IT CONSULTING
Driven by High Performance

2022

Annual Report

Approved at the Company's annual general meeting on 22 May 2023

Chairman:

Lars Lüthjohan Jensen
Attorney-at-law

7N A/S Emdrupvej 26B,
2. DK-2100 Copenhagen
CVR no. 5081 0216

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Our Values

7N is a value-driven company focused on treating all stakeholders well. This is manifested by our three core values that have guided our engagements for more than 20 years.

Professionalism

We strive to be among the best in our field, whether we are IT consultants, agents or support staff, and use our knowledge and skills to benefit others. We know our business and get things done.

Mindset of a Servant

We exist to understand, serve and help our clients, our consultants and our fellow employees. In our world, no one gets anywhere by putting their own interests first.

Respect

We respect the people around us and listen to what they have to say. We make sure we take the time to understand their views.

7N at a Glance

+14%

Revenue growth to
DKK 1,414 million

1,676

Engaged consultants

57 MDKK

Adjusted EBITA

20 countries

with engaged consultants

11 offices

in 8 countries

18 years

Average seniority of consultants

50/50

Board gender ratio

+220

Clients in +2,500 projects

65

Employee NPS score

All numbers are financial year 2022,
or as at 31 December 2022

The Flexible IT Consultancy for Digital Success

7N constitutes a global network of extraordinary IT people – delivering on our clients' objectives and beyond

Over decades, 7N has been part of several waves of digitalization. Today, our consultants work across industries and geographical borders to deliver the projects that define the new digital realities.

We offer clients a highly specialized portfolio of IT services and solutions delivered by the top 3% of IT professionals. Our expertise spans across many industries providing digital transformation across all phases of the IT project life cycle.

By engaging early with 7N, our clients already benefit from our expertise when defining project scope and strategic needs, and they always gain flexibility to adapt and accommodate changing demands while retaining control and maintaining ownership of IT development in-house.

We are headquartered in Copenhagen, Denmark with a global reach and local presence across eight countries with core markets being Denmark and Poland. At year-end 2022, we had more than 1,675 engaged consultants in 20 countries globally. In addition, we have access to a competent and experienced group of consultants with more than 6,300 vetted and tested individuals.

GEOGRAPHICAL SPLIT

	Revenue (DKK M)	Consultants (no.)
DENMARK	**810**	**488**
POLAND	**432**	**1,052**
OTHER COUNTRIES	**172**	**136**

Letter From Our CEO

Navigating a changing landscape with our flexible business model

Despite the challenging global market conditions, 7N has delivered solid financial results once again. In 2022, 7N's group revenue grew by 14%, with core businesses in Denmark and Poland growing by 6% and 26%, respectively. Other Markets, including the US and Norway, saw an impressive 24% growth.

These positive results are the direct outcomes of our strategic focus on developing our core services, implementing an industry vertical approach, leveraging the value of global remote work, and a continued focus on consultant satisfaction.

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I am pleased to present 7N's Annual Report for the year 2022. Despite the challenging global conditions, we have remained true to our commitment to deliver value to our clients through trust, quality of service, and the extraordinary expertise of our consultants.

A changing landscape

Unprecedented challenges in the global market have marked the past year. The geopolitical unrest, combined with higher interest rates and inflation, created a more cautious business environment. Our business has not been substantially impacted by the macroeconomic conditions, although we have made incremental adjustments to address higher inflation rates. Yet, in a recession scenario, the clients' need to align business strategy with cost-efficiencies and optimize operations may increase, which can support the demand for digitalization services provided by 7N.

In addition to the changing economic landscape, we observe the emerging growth of citizen development through new, more mature iterations of no-code and low-code platforms. AI has also moved from the lab and experimentation to daily operations, becoming almost a common use tool. These technological advancements shape the future of digitalization and the role of humans in it. The best individuals will become even more critical in this process, and we are committed to invest in the development of our team to ensure they have the necessary skills to thrive in this ever-evolving digital landscape.

Solid financial results

Our flexible business model has helped us deliver solid financial results for over two decades. This was also the case in 2022, where group revenue reached DKK 1.4 billion, corresponding to a growth of 14%, and our operating profit was DKK 44 million. Our core businesses in Denmark and Poland grew revenue by 6% and 26%, respectively, and Other Markets, with USA and Norway as the most significant entities, saw impressive 24% growth. Other Countries now constitute more than 12% of our total revenue.

We have a solid base of long-term public and private clients in Denmark and Poland and have seen a growing global demand for digitalization. We have successfully expanded our reach on other markets and now have consultants engaged in 20 countries served from our 11 offices in eight countries.

New strategic focus

Three key factors for success determined our 2022; a strategic focus on understanding and co-defining our clients' needs by early engagement, retention of our position as a preferred home for the most experienced and best performing IT professionals, and finally, reaching effectiveness of our internal operations. This approach has yielded positive results for all stakeholders involved, confirmed in the financial results, but especially by the feedback collected from our consultants, clients, and employees.

We are committed to delivering the best agent service, network, training, and challenging yet rewarding projects while ensuring the best match between our consultants and clients. In this regard, we have emphasized global assignments, professional development, and digitalization of our offerings for consultants. Every year we measure the consultants' affiliation with 7N, and in 2022, more than 95% of the consultants engaged with 7N expressed that they want to continue working with us. This feedback is a testament to the positive satisfaction we want to maintain and the foundation from which we engage with our clients.

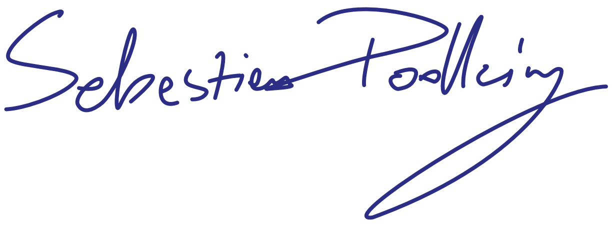
A new industry vertical organization has been introduced to better address the specific needs of a selected range of industries. Our focus is clearly set on nine industries where we can provide a deep understanding and impactful digitalization that best serves our clients. This approach helps us convert our clients' strategies into specific solutions. We can initiate earlier dialogue with clients to help them define the projects and engage in the best way to ensure their success. The industry verticals have been established in Denmark, and in Poland, the reorganization will be implemented in 2023.

The pandemic has taught us the value of remote work and global access to skills. We are utilizing it more than ever. Today, we are increasingly engaging more consultants in remote work for clients on international projects, which proves that remote work can be as efficient and value-creating as being on-premise. Our focus on flexibility, work-life balance, and self-choice has been a strong foundation for our success, which we continue to build from. Our professional vetting system allows us to attract top-tier consultants from across the globe, regardless of their location. Moreover, a recent enhancement of our platform for matching clients and consultants enables a valuable expansion of our talent pool. This will be an advantage in the competition for the most experienced IT professionals.

Towards a sustainable society

Finally, 7N is a value-driven company focused on treating all stakeholders well. We remain committed to contributing to a more sustainable society. In 2022, we assessed our social and environmental impact, which showed that utilizing our key company competencies in digital innovation can significantly impact society and help address some of the world's most pressing challenges. Digital transformation changes how societies and businesses operate, paving the way for addressing climate challenges, using resources more efficiently, making transparent, well-informed decisions, and responsibly conducting business. With our focus on experienced IT consultants who excel within their area of competence, we continue to aim at delivering innovative and reliable solutions that make businesses and societies more resilient.

I want to thank our consultants, clients, partners and staff for being part of 7N's continued journey. We are excited about the opportunities that lie ahead and look forward to working towards even greater success in the future.



Sebastian Podlesny
Chief Executive Officer

Five Year Summary

Key Figures

Seen over a five-year period, the development of the Group is described by the following financial highlights and key figures:

Figures in DKK '000	**2022**	**2021**	2020	2019	2018*
Financial Highlights					
Profit/loss					
Revenue	**1,413,885**	1,243,316	1,050,185	1,027,830	929,749
Operating profit (EBIT)	**43,703**	54,074	53,015	46,404	38,249
Net financials	**-1,521**	-2,623	-4,111	-1,564	-981
Net profit for the year	**30,528**	36,838	36,378	31,560	25,624
Balance sheet					
Balance sheet total	**375,701**	360,733	306,180	300,774	241,403
Net interest-bearing debt	**-72,416**	-54,448	-37,951	2,511	-114
Equity	**77,386**	74,906	65,670	59,098	50,062
Cash Flows					
Operating activities	**61,754**	51,714	73,911	54,593	49,500
Investing activities	**2,105**	-4,185	-192	535	-18,800
Hereof investments in property, plant and equipment	**-1,438**	-3,485	-2,711	-1,961	-18,436
Financing activities	**-40,215**	-42,081	-47,258	-37,638	-30,807
Net cash flow for the year	**23,644**	5,448	26,461	17,490	-107
Changes in net working capital	**16,230**	-930	20,757	9,508	25,490
Cash and cash equivalents, EoP	**93,029**	71,003	64,552	41,660	23,817
Cash conversion	**86,8%**	71.0%	109.3%	89.9%	120.7%

Figures in DKK '000	**2022**	**2021**	2020	2019	2018*
Key Ratios					
Profitability					
Return on equity	**40.1%**	52.4%	58.3%	57.8%	48.2%
Operating profit margin	**3.1%**	4.3%	5.0%	4.5%	4.1%
Profit margin	**2.2%**	3.0%	3.5%	3.1%	2.8%
Equity					
Solvency ratio	**20.6%**	20.8%	21.4%	19.6%	20.7%
Other					
Revenue growth	**13,7%**	18.4%	2.2%	10.5%	14,6%
Revenue retention	**95.7%**	98.8%	97.6%	96.6%	96.5%
EBITA	**44,225**	54,409	53,163	46,511	38,267
EBITA margin	**3.1%**	4.4%	5.1%	4.5%	4.1%
Adjusted EBITA	**56,715**	62,147	57,002	50,298	43,105
Adjusted EBITA margin	**4.0%**	5.0%	5.4%	4.9%	4.6%
EBITA, consulting segment	**47,007**	53,097	44,952	49,929	**
EBITA, outsourcing segment	**31,157**	21,960	22,700	13,997	**
EBITDA	**58,627**	69,532	67,610	60,707	41,017
EBITDA margin	**4.1%**	5.6%	6.4%	5.9%	4.4%
Number of employees (average)	**295**	351	344	312	298
Number of engaged consultants, consulting segment EoP	**851**	778	595	588	**
Number of engaged consultants, outsourcing segment EoP	**825**	858	870	753	**
Number of vetted consultants	**6,312**	5,517	4,716	4,068	3,536

* The Group has implemented IFRS on 1 January 2019. The comparative figures marked with '*' in financial year, are presented in accordance with the Danish Financial Statements Act.

** Data not available.

The financial ratios, including key-figures, have been calculated as described in appendix 1 – Definition of terms.

Financial Review

In 2022, 7N delivered strong growth in an eventful year with geopolitical unrest close to 7N's key markets, higher interest rates, increasing inflation, and the risk of a market slowdown.

Our 1,676 consultants (2021: 1,636) were actively engaged to support more than 220 clients. Revenue for 2022 was DKK 1,414 million (2021: DKK 1,243 million), an increase of 13.7% compared to 2021.

The revenue growth was organic only, and primarily due to a continuous pickup in orders from 2021 as well as the increasing demand for digitalization in all industries.

In Poland, revenue growth exceeded 26%. The higher demand for skilled IT consultants continued in 2022, especially in the Polish finance and pharma industries.

In Denmark, revenue grew by 6%. In the first half of 2022, the Danish market was characterized by uncertainty and clients were careful starting new projects, especially in the finance sector. In the second half of 2022, we saw a general uplift in demand for IT services, consultants, and sales rates.

The significant growth of 24% in Other Countries was driven by geographical expansion of engagements with existing clients from our core markets. Supporting clients' strategic needs across borders have been a significant part of our success internationally and it has created a strong platform for our future growth in those markets. The loss of a large customer in India impacted revenue negatively, but the effect was more than offset by strong revenue growth in the smaller markets. In Norway, revenue grew more than 30%, and in USA, revenue growth was triple digit.

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7N has an extraordinary strong and long-term client portfolio, where 96% of the revenue are from existing clients. Approx. 80% of the revenue are with clients that 7N has serviced for more than five years. The strong and long-term client relationships have also been the foundation for our growth in 2022.

In 2022, we reduced the number of salaried consultants whose cost is included in the personnel expenses and increased the number of external consultants whose cost is included in the cost of sale. Consequently, reported gross profit margin for the group was slightly lower at 22.8% (2021: 23.7%).

However, the combined gross profit margin in the underlying operating segments, Consulting and Outsourcing, was improved by 10 basis points to 20.1% (2021: 20.0%). The positive development in the underlying gross profit margin is connected with the increased sales rates. Please refer to note 3 in the financial statements.

Our IT consultancy services comprise two segments: Consulting and Outsourcing. Within the Consulting segment, we offer IT consultants on an individual basis to clients for longer or shorter durations. Often, we provide more than one consultant for the client either on location or remote. Within the Outsourcing segment, we support the operation of parts or entire IT specialist teams for clients either onshore, nearshore or offshore. The demand in the Outsourcing segment is typically not driven by a temporary need for specialized competences but a more permanent need for certain skills. Revenue from the Consulting segment represented 71,8% (2021: 71.6%) of revenue in 2022, whereas Outsourcing revenue accounted for 28,2% (2021: 28.4%). In the Outsourcing segment, we saw an increase in nearshoring activities and a decrease in offshore activities.

Personnel expenses totaled DKK 149.9 million (2021: DKK 142.8 million) corresponding to an increase of 4.9%. In 2022, the number of salaried consultants decreased to 140 (2021: 214) while the number of administrative employees increased by 18 to 155, primarily related to the hiring of more sales agents and recruiters to accommodate market demand.
The increase in personnel expenses was related to the higher number of administrative employees in Denmark, Poland and Other Countries.

Other external expenses comprise costs related to facilities, events and trainings, sales & marketing, IT and administrative expenses, amounting to DKK 102.4 million (2021: DKK 79.4 million) corresponding to an increase of 29.0%. The development was primarily driven by increased cost for new technology, adminstrative consultants as well as a low comparison in the first quarter of 2021 due to limited cost bearing consultant activities during the Covid-19 pandemic.

Adjusted EBITA totaled DKK 56.7 million (2021: DKK 62,1 million), and the adjusted EBITA margin decreased to 4.0% (2021: 5.0%) due to higher personnel and other external expenses. Adjusted EBITA is defined as earnings before interest, tax, amortization, impairment of intangible assets, special items and profit-sharing bonus to staff.

Special items totaled DKK 12.5 million (2021: DKK 3.6 million) relating to costs for a now paused initial public offering (IPO) process.

Operating profit (EBIT) was DKK 43.7 million (2021: DKK 54.1 million), and EBIT margin decreased to 3.1% (2021: 4.3%) impacted by the factors explained above.

Financial income came to DKK 3.4 million (2021: DKK 1.4 million) and financial expenses were DKK 4.9 million (2021: DKK 4.0 million).

Income tax was DKK 11.7 million (2021: DKK 14.6 million) corresponding to an effective tax rate of 27.6% (2021: 28.4%). The decrease in the effective tax rate was due to the utilization of tax losses carried forward that has previously not been recognized.

Profit for the year was DKK 30.5 million (2021: DKK 36.8 million), corresponding to a decrease of 17.1%.


SKAGEN
CANAL TOURS COPENHAGEN

Balance sheet

Total assets increased to DKK 375,7 million (2021: DKK 360.7 million) as of 31 December 2022 following an increase in right-of-use assets mainly due to additions and an increase in deferred tax assets due to the recognition of unutilized tax losses carried forward. Higher cash and cash equivalents were partly offset by a decrease in trade receivables and finance lease receivables.

The Group's total liabilities increased to DKK 298.3 million (2021: DKK 285.8 million) at year-end as a result of higher trade payables reflecting the additional use of consultants to generate revenue growth in 2022. Total equity increased to DKK 77.4 million (2021: DKK 74.9 million) as of 31 December 2022, and the equity ratio was 20.6% (2021: 20.8%).

Cash Flow

Net cash flow from operating activities was DKK 61.8 million (2021: DKK 51.7 million), primarily affected by a positive change in working capital. Cash flow from investing activities was positive by DKK 2.1 million (2021: DKK -4.2 million). Investing activities in 2022 were primarily caused by investments related to payments received under sub-leases and disposal of assets.

Cash flow from financing activities was negative by DKK -40.2 million (2021: DKK -42.1 million), mainly affected by lease payments and the dividend paid to shareholders.

The parent company 7N A/S

In 2022, the parent company generated revenue of DKK 816.7 million, which was an increase of DKK 52.0 million or 6.8%. In the first half of 2022, the Danish market was characterized by uncertainty and clients were careful starting new projects, especially in the finance sector. In second half of 2022, we saw a general uplift in demand for IT services, consultants, and sales rates.

Other external expenses totaled DKK 74.4 million (2021: DKK 48.7 million) and the increase mainly relates to cost for the now paused IPO process.

The income from equity investments in group enterprises totaled DKK 19.0 million (2021: DKK 6.2 million). The increase was primarily due to higher profits in the subsidiaries.

Profit before tax for the year was DKK 35.8 million (2021: DKK 43.2 million). Income tax amounted to DKK 5.5 million (2021: DKK 9.7 million). Net profit was DKK 30.3 million (2021: DKK 33.6 million). Equity increased to DKK 77.4 million at 31 December 2022 from DKK 75.2 million at 31 December 2021.

Profit allocation

The Board of Directors intends to recommend to shareholders at the Annual General Meeting in 2023 that, of the Profit for the Year of DKK 30.3 million, dividends of DKK 24.3 million be declared, representing

DKK 20.04 per share of DKK 1, that DKK -7.2 million be transferred to retained earnings and that DKK 13.2 million be transferred to reserve for net revaluation according to the equity method.

Financial performance against guidance for 2022

The Group revenue grew by 13.7% in 2022 and is well above the guided range of 8.5% and 12.5% as set out at the beginning of the year. The Group realized an adjusted EBITA for 2022 amounts to DKK 57.6 million and is below our guidance of DKK 65 to 75 million, which is primarily due to an increase in the investment and research cost related to the development of a new software platform and strategy implementation cost.

The Group EBIT in 2022 amounted to DKK 43.7 million, slightly below our guidance of DKK 45.0 to 57.5 million.

Outlook 2023

We expect reported revenue in 2023 of DKK 1,525 million to DKK 1,600 million, corresponding to an organic growth rate of 7.5% – 12.75%, driven by an increased number of consultants engaged by existing clients as well as engagements with new clients and excluding revenue from potential acquisitions.

