members of the Board of Directors and the Executive Management Board:

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

### Shareholder Composition

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

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

As of the end of 2023, the parent company had approximately 14.700 shareholders compared to approximately 14.500 shareholders at the end of 2022.

## Note 25 – Financial Instruments and Risks

### Categories of Financial Instruments

T.DKK	2023	2022
<b>Financial assets measured at amortized cost</b>		
Other financial assets	798	511
Trade receivables	43.801	40.516
Other receivables	2.228	8.022
Cash and cash equivalents	9.234	2.225
	<b>56.061</b>	<b>51.274</b>
<b>Financial liabilities measured at amortized cost</b>		
Borrowings	50.713	98.579
Trade payables	3.429	5.418
	<b>54.142</b>	<b>103.997</b>

### Financial Risk Management Strategies

cBrain is exposed to market risks in the form of changes in exchange rates and interest rates, as well as credit risks and liquidity risks, due to its operations, investments, and financing activities.

Management believes that cBrain operates with a low-risk profile, and as such, foreign currency, interest rate, and credit risks only occur on a commercial basis. It is cBrain's policy not to engage in active speculation in financial risks.

Entering into new markets may involve transactions in foreign currencies, which could expose cBrain to currency fluctuations. Therefore, this area is closely monitored to assess the need for currency hedging instruments. For implemented optimization, refer to the following section.

## Note 25 – Financial Instruments and Risks (continued)

### Foreign Exchange Risk

cBrain's foreign exchange risk is primarily managed by matching cash inflows and outflows in the same currency. The difference between cash inflows and outflows in the same currency represents an unhedged currency risk. The majority of positions are in EUR, USD, GBP and AED.

### Currency Risk on Recognized Assets and Liabilities

2023

T.DKK	EUR	USD	GBP	AED	
Cash and cash equivalents	2.298	1.259	290	278	<b>4.125</b>
Receivables	3.289	468	172	4.599	<b>8.528</b>
Liabilities	-209	0	0	-94	<b>-303</b>
Unhedged net-position	5.378	1.727	462	4.783	<b>12.350</b>
Loss/gain at 10 % strengthening/weakening of DKK	+/- 538	+/- 173	+/- 46	+/- 478	<b>+/- 1.235</b>

2022

T.DKK	EUR	USD	GBP	AED	
Cash and cash equivalents	2.406	998	1.500	203	<b>5.107</b>
Receivables	650	49	142	0	<b>841</b>
Liabilities	-714	-74	0	0	<b>-788</b>
Unhedged net-position	2.342	973	1.642	203	<b>5.160</b>
Loss/gain at 10 % strengthening/weakening of DKK	+/- 234	+/- 97	+/- 164	+/- 20	<b>+/- 515</b>

### Interest Rate Risks

cBrain's interest rate risk is related to bank balances and debt to mortgage loans (borrowings). As of December 31, 2023, the Group has a bank balance of DKK 9,2m (2022: DKK 2,2 million). In connection with bank balances, there is a total credit facility of DKK 25 million. The bank balances are subject to variable day-to-day interest rates.

The Group's borrowings consist of a 20-year variable-rate mortgage loan with rate-fixing every 6 months. As of December 31, 2023, borrowings amount to DKK 50,7 million (2022: DKK 98,6 million). The interest rate as of December 31, 2023, is 4,06%. If the interest rate were to increase by one percentage point, it would have a negative effect of DKK 0,5 million. A corresponding decrease in interest rates would have the opposite effect. The impact of changes in interest rates on the Group's result does not differ from the impact on equity.

### Liquidity Risks

cBrain's objective is to maintain sufficient liquidity reserves to be able to respond appropriately to unforeseen fluctuations in liquidity. Excess liquidity is placed in deposit or savings accounts, considering the expected liquidity needs. Liquidity is only placed with financial institutions with high creditworthiness.

### Non-Derivative Financial Liabilities

2023

T.DKK	Less than 6 months	Between 6 and 12 months	Between 1 and 5 years	After 5 years	Total
Borrowings	2.108	2.108	16.725	55.091	76.031
Trade payables	3.429	0	0	0	3.429
Other payables	23.766	3.067	0	0	26.833
	<b>29.303</b>	<b>5.174</b>	<b>16.725</b>	<b>55.091</b>	<b>106.293</b>

## Note 25 – Financial Instruments and Risks (continued)

2022

T.DKK	Less than 6 months	Between 6 and 12 months	Between 1 and 5 years	After 5 years	Total
Borrowings	2.959	2.951	23.361	82.875	112.146
Trade payables	5.418	0	0	0	5.418
	<b>8.377</b>	<b>2.951</b>	<b>23.361</b>	<b>82.875</b>	<b>117.564</b>

### Credit Risks

Credit risk is low due to the types of customers, primarily consisting of public authorities and professional organizations. The finance department continuously reviews credit risks, including the size and age distribution of receivables from individual customers.

In 2023, an expected loss of DKK 0,3m was recognized (2022: DKK 0,6), and no losses were realized during the fiscal year.

See note 16 for further information about credit risks.

