

A black and white photograph of a flower spike, likely a lily, with many small, bell-shaped flowers. The background is blurred, showing other plants and light spots.

**Tax Report  
2023**

# cBrain's Tax Report 2023

## **cBrain's approach to tax**

Tax is a material topic for cBrain, and this report describes our approach to taxes in general as well as certain tax information for the group's most significant countries for the fiscal year 2023.

## **cBrain's tax policy**

The Board of Directors is responsible for and has approved the Group's tax policy, which sets out the overall principles and guidelines for managing cBrain's global tax affairs.

As stated in the tax policy, cBrain is committed to, among other things, acting and behaving as a good corporate citizen and conducting non-aggressive tax planning.

The tax policy is available on the company's website: [www.cbrain.com/csr/policies](http://www.cbrain.com/csr/policies).

## **Governance and risk**

Responsibility for all operational aspects of the Group's tax policy and tax risk management lies with the Group CFO and is regularly monitored by the Audit Committee.

cBrain employs qualified staff with tax expertise and uses reputable external specialists and advisors where there is uncertainty about the application or interpretation of tax law.

The parent company and consolidated financial tax information in cBrain's Annual Report is audited by the Groups independent external auditor, EY.

## **Regulatory compliance**

All cBrain's business and financial activities must comply with applicable local tax laws and reflect generally accepted principles of international taxation. This includes the preparation of complete and accurate tax returns and timely reporting and payment to the relevant tax authorities.

Local tax returns and other compliance work are outsourced to external specialists where cBrain does not have the necessary skills in-house.

Pricing mechanisms for intra-group transactions are aligned with the OECD arm's length principle, unless we are legally obliged to use an alternative pricing mechanism.

## **Tax incentives**

cBrain only makes use of government tax incentives where they are transparent, in accordance with the regulatory framework and directly related to the commercial content of our activities in the country offering the incentive.

The cBrain Group's Danish parent company cBrain A/S performs research and development activities that are eligible for a tax incentive in the form of an increased tax deduction. The value of the additional deductions in 2023 was DKK 0,8m (tax value: DKK 0,2m). This incentive is not unique to cBrain and is generally available under Danish tax law.

No other tax incentives are used.

## **Relationship between business and sustainability goal**

cBrain's tax strategies are developed based on the principles of "good citizenship", including:

- Paying the taxes expected of a good citizen\*
- Behaving in an expected manner and ensuring transparency
- Balancing the interests of the company and its owners with the interests of society
- Act and operate in the same way across all countries

\*Being a responsible citizen is one of cBrain's core principles. Responsibility in relation to taxes means paying the right amount of tax at the right time in all countries where we operate.

## **Business structures**

The business structures used in the cBrain Group are established solely for commercial considerations and are aligned with the above principles. cBrain does not establish artificially fragmented structures or contracts to avoid establishing a taxable presence in jurisdictions in which we operate.

The legal form used in the cBrain Group is primarily wholly owned subsidiaries. cBrain's business activities in Germany make use of the rules on permanent establishment abroad and the branch is adapted to cBrain's commercial activity in the country.

**Business structures (continued)**

cBrain has a limited presence in tax haven countries (countries with tax rates below 15%) or non-cooperative jurisdictions, including Dubai (UAE). Our presence is solely a result of our normal commercial trading activities. The financial tax information for these countries is included in the country-by-country reporting. See tables 1 and 2.

**Sustainability goals**

Wherever cBrain operates around the world, we are committed to supporting social development and sustainable growth through our business activities. We have signed up to the UN Global Compact and the UN Sustainable Development Goals, which we recognize as a robust plan to achieve a better and more sustainable future for all.

Tax compliance and the correct, accurate and timely payment of taxes contribute to the achievement of a number of the UN Sustainable Development Goals and the ten principles of the UN Global Compact. With cBrain's tax policy and approach to tax payment, we put these values into action, not least supporting the mindset behind SDG16 and Good Governance.

Our other work with the SDGs is described in cBrain's Corporate Sustainability Report, which can be found on the company's website:

[www.cbrain.com/corporate-governance](http://www.cbrain.com/corporate-governance)

**Relationships with stakeholders**

All cBrain Group companies, business units and employees operate under the cBrain Code of Conduct, which, together with our Tax Policy, reiterates the behavior and standards expected of our Group companies, business units and employees.

cBrain's Code of Conduct that supports the value set can be found on the company's website:

[www.cbrain.com/csr](http://www.cbrain.com/csr)

The Audit Committee manages cBrain's global whistleblower program, where employees can speak up, e.g., about critical tax issues without fear of negative consequences.

We also actively cooperate with the tax authorities in the countries where we operate and strive to have a positive and open dialog. Where possible, we will seek early guidance from tax authorities.

In 2023, there are no ongoing investigations, inquiries, disputes or pending cases with tax authorities.

**Country-by-country reporting**

To increase the transparency of the Group's tax payments, payable taxes and effective tax rate for the Group's most significant countries are presented. The materiality of countries is determined based on revenue and activity in each country. The country information below represents 100% of the total taxable income for the group in 2023.

A list of the group's companies can be found in cBrain's Annual Report for 2023 on page 83.

The Annual Report for 2023 is available on the company's website:

[www.cbrain.dk/financialreports/2023](http://www.cbrain.dk/financialreports/2023)

**Total tax footprint**

The total tax footprint of the cBrain Group during the year involved a total tax contribution of DKK 55,7m divided between DKK 16,2m as taxes borne and DKK 39,5m as taxes collected.

**Table 1 - Country-by-Country Reporting**

T.DKK	Denmark	The UAE	Germany
Taxable income for the year	72.574	52	795
Current tax paid/received in the year	7.144	0	240
Tax payable/receivable as of December 31	13.780	0	0
Effective tax, in percent	22,3%	0,0%	30,0%

**Table 2 - Country-by-country other information**

	Denmark	The UAE	Germany
Customer sales and service	●	●	
Product development	●		
Marketing and advertising	●	●	●
Headquarters and business functions	●		

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