Adjusted EBITA is expected in the range of DKK 65 million to DKK 75 million and EBIT is expected to amount to DKK 53 million to DKK 57 million.

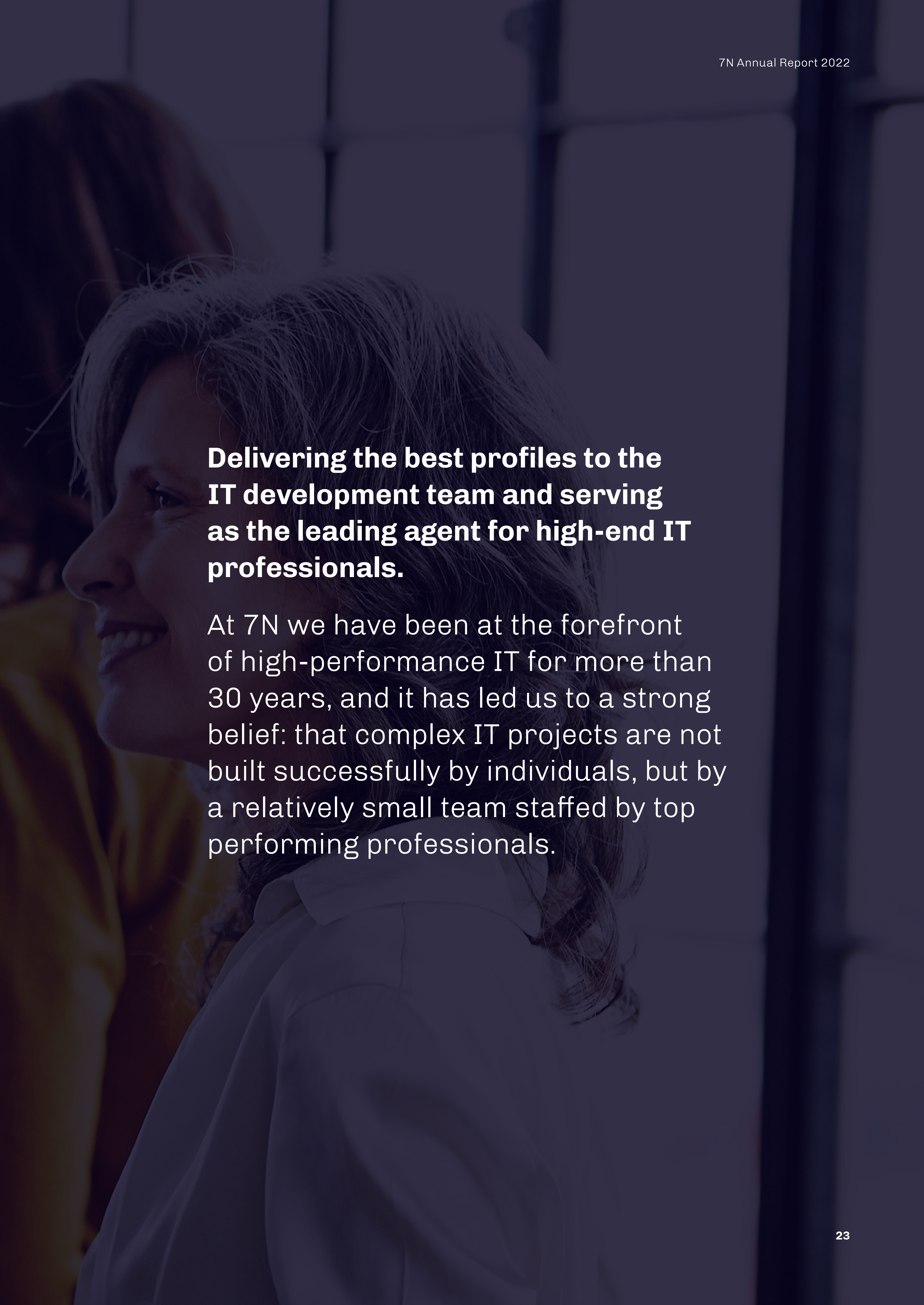
Adjusted EBITA (non-IFRS) is defined as earnings before interest, tax, amortization, impairment of intangible assets, special items and costs related to profit-sharing bonus to employees.

Outlook 2023 (mDkk)	2022 Actual	**Outlook 2023**
Revenue	1,414	1,525-1,600
Adjusted EBITA	57	65-75
EBITA	44	53-57

Forward looking statements

Our estimates for 2023 are primarily based on past experience, existing order backlog and current market expectations. Such estimates are dependent on a wide range of factors some of which are partially within our control and some of which are outside of our sphere of influence. Assumptions that are outside of our control include, among other things, stable macroeconomic conditions, no changes in customers' IT spending, no increased constrains in finding new consultants, no change in industry or market trends and abnormal disruptions preventing 7N from delivering its solutions to clients. The unprecedented macroeconomic and geopolitical uncertainty in Europe and globally entails increased uncertainty. We assume no loss of major clients and no loss of substantial work from existing clients, as consistent with recent years.

How We Create Value



Delivering the best profiles to the IT development team and serving as the leading agent for high-end IT professionals.

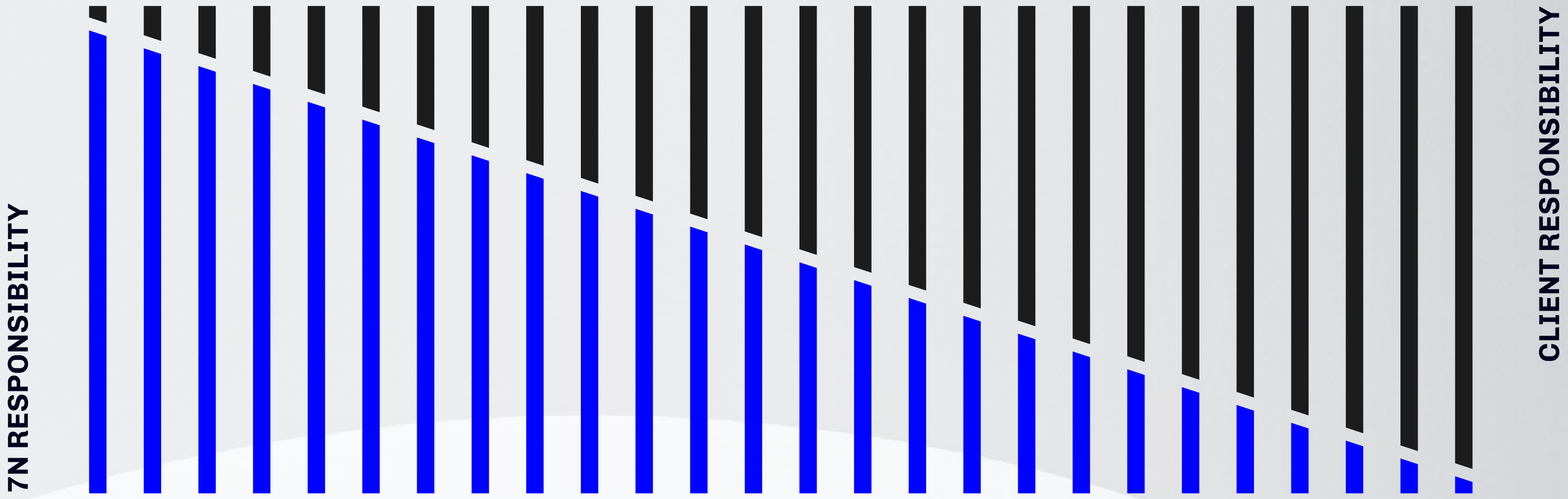
At 7N we have been at the forefront of high-performance IT for more than 30 years, and it has led us to a strong belief: that complex IT projects are not built successfully by individuals, but by a relatively small team staffed by top performing professionals.

What Makes 7N Different

Our clients have different needs at different times. We service companies using various cooperation models, building on the same underlying engine of a highly skilled flexible workforce.

Our expert consultants work with clients to co-create lasting solutions on flexible terms. Whether the need is for innovative ideas, solid architecture, high-quality code, change management or operational scaling, the challenge comes first, then we tailor the set-up.

We integrate in flexible set-ups, designed for the changing needs of the product lifecycle



1. Projects

Scoped assignment with specific phases and estimated time consumption

2. Outsourcing

Managing a team/service for a client, including specified SLAs on backfilling, desk availability, etc.

3. Single consultant

Placing an expert at the client site with traditional back-to-back contracts

Business Model

Critical IT projects deserve the right team, who can deliver as promised. Our approach combines extensive specialist expertise, a flexible delivery model, and a collaborative approach.

> 7N has an extraordinarily strong and long term client portfolio, where 96% of the revenue stems from existing clients. Approximately 80% of the revenue is from clients that 7N has serviced for more than five years.

A Consultant-first Mindset

We are committed to providing the best service to our consultants. Our experienced recruitment and sales agents are key to attracting and retaining top 3% IT consultants. They clarify commercial interests and professional development with the consultant and provide access to a network of peers.

We continuously match our network of more than 6,300 vetted freelance IT consultants with our clients.

Creating value for clients

In recent years, macro events have increased the pace of innovation, development cycles, and competition, while creating an ever-changing risk landscape. Armed with knowledge of these trends, 7N helps mitigate risks and identify opportunities in clients' business cycles.

CONSULTANT EXPERIENCE

CONSULTANTS

Engaged in a global network of exciting and challenging projects while undergoing structured professional development

RECRUITMENT AGENTS

Assess consultants' experience, competencies, and cultural fit to ensure that the pool of consultants remains in line with our clients' demands

An attractive value proposition to freelance consultants professionally and personally, enabling attraction and retention of a pool with more than 6,300 vetted and tested top freelance consultant

7N OFFERS IT CONSULTANCY

7N provides top freelance consultants to our clients through flexible delivery models adapted to their needs and requirements

An experienced organization with a solid corporate culture focusing on treating all stakeholders with respect and delivering value for both consultants and clients

CLIENT EXPERIENCE

SALES AGENTS

Handle client relationships and are responsible for matching, presenting, and supporting the consultants during their client engagements

CLIENTS

Requests access to experienced IT consultants to gain flexibility and achieve cost-savings while ensuring lower project risks and faster delivery time in their IT development

A highly relevant value proposition offered to clients leading to longstanding relations and strategic partnerships across a solid client base comprising large public and private organizations

7N's Strategy

Our ambition is to be a leading freelance IT consultancy company with a dedicated focus on top 3% IT consultants. We strive to be known for our relentless focus on client needs and excellent delivery when engaged to serve in every step of the IT project lifecycle.

We see a multitude of growth opportunities in the coming years. In 2022, we defined three strategic focus areas to capitalize on these opportunities: optimizing the core business, strengthening the offering and accelerating our expertise.

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Optimizing the Core Business

This has been the key strategic focus area in 2022. Numerous projects across the organization has been implemented to strengthen our value proposition.

We have established industry teams realizing that sector expertise is important to move from offering IT skills to offering solutions to business challenges. This way, we facilitate that clients benefit fully from the digital transformation, e.g. in the finance, energy and public sectors.

Finance

The world of finance is experiencing major disruption. We help take advantage of the potential that goes across technology, giving you a competitive advantage in a fragmented playing field.

Life science

Traditional research and development methods are being disrupted, and the expectations for new ways of improving patient health are increasing. That makes digital solutions a non-negotiable and crucial enabler.

Insurance

The insurance industry is facing new demands from new generations of consumers who are not satisfied with traditional services and offerings. We help companies diversify and tailor their products to excel in this new reality.

Public sector

To keep up with the rapid pace of change our societies are going through, public sector organizations need to improve agility.
We develop solutions that enable organizations to enhance their service offerings while working smarter and faster.

Energy

The energy sector plays a crucial role in the green transition. We help deliver digital capabilities that drive the transformation by increasing flexibility, connectivity, and transparency.

Logistics

A globalized world means limitless possibilities. We empower organizations to take control of their operations from end to end and grow their business while delivering best-in-class experiences to our clients.

Technology

With technological advancements being made every day, we help companies modernize their operations, so they are ready to capitalize on the latest trends and keep up with evolving consumer demands.

Retail

Consumers are forcing companies to rethink their business models. We help our clients align their business to keep up by delivering omnichannel systems that enable complete value chain overviews and improved client experiences.

Manufacturing

To keep up with the growing demands of a growing population, manufacturers need agile operations and resilient supply chains. We help deliver intelligent solutions that provide full value chain insights, reduce carbon emissions, and increase efficiency.

The new industry teams are: Finance, Life science, Insurance, Public sector, Energy, Logistics, Technology, Retail, Manufacturing.

Our value proposition to consultants is also strengthened by, among other things, increasing the assortment of educational initiatives, digitalizing our offering to consultants, and facilitating networking with like-minded individuals. Topics addressed in 2022 include cybersecurity, AI/machine learning, sustainability, cloud and new tech.

Strengthening the Service Offering

Our clients have different needs at different times. We therefore engage with clients early in order to scope and identify the need for IT consultancy services. Thus, we increasingly apply a proactive approach advising how to address market trends or business challenges. We also increasingly focus on engagements with greater project and execution impact co-developing end-to-end solutions with clients.

We want to remain attractive to the top-end consultants with the right competencies, and thus understand the importance of offering the right projects with adequate remuneration. To ensure continuous delivery hereof, 7N is strengthening cross-country collaboration to provide consultants with a wider variety of projects independent of their geographic location.

Accelerating Our Expertise

We aim for continued, controlled growth to maintain our focus on quality. While the individual and small team consulting engagements will remain an important growth driver and a significant share of total client engagements, we have increased our efforts within outsourcing and project engagements.

As many of 7N's clients are international companies, our expansion strategy is to follow clients to new markets by operating from existing offices and with country-agnostic consultants working remotely. An increasing share of revenue is derived from Poland and Other Countries, with revenue growth in 2022 of 26% and 24%, respectively.

In addition to organic growth, we may conduct targeted acquisitions primarily in our smaller markets to get access to new capabilities or industries and increase our market footprint.

Key Markets and Trends

Overall, the European market for IT services is expected to grow annually by 4.7 % from 2020 till 2025. In the same period, the Polish and Danish IT services markets are expected to grow by 7.5 % and 4.5 %, respectively.

Historically, 7N has been able to grow by approximately 10 % annually, with a CAGR in the period 2020-2022 of 11%.
We thus gain market share compared to the overall market supported by a favourable market positioning and key trends with particular effect on our business.

We have identified six key market trends, which impact our business and market.

DIGITAL REVOLUTION

- Technology-induced transformations are expected to accelerate going forward, driven by increasing digitalization.
- By 2023, it is expected that 1 in 2 companies will generate more than 40% of revenue from digital products or services, up from 1 in 3 in 2020.

IT AND BUSINESS UNIFIED

- As clients of IT services providers become increasingly IT-dependent, business and IT become inseparable aspects.
- The unification of IT and business sets new standards for IT services providers who are expected to understand the underlying business processes.

NEED FOR SKILLED IT PERSONNEL

- The need for highly skilled IT personnel is accelerating as widening internal skill gaps impedes the ability to implement emerging technology and create business value through adoption of IT.
- Bridging skill gaps on a continuous basis by up- or reskilling personnel will be required – alternatively companies can choose to acquire skills from IT service providers.

FLEXIBLE WORKFORCE

- Companies seek to alter their operational structure to become increasingly agile, flexible, scalable and gain access to much needed specialist skills.
- Companies increasingly look toward outsourcing and/or more flexible contracts as viable alternatives to building an inhouse IT workforce.

FREELANCE WORKFORCE

- An increasing number of individuals want to work as freelancers.
- Companies more often consider external IT consultants and project workers as integral parts of their recruitment strategy.

OUTSOURCING

- As speed, quality, flexibility and cost become more essential than physical location, companies are expected to accelerate outsourcing efforts.
- Outsourcing allows companies to bridge emerging skill gaps by providing access to global talent from the most cost-effective locations. A recent focus on friendshoring implies inclusion of geopolitical concerns when outsourcing to address the risk of disruption from political uncertainty.

Corporate Governance and Risk Management

7N has a two-tier governance structure consisting of the Board of Directors and the Executive Management. The two bodies are separate and have no overlapping members. The Executive Management, consisting of Sebastian Podleśny, CEO, and Jacob Lehman, CFO, is supported by a group of key employees, including the six Vice Presidents.

Board of Directors

The Board of Directors is responsible for 7N's overall and strategic management and proper organization of the company's business and operations. The Board of Directors supervises the company's activities, management, and organization, and it appoints and dismisses the members of the Executive Management, who are responsible for the day-to-day management of the company.

The board of directors currently consists of members elected by the shareholders. The Board appoints a Chairman among its members. Each member is elected for a one-year term, and members may be re-elected. The composition of the Board of Directors is intended to ensure that the Board of Directors has a diverse competency profile enabling the Board of Directors to perform its duties in the best possible manner.

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Risk Management

7N operates in a continually changing and volatile business environment that may threaten our ability to generate a competitive return to our owners and deliver the aspirations of our strategy.

7N's risk and compliance management aim to effectively identify, assess and reduce risks and uncertainties, mitigate adverse internal and external impacts, capture business opportunities to maximize value creation and ensure compliant business conduct. Our focus is on external risks that may threaten the realization of our strategy, and we also address risks inherent in the business processes of the company.

The Board of Directors has the overall responsibility for overseeing risk and for maintaining risk and compliance management as well as an internal control system. The Board of Directors regards it as essential that the risk exposure is thoroughly assessed, monitored, and controlled on an ongoing basis as well as long-term trends and challenges facing 7N.

The most significant risks are regularly reviewed and assessed by Executive Management and the Board of Directors, who are also responsible for reviewing the effectiveness of the risk and compliance management and internal control processes throughout the year.

7N is mitigating many of the risks through our inherently flexible business model.

Risk identification

7N is exposed to risks stemming from technology changes, new client demands, changes in the global economy, geo-political challenges, and recruitment restrictions.

We identify risks using several methods, including monitoring of regulatory developments, investigations upon alleged misconduct reports, compliance training, internal compliance reviews and process risk mapping.

	Impact	Mitigating actions
Market Risk	Market risk is the risk that the demand for specific IT consultants may change over time, or even face stagnation in times of financial distress. 7N's market risk is not directly linked to any certain market or consultant role but is present throughout our market presence.	7N seeks to mitigate the market risk by making sure always to be at the forefront of our clients' needs and react promptly to market changes and recruit accordingly. By construct, with the majority of the 7N consultant pool being freelancers, the short-term impact of market changes will be insignificant. The long-term market risk is managed via close monitoring of market conditions and reacting to changes herein.
Risk of Losing an Existing Client	More than 75% of the revenue is generated by the top 25 customers. Maintaining the current level of repeat customer revenue is thus a prerequisite for the continued growth of 7N. Failing to meet the right quality level of our service delivered or providing the right candidates may lead to the loss of both reputations and repeat business with existing clients.	7N's recruiting model ensures that our consultants are highly qualified and the close dialogue with clients and consultants mitigates the risk exposure and ensures that problems are identified before they escalate.