### Changes in liabilities arising from financing activities

#### Borrowings

	2023	2022
Opening, January 1	98.579	0
Borrowings	0	99.821
Repayment of borrowings	-48.073	-1.255
Amortization of loan costs (non-cash)	207	13
<b>Closing, December 31</b>	<b>50.713</b>	<b>98.579</b>

## Note 26 - Capital Structure

cBrain's management continuously assesses whether the Group's capital structure aligns with the interests of the Group and its shareholders. The overall objective is to maintain a capital structure that supports long-term financial growth while maximizing returns to the Group's stakeholders through optimizing the ratio of equity to debt. The Group's overall strategy remains unchanged from the previous year.

cBrain's capital structure consists of borrowings, lease liabilities, cash and cash equivalents, equity, including share capital, and retained earnings. The Board of Directors reviews the capital structure twice a year in connection with the presentation of the interim and annual reports. As part of this review, the Board of Directors assesses the cost of capital and the risks associated with each type of capital.

The financial gearing at the balance sheet date can be summarized as follows:

T.DKK	2023	2022
Borrowings	50.713	98.579
Cash and cash equivalents	-9.234	-2.225
	<b>41.479</b>	<b>96.354</b>
<b>Equity</b>	<b>229.180</b>	<b>169.502</b>
<b>Financial Gearing Ratio</b>	<b>18,1%</b>	<b>56,8%</b>

The Group does not have a specific target for the level of financial leverage.

## Note 27 - Events After the Balance Sheet Date

No events have occurred after the end of the fiscal year that would require adjustment or disclosure in the annual report for 2023.

## Note 28 – Key Ratios

The key figures and financial ratios have been prepared on a consolidated basis and defined and calculated in accordance with the 'Recommendations and Financial Ratios' issued by the Danish Finance Society, using the following calculation formulas:

Revenue growth rate	=	$\frac{\text{Revenue in current period} - \text{Revenue in previous period}}{\text{Revenue in previous period}}$
Profit margin (EBIT)	=	$\frac{\text{Operating profit (EBIT)}}{\text{Revenue}}$
Return of investment (ROI)	=	$\frac{\text{Result before tax (EBT)}}{\text{Total assets}}$
EBT margin	=	$\frac{\text{Earnings before income taxes (EBT)}}{\text{Revenue}}$
Liquidity ratio	=	$\frac{\text{Total current assets}}{\text{Total current liabilities}}$

Solvency ratio	=	$\frac{\text{Total equity}}{\text{Total assets}}$
Return on equity	=	$\frac{\text{Profit for the period}}{\text{Average equity}}$
Book Value per Share (BVPS)	=	$\frac{\text{Total equity}}{\text{Number of shares}}$
Basic EPS	=	$\frac{\text{Profit for the period}}{\text{Average outstanding shares}}$
Diluted EPS (DEPS)	=	$\frac{\text{Profit for the period}}{\text{Average outstanding shares} + \text{Diluted shares}}$
Average number of employees (FTEs)	=	Number of employees calculated as average FTE (full-time equivalents)
Gender diversity, all employees	=	Gender diversity is calculated as average FTE (full-time equivalents) per gender.
Scope 1 & 2 CO <sub>2</sub> e emissions (tonnes)	=	Emissions for electricity and district heating at cBrain's headquarters in Copenhagen, Denmark.

# Parent Company Financial Statements

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



## Statement of Comprehensive Income

### INCOME STATEMENT

T.DKK	Notes	2023	2022
Revenue	3,4	239.182	187.924
Cost of services	5	-3.558	-3.028
External expenses	6,7	-34.811	-28.252
Staff costs	8	-120.664	-109.256
Research and development costs capitalized		26.404	20.949
Depreciation and amortization expense	9	-25.194	-19.547
<b>Operating profit (EBIT)</b>		<b>81.359</b>	<b>48.790</b>
Financial income	10	2.988	1.258
Financial cost	11	-3.637	-1.568
<b>Earnings before income taxes (EBT)</b>		<b>80.710</b>	<b>48.480</b>
Income taxes	12	-18.013	-10.282
<b>Profit for the year</b>		<b>62.697</b>	<b>38.198</b>

### STATEMENT OF COMPREHENSIVE INCOME

T.DKK	Notes	2023	2022
Profit for the period		62.697	38.198
Other comprehensive income		0	0
<b>Total comprehensive income for the year</b>		<b>62.697</b>	<b>38.198</b>

### DISTRIBUTION OF PROFIT

T.DKK	Notes	2023	2022
Proposed dividend		5.600	4.200
Development costs reserve		7.372	4.555
Retained earnings		49.725	29.443
<b>Total</b>		<b>62.697</b>	<b>38.198</b>

## Balance Sheet

### ASSETS

T.DKK	Notes	2023	2022
Intangible assets	13	64.594	55.144
Property, plant and equipment	14	15.510	16.628
Right-of-use assets	15	56.522	62.192
Investments in subsidiaries	16	50.050	50.050
Receivables from subsidiaries	17	7.209	6.931
Other financial assets	18	798	466
<b>Total non-current assets</b>		<b>194.683</b>	<b>191.411</b>
Receivables from subsidiaries	17	92.705	42.510
Trade receivables	19	40.943	40.357
Contract assets	20	8.630	1.705
Other receivables		442	5.606
Receivables		142.720	90.178
Cash and cash equivalents		8.764	1.815
<b>Total current assets</b>		<b>151.484</b>	<b>91.993</b>
<b>Total assets</b>		<b>346.167</b>	<b>283.404</b>

### EQUITY AND LIABILITIES

T.DKK	Notes	2023	2022
Share capital		5.000	5.000
Reserve for development costs		50.317	42.945
Retained earnings		167.465	117.040
Proposed dividend		5.600	4.200
<b>Total equity</b>	23	<b>228.382</b>	<b>169.185</b>
Deferred tax liabilities	24	11.727	9.830
Lease liabilities	25	52.557	55.353
Provisions	26	500	500
<b>Total non-current liabilities</b>		<b>64.784</b>	<b>65.683</b>
Trade payables		3.379	5.172
Lease liabilities	25	5.464	6.878
Contract liabilities	20	5.163	10.467
Current tax liabilities	21	13.780	4.851
Other payables		25.215	21.168
<b>Total current liabilities</b>		<b>53.001</b>	<b>48.536</b>
<b>Total liabilities and equity</b>		<b>346.167</b>	<b>283.404</b>
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## Statement of Changes in Equity

2023

T.DKK	Share capital	Reserve for development costs	Retained earnings	Proposed dividend	Total equity
<b>Equity, January 1</b>	<b>5.000</b>	<b>42.945</b>	<b>117.040</b>	<b>4.200</b>	<b>169.185</b>
Net profit for the year	0	7.372	49.725	5.600	62.697
<b>Comprehensive income for the period</b>	<b>0</b>	<b>7.372</b>	<b>49.725</b>	<b>5.600</b>	<b>62.697</b>
Share-based payments	0	0	235	0	235
Purchase of treasury shares	0	0	-454	0	-454
Sale of treasury shares	0	0	827	0	827
Dividends	0	0	92	-4.200	-4.108
<b>Transactions with owners</b>	<b>0</b>	<b>0</b>	<b>700</b>	<b>-4.200</b>	<b>-3.500</b>
<b>Equity, December 31</b>	<b>5.000</b>	<b>50.317</b>	<b>167.465</b>	<b>5.600</b>	<b>228.382</b>

2022

T.DKK	Share capital	Reserve for development costs	Retained earnings	Proposed dividend	Total equity
<b>Equity, January 1</b>	<b>5.000</b>	<b>38.390</b>	<b>87.955</b>	<b>3.400</b>	<b>134.745</b>
Net profit for the year	0	4.555	29.443	4.200	38.198
<b>Comprehensive income for the period</b>	<b>0</b>	<b>4.555</b>	<b>29.443</b>	<b>4.200</b>	<b>38.198</b>
Share-based payments	0	0	234	0	234
Purchase of treasury shares	0	0	-666	0	-666
Dividends	0	0	74	-3.400	-3.326
<b>Transactions with owners</b>	<b>0</b>	<b>0</b>	<b>-358</b>	<b>-3.400</b>	<b>-3.758</b>
<b>Equity, December 31</b>	<b>5.000</b>	<b>42.945</b>	<b>117.040</b>	<b>4.200</b>	<b>169.185</b>

## Statement of Cash Flows

T.DKK	2023	2022	T.DKK	2023	2022
Operating profit (EBIT)	81.359	48.790	Investments in intangible assets	-26.404	-20.949
Depreciation and amortization	25.194	19.547	Investments in property, plant and equipment	-538	-5.841
<i>Change i working capital</i>			Investments in subsidiaries	-48.073	-50.000
Change in trade- and other receivables	4.578	-9.503	<b>Cash flow from investing activities</b>	<b>-75.015</b>	<b>-76.790</b>
Change in contract assets and -liabilities	-12.229	5.584	Repayment of lease liabilities	0	-3.388
Change in trade- and other payables	2.254	5.644	Interest lease payments	0	-709
Change in receivables from subsidiaries	-7.455	-45.484	Dividends paid, net	-4.108	-3.326
<b>Cash flow from operating profit</b>	<b>93.701</b>	<b>24.578</b>	<b>Cash flow from financing activities</b>	<b>-4.108</b>	<b>-7.423</b>
Share-based payments	235	234	Cash and cash equivalents, January 1	1.815	68.623
Financial items, net	-412	-776	Net cash flow for the period	6.949	-66.808
Income taxes paid	-7.452	-6.631	<b>Cash and cash equivalents, December 31</b>	<b>8.764</b>	<b>1.815</b>
<b>Cash flow from operating activities</b>	<b>86.072</b>	<b>17.405</b>			

# Notes to the Parent Company Financial Statement



## Note 1 - Accounting Policies

### Basis of Preparation

The separate annual financial statements for the parent company are included in the annual report because the Danish Financial Statements Act requires a separate parent company financial statement.

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

The parent company's financial statements are presented in thousands of Danish kroner (T.DKK), which is considered the functional currency of the Parent company's activities. Amounts are presented in European format.

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

The accounting policies are the same as those for consolidated financial statements, with the exception described below. For a detailed description of the group's accounting policies, please refer to note 1 of the consolidated financial statements

### Foreign Currency Translation

Foreign exchange adjustments of intragroup accounts are recognized in the income statement in cBrain A/S' financial statements. Foreign exchange adjustments of intra-group accounts between cBrain A/S and subsidiaries are considered part of the net investment in the subsidiaries concerned. Settlement of intra-group balances considered part of the net investment are not, per se, considered a partial divestment of a subsidiary.

### Investments in subsidiaries

Investments in subsidiaries are measured at cost, for a detailed description please refer to note 16.

### Taxation

cBrain A/S is subject to the Danish rules on mandatory joint taxation of the Group's Danish subsidiaries. cBrain A/S serves as the Group's administration company for group taxation and consequently settles all corporate tax payments with the tax authorities. Contributions to/from subsidiaries within the group taxation regime are recognized under tax on the profit for the year. Tax liabilities and receivables are recorded under current assets/liabilities.