	Impact	Mitigating actions
Credit Risk	The Group's credit risks consist of the risk of losses on trade receivables derived from a client failing to meet the contractual obligations.	The credit risk of 7N is relatively distributed as our client base, in general, is large solid organizations. Furthermore, the freelance consultants are contractually obliged to cover their part of a credit loss that the Group may suffer. The Group has a sound diversification of clients, both in terms of geography and sectors. The Group has no credit risk outside the normal course of business.
Recruiting and retaining consultants	7N's business model is built on flexible workforce and as an IT service company, our future growth is directly linked to the ability to attract and retain consultants. 7N growth opportunities will be reduced if 7N are not able to increase the consultant base with consultants with the right skills and quality.	7N believes in solid relationships with the consultants, and we continually build and maintain these through professional and social events and frequent interactions between agents and consultants. As part of these initiatives, 7N has developed a comprehensive education and career development program to enable consultants to continue and enhance their professional and personal development. Also, 7N has developed a program containing several activities to increase awareness of 7N, here among presenting the offerings for new consultants. We also have a program to maintain relationships with former consultants with the aim of them returning to 7N or being an ambassador of 7N. To maintain satisfaction among the consultants, it is essential to have the right projects with adequate remuneration for the consultants. To ensure continuous delivery hereof, 7N is strengthening cross-country collaboration to provide consultants with a wider variety of projects.

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	Impact	Mitigating actions
People and corporate culture	7N is highly dependent on having the right people across the functions. The supply of talent is provided internally through the development of talent and from the market. For some roles, there is competition for talent. 7N's ability to successfully attract, hire, onboard and retain our staff – and do this in a scalable and efficient way – is critical for our long-term success.	To ensure 7N's ability to attract talented employees, a program has been established that increase the awareness of what 7N has to offer to the employees. To ensure 7N's business is conducted in accordance with our corporate values and code of conduct an onboarding training program is conducted. 7N's whistleblower system secures the increasing focus on transparency and enables reporting and action on suspected irregularities in the business.
Cyber-attack	7N sees a growing risk in crimeware targeting companies. Cybercrime includes cyberattacks and unauthorized access to 7N's network and data. Such an attack could potentially damage our ability to deliver and sell new consultants if crucial supporting systems are disrupted. A cyberattack could potentially also damage 7N's reputational image.	7N has controls implemented to handle both internal and external risks. 7N continuously work to strengthen our processes around IT security and to train our staff in awareness of the risk of cyberattacks including phishing and hacking.
Geopolitical and economic volatility	In recent years there has been significant instability in the global economic and political landscape. We have seen the public health crisis and pandemic related to Covid-19 and the tragic invasion of Ukraine which affected everyone. An economic recession and/or inflation triggered by geopolitical events or distortion of the financial markets will indirectly impact our financial results.	With 7N's flexible business model we are geared to deal with the global political and economic volatility. Our flexible workforce model and an asset-light strategy allows 7N to quickly adapt to any potential slowdown or increased cost level, and we have a history of stable earnings.

	Impact	Mitigating actions
Data Privacy	The GDPR regulation is implemented to protect EU citizens' privacy and set forth the requirement to process personal data. 7N must be compliant with the regulations and secure that all personal data is protected as required. A breach of the protection of personal data could lead to a fine and potential reputational damage.	7N has implemented a data privacy policy and all employees are trained in the requirements. Furthermore, security policies and technologies have been implemented to secure effective protection. The policies and systems are regularly controlled and tested.
Compliance	At all levels of our organization and in all countries, we do business, we are committed to honest and ethical business practices and complying with all relevant local regulations. 7N is a global company and is subject to national and international regulations and requirements, in particular related to tax, VAT, transfer pricing, and employment. Cases of non-compliance may have a long-term impact on our public reputation, which may negatively impact our relationship with customers, consultants, and other stakeholders. Additionally, cases of non-compliance may lead to fines, claims etc.	7N's internal procedures, systems and training programs are designed to ensure compliance with relevant regulations and our code of conduct. Significant compliance-related risks are monitored and managed at Group level in close cooperation with local business units.

Reporting on Sustainability

This section of the Annual Report 2022 constitutes the statutory statement on social responsibility of 7N A/S and its subsidiaries covering 1 January 2022 – 31 December 2022 in accordance with section 99a and 99b of the Danish Financial Statements Act.

7N is represented in Denmark, Finland, India, Norway, Poland, Sweden, Switzerland and the United States of America, which means, that our activities impact people around the world. We recognize that such an impact carries with it a responsibility and thus, our engagement with society is based on fundamental principles of cooperation and tolerance no matter where we operate, and rooted in our three core values: Professionalism, mindset of a servant and respect.

Please refer to page 26 for an overview of our business model.

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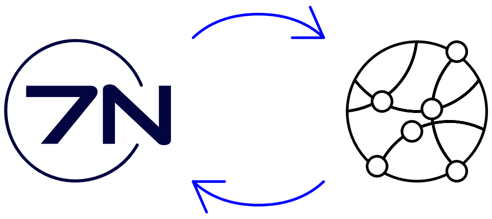
Materiality assessment

Our main ESG activity in 2022 was a double materiality assessment to guide our future ESG policies, goals, and performance. The assessment has provided a solid foundation for evaluating the ESG themes that affect our business and how we affect the world around us, and it sets the basis for our future ESG initiatives. Based on review of UN's Sustainable Development Goals, stakeholder interviews, review of soft and hard law and standards as well as peer analysis, we have identified and ranked ESG themes based on their importance for our business and the importance to our stakeholders.
The result is presented in the matrix.

In our future ESG efforts, we will have special focus on themes placed in the top right square, which are themes deemed important to both our business performance and our stakeholders, and where we believe that we can create additional value to society. Secondly, we recognize our responsibility for advancing our performance on themes in the upper left square, which may not be material to our strategy, but are so to our stakeholders. For other themes, we will work to ensure that we do no harm and reduce risks to our business and society.

7N Materiality Matrix 2022

Importance to stakeholders



Impact on business strategy

Primary audience:

- Consultants
- Clients
- Employees
- Suppliers
- Investors

Supporting UN's Sustainable Development Goals (SDGs)

Based on our work with the double materiality assessment, we have identified several key ESG themes that are material to 7N:

- Environment and climate
- Social themes
- Governance

In line with these themes, we are actively working to support several of the United Nations Sustainable Development Goals (SDGs):

Our Environment and climate initiatives align with SDG 12: Responsible Consumption and Production and SDG 13: Climate Action. Our Social themes initiatives align with SDG 5: Gender Equality, SDG 8: Decent Work and Economic Growth, and SDG 9: Industry, Innovation and Infrastructure. Finally, our Governance initiatives align with SDG 16: Peace, Justice and Strong Institutions.

We are committed to addressing these key ESG themes and supporting the UN SDGs, creating a more sustainable future for all our stakeholders.

Environment and climate

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Taget 12.5 is addressed by 7N by contributing to reduce waste generation through prevention, reduction, recycling, and reuse.

Taget 12.6 is addressed by 7N by increasingly adopting sustainable business practices and integrating sustainability in our annual reporting.

13 CLIMATE ACTION

Target 13.2 is addressed by 7N by working to reduce greenhouse gas emissions

Governance

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Target 16.5 is addressed by 7N by working against bribery and corruption in any form, including not accepting or offering facilitation payments.

Social themes

8 DECENT WORK AND ECONOMIC GROWTH

Several of the sub-targets of SDG 8 are addressed by 7N by showing solid long term revenue growth, creating decent and flexible jobs and providing digital innovation leading to better resource efficiencies. We also take measures to improve labour and human rights compliance in the supply chain by implementing a code of conduct for business partners.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Target 9.1 is addressed by 7N by using its capabilities to make business and societies more resilient.

5 GENDER EQUALITY

Target 5.5 is addressed by 7N by having an equal representation of women and men in the organization (45/65) and on the board (50/50). We also continuously work in our sphere of influence to ensure that all forms of discrimination against women is eliminated.

Environment and climate

As an IT consulting company primarily deploying manpower at clients' premises with clients' hardware, our environmental footprint is very limited, primarily deriving from our office locations and transport of our employees and consultants leading to greenhouse gas emissions. Nonetheless, we strive to reduce our impact on the climate and the environment.

> Compared to 2019 the GHG emission per FTE has been lowered by 13%

Our biggest contribution to 7N's environmental footprint may be through our client engagements. That is why we conducted our first networking events for consultants with special focus on sustainability in IT projects covering topics such as digitalization of ESG data, sustainable agile projects and green project management.

Our greenhouse gas emissions disclosure is based on the Green House Gas (GHG) protocol.

We aim at reducing our already limited impact on the environment by reducing resource consumption, increase recycling of waste, and reduce greenhouse gas emissions during transport.

The GHG emission per FTE is 0.8 tons in 2022 which is an increase of 6% compared to 2021. Our energy consumption has increased to 2.509 kWh per FTE.

The increase in GHG emission and energy consumption are primarily due to that 2021 was the first year after the Covid-19 pandemic and in first quarter of 2021 there were still stay-at-home orders in many countries.

Compared to 2019 the GHG emission per FTE has been lowered by 13% and the energy consumption is on the same level as in 2019.

We will reduce our energy consumption where possible. In 2022, we converted our sourcing of electricity in Denmark from zero emission sources. In 2023, we plan to convert to zero emission sources in all countries, if possible.

We have moved to a new office in Aarhus, Denmark. The office has been equipped with intelligent lighting, which ensures that the light adapts to the surroundings. Intelligent lighting is expected to reduce our energy consumption by 10-15% for that location. We expect that intelligent lighting will be required for our future furnishing of offices.

In Denmark and Poland, we have implemented residual waste sorting schemes across all our offices. We put effort into sorting our garbage to increase the amount of waste to be recycled and minimize the amount of waste that ends up in landfills.

We have donated to the Danish Nature Fund to make a positive contribution and to offset our climate impact through the Fund's sustainable nature and forestry projects.

Social themes

Digital innovation is the most important ESG theme identified in our materiality assessment. Using our key company competencies, we provide digitalization to solve societal and business needs. The digital transformation changes the way societies and businesses operate, paving the way for more efficient use of resources, transparent, well-informed decision making, social interaction and responsible business conduct.

Our skills and solutions cover all the needed pieces for clients to execute their ambitious IT strategies. With our focus on experienced IT consultants who excel within their area of competence, we aim at delivering innovative and reliable solutions that makes business and societies more resilient.

People rights, well-being and development

7N respects internationally recognized human rights principles as formulated in the UN's Universal Declaration of Human Rights and the internationally recognized labor rights principles as specified in the International Labor Organization's core conventions.

All of our employees are expected to consider how their decisions may adversely impact human and labor rights, and to report any breaches of our standards to management or through our whistleblower system. In 2022, we have not reported any violations of human rights.

In 2023 we are planning to develop a new and improved Human Rights program based on the newest regulations and best practice.

7N's primary resource is the approximately 1,675 freelance consultants currently engaged by us. They benefit from participating in projects that utilize their skills and enhance their competencies at a competitive salary compared to alternatives, with no lock-on arrangements and with access to a learning platform keeping their skillset updated and relevant.

> Using our key company competencies, we provide digitalization to solve societal and business needs.

In 2022, we enhanced the 7N Academy with new courses and insights, including globally relevant themes such as cybersecurity, sustainability and AI. The academy contributes to developing the consultants' professional competencies through certifications, professional networking events, courses, and sparring in relation to professional development.

The employee survey conducted in 2022 showed a decrease in the eNPS from 73 to 65. Some of the reasons for the lower score were the wish for more general communication and updates on the strategy implementation. We have enhanced the communication with regular spot video-updates from the Group management and in 2023, town-hall meetings in all geographies as well as periodic strategy implementation updates will be implemented. We are investigating further how we can improve the employees well being and we look forward to addressing these findings over the coming year.

Risks related to people are primarily a potentially unhealthy working environment, including lack of diversity tolerance, for consultants and employees. To minimize such risks, we strongly advocate for our core values and have implemented a code of conduct, which was updated in 2022 to become suitable for integration in onboarding material for consultants.

Diversity

Diversity is linked to the fundamental human right to equality and is about recognizing, respecting and valuing people's differences. In 7N, we do not tolerate any kind of discrimination or harassment because of religion, race, skin color, gender, disability, age, sexual orientation, or political view. This is stipulated in our internal policies and communicated to all stakeholders.

Gender representation

This part of our ESG report includes the statutory statement on the underrepresented gender, cf. section 99(b) of the Danish Financial Statements Act. Also included is our statutory statement on diversity in the Board of Directors and Executive Management according to section 107(d) of the Danish Financial Statements Act.

We maintain a culture of diversity, equality and inclusion, where all people should feel welcome, and all cultures and beliefs accommodated, and we expect the same from our partners and freelance consultants, as reflected in our code of conducts. We are committed to equal opportunities and demonstrate respect for cultural diversity, values, gender equality, age and personal choices.

> By the end of 2022, three out of six board members were female, corresponding to 50% and thus our target figure for the proportion of elected female board members of at least 40% in 2023 has been met.

The diversity policy adopted in 2021 with the aim of providing specific guidelines on 7N's diversity principles, also sets target figures for the share of the under-represented gender in the Board of Directors and outlines principles for facilitating gender balance in other managerial functions.

Currently our diversity ratio for all employees are 42% female and 58% male. Management levels, excluding the Board of Directors and Executive Management, are represented by approximately three women out of every ten managers. To 7N, the managers must have the right skills, regardless of gender, but we aim at creating the basis for a more equal distribution of genders at other management levels.

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In 2022, we continued initiatives to further strengthen the diversity in our managerial functions, including:

- A sensible work/life balance is offered to reconcile the demands of working life and family life.
- The end of each job advertisement encourages anyone qualified for the job to apply, irrespective of gender, age, race, religion or ethnicity.
- Managerial desires and ambitions are covered in annual employee development interviews.
- When conducting job interviews, we endeavour to ensure that both genders are represented on the list of relevant candidates.
- We want to ensure that male and female employees experience the same opportunities in their careers and in achieving managerial positions.

By the end of 2022, three out of six board members were female, corresponding to 50% and thus our target figure for the proportion of elected female board members of at least 40% in 2023 has been met. Executive Management consists of two male chief officers. This means, that gender representation in the combined Board and Executive Management leadership is 36/64 (f/m), which is considered balanced.

Governance

7N has established an ESG Committee on the Board of Directors to set the ambition level and direction for 7N's ESG efforts and ensure anchoring at top management levels. The committee will define 7N's sustainability ambition, KPIs, targets and initiatives based on the materiality assessment concluded in the second half of 2022.

Please refer to the governance and risk management section for further details on 7N's corporate governance procedures.

Business ethics and integrity

At 7N we compete fairly and are responsible, ethical, and transparent in our business. We do not bribe or provide improper advantages. Bribes and improper advantages can be monetary such as cash payments or illegal rebates. But they may also include non-monetary items such as improper gifts, products, hospitality and meals, travel and accommodation, or other items or services that ultimately mean the transfer of value in return for special consideration.

Conducting responsible business practice is of high importance to us. At 7N, we have a zero tolerance to bribery and work against corruption in all its forms. We always strive to comply with applicable laws and regulations applicable within the geographical business areas of the 7N Group.

The main risk within anti-corruption and business ethics is that the freelance consultants, who are external parties engaged by 7N but typically working on the premises of clients, behave in ways not conforming with 7N's values and business ethics.

Supply chain management

Our code of conduct for consultants and other suppliers clearly specify that no business partner or employee should receive or give payment, gifts, or any other form of indemnity from and to third parties that may affect or give rise to doubts about our impartiality in business decisions. This is also the case for sponsorships and donations, where we have four eyes principle and segregation of duty. In addition, the code of conduct specify the expected conduct of our stakeholders within the areas of human rights, labour rights, and environmental protection.

> In 2022, one report regarding internal misconduct was submitted via the whistleblower system

Our procedures and codes of conduct are important parts of the onboarding training program for employees and consultants, and in 2022, the code of conduct was updated to become suitable for inclusion in onboarding material for new consultants.

Our whistleblower system provides a platform for consultants, suppliers, customers, and other business partners of 7N to use, if the need for reporting a suspicion of non-compliance with the laws or regulations applicable to 7N, non-compliance with internal policies or standards of 7N or any behavior or incidents of concern not directly covered by such internal policies, arises. In 2022, one report regarding internal misconduct was submitted via the whistleblower system. Following assessment by an independent law firm hosting our whistleblower facility, appropriate action was taken.

In 2023, we will maintain our anti-corruption and anti-bribery policy which clearly states that all forms of bribery and corruption are unacceptable.

Data ethics and privacy

It is of highest priority that everyone follows 7N's policies and instructions for the use of our IT systems and processing of personal data. All employees and consultants are subject to strict confidentiality in their individual agreements, and are required to read our instructions for e.g., processing of personal data, data breach, and GDPR inquiries. Please refer to the data ethics report for further details about handling of data.

Data ethics report

Our data ethics policy provides guidelines for the collection, use and storing of data with a view to ensuring good practice and respecting the rights of individuals. Our data policies and procedures comply with the international data security standard ISO/IEC 27001.

We mainly process data about consultants, our employees and job applicants provided by the consultants, employees and job applicants themselves, and always in accordance with applicable laws and for legitimate business purposes only.

> Our data policies and procedures comply with the international data security standard ISO/IEC 27001

Data is stored safely and with a clear legal basis in accordance with fixed procedures for storage, erasure, data subject access requests etc. We do not use artificial intelligence tools, machine learning or algorithms nor systematically collect or record data on customers, partners or employees.

Data security is monitored continuously, and immediate action is taken if an attack is suspected. Any breaches of data security or leaks of personal data must be reported to the company's Executive Management, or through our whistleblower system.

With our reporting on our data ethics policy, we comply with the requirements under section 99(d) of the Danish Financial Statements Act.