Joint tax contributions to be paid or received are recognized in the balance sheet under receivables from or payables to group companies. Companies that utilize tax losses in other companies pay joint tax contribution to the parent company equivalent to the tax value of the utilized losses, while companies whose tax losses are utilized by other companies receive joint tax contributions from the parent company, equivalent to the tax value of the utilized losses (full allocation).

## Note 2 - Accounting Estimates

For a description of the accounting estimates please refer to note 2 to the consolidated financial statements.

It is management's judgments that all critical accounting estimates with respect to the parent company are included in note 2 of the consolidated financial statements and that there are no critical accounting estimates which are unique to the parent.

## Note 3 – Segment Information

### Market areas

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

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

### Segments

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

The intangible and property, plant and equipment recognized on the Group's balance sheet can be attributed to Denmark.

T.DKK	2023	2022
<b>Products and Services</b>		
Software	189.179	135.406
Services	50.003	52.518
	<b>239.182</b>	<b>187.924</b>
<b>Timing of revenue recognition</b>		
Over time	198.796	148.693
At a point in time	40.386	39.231
	<b>239.182</b>	<b>187.924</b>
<b>Geographical information</b>		
Denmark	155.498	125.739
Other EU-countries	75.930	54.488
Countries outside the EU	7.754	7.697
	<b>239.182</b>	<b>187.924</b>
<b>Significant Customers</b>		
Customer A*	128.884	104.274
Customer B	74.091	53.643

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

## Note 4 – Net revenue

T.DKK	2023	2022
Software	189.179	135.406
Services	50.003	52.518
	<b>239.182</b>	<b>187.924</b>

### § Accounting Policies

For a description of the accounting policies, please refer to the consolidated financial statements note 4.

## Note 5 – Cost of Services

### § Accounting Policies

For a description of the accounting policies, please refer to the consolidated financial statements note 5.

## Note 6 - External Expenses

### § Accounting Policies

For a description of the accounting policies, please refer to the consolidated financial statements note 6.

## Note 7 - Fees to the Statutory Auditors

T.DKK	2023	2022
Statutory audit	791	595
Other assurance services	160	155
Tax and VAT advisory services	60	0
Other services	30	30
	<b>1.041</b>	<b>780</b>

Fees for services other than the statutory audit of the financial statements provided by EY Godkendt Revisionspartnerselskab, Denmark amounted to T.DKK 250 (2022: T.DKK 185). This includes assurance opinions related to IT, other assurance opinions, agreed-upon procedures as well as tax compliance related services

## Note 8 – Staff costs

T.DKK	2023	2022
Wages and salaries	117.939	105.827
Social security costs	2.308	2.760
Share-based payment expense	5	296
Board fee	350	350
Other personnel expenses	62	23
	<b>120.664</b>	<b>109.256</b>
<b>Average number of employees</b>	<b>167</b>	<b>150</b>

### Fees and remuneration to the Board of Directors and Executive Management

T.DKK	2023	2022
<b>Fees to the Board of Directors</b>		
Board fee	350	350
<b>Remuneration to the Executive Management</b>		
Fixed base salary	3.434	3.434
Short-term cash incentive	1.583	1.462
	<b>5.017</b>	<b>4.896</b>
<b>Total short-term remuneration</b>	<b>5.367</b>	<b>5.246</b>

#### § Accounting Policies

For a description of the accounting policies, please refer to the consolidated financial statements note 8.

## Note 9 – Depreciation and Amortization Expense

T.DKK	2023	2022
Software	16.953	15.024
Leases	6.585	3.883
Land and buildings	206	206
Furnishing of rented premises	656	216
Other Equipment	794	218
	<b>25.194</b>	<b>19.547</b>

#### § Accounting policies

For a description of the accounting policies, please refer to the consolidated financial statements note 9.

## Note 10 – Financial Income

T.DKK	2023	2022
Interest income, subsidiaries	1.852	540
Interest income, other	595	52
Exchange rate gains	541	666
	<b>2.988</b>	<b>1.258</b>

#### § Accounting Policies

For a description of the accounting policies, please refer to the consolidated financial statements note 10.

## Note 11 - Financial Cost

T.DKK	2023	2022
Interest expense, leases	2.038	709
Interest expense, other	785	520
Exchange rate losses	814	339
	<b>3.637</b>	<b>1.568</b>

### § Accounting Policies

For a description of the accounting policies, please refer to the consolidated financial statements note 11.

## Note 12 – Income Taxes

T.DKK	2023	2022
Current tax on profits for the year	16.076	10.026
Adjustment for deferred tax	1.897	321
Adjustments in respect of current income tax of previous year	40	-65
	<b>18.013</b>	<b>10.282</b>
<b>Total income tax</b>		
Tax using the Danish corporation tax rate (22%)	17.756	10.666
Non-deductible expenses	217	-319
Adjustments in respect of current income tax of previous year	40	-65
	<b>18.013</b>	<b>10.282</b>
<b>Effective tax rate</b>	<b>22,3%</b>	<b>21,2%</b>

### § Accounting Policies

For a description of the accounting policies, please refer to the consolidated financial statements note 12.

## Note 13 - Intangible Assets

2023			
T.DKK	Software	Software under development	Total
Cost, January 1	156.298	2.233	158.531
Additions	0	26.403	26.403
Transfer	25.219	-25.219	0
<b>Cost, December 31</b>	<b>181.517</b>	<b>3.417</b>	<b>184.934</b>
Amortization, January 1	103.387	0	103.387
Amortization	16.953	0	16.953
<b>Amortization, December 31</b>	<b>120.340</b>	<b>0</b>	<b>120.340</b>
<b>Carrying amount December 31</b>	<b>61.177</b>	<b>3.417</b>	<b>64.594</b>

Out of the year's additions to software under development, totaling DKK 26,4m, capitalized salaries amount to DKK 25,3m.

In 2023, software under development in the amount of DKK 25,2m was released and transferred to software.

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



## Note 13 - Intangible Assets (continued)

2022

T.DKK	Software	Software under development	Total
Cost, January 1	134.290	3.292	137.582
Additions	0	20.949	20.949
Transfer	22.008	-22.008	0
<b>Cost, December 31</b>	<b>156.298</b>	<b>2.233</b>	<b>158.531</b>
Amortization, January 1	88.363	0	88.363
Amortization	15.024	0	15.024
<b>Amortization, December 31</b>	<b>103.387</b>	<b>0</b>	<b>103.387</b>
<b>Carrying amount December 31</b>	<b>52.911</b>	<b>2.233</b>	<b>55.144</b>

In 2022, out of the year's additions to development projects in progress, totaling T.DKK 20.949, capitalized salaries amount to T.DKK 17.249.

In 2022, management performed an impairment test of the carrying amount of development projects in progress. It has been assessed that the recoverable amount in the form of value in use exceeds the carrying amount. The value in use is calculated based on expected net cash flows for a 5-year period.

### § Accounting Policies

For a description of the accounting policies, please refer to the consolidated financial statements note 11.

## Note 14 - Property, plant and Equipment

2023

T.DKK	Land and buildings	Leasehold improvements	Other Equipment	Total
Cost, January 1	11.193	3.235	4.024	18.452
Additions	0	67	471	538
Disposals	0	0	0	0
<b>Cost, December 31</b>	<b>11.193</b>	<b>3.302</b>	<b>4.495</b>	<b>18.990</b>
Depreciation, January 1	929	216	679	1.824
Depreciation	206	656	794	1.656
<b>Depreciation, December 31</b>	<b>1.135</b>	<b>872</b>	<b>1.473</b>	<b>3.480</b>
<b>Carrying amount December 31</b>	<b>10.058</b>	<b>2.430</b>	<b>3.022</b>	<b>15.510</b>

2022

T.DKK	Land and buildings	Leasehold improvements	Other Equipment	Total
Cost, January 1	11.193	957	461	12.611
Additions	0	2.529	3.312	5.841
Transfer	0	-251	251	0
<b>Cost, December 31</b>	<b>11.193</b>	<b>3.235</b>	<b>4.024</b>	<b>18.452</b>
Depreciation, January 1	723	0	461	1.184
Depreciation	206	216	218	640
<b>Depreciation, December 31</b>	<b>929</b>	<b>216</b>	<b>679</b>	<b>1.824</b>
<b>Carrying amount December 31</b>	<b>10.264</b>	<b>3.019</b>	<b>3.345</b>	<b>16.628</b>

## Note 14 - Property, plant and Equipment (continued)

### § Accounting Policies

In relation to the accounting policies described for the consolidated financial statements note 14, the parent company's accounting policies differ in the following aspects:

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

- Land: is not depreciated.
- Buildings: 30 years.
- Leasehold improvements: 5 years
- Other equipment: 3-5 years.

## Note 15 – Right-of-use Assets

### Office leases

T.DKK	2023	2022
Cost, January 1	64.337	47.901
Addition (remeasurement)	915	21.634
Disposal	0	-5.198
<b>Cost, December 31</b>	<b>65.252</b>	<b>64.337</b>
Depreciation, January 1	2.145	2.542
Depreciation	6.585	4.262
Depreciation reversed on disposals	0	-4.659
<b>Amortization, December 31</b>	<b>8.730</b>	<b>2.145</b>
<b>Carrying amount, December 31</b>	<b>56.522</b>	<b>62.192</b>

### § Accounting Policies

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

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

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

## Note 16 - Investments in Subsidiaries

T.DKK	2023	2022
Cost, January 1	50.340	340
Additions	0	50.000
<b>Cost, December 31</b>	<b>50.340</b>	<b>50.340</b>
Impairment losses, January 1	-290	-290
<b>Impairment losses, December 31</b>	<b>-290</b>	<b>-290</b>
<b>Carrying amount, December 31</b>	<b>50.050</b>	<b>50.050</b>

## Note 16 - Investments in Subsidiaries (continued)

The capital shares in subsidiaries are specified as follows:

Name	Place of origin	Share capital	Voting and ownership share	Equity	Profit for the year
cProperty ApS	Copenhagen, Denmark	100	100%	48.608	-1.071
cBrain MENA Computer System and Design LLC	Dubai, UAE	0	100%	248	91
cBrain North America LLC	Delaware, USA	0	100%	0	0
cBrain Omni Ghana Ltd	Accra, Ghana	0	50%*	0	0
cBrain Kodumburur India Private Limited	Tamil Nadu, India	-	50%*	Under establishment	

\*Shareholder agreements give cBrain control of the company.

### § Accounting Policies

Investments in subsidiaries are measured in the parent company's financial statements at cost. The cost includes the purchase consideration recognized at fair value plus direct acquisition costs.