ESG Data

ESG key figures overview	Unit	Target 2023	**2022**	2021	2020	2019	2018
Environmental Data							
CO2e, scope 1*	Tons/Tons per FTE	<0.35	0.35	0.39	0.30	0.41	**
CO2e, scope 2*	Tons/Tons per FTE	<0.24	0.24	0.17	0.18	0.29	**
CO2e, scope 3*	Tons/Tons per FTE	<0.20	0.21	0.19	0.17	0.21	**
Energy consumption*	kWh per FTE	<2,400	2,509	1,901	2,083	2,463	**
Water consumption	m3 per FTE	<16	16	17	16	20	**
Social Data							
Full-time employees	FTE	325	295	351	344	312	298
Gender diversity	f/m	43%/57%	42%/58%	43%/57%	43%/57%	45%/55%	41%/59%
Gender diversity, management	f/m	33%/67%	36%/64%	29%/71%	31%/69%	27%/63%	27%/63%
Gender pay ratio	Times	<1.4	1.2	1.4	1.2	1.1	1.2
Sick leave	Average days per FTE	<5	2.9	2.0	**	**	**
Employee satisfaction	eNPS	>60	65	73	**	**	**
Employee turnover	%	<10%	12%	9%	8%	10%	10%
Governance Data							
Gender diversity in a BoD*	f/m	50%/50%	50%/50%	33%/67%	29%/71%	0%/100%	0%/100%
Attendance at the BoD meetings	%	100%	94%	96%	100%	93%	100%
CEO Pay-Ratio	Times	6	6	7	9	8	9

* Due to availability of more complete and accurate data, we have recalculated the key figures and ratios from previous years

** No data available

ESG accounting principles

The following accounting practice is the foundation for the ESG ratios. All emissions are accounted for in accordance with the GHG Protocol Corporate Standard.

CO2e Scope 1 - Direct GHG emissions

Scope 1 emissions are mainly related to combustion by the Group's leased cars. As recommended in the GHG Protocol, for mobile combustion, activity data is based on fuel consumption when possible and otherwise on distance activity. Mobile combustion activities are multiplied by vehicle-specific emission factors provided by the Danish Business Authority's CO2 emission calculator.

CO2e Scope 2 - Indirect GHG emissions

Scope 2 emissions include emissions that derive from the energy used to produce electricity, district heating and cooling, which 7N has purchased for its use in leased offices. The emissions are calculated using the location-based approach. The underlying data has been provided by suppliers of electricity and heating or invoices provided by the building lessors. The data is multiplied by the emission factors provided by the Danish Business Authority's CO2 emission calculator.

CO2e Scope 3 – Other indirect GHG emissions

Other indirect GHG emissions (CO2e scope 3) include emissions that derive from business travel by flight. 7N's emissions deriving from business travel by flight are based on data from 7N's travel agency. The data is multiplied with emission factors provided by the Danish Business Authority's CO2 emission calculator.

Total energy consumption

Total energy consumption includes all energy consumed in scope 1 and 2. The underlying data is extracted from invoices from our energy suppliers, readings by our fuel suppliers, and meter readings. All figures have been converted by using conversion factors provided by the Danish Business Authority's CO2 emission calculator.

Water consumption

Water consumption includes the sum of all water used from all sources such as spring water, surface water and groundwater. Total water consumption is based on meter readings from our different locations.

Social Data

The social ESG key figures have been prepared based on the classifications and practices below.

Full-time employees (FTE)	=	Average number of employees per year including contractors in Poland that are not consultants
Gender diversity	=	Proportion of Female and Male FTEs per year divided by the total FTEs per year
Gender diversity, management	=	Number of female managers with at least one direct report divided by the total number of managers with at least one direct report
Gender pay ratio	=	Total average yearly salary of all male employees divided by total average salary of all female employees
Sick leave	=	Sum of yearly reported sick days for all FTEs divided by the sum of maximum working days per FTE (data is only available for Denmark and Poland)
Employee satisfaction	=	NPS score based on the data from a yearly survey
Employee turnover	=	Sum of employees leaving 7N yearly divided by the average number of employees in a year

Governance Data

The governance ESG key figures have been prepared based on the following classifications and practices:

Gender diversity – Board of Directors	=	Number of female Board members divided by the total number of Board members
Attendance at BoD meetings	=	Attendance rating per Board member: (presence at Board meetings /total number of Board meetings) x 100, in %
CEO Pay-Ratio	=	CEO's salary cost divided by the average pay for company employees excluding Board of Directors and Executive Management

Board of Directors

Jeppe Hedaa

Chairman —

BACKGROUND
CEO of 7N from 1998 to 2021 after 13 years of experience in other IT organizations.

CURRENT POSITIONS
Majority shareholder in Hedaa Holding and 7N Holding II & III, and president of the Christian Democrats (Denmark) as well as board member in One Life Foundation, B93 football club, DanChurchAid, Copenhagen Cathedral, Hugs & Food shelter and Yale Center for Faith and Culture.

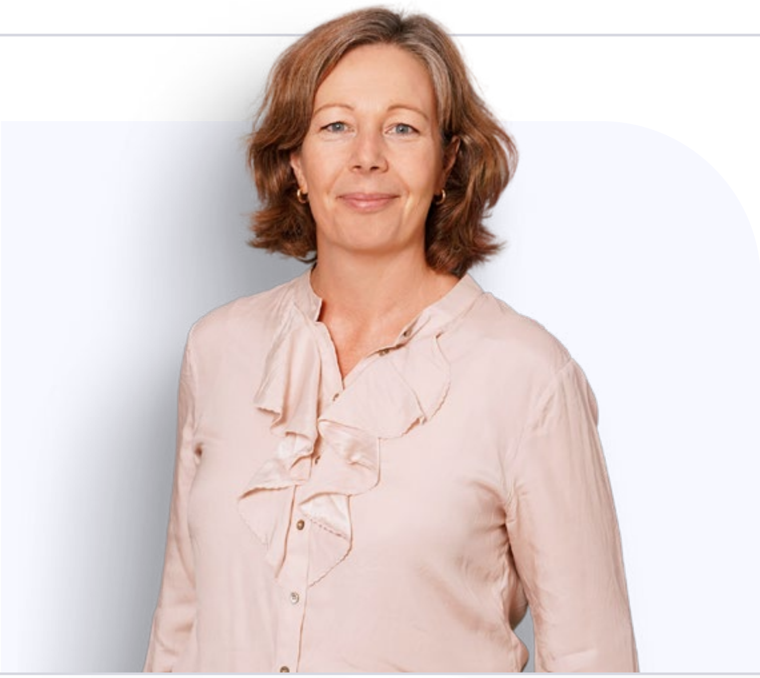
Naja Eilers Barrisøe

Board Member —

BACKGROUND
Auditor with expertise in compliance and financial management and several group finance positions.

CURRENT POSITIONS
Executive Vice President, Group Finance at DSV.

Lika Thiesen



Board Member —

BACKGROUND
Business consulting and several leading HR positions in global companies.

CURRENT POSITIONS
Executive Vice President and Chief Human Resource Officer at TDC NET.

Glenn Petersen

Board Member —

BACKGROUND
Co-founder of 7N, 30+ years of consulting experience from software development.

CURRENT POSITIONS
Owner and director of Hepehado Holding ApS.
Chairman and CEO of Omni Bar ApS

Michael Halbye

Board Member —

BACKGROUND
Director Emeritus at McKinsey & Co. More than 36 years in Management Consulting.

CURRENT POSITIONS
Board member of Develop Diverse ApS, KIRKBI A/S, BOGNÆS LAND-BRUG, MaryFonden, Maternity Foundation, Ludvig AB, Generation.org.

Pernille Simmelkiær Larsen

Board Member —

BACKGROUND
More than 20 years in media- and creative agencies. Focus on analytical, creative and ESG communication.

CURRENT POSITIONS
CEO of JustFace.

Executive Management

Sebastian Podleśny

CEO since 2021 —

JOINED 7N IN 2006.

BACKGROUND
Previous Senior Vice President for Poland and India, and more than 15 years working in 7N. Former Head of IT and Head of IT Outsourcing Services at Capgemini. M.Sc. IT Services Management Methods in Outsourcing at Warsaw School of IT.

OTHER POSITIONS AND DUTIES
CEO and board member of 7N subsidiaries.

Jacob Lehman

CFO since 2018 —

JOINED 7N IN 2018.

BACKGROUND
State-authorized public accountant and former partner at KPMG with more than 25 years of extensive experience working with various small, mid- and large organizations. M.Sc. in Business Economics and Auditing at Copenhagen Business School.

OTHER POSITIONS AND DUTIES
Board member of 7N subsidiaries.

Key Employees

Kim Rohde

Vice President, Consultant Relations —

APPOINTED VP IN 2023

BACKGROUND
VP for Consultant Relations. Previous Head of International Recruitment with more than 15 years of experience within IT recruitment. Responsible for building and establishing the recruitment department in Aarhus, Denmark.

Theis Eichel

Vice President, Consulting Services —

APPOINTED VP IN 2020

BACKGROUND
VP for 7N's consulting Services. Previous Partner at PwC and Managing director at SIG Nordics; with 30 + years of consulting experience in the IT industry – helping mid- and large organizations succeed in their digital transformation.

Jesper Kolding

Vice President, Denmark —

APPOINTED VP IN 2018

BACKGROUND
VP for the Danish market. Former 7N SVP for International and Nordics markets and have worked within 7N for more than 24 years. Previous Director and Account Executive in international software and consulting companies as Sterling Software and Texas Instrument Software.
+36 years within the IT industry.

Helle Førgaard

Vice President, International Markets —

APPOINTED VP IN 2018

BACKGROUND
VP for 7N's International business units and new markets and have more than 20 years of extensive experience within the IT and Finance sector. Previous Executive Consultant Manager responsible for building and establishing the 7N market and office in Aarhus, Denmark.

Grzegorz Pyzel

Vice President, Poland —

APPOINTED VP IN 2018

BACKGROUND
VP for the Polish target market. Have been within 7N for 14 years, previous as Sales Director for Poland. Former Sales Director for key accounts at National Polish Telecom and have 20 years of professional experience in IT.

Jakub Strzemzalski

Vice President, Outsourcing Services —

APPOINTED VP IN 2018

BACKGROUND
VP for 7N's Global Outsourcing Services with more than 17 years of experience in business analysis and administration within the IT industry. Previous Executive Consultant Manager at 7N responsible for the outsourcing services in the Polish market.

Statement of the Board of Directors and Executive Management on the Annual Report

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of 7N A/S for the financial year 1 January – 31 December 2022.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and the Parent Company Financial Statements have been prepared in accordance with the Danish Financial Statements Act. Management's Review has been prepared in accordance with 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 at 31 December 2022 of the Group and the Parent Company and of the results of the Group and Parent Company operations and consolidated cash flows for the financial year 1 January - 31 December 2022.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 18 April 2023

Executive Board

Sebastian Podleśny
CEO

Jacob Lehman
CFO

Board Of Directors

Jeppe Laurids Hedaa
Chairman

Glenn Petersen

Naja Eilers Barrisøe

Michael Halbye

Lika Thiesen

Pernille Simmelkiær Larsen

Independent Auditor's Report

To the Shareholders of 7N A/S

Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2022 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2022 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2022 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of 7N A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as statement of comprehensive income and cash flow statement for the Group ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 Financial Statements section of our report. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

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

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

→

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of Parent Company Financial Statements that give a true and fair view in accordance with 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 about 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 the 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 these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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 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.

Copenhagen, 18 April 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Anders Stig Lauritsen
State Authorised Public Accountant
mne32800

Niels Henrik B. Mikkelsen
State Authorised Public Accountant
mne16675

Financial Statements

Content

Notes to the Consolidated Financial Statements

Consolidated Statement of Profit and Loss

1 January - 31 December

Note	Figures in DKK '000	**2022**	2021
4	**Revenue**	**1,413,885**	**1,243,316**
	Cost of sales	-1,091,110	-948,574
	Gross Profit	**322,775**	**294,742**
	Other operating income	817	660
	Other operating expenses	-157	-
5	Personnel expenses	-149,870	-142,811
	Other external expenses	-102,448	-79,427
9,10,11	Depreciation and Amortizations	-14,924	-15,458
	Operating profit before special items	**56,193**	**57,706**
8	Special items	-12,490	-3,632
	Operating Profit (EBIT)	**43,703**	**54,074**
6	Financial income	3,399	1,367
6	Financial expenses	-4,920	-3,990
	Profit Before Tax	**42,182**	**51,451**
7	Tax on profit for the year	-11,654	-14,613
	Profit for the Year	**30,528**	**36,838**
	Earnings per Share		
15	Basic earnings per share (DKK)	25.71	31.03
15	Diluted earnings per share (DKK)	25.71	31.03

Statement of other Comprehensive Income

1 January - 31 December

Figures in DKK '000	**2022**	2021
Profit for the Year	**30,528**	**36,838**
Other Comprehensive Income		
Items that may be reclassified to the statement of profit and loss:		
Exchange differences on translation of foreign operations	-1,746	859
Other Comprehensive Income for the Year, After Tax	**-1,746**	**859**
Total Comprehensive Income for the Year	**28,782**	**37,697**

Consolidated Balance Sheet at 31 December 2022

Assets

Note	Figures in DKK '000	2022	2021
	Non-current Assets		
9	Intangible assets	2,899	522
10	Property, plant and equipment	4,094	11,559
11	Right-of-Use assets	14,691	10,656
7	Deferred tax assets	5,652	2,859
11	Finance lease receivables	-	3,037
	Other assets	5,528	6,835
	Total Non-current Assets	**32,864**	**35,468**
	Current Assets		
12	Trade receivables	232,952	241,853
	Tax receivables	2,061	2,838
	Prepayments	6,739	4,253
11	Finance lease receivables	-	2,072
	Other assets	8,056	3,246
	Cash and cash equivalents	93,029	71,003
	Total Current Assets	**342,837**	**325,265**
	Total Assets	**375,701**	**360,733**

Equity and Liabilities

Note	Figures in DKK '000	**2022**	2021
	Equity		
14	Share capital	1,210	1,210
14	Treasury shares	-2,286	-2,286
	Translation reserve	-5,197	-3,451
	Proposed dividends	24,250	26,800
	Retained earnings	59,409	52,633
	Total Equity	**77,386**	**74,906**
	Non-current Liabilities		
17	Other interest-bearing debt	4,840	4,892
11	Lease liabilities	8,759	6,302
	Total Non-current Liabilities	**13,599**	**11,194**
	Current Liabilities		
	Trade payables	214,846	196,603
13	Contract liabilities	12,700	12,373
	Current tax liabilities	6,822	7,908
11	Lease liabilities	7,014	10,470
	Payables to group enterprises	65	-
18	Other liabilities	43,269	47,279
	Total Current Liabilities	**284,716**	**274,633**
	Total Liabilities	**298,315**	**285,827**
	Total Equity and Liabilities	**375,701**	**360,733**

Statement of Changes in Equity for the Group

Figures in DKK '000	Share capital	Treasury shares reserve	Translation reserve	Proposed dividends	Retained earnings	Total
Equity at 1 January 2022	**1,210**	**-2,286**	**-3,451**	**26,800**	**52,633**	**74,906**
Profit for the year	-	-	-	24,250	6,278	30,528
Other Comprehensive Income	-	-	-1,746	-	-	-1,746
Total Comprehensive Income for the Period	**-**	**-**	**-1,746**	**24,250**	**6,278**	**28,782**
Transactions with Owners in Their Capacity of Owners:						
Dividend paid	-	-	-	-26,302	-	-26,302
Dividend, treasury shares				-498	498	-
	-	-	-	-26,800	498	-26,302
Equity at 31 December 2022	**1,210**	**-2,286**	**-5,197**	**24,250**	**59,409**	**77,386**

Figures in DKK '000	Share capital	Treasury shares reserve	Translation reserve	Proposed dividends	Retained earnings	Total
Equity at 1 January 2021	**1,210**	**-2,409**	**-4,310**	**29,000**	**42,179**	**65,670**
Profit for the year	-	-		26,800	10,038	36,838
Other Comprehensive Income	-	-	859	-	-	859
Total Comprehensive Income for the Period	**-**	**-**	**859**	**26,800**	**10,038**	**37,697**
Transactions with Owners in Their Capacity of Owners:						
Share-based payments	-	123	-	-	-123	-
Extraordinary dividend paid	-	-	-	-28,461	-	-28,461
Dividend, treasury shares	-	-	-	-539	539	-
	-	123	-	-29,000	416	-28,461
Equity at 31 December 2021	**1,210**	**-2,286**	**-3,451**	**26,800**	**52,633**	**74,906**

Cash Flow Statement for the Group

Note	Figures in DKK '000	**2022**	2021
	Profit before tax	42,182	51,451
	Depreciation and amortization	14,924	15,458
19	Changes in working capital	16,230	-930
20	Other adjustments	3,356	1,023
	Interest received	2,159	844
	Interest paid	-2,341	-2,026
	Income tax paid	-14,756	-14,106
	Cash Flow from Operating Activities	**61,754**	**51,714**
9	Acquisition of intangible assets	-2,899	-317
10	Acquisition of property, plant and equipment	-1,438	-3,485
10	Disposal of property, plant and equipment	26	98
	Acquisition of other assets	-373	-1,946
	Disposal of other assets	1,680	-
11	Payments received under sub-leases, principal part	5,109	1,465
	Cash Flow from Investing Activities	**2,105**	**-4,185**
11, 21	Principal elements of lease payments	-13,735	-12,228
21	Repayment of interest-bearing debt	-178	-1,392
	Dividend paid to shareholders	-26,302	-28,461
	Cash Flow from Financing Activities	**-40,215**	**-42,081**
	Total Cash Flow	**23,644**	**5,448**
	Cash and cash equivalents 1 January	71,003	64,552
	Effects of exchange rate changes on cash and cash equivalents	-1,618	1,003
	Cash and Cash Equivalents 31 December	**93,029**	**71,003**

Cash and cash equivalents include time deposits of DKK 6,471 thousand (2021 DKK 4,214 thousand) which had a duration of less than 3 months.

The Group's cash conversion is 87% (2021 71%).

SECTION 1

Basis of Preparation

This section describes the Group's accounting policies and significant judgments, estimates, assumptions and any effect of changes in the policies.

7N aims to provide transparency on disclosed amounts and describes policy and significant judgments, estimates and assumptions when it is relevant. A detailed specification of the Group's accounting policies is presented in the relevant notes.

Note 1 | **Accounting Polices**

Introduction

The annual report, for the period 1 January – 31 December 2022, comprises the consolidated financial statements of 7N A/S and its subsidiaries as well as separate financial statements for 7N A/S. Reference is made to page 142 for Parent's specific accounting policies.

7N A/S is incorporated and domiciled in Denmark.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU (IFRS) and additional Danish disclosure requirements applying to companies of reporting class C, Large for financial statements applicable to the 2022 financial year. The consolidated financial statements have been approved by the Board of Directors on 18 April 2023 and will be presented to the shareholders of 7N A/S for approval on the annual general meeting.

Basis for preparation

The annual report is presented in Danish Kroner (DKK), which is also the functional currency of the parent company.

The amounts have been rounded to the nearest thousands, except otherwise stated.

The annual report has been prepared under the historic cost convention.

For a detailed specification of the Group's accounting policies, please see relevant notes in the consolidated financial statements.

Changes in accounting policies

All amendments to the International Financial Reporting Standards (IFRS) effective for the financial year 2022 have been implemented as basis for preparing the consolidated financial statements and notes to the statements.

None of the implementations has had any material impact on the statements or notes presented.

Changes in presentation

In 2022, the use of special items is applied to improve the transparency and understanding of the Group's financial statements.

The use of special items entails management judgment in the separation from ordinary items, to ensure the correct distinction and split between operating activities and significant income and expenses of a special nature.

For a definition, please see note 8 special items.

In 2022, there has been a change in the classification of certain costs amounting to DKK 10.9 million (2021: DKK 10.8 million) from cost of sales to Other external cost. The classification has been changed as it gives a more fair view of the costs' nature.

The comparison figures have been restated correspondently.

Consolidated financial statements

The consolidated financial statements comprise 7N A/S (Parent) and the entities (subsidiaries) that are controlled by the Parent. Control is achieved when the Parent is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to use its power over the entity to affect those returns.

Consolidation principles

The consolidated financial statements are prepared by summarising together financial statements of the Parent and the subsidiaries, which have all been prepared in accordance with the Group's accounting policies.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends as well as profits and losses on transactions between the consolidated entities are eliminated. Unrealized losses are eliminated in the same way as unrealized gains.

Equity investments in subsidiaries are eliminated by the proportionate share of the entities' net asset value calculated in accordance with the Group's accounting policy.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the individual subsidiary operates ('the functional currency').

Transactions denominated in other currencies than the functional currency are foreign currency transactions.

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognized in the statement of profit and loss as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies, that have not been settled at the balance sheet date, are translated using the exchange rate at the balance sheet date. The difference between the exchange rates at the end of the reporting period and at the date at which the receivable or payable arose or was recognized in the latest annual report is recognized in profit and loss as financial income or financial expenses.

When subsidiaries, which prepare their financial statements in a functional currency, different from DKK, are consolidated into the consolidated financial statements, the items of the statement of profit and loss are translated at the average exchange rates. Exchange rate differences arising from the translation of foreign subsidiaries' balance sheet items, at the beginning of the year, using the balance sheet date exchange rates as well as the translation of statement of profit and loss from average rates to the exchange rates at the balance sheet date are recognized in other comprehensive income.

Foreign currency translation adjustments of a loan or payable to subsidiaries which are neither planned nor likely to be settled in the foreseeable future and which are therefore considered to form part of the net investment in the subsidiary are recognized directly in other comprehensive income.

Statement of Profit and Loss

Cost of sales

Cost of sale comprise costs incurred in generating the year's revenue and relates primarily to costs regarding external consultancy services and other services.

Other external expenses

Other external expenses comprise of expenses relating to 7N ordinary activities, including expenses for administration, premises, sale, events, advertising, office supplies and expenses etc.

Other external expenses also include write-downs of receivables recognized in current assets as well as provisions for claims against 7N.

Balance sheet

Other assets

Other assets comprise other financial assets, deposits, and other receivables.

Deposits are primarily related to the leasing of offices. Security deposits which will not be returned within one year of the statement of financial position date are recognized as non-current assets. Commitments which require a deposit will initially be recorded to the deposit asset account. If the deposit is not recovered, it is charged to the income statement.

Other receivables are primarily related to receivables from public authorities.

Prepayments

Prepayments recognized under "Current assets" comprise costs incurred concerning subsequent financial years.

Statement of comprehensive income

Other comprehensive income consists of income and costs not included in the statement of profit and loss, including exchange rate adjustments arising, from the translation of foreign subsidiaries' financial statements into presentation currency.

Cashflow statement

The cash flow statement is presented according to the indirect method commencing with the profit before tax. The cash flow statement shows how changes in items in the consolidated balance sheet and income affect cash and cash equivalents.

Cash and cash equivalents consist of cash at bank and in hand. Cash flows in other currencies are translated into DKK at the average exchange rate for the respective year.

Cash flows from operating activities is assessed by converting statement of profit and loss items from accrual to cash basis accounting. Starting with profit before tax, non-cash items are reversed, and actual payments included. In addition, the change in working capital and contract liabilities is taken into consideration as it represents cash withheld in the consolidated balance sheet.

Cash flows from investing activities are related to the sale and purchase of long-term investments, including subsidiaries, property plant and equipment, intangibles and financial assets as well as payments (principle part) received under sub-leases.

Cash flows from financing activities comprise cash from changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, instalments on interest bearing debt, payments relating to leasing obligations and dividend payments to shareholders.

Cash and cash equivalents comprise cash in hand and bank balances.

New accounting regulations

The IASB has issued a number of new standards and amendments not yet in effect or adopted by the EU and therefore not relevant for the preparation of the 2022 consolidated financial statements. 7N expects to implement these standards when they take effect.

None of the new standards issued are currently expected to have any significant impact on the Group's financial statements when implemented.

Key Figures

The key figures and financial ratios have been calculated in accordance with the definition included in appendix 1 - "Definition of Terms"

Note 2 | **Accounting Estimates and Judgments**

While applying the Group's accounting policies, in addition to estimations, management makes other judgments that may impact the application of the Group's accounting policies and reported amounts of assets, liabilities, revenue, costs, cash flows, and related disclosures at the date of the consolidated financial statements.

The estimates and judgments applied are based on assumptions which management believes to be reasonable, but which are inherently uncertain and unpredictable. Such assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise.

In addition, the Group is subject to risks and uncertainties encountered in the ordinary course of business that may cause actual results to deviate from the estimates. The notes to the consolidated financial statements contain information about the assumptions and the uncertainty of estimates at the balance sheet date involving the risk of changes that could lead to adjustments to the carrying amounts of assets or liabilities within the upcoming financial year.

Management considers the following to be key accounting estimates and judgments used in the preparation of the consolidated financial statements.

Key accounting estimate

Key accounting estimates are expectations of the future based on assumptions that the Group, to the extent possible, supports by historical trends or reasonable expectations. The assumptions may change to adapt to the market conditions and changes in political and economic factors. We believe that the estimates are the most likely outcome of future events.

In the financial statements for 2022, it is important to note the accounting assumptions. These are described in further detail adjacent to the relevant disclosed notes cf. below table.

Key accounting judgments

Key accounting judgments are made when applying the Group's accounting policies. Key accounting judgments are the judgments made, that can have a significant impact on the amounts recognized in the consolidated financial statements.

In the financial statements for 2022, it is important to note the key accounting judgment. These are described in further detail adjacent to the relevant disclosed notes cf. below table.

Note	Key accounting estimates and judgments	Nature of accounting impact	Impact of accounting estimates and judgments
4	Judgment from management when determining agent/principal revenue	Judgment	● ○ ○
7	Assumptions from management when recognizing deferred tax assets	Estimate	● ● ○
8	Judgment from management when determining the classification of special items	Judgment	● ○ ○
9	Judgments used in qualifying the cost, eligible for capitalisation, and estimates used in value-in-use calculation for impairment testing of own developed software.	Estimate/ Judgment	● ● ●

Level of potential impact to the consolidated financial statments

Low	● ○ ○
Medium	● ● ○
High	● ● ●

SECTION 2

Result for the Year

The section comprises notes related to the performance for the financial year, including segment information showing revenue and EBIT, which are two of 7N's key performance measures.

Note 3 | **Segment Information**

The Group's business segments are divided into operating segments which are consistent with the internal management reporting to the board of directors and the senior management.

The operating segments are regularly reviewed by the board of directors and senior management, who is responsible for assessing the Group's performance and making resource allocations decisions.

7N has identified two reportable segments of its business:

- Consulting
- Outsourcing

The Consulting segment is where 7N typically offers IT consultants to clients across the disciplines of digitalisation and IT for longer or shorter durations. Consultants within Consulting are contracted on an individual basis, however, 7N often provides more than one consultant to the client either on location or remote.

The Outsourcing segment is where 7N supports the operation of parts or entire IT specialist teams for clients in a pre-agreed mix of onshore, nearshore or offshore IT consultants. These engagements often include 7N's planning, staffing and delivery management function. That offloads client's requirement to use internal resources to run and manage the IT project delivery team and enables 7N to deliver more value than classical staffing with limited risk exposure.

7N is geographically actively represented in Denmark, Poland, India, Norway, Finland, Sweden, Switzerland and USA.

No inter segment sales occur.

Accounting Policy

The accounting policies of the reportable segments are the same as applied by the Group as described throughout the notes, except that the total personnel expenses for client-facing consultants that are salaried employees of the Group are presented as 'cost of sales' in the segment reporting in line with the internal management reporting. The amount reclassified from personnel expenses to cost of sales is included within 'Adjustments'. Segment revenue and costs comprise items that can be directly referred to the individual segments.

The segment reporting is prepared in a manner consistent with the Group's internal management and reporting structure.

For the purpose of segment reporting, segment profit has been identified as Operating profit (EBIT)

Items included in 'Unallocated activities' are related to corporate costs.

When presenting geographical information, segment revenue is based on the geographical location of the individual subsidiary from which the sales transaction originates, whereas geographical information about total non-current assets is based on the actual location of the asset. Total non-current assets do not include deferred tax assets.

2022

Business segment (DKK'000)	Consulting	Outsourcing	Unallocated	**Total operating segments**	Adjustments	**Total**
Revenue	1,014,473	399,412	-	1,413,885	-	1,413,885
Cost of sales	-812,958	-316,491	-	-1,129,449	38,339	-1,091,110
Gross Profit	**201,515**	**82,921**	**-**	**284,436**	**38,339**	**322,775**
Operating profit before depreciation & amortization (EBITDA): before Special items	53,932	38,623	-21,438	71,117	-	71,117
Depreciation	-6,925	-7,466	-11	-14,402	-	-14,402
Amortization	-522	-	-	-522	-	-522
Operating Profit (EBIT) before special items	**46,485**	**31,157**	**-21,449**	**56,193**	**-**	**56,193**
Operating profit margin	4,6%	7,8%		4.0%		4.0%
Special items						-12,490
Financial items, net						-1,521
Profit Before Tax						**42,182**

2021

Business segment (DKK'000)	Consulting	Outsourcing	Unallocated	**Total operating segments**	Adjustments	**Total**
Revenue	889,986	353,330	-	1,243,316	-	1,243,316
Cost of sales	-717,497	-277,038	-	-994,535	45,961	-948,574
Gross Profit	**172,489**	**76,292**	**-**	**248,781**	**45,961**	**294,742**
Operating profit before depreciation & amortization (EBITDA): before Special items	58,518	31,480	-16,834	73,164	-	73,164
Depreciation	-5,421	-9,520	-182	-15,123	-	-15,123
Amortization	-335	-	-	-335	-	-335
Operating Profit (EBIT) before special items	**52,762**	**21,960**	**-17,016**	**57,706**	**-**	**57,706**
Operating profit margin	5.9%	6.2%	-	4.6%		4.6%
Special items						-3,632
Financial items, net						-2,623
Profit Before Tax						**51,451**

Note 3 | **Segment Information – *continued***

In 2022 revenue from a single external customer, DKK 143,182 thousand, exceeds 10% of the Group's total revenue. In 2021 no revenue, from a single external customer, exceeds 10% of the Groups total revenue.

2022

Segment information related to geographical areas (DKK'000)	Denmark	Poland	Other countries	**Total**
Revenue from external customers	810,156	431,758	171,971	1,413,885
Total Non-current Assets	11,630	10,487	5,095	27,212

2021

Revenue from external customers	761,668	342,470	139,178	1,243,316
Total Non-current Assets	8,852	11,153	12,604	32,609

Adjusted EBITA (non-IFRS)

Management has chosen to measure the overall performance of the Group by reference to the adjusted EBITA as a non-IFRS measure.

Adjusted EBITA is defined as EBITA (earnings before interest, tax, amortization) adjusted to exclude cost related to profit-sharing bonus for the employees and special items.

Management believes that this adjusted measure of performance should be separately disclosed to assist an understanding of the underlying operating performance of the Group.

Figures in DKK '000	**2022**	2021
Operating Profit (EBIT)	43,703	54,074
Amortisations	522	335
Special Items	12,490	3,632
Profit-sharing bonus	-	4,106
Adjusted EBITA (non-IFRS)	**56,715**	**62,147**
Adjusted EBITA margin	4,0%	5.0%

7N has a bonus scheme in place to incentivize the staff. All employees, except for salaried consultants, the Management Team and Key Employees, and non-invoiceable administrative consultants in Poland are eligible for a profit-sharing bonus.

The profit-sharing bonus scheme is structured to distribute a large share of the advancement in the Group's EBIT in any given year relative to the EBIT for the year in which the profit-sharing bonus was last paid, i.e. reflecting the highest EBIT result achieved in any given year in all previous years.

Note 4 | **Revenue**

Figures in DKK '000	**2022**	2021
Revenue is distributed as follows:		
Revenue from Professional Services		
Consulting	1,008,237	884,990
Outsourcing	375,958	330,862
Total Revenue from Professional Services	**1,384,195**	**1,215,852**
Revenue from Other Services		
Consulting	6,236	4,996
Outsourcing	23,454	22,468
Total Revenue from Other Services	**29,690**	**27,464**
Total	**1,413,885**	**1,243,316**

Key Accounting Judgments

Agent/principal

As the Group's service offerings often involve freelance or other third-party consultants the group determines whether it acts as a principal or as an agent in the provision of services to its customers. The Group therefore determines whether the nature of its promise is a performance obligation to provide the specified services itself or to arrange for those services to be provided by the freelance or third-party consultant. For this purpose, the Group assesses whether it controls the specified IT Consultancy services before it is transferred to the customer. Management has determined that the Group acts as a principal in the arrangements involving freelance and other third-party consultants because the Group is the primary responsible for the acceptability of the services and has the discretion in establishing the price.

Accounting Policy

Revenue from professional services

The Group's primary service offerings include IT Consultancy services, which are generally provided on a time & material contract basis. However, some contracts may be on a fixed price contract basis.

Contracts for the sales of services do generally not include multiple deliverables (that is, for the vast majority of contracts they comprise a single performance obligation).

The terms of payment in the Group's sales agreements will typically not exceed two months. The Group receives prepayments on certain contracts.

As described under key accounting judgments, Management has determined that the Group acts as a principal in the arrangements involving freelance and other third-party consultants. As such, revenue related to the professional services are recognized on a gross basis.

Time & material contracts

Revenue from time & material contracts is recognized over time in the accounting period in which the services are rendered.

The time & material contracts include hourly fees and thus the Group applies the practical expedient under IFRS 15 that allows the Group to recognize revenue as invoiced. This is because the amount invoiced corresponds directly with the value transferred to the client.

Clients are generally invoiced on a monthly basis and consideration, when invoiced, is payable with usual payment terms.

Minor form of variable consideration, such as volume discounts or rebates, if any, are considered non-substantive.

Fixed price contracts

Revenue from fixed price contracts is recognized over time under the percentage of completion method whereby revenue is recognized based on hours incurred to date as a percentage of the total estimated costs of hours to fulfill the contract.

Revenue from other services

In addition, the Group generates revenue from other services, which primarily includes revenue from hiring out complete workspace stations, course and training programs. Revenue from such service arrangements is recognized over time as the services are rendered.

Note 5 | **Personnel Expenses**

Figures in DKK '000	**2022**	2021
Salaries and wages	136,271	130,588
Other social security costs	8,710	8,255
Other employee costs	4,889	3,968
Total	**149,870**	**142,811**
Average number of employees	295	351
Hereof salaried consultants	140	214

Accounting Policy

Personnel expenses consist of salaries and wages, sales commissions, bonuses, related taxes, social security costs, pension contributions, costs for share-based payment programs and other benefits for the Group's salaried employees.

Remuneration to Key Management

Key management consists of Board of Directors and employed members of the Executive management and Key employees as defined on page 58. The remuneration paid or payable to key management for employee services is as follows:

Figures in DKK '000	**2022**	2021
Remuneration to the Board of Directors		
Board fee	3,300	1,758
Total	**3,300**	**1,758**
Remuneration to the Executive Board		
Salaries and wages including bonuses	5,483	2,527
Other social security costs	6	2
Total	**5,489**	**2,529**
Remuneration to other Key Management		
Salaries and wages including bonuses	8,624	10,624
Other social security costs	31	279
Total	**8,655**	**10,903**
Total Remuneration to Key Management Personnel	**17,444**	**15,190**

Remuneration to key management personnel is recognized as Personnel Expenses.

Sebastian Podlesny was appointed as CEO on 1 July 2021 and therefore only his salary after this period is included in remuneration to Executive Board. On 1 April 2022, Jacob Lehman was appointed as a member of the Executive Board, why his remuneration in the first quarter of 2022 and in 2021 is included in remuneration to Other Key Management.

Note 6 | **Financial Income and Expenses**

Figures in DKK '000	**2022**	2021
Financial Income		
Interests, leasing	330	498
Interest on Financial Assets Measured at Amortized Cost	**330**	**498**
Exchange rate adjustments	1,240	523
Other interest income	1,829	346
Total Financial Income	**3,399**	**1,367**
Financial Expenses		
Interest expenses, interest-bearing debt	1,057	269
Interest, leasing	459	1,061
Interest on Financial Liabilities Measured at Amortized Cost	**1,516**	**1,330**
Exchange rate adjustments	2,579	1,964
Other financial expenses	825	696
Total Financial Expenses	**4,920**	**3,990**

Accounting Policy

Financial items include interest income and expenses calculated using the effective interest method, including the interest portion of lease payments, gains and losses on foreign currency transactions and surcharges and allowances under the account tax scheme.

Note 7 | **Tax**

Figures in DKK '000	2022	2021
Current Tax	14,627	13,936
Prior year adjustments, net	-43	42
Change in deferred tax	-2,930	-492
Withholding tax	-	1,127
Total Tax for the Year	**11,654**	**14,613**
Profit Before Tax	**42,182**	**51,451**
Tax at a rate of 22%	9,280	11,319
Tax-based value of non-deductible expenses	4,280	2,586
Tax-based value of non-taxable income	-201	-164
Changes to previous year	-50	37
Deferred tax asset valuation adjustment	-1,216	-36
Withholding tax	-	1,127
Effect of different tax rates in foreign subsidiaries	-439	-256
Total Current Tax	**11,654**	**14,613**
Effective Tax Rate	**27.6%**	**28.4%**
Current Tax is Presented as Follows in the Balance Sheet		
Tax receivables	2,061	2,838
Current tax liabilities	-6,822	- 7,908
Total Tax Receivable/Payable, Net	**-4,761**	**-5,070**

Note 7 | **Tax – *continued***

Figures in DKK '000	**2022**	2021
Deferred Tax has been Presented as Follows in the Consolidated Balance Sheet		
Deferred tax asset	5,652	2,859
Total Deferred Tax	**5,652**	**2,859**
Deferred Tax		
Intangible assets	-638	-115
Property, plant and equipment	1,932	754
Right-of-use assets	214	211
Current liabilities	2,644	1,918
Tax losses carried forward	1,500	91
Total Deferred Tax	**5,652**	**2,859**

The Group has DKK 32,049 thousand (2021: DKK 33,942 thousand) of tax losses carried forward, which relates to previous year's tax result. There is no expiration date on the tax losses carried forward.