If there is an indication of impairment, impairment tests are conducted as described in the accounting policies applied for the consolidated financial statements. Where the carrying amount exceeds the recoverable amount, it is written down to this lower value.

When distributing reserves other than retained earnings in subsidiaries, the distribution reduces the acquisition cost of the investments if the distribution has the character of a repayment of the parent company's investment.

## Note 17 - Receivables from Subsidiaries

### § Accounting Policies

Long-term receivables from subsidiaries include office rent deposits to cBrains' 100% owned subsidiary, cProperty ApS (CVR no. 37294098). The amount is equivalent to one year's lease payments. The office rent is price-regulated annually with a minimum of 2% and a maximum of 4% annually. As a result, the rental deposit is adjusted accordingly.

Short-term receivables from subsidiaries mainly include a short-term loan to cProperty ApS provided in connection with the purchase of Utzon House in 2022.

In 2023, cProperty ApS made an extraordinary repayment of DKK 45m, financed by a loan from cBrain. As of December 31, 2023, the mortgage loan (borrowings) in cProperty has a carrying amount of DKK 51m, and the property, plant, and equipment have a carrying amount of DKK 196m. Therefore, cBrain does not expect any credit loss on this receivable.

The short-term loans are accruing interest at a rate equivalent to cBrain's deposit rate at the company's bank. As of December 31, 2023, the interest rate was 2,85% (2022: 2,00%).

## Note 18 – Other Financial Assets

T.DKK	2023	2022
Cost, January 1	466	6.931
Additions	643	466
Disposals	-311	-6.931
<b>Cost, December 31</b>	<b>798</b>	<b>466</b>
<b>Carrying amount, December 31</b>	<b>798</b>	<b>466</b>

### § Accounting Policies

For a description of the accounting policies, please refer to the consolidated financial statements note 15.

## Note 19 – Trade Receivables

T.DKK	2023	2022
<b>Trade receivables, gross</b>	<b>41.201</b>	<b>40.623</b>
<b>Change in provision for credit losses:</b>		
Provision, January 1	266	114
Net change	-8	152
<b>Provision, December 31</b>	<b>258</b>	<b>266</b>
<b>Trade receivables, net</b>	<b>40.943</b>	<b>40.357</b>

### § Accounting policies

For a description of the accounting policies, please refer to the consolidated financial statements note 16.

### Reconciliation of expected credit loss

2023					
T.DKK	Not overdue	Due 1-30 days	Due 31-60 days	Due >60 days	Total
Contract assets, gross	8.630	0	0	0	8.630
Trade receivables, gross	40.772	2.603	114	570	44.059
Expected credit loss	-226	-19	-2	-11	-258
<b>Trade receivables, net</b>	<b>40.546</b>	<b>2.584</b>	<b>112</b>	<b>559</b>	<b>43.801</b>
<b>Trade receivables and contract assets, net</b>	<b>49.176</b>	<b>2.584</b>	<b>112</b>	<b>559</b>	<b>52.431</b>
<b>Share of trade receivables expected to be paid</b>					<b>99%</b>
<b>Expected credit loss %</b>	<b>0,6%</b>	<b>0,7%</b>	<b>1,8%</b>	<b>1,9%</b>	<b>0,6%</b>

2022					
T.DKK	Not overdue	Due 1-30 days	Due 31-60 days	Due >60 days	Total
Trade receivables, gross	39.408	768	575	31	40.782
Expected credit loss	-239	-8	-17	-2	-266
<b>Trade receivables, net</b>	<b>39.169</b>	<b>760</b>	<b>558</b>	<b>29</b>	<b>40.516</b>
<b>Share of trade receivables expected to be paid</b>					<b>99%</b>
<b>Expected credit loss %</b>	<b>0,6%</b>	<b>1,0%</b>	<b>3,0%</b>	<b>6,5%</b>	<b>0,7%</b>

## Note 20 – Contract Assets and Liabilities

T.DKK	2023	2022
<b>Contract assets</b>		
Work-in-progress	8.630	1.705
	<b>8.630</b>	<b>1.705</b>
<b>Contract liabilities</b>		
Deferred income	3.020	2.955
Prepayments from customers	2.143	7.512
	<b>5.163</b>	<b>10.467</b>
<b>Contract assets and liabilities are classified in the balance sheet as follows:</b>		
Contract assets	8.630	1.705
Contract liabilities	-5.163	-10.467
	<b>3.467</b>	<b>-8.762</b>

Contract assets as of December 31, 2022, relating to produced, unbilled revenue totaling DKK 1,7m are recognized in revenue in 2023.

### § Accounting policies

For a description of the accounting policies, please refer to the consolidated financial statements note 17.

## Note 21 – Current Tax Liabilities

T.DKK	2023	2022
Corporation tax receivable/payable, January 1	4.851	1.493
Current tax for the year	16.076	9.835
Adjustment of tax relating to previous years	40	65
Corporation tax paid in the year	-7.187	-6.542
	<b>13.780</b>	<b>4.851</b>

### § Accounting Policies

For a description of the accounting policies, please refer to the consolidated financial statements note 18.

## Note 22 – Other Payables

### § Accounting Policies

For a description of the accounting policies, please refer to the consolidated financial statements note 22.