Tax losses of DKK 6,857 corresponding to deferred tax assets of DKK 1,500 thousand (2021: DKK 91 thousand) have been recognized. The tax loss originates from a subsidiary but is deductible in the parent company and therefore Management has concluded that convincing evidence exists.

Accounting Policy

Tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognized in profit for the year by the portion attributable to the profit for the year and recognized directly in other comprehensive income and equity by the portion attributable to entries recognized directly in other comprehensive income and equity.

Withholding tax of dividends received from subsidiaries are included in the tax for the year.

Current tax payable and current tax receivable are recognized in the consolidated balance sheet, calculated as a tax on taxable income for the year, adjusted for prepaid tax.

On the calculation of current tax, the tax rates and rules applicable at the balance sheet date are used.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognized in the statement of the financial position at their estimated realizable value, either as a set-off against deferred tax liabilities or as net tax assets to be set off against future positive taxable income. At each balance sheet date, it is considered whether sufficient taxable income is likely to arise in the future, for the deferred tax asset to be used.

Deferred tax is recognized on all temporary differences between the carrying amounts and tax-based values of assets and liabilities using the balance sheet liability method. Deferred tax is calculated on the basis of the planned use of each asset and the settlement of each liability, respectively. Deferred tax is measured using the tax rates and tax rules which – based on acts in force or acts actually in force at the balance sheet date – are expected to apply when the deferred tax is expected to crystallize as current tax. Changes in deferred tax resulting from changed tax rates or tax rules are recognized in the statement of profit and loss unless the deferred tax is attributable to transactions previously recognized directly in equity or other comprehensive income. In the latter case, such changes are also recognized directly in equity or other comprehensive income.

Accounting Estimate

Deferred tax asset

As of 31 December 2022, the Group has unrecognized deferred tax assets of DKK 25,192 thousand (2021: DKK 33,942 thousand), hereof the tax value of tax losses carried forward amounts to DKK 4,934 thousand (2021: DKK 6,783 thousand).

The Group has incurred the losses in recent years as a consequence of expanding the Group and its operations. The losses can be carried forward indefinitely and have no expiration date.

Recognition of deferred tax assets requires that it is probable that future taxable profits are available against which the unused tax losses can be utilized. As the Group in some geographies has a history of making taxable losses, IAS 12 Income Taxes further requires that convincing evidence is available to support Management's assessment that sufficient taxable profits will be available in the future.

Even though the approved budget and business plan show that the respective group entities will be generating taxable profits in the foreseeable future, Management has concluded that it will not be able to meet the strict criteria in IAS 12 to provide 'convincing evidence', as the budget and business plan are sensitive to the timing and level of investments and similar factors. Consequently, deferred tax assets of DKK 1,500 thousand (2021: DKK 91 thousand) have been recognized for the Group's tax loss carry-forward.

Note 8 | **Special Items**

Figures in DKK ‘000	**2022**	2021
IPO Preparation costs	12,490	3,632
Special items, costs	**12,490**	**3,632**

IPO preparation costs consist of DKK 11,615 thousand (2021: DKK 3,632 thousand), related to external assistance from advisors, lawyers etc., and DKK 875 thousand (2021: DKK 0 thousand) related to IPO bonuses to employees.

Figures in DKK ‘000	**2022**	2021
Impact of Special items		
If special items had been recognized, in operating profit before special items, they would have impacted the following line items:		
Personnel expenses	875	-
Other external expenses	11,615	3,632
Special items, costs	**12,490**	**3,632**

Accounting Judgment

Special items

The use of special items entails management judgment in the separation from ordinary items. Management carefully considers individual items and projects in order to ensure the correct distinction and split between operating activities and significant income and expenses of a special nature.

Management initially assesses the entire project and recognizes all present costs of the project.

The projects are assessed on an ongoing basis, with additional costs possibly being incurred during the lifetime of the project.

Accounting Policy

Special items include significant income and expenses of a special nature in relation to the Group's revenue-generating activities that cannot be attributed directly to the Group's ordinary operating activities.

Special items also include significant non-recurring items, including IPO-process cost and cost relating to acquisitions. Special items are shown separately from the Group's ordinary operations to facilitate a better understanding of the Group's financial performance.

SECTION 3

Invested Capital

The section comprises intangible and tangible assets, as well as right of use assets, showing in which assets 7N has invested capital.

Note 9 | **Intangible Assets**

Development expenditures that are not eligible for capitalisation have been expensed in the period incurred and are included in the income statement within their relevant nature.

In 2022 this amounted to DKK 3,361 thousand (2021: DKK 1,522 thousand).

Figures in DKK '000	Acquired rights and licenses	Own developed software under development	**Total**
Cost at 1 January 2022	**1,130**	**-**	**1,130**
Additions	-	2,899	2,899
Cost at 31 December 2022	**1,130**	**2,899**	**4,029**
Amortization & Impairments Losses 1 January 2022	**-608**	**-**	**-608**
Amortization	-522	-	-522
Amortization & Impairments Losses 31 December 2022	**-1,130**	**-**	**-1,130**
Carrying Amount at 31 December 2022	**-**	**2,899**	**2,899**

Figures in DKK '000	Acquired rights and licenses
Cost at 1 January 2021	**813**
Additions	317
Cost at 31 December 2021	**1,130**
Amortization & Impairments Losses 1 January 2021	**-273**
Amortization	-335
Amortization & Impairments Losses 31 December 2021	**-608**
Carrying Amount at 31 December 2021	**522**

Accounting Policy

Acquired rights and licenses

Intangible assets with definite useful lives are measured at cost less accumulated amortization and impairment losses. Intangible assets include proprietary and separately acquired software. Amortization is provided on a straight-line basis over the estimated useful lives of the assets, which are between 3-10 years.

Own developed software under development

The Group undertakes activities for maintaining and developing software. Costs associated with maintaining software are recognized as expenses when incurred. The cost of developed software comprises of cost, to external contractors, that are directly attributable to the development project. Cost is recognized from the time at which the development project qualifies for recognition as an asset.

Amortisation commences when the software is ready for its intended use and is recognized on a straight-line basis over their useful lifetime of 3-5 years.

Impairment of non-current assets

Non-current assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Own software under development is impairment tested a minimum of once a year. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are, reviewed for possible reversal of the impairment at the end of each reporting period.

Own developed software under development

Accounting Judgment

The Group undertakes activities within software development with the objective to further increase the services and value-added by the consultants on assignments. Management assesses whether the costs incurred for own-developed software are capitalized as a development project or to be expensed in the income statement as incurred. Initial capitalization of costs is based on Management's judgment that technological and economic feasibility is confirmed, usually when a development project has reached a defined milestone.

The Group expects implementation, of the first module of own developed software, in early Q3 2023. The next modules, in relation to own developed software, are expected to be implemented within the next 2-3 years.

Accounting Estimate

The determination of the recoverable amount of own developed software requires significant Management estimates when determining the various assumptions, such as cash flow projections, discount rate and terminal growth rates.

The sensitivity of the estimated measurement of these assumptions, combined or individually, can be significant.

Furthermore, the use of different estimates or assumptions when determining the recoverable amount may result in different values and could result in impairment in future periods.

Note 10 | **Property, Plant and Equipment**

Figures in DKK '000	Equipment	Leasehold improvements	**Total**
Cost at 1 January 2022	**19,540**	**11,024**	**30,564**
Foreign exchange adjustments	-429	-319	-748
Additions	952	486	1,438
Disposals	-6,665	-4,129	-10,794
Cost at 31 December 2022	**13,398**	**7,062**	**20,460**
Depreciation and Impairments Losses 1 January 2022	-13,361	-5,644	-19,005
Foreign exchange adjustments	275	182	457
Depreciation	-2,051	-1,814	-3,865
Disposals	4,239	1,808	6,047
Depreciation at 31 December 2022	**-10,898**	**-5,468**	**-16,366**
Carrying Amount at 31 December 2022	**2,500**	**1,594**	**4,094**

Figures in DKK '000	Equipment	Leasehold improvements	**Total**
Cost at 1 January 2021	**17,002**	**9,624**	**26,626**
Foreign exchange adjustments	478	282	760
Additions	2,367	1,118	3,485
Disposals	-307	-	-307
Cost at 31 December 2021	**19,540**	**11,024**	**30,564**
Depreciation, 1 January 2021	**-9,845**	**-3,846**	**-13,691**
Foreign exchange adjustments	-275	-100	-375
Depreciation	-3,450	-1,698	-5,148
Disposals	209	-	209
Depreciation at 31 December 2021	**-13,361**	**-5,644**	**-19,005**
Carrying Amount at 31 December 2021	**6,179**	**5,380**	**11,559**

Accounting Policy

Property, Plant and Equipment

Equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition, of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the estimated useful lives of the assets, which are 3-5 years. Depreciation methods, useful lives and residual values are reviewed annually.

Gains and losses from the sale of Property, Plant and Equipment are calculated as the difference between selling price less selling costs and carrying amount at the time of sale. Gains or losses are recognized in the statement of profit and loss in other operating income/ expenses.

Note 11 | **Leases**

The Group's lease agreements relate primarily to leases of property, vehicles, and equipment.

Lease of properties is negotiated on an individual basis and contain a wide range of different terms and conditions. The property leases are in general of a short-term nature; however, a few leases have an initial term of up to 5 years.

Leases of vehicles and equipment are typically made for fixed periods of 3-5 years and do normally not include extension options.

The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

The Group has recognized the following amounts relating to leases:

Figures in DKK '000	**31 December 2022**	31 December 2021
Right of Use Assets		
Property	12,340	7,952
Vehicles	2,109	1,994
Equipment	242	710
Total	**14,691**	**10,656**
Additions, Right of Use Assets	12,454	1,675
Remeasurement, Right of use assets	2,117	-
Lease liability		
Non-current	8,759	6,302
Current	7,014	10,470
Total	**15,773**	**16,772**

The statement of profit and loss shows the following amounts relating to leases:

Figures in DKK '000	2022	2021
Depreciation, Right of Use Assets		
Property	-8,867	-7,991
Vehicles	-1,631	-478
Equipment	-39	-1,506
Total Depreciations	**-10,537**	**-9,975**
Interest expense (included in finance expense)	-459	-1,061
Income from subleasing right-of use assets	1,355	1,026
Total Cash Outflow for Leases	-14,194	-13,289

The total future undiscounted cash outflows relating to leases not yet commenced as of 31 December 2022 amount to DKK 1,263 thousand (2021: DKK 901 thousand) which decreases by DKK 267 thousand (2021: DKK 233 thousand) within the next year and DKK 996 thousand (2021: DKK 668 thousand) within the next 1-5 years.

For the maturity analysis of lease liabilities see note 22.

Leases

The Group as lessee

The Group's leases include properties, vehicles and equipment.

Leases are recognized as a right-of-use asset and a corresponding liability at the date on which the leased asset is available for use by the Group.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Contracts may contain both lease and non-lease components. The Company has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis.

The Group's lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the individual lessee's incremental borrowing rate being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

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Note 11 | **Leases – *continued***

Lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Variable lease payments other than those based on an index or rate are recognized in the statement of profit and loss when incurred.

The Group has chosen not to apply the practical expedient for short-term leases and for leases of low value.

The Group as a lessor (sublease)

When the Group is an intermediate lessor, it accounts for its interest in the head lease and the sublease separately. It assesses the classification of the sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all risks and rewards incidental to ownership of the right-of-use asset. As part of this assessment, the Group considers certain indicators, such as whether the lease is for the major part of the economic life of the headlease. A lease is classified as a finance lease if it transfers substantially all the risk and rewards incident to ownership of the right-of-use asset.

Assets held under a finance lease is recognized in the balance sheet and is at the commencement date presented as a receivable at an amount equal to the net investment in the lease. Subsequently, the Group recognizes finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the net investment in the lease.

If the sublease is classified as an operating lease, the right-of-use asset related to the head lease is retained. Lease payments received from the sublease are recognized as income on a systematic basis

In 2018, the Group entered into a sublease agreement regarding one of the Group's property leases. In accordance with IFRS 16, the sublease has been classified by reference to the right-of-use asset arising from the head lease and has thus been classified as a finance lease because the sublease is for the whole of the remaining term of the head lease. The agreement was terminated in 2022.

In 2021, the group entered into a sublease agreement regarding one of the Group's property leases. In accordance with IFRS, the sublease has been classified by reference to the right-of-use asset arising from the head lease and has thus been classified as an operating lease because the sublease does not transfer substantially all the risks and rewards incidental to ownership to the underlying asset.

The following information relates to leases where the Group is an intermediate lessor, and where the leases are classified as finance leases:

Figures in DKK '000	**31 December 2022**	31 December 2021
Lease Payments Receivable from Subleases		
Within 1 year	-	2,417
Between 1 and 2 years	-	2,417
Between 2 and 3 years	-	787
Between 3 and 4 years	-	-
Between 4 and 5 years	-	-
More than 5 years	-	-
Total Undiscounted Lease Payments Receivable	**-**	**5,621**
Unearned financing income	-	512
Net Investment	**-**	**5,109**
Of which non-current	-	3,037
Of which current	-	2,072
Finance income on the net investment in the lease	330	498

The change in the balance of the net investment in the lease is due to lease payments received.

Operating leases

The following information relates to leases where the Group is an intermediate lessor, and where the leases are classified as operating leases:

Figures in DKK '000	**31 December 2022**	31 December 2021
Sublease income for the year	1,355	564

Lease payments receivable from subleases are due within 1 year.

SECTION 4

Working Capital & Capital Structure

The section comprises notes related to 7N´s Working capital and capital structure

Note 12 | **Trade Receivables and Credit Risks**

Figures in DKK '000	**31 December 2022**	31 December 2021
Total receivables	232,952	241,853

Trade receivables are amounts due from customers for delivery of It-consulting services and other services provided in the ordinary course of business.

Payments are generally due for settlement within 30-60 days after invoice date and are therefore all classified as current.

The carrying amount of the trade receivables is assumed to approximate the fair value.

The Group's customers are generally large international industrial companies with adequate resources and capital available for acquiring it-consulting services as provided by the Group. The customers do therefore normally have a high credit quality.

To assess the credit risk of a customer, prior to entering into a new sales agreement, it is the Group's policy to evaluate the customer's ability to pay.

The Group has historically not incurred any material losses from trade receivables.

The Group considers the global economic outlook, for 2023, to be uncertain. Therefore, Management has re-assessed the risk of incurring losses on trade receivables.

Management's assessment found that the customer base primarily consists of larger and well-consolidated clients with a solid payment history.

On that basis, Management has concluded that the Group's credit risk, from trade receivables, is not material and has therefore not recognized any significant allowance for expected credit losses related to trade receivables.

As of 31 December 2022, the Group has recognized credit losses of DKK 224 thousand (2021: DKK 0 thousand)

Accounting Policy

Trade receivables include receivables from sales. Trade receivables are measured at fair value on initial recognition and subsequently at amortized cost, usually equalling nominal value less expected credit losses.

The Group applies the IFRS 9 simplified approach in measuring the expected credit losses, which uses a lifetime expected loss allowance for all trade receivables.

Note 13 | **Contract Liabilities**

The Group has recognized the following contract liabilities related to its contracts with clients:

Figures in DKK '000	**31 December 2022**	31 December 2021
Contract liabilities – IT consulting contracts	12,700	12,373

The contract liability balance primarily relates to IT consultancy service contracts where the clients often make prepayments. As described above in note 4, revenue is recognized in an amount to which the Group has a right to invoice. Thus, the contract liability balance corresponds to the part of the consideration already received from the customers for which the Group remains to deliver IT consultancy services.

The amount of contract liabilities has increased by DKK 327 thousand (2021: decrease of DKK 2,358 thousand).

The entire amount included in the contract liability balance at the beginning of the period is recognized as revenue during the year.

The Group has in accordance with IFRS 15.121 not disclosed information about the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of the reporting period, as 7N for the vast majority of contracts applies the practical expedient and recognizes revenue from provision of consulting services in the amount to which it has the right to invoice.

Accounting Policy

Contract liabilities

A contract liability is the obligation to transfer services to a client for which the Group has received consideration (or an amount of consideration is due) from the client.

If a client pays consideration before the Group transfers services to the client, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Group performs under the contract.

Note 14 | **Share Capital and Reserves**

	2022		2021	
	No of Shares	Nominal value (DKK '000)	No of Shares	Nominal value (DKK '000)
Opening balance 1 January	1,210,282	1,210	1,210,282	1,210
Balance 31 December	1,210,282	1,210	1,210,282	1,210

Figures in DKK '000	**2022**	2021
Cash Dividends on Ordinary Shares Declared and Paid Total cash dividend for 2022: 22,14 DKK per share (2021: 23.96 DKK per share)	26,800	29,000
Proposed Dividends on Ordinary Shares Total proposed dividend for 2022: 20.04 DKK per share (2021: 22.14 DKK per share)	24,250	26,800

All shares have a nominal value of DKK 1 and are fully paid.
Each share carries one vote.
No shares confer any special rights upon any shareholder.
No shares are subject to restrictions on transferability or voting rights.

Accounting Policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Translation reserves

Exchange differences arising on translation of the parent company and of foreign controlled entities into the presentation currency, DKK, are recognized in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit and loss when the net investment is disposed of.

Treasury Shares

In 2021, 7N disposed 1,209 treasury shares. The disposal of treasury shares refers to a share-based payment program, to other key management personnel, in 2018. The share-based payment program has been vested over a three-year period.

	2022		2021	
	No of Shares	DKK'000	No of Shares	DKK'000
Opening balance 1 January	22,487	2,286	23,696	2,409
Disposal	-	-	-1,209	-123
Balance 31 December	**22,487**	**2,286**	**22,487**	**2,286**

Accounting Policy

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in the retained earnings.

Note 15 | **Earning per Share**

Figures in DKK '000	**2022**	2021
Earnings per Share - EPS (DKK)	**25.71**	**31.03**
Profit for the year	30,528	36,838
Average number of shares	1,210,282	1,210,282
Average number of treasury shares	22,487	23,091

There are no potential dilutive ordinary shares.

Accounting Policy

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company
- by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Note 16 | **Capital Management**

The Group's objectives when managing capital are to:

- safeguard the ability to continue as a going concern, so that the Group can fund its continuing growth and development, as well as continue to provide returns for shareholders and benefits for other stakeholders; and
- maintain an optimal capital structure to reduce cost of capital. The Group's strategy is to finance its operations with the cash on the balance sheet and to maintain a positive net working capital position. As of 31 December 2022, the Group has in addition access to undrawn credit facilities of DKK 60 million. See note 22 for further information.

The financial policies are being refined on an ongoing basis to support the Group's risk management policies and objectives. The Group has a policy to pay 80% of the net profit in dividend to the shareholders. However, in order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders or issue new shares.

The Group is focused on reducing the working capital to a minimum and to a large extent match the terms on account receivables and account payables.

The Group's strategy for managing capital was unchanged from previous years.

Note 17 | **Other Interest-bearing Debt**

Figures in DKK '000	**31 December 2022**	31 December 2021
Other interest-bearing debt	4,840	4,892
Total Other Interest-bearing Debt	**4,840**	**4,892**
Current	-	-
Non-current	4,840	4,892
Total Other Interest-bearing Debt	**4,840**	**4,892**

Other interest-bearing debt include payables to the Holiday allowance fund. The allowance is indexed yearly with the wage index provided by LD and is recognized in the income statements within financial items. The loan matures when the relevant employees retire. The Holiday allowance fund is unpledged.

Accounting Policy

Interest-bearing debt is recognized initially at fair value net of directly attributable transaction costs.

Subsequently, interest-bearing debt is measured at amortized cost using the effective interest rate method (EIR method). Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Interest-bearing debt is classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Note 18 | **Other Liabilities**

Figures in DKK '000	**31 December 2022**	31 December 2021
Wages and salaries, bonuses, payroll taxes, social security costs, etc.	17,671	24,108
Holiday pay obligation	6,495	5,877
VAT and duties	6,459	5,741
Other	12,644	11,553
Total Other Liabilities	**43,269**	**47,279**

Accounting Policy

Other payables comprise amounts owed to employees, including wages, salaries, holiday pay, bonus and commission accruals, payroll taxes, amounts owed to the public authorities such as VAT. Payables are measured at cost.

Note 19 | **Working Capital Changes**

Figures in DKK '000	**2022**	2021
Change in receivables	1,605	-55,844
Change in payables	14,625	54,914
Total Working Capital Changes	**16,230**	**-930**

Note 20 | **Adjustment for the Cash Flow Statement**

Figures in DKK '000	2022	2021
Other operating income, net	660	-
Other non-cash adjustments	2,696	1,023
Total Adjustments	**3,356**	**1,023**

Note 21 | **Changes in Liabilities Arising from Financing Activities**

This section sets out an analysis of liabilities arising from financing activities and the movements in each of the periods presented.

			Non-cash Changes		
Figures in DKK '000	1 January 2022	Cash flows	New leases & remea-surement	Other changes	31 December 2022
Interest-bearing debt, current and non-current	4,892	-178	-	126	4,840
Lease liabilities, current and non-current	16,772	-13,735	12,777	-41	15,773
	21,664	**-13,913**	**12,777**	**85**	**20,613**

			Non-cash Changes		
Figures in DKK '000	1 January 2021	Cash flows	New leases & remea-surement	Other changes	31 December 2021
Interest-bearing debt, current and non-current	6,284	-1,392	-	-	4,892
Lease liabilities, current and non-current	26,889	-12,228	1,675	436	16,772
	33,173	**-13,620**	**1,675**	**436**	**21,664**

Note 22 | **Financial Risks and Financial Instruments**

Figures in DKK '000	**31 December 2022**	31 December 2021
Financial Assets		
Trade receivables	232,952	241,853
Other assets	13,584	5,471
Cash and cash equivalent	93,029	71,003
Financial Assets Measured at Amortized Cost	**339,565**	**318,327**
Financial Liabilities		
Interest-bearing debt, current and non-current	4,840	4,892
Lease liabilities, current and non-current	15,773	16,772
Trade payables	214,846	196,603
Financial Liabilities Measured at Amortized Cost	**235,459**	**218,267**

For financial assets and liabilities of short-term nature, such as trade receivables and trade payables, the carrying amount approximates their fair value. For interest-bearing debt, the fair values are not materially different from their carrying amounts, since the interest payable on those payables are close to current market rates.

Trade payables

Trade payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid.

The amounts are unsecured and are usually paid within 60 days of recognition. Trade payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

Cash and cash equivalents

The Group's cash and cash equivalents consist of deposits in well-reputed banks.

Due to the international activities of the Group, exposure to financial risks is an embedded part of doing business. The Group is exposed to financial risks that can have an impact on the consolidated financial statements. The primary objective of 7N's financial risk management policy as outlined in the Treasury Policy is at all time to limit the Group's exposure to financial risks. The Treasury Policy sets the framework for handling financial risks as market risks, liquidity risk and credit risk and is managed centrally by the Group Finance. The Treasury Policy is approved by the Board of Directors and is updated on an ongoing basis to address any changes in the Group's risk exposure. There are no significant changes in 7N's exposure to financial risks its financial risk management policies compared to last year.

The Group's financial assets include primarily trade receivables and cash, whereas the Group's financial liabilities primarily comprise of trade payables, lease liabilities and other interest-bearing debt.

Due to the nature of 7N's operations and capital structure, the Group is primarily exposed to liquidity and credit risk. However, due to the international activities of the Group, it is to some extent also exposed to exchange rate risk. The Group's exposure to those risks, including the objectives and policies for managing those risks, are described below.

Liquidity risk

Liquidity risk means that the Group will encounter difficulties in meeting its obligations associated with financial liabilities as they fall due because of inability to realize assets or obtain adequate funding. The Group aims at ensuring that a sufficient liquidity position is maintained in order to service its financial obligations as they fall due. The liquidity is managed centrally by Group Finance in accordance with the Treasury Policy.

Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining availability under committed credit lines. The Group's policy is to secure adequate liquidity to always meet the planned future financial and operational payment obligations for minimum the next 12 months period. The company monitors the liquidity risk through follow ups against plans.

At 31 December 2022, the Group has revolving credit facilities of a total of DKK 60 million (2021: DKK 60 million), of which DKK 0 million has been drawn (2021: DKK 0 million). The Group's management monitors rolling forecasts of the Group's liquidity reserve comprising the undrawn credit facilities and cash and cash equivalents. The cash position, unutilized credit facilities and expected cash flow for 2023 are together considered to be adequate to meet the obligations of the Group as they fall due.

Maturity analysis

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities:

Figures in DKK '000	Less than 1 Year	Between 1 and 5 year	More than 5 years	**Total**
As of 31 December 2022				
Non-derivatives				
Interest-bearing debt, current and non-current	-	-	7,259	7,259
Trade Payables	214,846	-	-	214,846
Lease liabilities, current and non-current	7,194	9,116	31	16,341
Total Non-derivatives	**222,040**	**9,116**	**7,290**	**238,446**

Note 22 | **Financial Risks and Financial Instruments – *continued***

Figures in DKK '000	Less than 1 Year	Between 1 and 5 year	More than 5 years	**Total**
As of 31 December 2021				
Non-derivatives				
Interest-bearing debt, current and non-current	-	-	6,766	6,766
Trade Payables	196,603	-	-	196,603
Lease liabilities, current and non-current	10,750	6,173	-	16,923
Total Non-derivatives	**207,353**	**6,173**	**6,766**	**220,292**

The maturity analysis is based on the following assumptions:

- The amounts disclosed in the table are the contractual undiscounted cash flows including estimated interest payments. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.
- Payments for lease liabilities include only lease agreements that have commenced before the end of the reporting period.
- As described in note 17, payable to the Holiday allowance fund are included in other interest-bearing debt and are included in the relevant time bands based on expected time to retirement. Future estimated interest payments are based on the most recent indexation rate and expected time to retirement.

Credit risk

Credit risk is the risk of financial loss to the Group, if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises primarily from trade receivables and cash and cash equivalents.

The Group has no major exposure relating to one single customer or business partner. The are no significant credit risk concentrations.

To reduce the credit risk from new customer relationships, the Group uses an internal credit assessment matrix based on the customer's financial performance to determine the customer's credit quality and related credit rating. Due to the composition of the customer base and the past history with no significant credit losses the credit risk is assessed to be insignificant. Consequently, the Group's allowance for expected credit losses from its trade receivables is insignificant. Further information about the Group's credit risk exposure related to trade receivables is provided in note 12.

In addition, the Group is exposed to counterparty risk related to deposits with banks. As of 31 December 2022, deposits with banks amounted to DKK 93,029 thousand (2021: DKK 71,003 thousand). To mitigate this risk, it is the Group's policy only to use banks of high quality and with low credit risk in the countries the Group operates. Generally, financial counterparties must as a minimum have a long-term rating from Moody's (A3) or S&P (A-). Any exceptions due to local conditions in the country where the 7N subsidiary operates may be accepted on an individual basis.

Exchange rate risk

Exchange rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate arising from changes in foreign exchange rates. The Group is exposed to foreign exchange rate risk on balance sheet items in terms of translation of financial assets and liabilities denominated in a currency other than the functional currency for the individual subsidiary holding the financial instrument.

The Group is not severely exposed to foreign currency fluctuations as both sales and purchases are generally settled in the functional (local) currency of the individual subsidiary. However, the Group has some exposure related to purchases denominated in foreign currencies, which primarily relates to EUR, USD, INR, CHF, NOK and PLN. EUR against DKK is currently not considered an exposure due to the fixed exchange rate policy in Denmark against the Euro.

It has been the Group's policy not to hedge its exposure from foreign exchange rate risk.

All material cash balances are transferred to the parent company and are held in DKK.

Sensitivity analysis of impact on net profit and equity

The below analysis shows the impact on the net profit and equity from a reasonably possible change in the specified currency. The sensitivity analysis is based on the financial assets and liabilities on the balance sheet date and assumes that all other variables, exposures and interest rates etc. remain constant:

Figures in DKK '000	Change	**2022**	2021
EUR/INR	+/- 10%	200/-200	171 / -171
USD/DKK	+/- 10%	621/-621	151 / -151
PLN/DKK	+/- 10%	624/-624	555 / -555
NOK/DKK	+/- 10%	85/-85	285 / -285
CHF/DKK	+/- 10%	-127/127	-209 / 209

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk is limited to bank deposits and interest-bearing debt which comprise the Group's revolving credit facility and other interest-bearing debt.

As further described in note 17, other interest-bearing debt includes the Group's Holiday allowance fund provision which is subject to an annual variable indexation. The impact of an increase in interest rate on bank deposits will be partly offset by the related impact on the Group's interest-bearing debt. Consequently, the Group's exposure to changes in interest rates is immaterial.

SECTION 5

Other Disclosures

The section comprises notes required by IFRS, but which are of secondary importance to the understanding of the financial performance of 7N.

Note 23 | **Fee to the Group Auditor**

Figures in DKK '000	**2022**	2021
Statutory audit	1,189	1,170
Other assurance	20	49
Tax and VAT advisory services	53	0
Other services	6,021	2,445
Total	**7,283**	**3,664**

Fees for other services, provided by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab, primarily consist of IPO preparation costs.

Note 24 | **Related Parties**

The Group is included in the consolidated financial statements of the ultimate parent Hedaa Holding ApS, Denmark.

Related parties further include the Parent's Executive Management, Board of Directors, Other Key Management Personnel and their related parties.

Furthermore, related parties are companies in which the above persons have significant interests.

Transactions with related parties

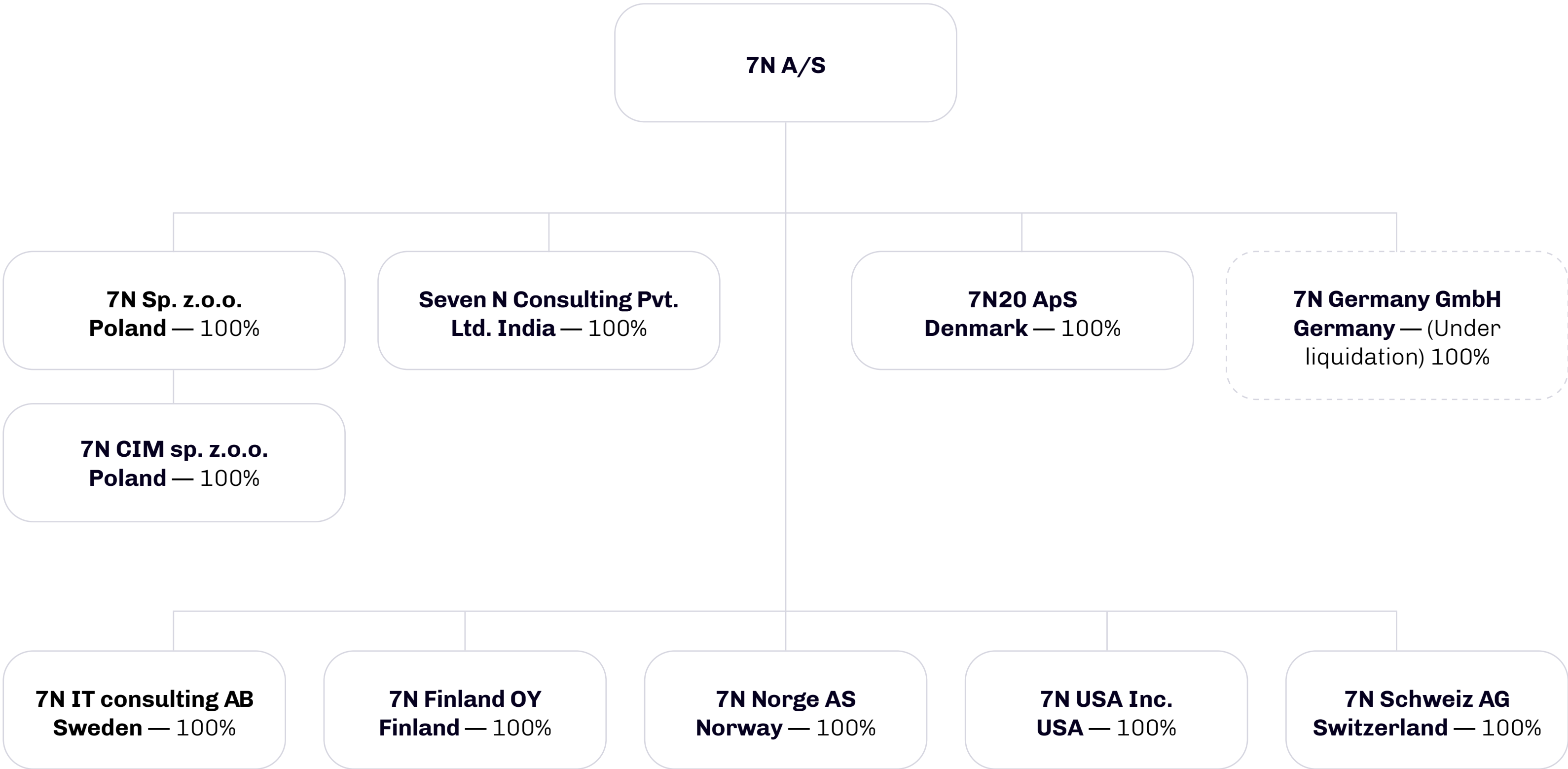
The following transactions occurred with related parties:

Figures in DKK '000	**2022**	2021
Dividends paid to Hedaa Holding ApS (parent of 7N A/S)	9,128	9,877
Dividends paid to related parties with significant interests	11,385	12,319
Dividends paid to other related parties	481	539

Remuneration to key management personnel has been disclosed in note 5. In addition, the Group has received key management services provided by members of the senior management team which are not employed by the Group. For 2022, this amounted to DKK 2,196 thousand (2021: DKK 2,840 thousand). There were no other transactions with key management personnel.

Note 24 | **Related Parties — *continued***

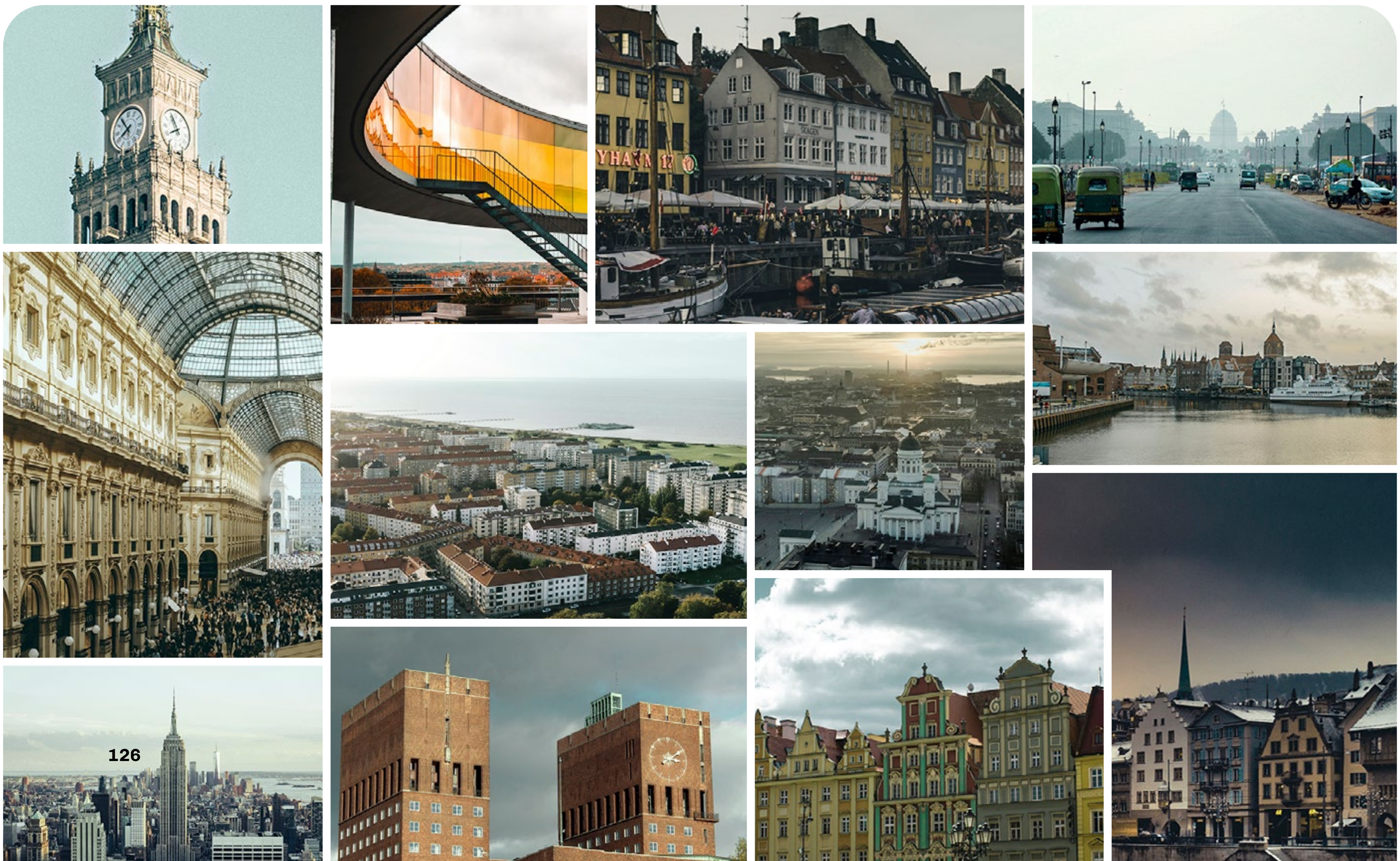
The Group's legal structure



Note 24 | **Related Parties — *continued***

Name of entity	Location	Currency	Ownership	Function
7N A/S	Denmark	DKK		Parent
7N Sp. Z.o.o	Poland	PLN	100%	Subsidiary
7N CIM Sp. Z.o.o	Poland	PLN	100%	Subsidiary
7N IT Consulting AB	Sweden	SEK	100%	Subsidiary
7N Finland OY	Finland	EUR	100%	Subsidiary
7N Norge AS	Norway	NOK	100%	Subsidiary
7N USA Inc.	USA	USD	100%	Subsidiary
7N Schweiz AG	Switzerland	CHF	100%	Subsidiary
7N20 ApS	Denmark	DKK	100%	Subsidiary
7N Germany GmbH (under liquidation)	Germany	EUR	100%	Subsidiary
Seven N Consulting Pvt. Ltd.	India	INR	100%	Subsidiary
7N Poland, Branch of 7N A/S	Poland	PLN	100%	Branch

There has been no changes in the listed entities for 2022.