## Note 23 – Share Capital

### Reconciliation on Treasury Shares

Pcs.	2023		2022	
Treasury shares January 1	441.183	2,2%	438.010	2,2%
Treasury shares acquired in the year	3.355	0,0%	4.000	0,0%
Treasury shares sold in the year	-7.351	0,0%	-827	0,0%
	<b>437.187</b>	<b>2,2%</b>	<b>441.183</b>	<b>2,2%</b>

## Note 23 – Share Capital (continued)

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

As of December 31, 2023, the group holds 437.187 treasury shares (compared to 441.183 shares as of December 31, 2022). The market value of the group's treasury shares as of December 31, 2023, is DKK 117,6m (compared to DKK 69,5m as of December 31, 2022).

In 2023, the group sold 5.893 treasury shares to employees with a total value of DKK 0,8m, and 1.458 shares were utilized for employee remuneration through share-based compensation with a value of DKK 0,2m.

During 2023, cBrain repurchased 3.355 ordinary shares. The management is authorized by the Annual General Meeting to repurchase up to 10% of its share capital.

The proposed dividend for 2023 amounts to DKK 5,6m, equivalent to DKK 0,28 per share (compared to DKK 4,2m, equivalent to DKK 0,21 per share in 2022).

### Statement of Earnings per Share

Pcs.	2023	2022
Number of shares	20.000.000	20.000.000
Average number of treasury shares	-439.185	-439.597
<b>Average number of shares, outstanding</b>	<b>19.560.815</b>	<b>19.560.403</b>
<b>Basic EPS</b>	<b>3,13</b>	<b>1,91</b>
<b>Diluted EPS (DEPS)</b>	<b>3,13</b>	<b>1,91</b>

## § Accounting Policies

For a description of the accounting policies, please refer to the consolidated financial statements note 19.

## Note 24 – Deferred Tax Liabilities

T.DKK	2023	2022
Deferred tax liability January 1	9.830	9.509
Adjustment for deferred tax for the year	1.897	321
<b>Deferred tax liability December 31</b>	<b>11.727</b>	<b>9.830</b>
<b>Recognized deferred tax liabilities are attributable to the following:</b>		
Intangible assets	14.211	12.131
Property, plant and equipment	-350	188
Provisions, etc.	-2.134	-2.489
	<b>11.727</b>	<b>9.830</b>

## § Accounting Policies

For a description of the accounting policies, please refer to the consolidated financial statements note 20.



## Note 25 – Lease Liabilities

T.DKK	2023	2022
<b>Undiscounted lease liability</b>		
Within one year	7.329	6.966
Between 1 and 3 years	15.100	14.353
Between 3 and 5 years	15.710	14.933
More than 5 years	29.543	37.722
	<b>67.682</b>	<b>73.974</b>
<b>Amounts recognized in the balance sheet</b>		
Current financial liabilities	5.464	6.878
Non-current financial liabilities	52.557	55.353
	<b>58.021</b>	<b>62.231</b>
<b>Amounts recognized in the statement of profit or loss</b>		
Lease payments	7.162	3.388
Interest expenses related to lease liabilities	2.072	709
	<b>9.234</b>	<b>4.097</b>

### § Accounting Policies

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

## Note 26 – Provisions

T.DKK	2023	2022
Provisions, January 1	500	1.450
Arising during the year	0	500
Unused amounts reversed	0	-1.450
<b>Provisions, December 31</b>	<b>500</b>	<b>500</b>

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

## Note 27 – Commitments and Contingencies

T.DKK	2023	2022
Short-term lease commitments, within one year	779	707
	<b>779</b>	<b>707</b>

### Guarantee obligations

cBrain A/S acts as a guarantor for its 100% owned subsidiary cProperty ApS's mortgage loan for the remaining debt of DKK 50,7m (2022: DKK 98,6m). The property located at Kalkbrænderiløbskaj 2, 2100 Copenhagen Ø, has a total carrying amount of DKK 198,4m,

## Note 27 – Commitments and Contingencies (continued)

### Other Contingent Liabilities

cBrain's Danish companies are jointly and severally liable for the tax on the Danish companies' income, etc. The total amount of outstanding corporate income tax in Denmark is DKK 13,9m (2022: DKK 5,1m). The Danish companies are also jointly and severally liable for Danish withholding taxes in the form of dividend tax, royalty tax, and interest tax. Any subsequent adjustments to corporate taxes and withholding taxes may result in the Group's liability being a larger amount.

## Note 28 – Related Parties Transactions

For the Parent company, in addition to transactions with other related parties depicted in note 24 of the consolidated financial statements, related parties also comprise subsidiaries where cBrain A/S has a controlling or significant influence.

The Parent company leases cBrains headquarter from its 100% owned subsidiary cProperty ApS (CVR no. 37294098), please refer to note 15 and note 25.

The Parent company's outstanding balance with subsidiaries comprises receivables of DKK 99,9m, current account DKK 92,7m and non-current group deposits DKK 7,2m (2022: DKK 47,3m, current account DKK 40,4m and non-current group deposits DKK 6,9m).

Balances with subsidiaries comprise office rent deposits to cBrains' 100% owned subsidiary, cProperty ApS and short-term loans to cProperty ApS provided in connection with the purchase of Utzon House in 2022. The short-term loans are accrued interest. For more information, please refer to note 16. Interest on receivables from subsidiaries is specified in note 10.

## Note 29 – Financial Instruments and Risks

### Categories of Financial Instruments

T.DKK	2023	2022
<b>Financial assets measured at amortized cost</b>		
Receivables from subsidiaries	92.705	42.510
Trade receivables	40.943	40.357
Other receivables	442	6.072
Cash and cash equivalents	8.764	1.815
	<b>142.854</b>	<b>90.754</b>
<b>Financial liabilities measured at amortized cost</b>		
Lease liabilities	58.021	62.231
Provisions	500	500
Trade payables	3.379	5.172
	<b>61.900</b>	<b>67.903</b>

### Financial Risk Management Strategies

cBrain is exposed to market risks in the form of changes in exchange rates and interest rates, as well as credit risks and liquidity risks, due to its operations, investments, and financing activities.

Management believes that cBrain operates with a low-risk profile, and as such, foreign currency, interest rate, and credit risks only occur on a commercial basis. It is cBrain's policy not to engage in active speculation in financial risks.

Entering into new markets may involve transactions in foreign currencies, which could expose cBrain to currency fluctuations. Therefore, this area is closely monitored to assess the need for currency hedging instruments. For implemented optimization, refer to the following section.

## Note 29 – Financial Instruments and Risks (continued)

### Foreign Exchange Risk

cBrain's foreign exchange risk is primarily managed by matching cash inflows and outflows in the same currency. The difference between cash inflows and outflows in the same currency represents an unhedged currency risk. The majority of positions are in EUR, USD, GBP and AED.

### Currency Risk on Recognized Assets and Liabilities

2023					
T.DKK	EUR	USD	GBP	AED	
Cash and cash equivalents	2.298	1.259	290	0	<b>3.847</b>
Receivables	3.289	468	172	4.535	<b>8.464</b>
Liabilities	-209	0	0	0	<b>-209</b>
Unhedged net-position	5.378	1.727	462	4.535	<b>12.102</b>
Loss/gain at 10 % strengthening/weakening of DKK	+/- 538	+/- 173	+/- 46	+/- 454	<b>+/- 1.210</b>

2022					
T.DKK	EUR	USD	GBP	AED	
Cash and cash equivalents	2.406	998	1.500	0	<b>4.904</b>
Receivables	650	49	142	2.031	<b>2.872</b>
Liabilities	-714	-74	0	0	<b>-788</b>
Unhedged net-position	2.342	973	1.642	2.031	<b>6.988</b>
Loss/gain at 10 % strengthening/weakening of DKK	+/- 234	+/- 97	+/- 164	+/- 203	<b>+/- 699</b>

### Interest Rate Risks

cBrain's interest rate risk is related to bank balances and debt to mortgage loans (borrowings). As of December 31, 2023, the company has a bank balance of DKK 8,8m (2022: DKK 1,8 million). In connection with bank balances, there is a total credit facility of DKK 25 million. The bank balances are subject to variable day-to-day interest rates.

### Liquidity Risks

cBrain's objective is to maintain sufficient liquidity reserves to be able to respond appropriately to unforeseen fluctuations in liquidity. Excess liquidity is placed in deposit or savings accounts, considering the expected liquidity needs. Liquidity is only placed with financial institutions with high creditworthiness.

### Non-Derivate Financial Liabilities

2023					
T.DKK	Less than 6 months	Between 6 and 12 months	Between 1 and 5 years	After 5 years	Total
Lease liabilities	3.652	3.676	38.902	20.951	67.181
Trade payables	3.379	0	0	0	3.379
Other payables	22.148	3.067	0	0	25.215
	<b>28.224</b>	<b>5.834</b>	<b>32.575</b>	<b>19.981</b>	<b>86.614</b>

## Note 29 – Financial Instruments and Risks (continued)

2022

T.DKK	Less than 6 months	Between 6 and 12 months	Between 1 and 5 years	After 5 years	Total
Lease liabilities	3.483	3.483	29.286	37.722	73.974
Trade payables	5.172	0	0	0	5.172
Other payables	14.705	6.463	0	0	21.168
	<b>23.360</b>	<b>9.946</b>	<b>29.286</b>	<b>37.722</b>	<b>100.314</b>

### Credit Risks

Credit risk is low due to the types of customers, primarily consisting of public authorities and professional organizations. The finance department continuously reviews credit risks, including the size and age distribution of receivables from individual customers.

In 2023, an expected loss of DKK 0,3m was recognized (2022: DKK 0,6), and no losses were realized during the fiscal year.

The company has not entered into derivative financial instruments for hedging recognized financial assets and liabilities.

## Note 30 - Capital Structure

T.DKK	2023	2022
<b>The financial gearing at the balance sheet date can be summarized as follows:</b>		
Lease liabilities	58.021	73.974
Cash and cash equivalents	-8.764	-1.815
	<b>49.257</b>	<b>72.159</b>
<b>Equity</b>	<b>228.382</b>	<b>169.185</b>
<b>Financial Gearing Ratio</b>	<b>21,6%</b>	<b>42,7%</b>

## Note 31 - Events After the Balance Sheet Date

There have been no events occurring after the end of the fiscal year that would require adjustment or disclosure in the annual report.



## The Utzon House in Nordhavn

- from showroom to cBrain's Headquarters

**"The core of the Paustian Project, as described by Jørgen Utzon himself in connection with Sydney, is that the construction is the architecture, and that approach is also evident today, where the house has been renovated in connection with a new owner taking over the property.**

**With its interspersed decks and open spaces between white columns, this house makes a strong impression and should attract renewed attention in relation to questions of durability (and equally sustainability), natural light and simplicity of construction."**

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