Note 25 | **Collateral Provided and Contingent Liabilities**

Pledges and security

As security for DKK 60 million credit facility the Group has pledged a floating charge amounting to DKK 30 million.

Figures in DKK'000	**31 December 2022**	31 December 2021
The carrying amounts of the secured assets are as follows:		
Intangible assets	2,899	522
Property, plant and equipment	4,094	11,559
Trade receivables	232,952	241,853
	239,945	**253,934**

For the Group's leaseholds, an amount of DKK 5.6 million has been provided for security (2021: DKK 5.1 million). The amount is recognized as a deposit presented within other receivables. The terms restrict the Group from using the assets for other securities.

Recourse guarantee commitments

The Group entities have provided a guarantee whereby the guarantor assumes primary liability for group enterprises' debt to credit institutions. The guarantee is unlimited except for 7N Sp. z.o.o that are limited to DKK 8 million. The group enterprises' debt to the credit institutions concerned amounts to DKK 0 at the balance sheet date.

Contingent liabilities

The Parent company is taxed jointly with the other Danish companies in the group. The Parent company is under an unlimited and joint liability regime for all Danish tax payments and withholding taxes on dividends, interest and royalties from the jointly taxed entities. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

The Group from time to time is party to legal proceedings and inquiries from authorities when investigating various issues. The outcome of such is not expected to have a significant effect on profit for the year and the assessment of the Group's financial position.

Note 26 | **Events After the Balance Sheet Date**

No events have occurred after the balance sheet date, which would influence the evaluation of this Annual Report.

Parent Company Financial Statements

Income Statement

Note	Figures in DKK '000	**2022**	2021
1	**Revenue**	**816,717**	**764,734**
	Cost of sales	-659,796	-615,478
	Other operating income	19,307	16,370
	Other external expenses	-74,424	-52,350
	Gross Profit	**101,804**	**113,276**
2	Personnel expenses	-77,864	-68,937
	Depreciation and amortization	-5,494	-5,871
	Operating profit	**18,446**	**38,468**
3	Income from equity investments in group enterprises	19,009	6,228
4	Financial income	1,318	943
5	Financial expenses	-2,942	-2,396
	Profit Before Tax	**35,831**	**43,243**
6	Tax on profit for the year	-5,536	-9,687
	Profit for the Year	**30,295**	**33,556**

7 Distribution of profit

Balance Sheet

Assets

Note	Figures in DKK '000	31 December 2022	31 December 2021
	Acquired rights	0	855
8	**Total Intangible Assets**	**0**	**855**
	Right-of-Use assets	6,089	4,338
	Leasehold improvements	763	673
	Other fixtures and fittings, tools and equipment	271	350
9	**Total Property, Plant and Equipment**	**7,123**	**5,361**
10	Equity investments in group enterprises	78,548	58,151
11	Receivables from group enterprises	21,804	22,585
11	Deposits	1,608	1,268
	Total Investments	**101,960**	**82,004**
	Total Non-current Assets	**109,083**	**88,220**
	Trade receivables	149,184	166,542
	Receivables from group enterprises	2,772	192
12	Deferred tax asset	2,618	150
	Other receivables	8	52
13	Prepayments	4,686	2,045
	Total Receivables	**159,268**	**168,981**
	Cash and cash equivalents	10,780	15,122
	Total Current Assets	**170,048**	**184,103**
	Total Assets	**279,131**	**272,323**

Balance Sheet

Equity and liabilities

Note	Figures in DKK '000	31 December 2022	31 December 2021
14	Share capital	1,210	1,210
	Reserve for net revaluation according to the equity method	22,986	11,513
	Retained earnings	28,947	35,643
	Proposed dividend for the financial year	24,250	26,800
	Total Equity	**77,393**	**75,166**
15	Lease liabilities	3,181	1,250
15	Other payables	4,840	4,892
	Total Long-term Liabilities	**8,021**	**6,142**
15	Lease liabilities	3,087	3,248
	Prepayments received from customers	3,022	5,592
	Trade payables	148,311	138,847
	Payables to group enterprises	9,268	10,160
	Income taxes	4,218	6,055
	Other payables	25,811	27,113
	Total Short-term Liabilities	**193,717**	**191,015**
	Total Liabilities	**201,738**	**197,157**
	Total Equity and Liabilities	**279,131**	**272,323**

16 Contingent liabilities

17 Charges and securities

18 Related Parties

19 Accounting policies

Statement of Changes in Equity

Figures in DKK '000	Share capital	Reserve for net revaluation according to the equity method	Retained earnings	Proposed dividend for the finan-cial year	**Total equity**
Balance as at 1 January 2022	1,210	11,513	35,643	26,800	75,166
Foreign currency translation adjustment of foreign enterprises	-	-1,729	-36	-	-1,765
Dividend from treasury shares	-	-	497	-	497
Dividend paid	-	-	-	-26,800	-26,800
Other changes in equity	-	-	-	-	0
Profit for the year	-	13,202	-7,157	24,250	30,295
Balance as at 31 December 2022	**1,210**	**22,986**	**28,947**	**24,250**	**77,393**

Balance as at 1 January 2021	1,210	18,641	20,686	29,000	69,537
Net effect of changed accounting policies	-	-1,007	-153	-	-1,160
Adjusted balance as at 1 January 2021	1,210	17,634	20,533	29,000	68,377
Foreign currency translation adjustment of foreign enterprises	-	942	238	-	1,180
Dividend from treasury shares	-	-	539	-	539
Share based payment	-	-	400	-	400
Dividend paid	-	-	-	-29,000	-29,000
Other changes in equity	-	114	-	-	114
Profit for the year	-	-7,177	13,933	26,800	33,556
Balance as at 31 December 2021	**1,210**	**11,513**	**35,643**	**26,800**	**75,166**

Notes

Note 1 | **Revenue**

Information about the distribution of revenue by activities and segments is provided below. The segment information is prepared in accordance with the company's accounting policies and follows the company's internal financial management. Revenue is distributed as follows:

Figures in DKK '000	**2022**	2021
Revenue from Professional Services		
Consulting	744,636	692,365
Outsourcing	63,749	67,528
Total Revenue from Professional Services	**808,385**	**759,893**
Revenue from other Services		
Consulting	3,352	286
Outsourcing	4,980	4,555
Total Revenue from other Services	**8,332**	**4,841**
Total	**816,717**	**764,734**

Note 2 | **Personnel Expenses**

Figures in DKK '000	**2022**	2021
Wages and salaries	74,245	66,132
Other social security costs	790	640
Other staff costs	2,829	2,165
Total	**77,864**	**68,937**
Average number of employees during the year	76	68
Remuneration for the Management		
Remuneration to the Board of Directors	3,300	1,758
Remuneration to the Executive Board	5,489	2,529

Note 3 | **Income from Equity Investments in Group Enterprises**

Figures in DKK '000	**2022**	2021
Share of profit or loss of group enterprises	19,009	6,228
Total	**19,009**	**6,228**

Note 4 | **Financial Income**

Figures in DKK '000	**2022**	2021
Interest, group enterprises	524	434
Other financial income	794	509
Total	**1,318**	**943**

Note 5 | **Financial Expenses**

Figures in DKK '000	**2022**	2021
Interest, group enterprises	30	46
Other financial expenses	2,912	2,350
Total	**2,942**	**2,396**

Note 6 | **Tax on Profit for the Year**

Figures in DKK '000	**2022**	2021
Current tax	8,003	9,901
Change in deferred tax	-2,467	-214
Total	**5,536**	**9,687**

Note 7 | **Distribution of profit**

Figures in DKK '000	**2022**	2021
Reserve for net revalutation according to the equity method	13,202	-7,177
Proposed dividend for the financial year	24,250	26,800
Retained earnings	-7,157	13,933
Total	**30,295**	**33,556**

Note 8 | **Intangible Assets**

Figures in DKK '000	**Acquired rights**
Cost as at 1 January 2022	2,809
Additions during the year	12
Cost as at 31 December 2022	**2,821**
Amortization and impairment losses as at 1 January 2022	-1,954
Amortization during the year	-867
Amortization and impairment losses as at 31 December 2022	**-2,821**
Carrying amount as at 31 December 2022	**0**

Note 9 | **Property, Plant, and Equipment**

Figures in DKK '000	Right-of-Use assets	Leasehold improvements	Other fixtures and fittings, tools and equipment	**Total**
Cost as at 1 January 2022	14,085	1,326	4,364	19,775
Additions during the year	5,037	486	150	5,673
Remeasurements during the year	716			716
Disposals during the year	-	-	-105	-105
Cost as at 31 December 2022	**19,838**	**1,812**	**4,409**	**26,059**
Depreciation and impairment losses as at 1 January 2022	-9,747	-653	-4,014	-14,414
Depreciation during the year	-4,002	-396	-229	-4,627
Disposals during the year	-	-	105	105
Depreciation and impairment losses as at 31 December 2022	**-13,749**	**-1,049**	**-4,138**	**-18,936**
Carrying amount as at 31 December 2022	**6,089**	**763**	**271**	**7,123**

Note 10 | **Equity Investments in Group Enterprises**

Figures in DKK '000	Equity investments in group enterprises
Cost as at 1 January 2022	35,400
Additions during the year	18,192
Cost as at 31 December 2022	**53,592**
Revaluations as at 1 January 2022	11,513
Foreign currency translation adjustment of foreign enterprises	-1,729
Net profit/loss from equity investments	19,009
Dividend relating to equity investments	-5,807
Revaluations as at 31 December 2022	**22,986**
Negative equity value impaired in receivables	**1,970**
Carrying amount as at 31 December 2022	**78,548**

Name of entity	Location	Currency	Ownership	Function
7N A/S	Denmark	DKK		Parent
7N Sp. z.o.o	Poland	PLN	100%	Subsidiary
7N CIM Sp. z.o.o	Poland	PLN	100%	Subsidiary
7N IT Consulting AB	Sweden	SEK	100%	Subsidiary
7N Finland OY	Finland	EUR	100%	Subsidiary
7N Norge AS	Norway	NOK	100%	Subsidiary
7N USA Inc.	USA	USD	100%	Subsidiary
7N Schweiz AG	Switzerland	CHF	100%	Subsidiary
7N20 ApS	Denmark	DKK	100%	Subsidiary
7N Germany GmbH	Germany	EUR	100%	Subsidiary
Seven N Consulting Pvt. Ltd.	India	INR	100%	Subsidiary
7N Poland, Branch of 7N A/S	Poland	PLN	100%	Branch

Note 11 | **Other Non-current Financial Assets**

Figures in DKK '000	Receivables from group enterprises	Deposits
Cost as at 1 January 2022	33,823	1,268
Additions during the year	4,088	340
Disposals during the year	-14,137	-
Cost as at 31 December 2022	**23,774**	**1,608**
Impairment losses as at 1 January 2022	-11,238	-
Reversal of impairment losses in respect of previous years	9,268	-
Impairment losses as at 31 December 2022	**-1,970**	**0**
Carrying amount as at 31 December 2022	**21,804**	**1,608**

Note 12 | **Deferred Tax**

Figures in DKK '000	**2022**	2021
Deferred tax as at 1 January	150	-107
Net tax effect of changed accounting policies as at 1 January 2022	-	43
Deferred tax recognized in the income statement	2,468	214
Deferred tax as at 31 December	**2,618**	**150**
Deferred tax is distributed as below:		
Intangible assets	0	-188
Property, plant and equipment, net	348	338
Other liabilities	770	-
Tax losses carried forward	1,500	-
Total	**2,618**	**150**

Note 13 | **Prepayments**

Figures in DKK '000	**31 December 2022**	31 December 2021
Prepaid insurance premiums	200	183
Prepayments regarding events and other arrangements	2,631	-
Other prepayments	1,855	1,862
Total	**4,686**	**2,045**

Note 14 | **Share Capital**

	Quantity	Total nominal value DKK '000
The Share Capital consists of:		
Share capital	1,210,282	1,210,282
Total	**1,210,282**	**1,210,282**

	Percent of capital	Quantity	Total nominal value DKK '000
Treasury Shares consist of:			
Holding of treasury shares as at 1 January 2022	1.86%	22,487	22,487
Holding of treasury shares as at 31 December 2022	1.86%	22,487	22,487

Note 15 | **Long-term Liabilities**

Figures in DKK '000	Less than 1 year	Between 1 and 5 year	More than 5 years	**Total**
As at 31 December 2022				
Lease liabilities	3,087	3,181	-	6,268
Other interest-bearing debt	-	-	4,840	4,840
Total	**3,087**	**3,181**	**4,840**	**11,108**

The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Note 16 | **Contingent Liabilities**

Other contingent liabilities

The Group entities are taxed jointly with the other Danish companies in the group and has joint, several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

The Parent company is from time to time party to legal proceedings and inquiries from authorities when investigating various issues. The outcome of such is not expected to have a significant effect on profit for the year and the assessment of the company's financial position.

Note 17 | **Charges and security**

As security for DKK 60 million credit facility the Company has pledged a floating charge amounting to DKK 30 million. The carrying amounts of the secured assets are as follows:

Figures in DKK '000	**31 December 2022**	31 December 2021
Intangible assets	0	855
Property, plant and equipment	1,034	1,023
Trade receivables	149,184	166,542
	150,218	**168,420**

For the Company's leaseholds, an amount of DKK 1.4 million has been provided for security (2021: DKK 1.3 million). The terms restrict the Group from using the assets for other securities.

Note 18 | **Related parties**

Related party transactions are not disclosed, as all transactions are entered into in the ordinary course of business at arm's length.

The company is included in the consolidated financial statements of the ultimate parent Hedaa Holding ApS, 2820 Gentofte, Denmark. Hedaa Holding ApS, 2820 Gentofte, Denmark has a controlling interest in the Company.

Note 19 | **Accounting Policies**

General

The annual report of 7N A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act (Årsregnskabsloven) for large entities in reporting class C.

Beside the below, the financial statements have been prepared in accordance with the same accounting policies as last year.

Basis of recognition and measurement

Income is recognized in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortization, impairment losses and write-downs, are also recognized in the income statement.

Assets are recognized in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognized in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

Currency

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognized in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognized in the latest annual report is recognized under financial income or expenses in the income statement. Fixed assets and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

Income Statement

Revenue

The Company has chosen IFRS 15 as interpretation for revenue recognition.

Revenue is measured at the selling value of the agreed consideration, exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Revenue from professional services

The Company's primary service offerings include IT consultancy services, which are generally provided on a time & material contract basis. However, some contracts may be on a fixed price contract basis.

Contracts for the sales of services do generally not include multiple deliverables (that is, for the vast majority of contracts they comprise a single performance obligation).

The terms of payment in the Company's sales agreements will typically not exceed two months. The Company receives prepayments on certain contracts.

Management has determined that the Company acts as a principal in the arrangements involving freelance and other third-party consultants. As such, revenue related to the professional services are recognized on a gross basis.

Time & material contracts

Revenue from time & material contracts is recognized over time in the accounting period in which the services are rendered.

The time & material contracts include hourly fees and thus the Company applies the practical expedient under IFRS 15 that allows the Group to recognize revenue as invoiced. This is because the amount invoiced corresponds directly with the value transferred to the customer.

Customers are generally invoiced on a monthly basis and consideration, when invoiced, is payable with usual payment terms.

Minor form of variable consideration, such as volume discounts or rebates, if any, are considered non-substantive.

Fixed price contracts

Revenue from fixed price contracts is recognized over time under the percentage of completion method whereby revenue is recognized based on hours incurred to date as a percentage of the total estimated costs of hours to fulfil the contract.

Revenue from other services

In addition, the Company generates revenue from other services, which primarily includes revenue from hiring out complete workspace stations, course and training programs. Revenue from such service arrangements is recognized over time.

Other operating income

Other operating income comprises income of a secondary nature in relation to the Company's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

Cost of sales

Cost of sale comprises costs incurred in generating the year's revenue and relates primarily to costs regarding external consultancy services and other services.

Other external expenses

Other external expenses comprise of expenses relating to 7N ordinary activities, including expenses for administration, premises, sale, events, advertising, office supplies and expenses etc.

Other external expenses also include write-downs of receivables recognized in current assets as well as provisions for claims against 7N.

Personnel expenses

Personnel expenses consist of salaries and wages, sales commissions, bonuses, related taxes, social security costs, pension contributions, costs for share-based payment programs and other benefits for the Company's salaried employees.

Depreciation, amortization and impairment losses

The depreciation and amortization of intangible assets and property, plant and equipment aim at systematic depreciation and amortization over the expected useful lives of the assets. Assets are depreciated and amortized according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value, percent
Acquired rights	3	0
Right-of-Use assets	1-5	0
Leasehold improvements	3-5	0
Other plant, fixtures and fittings, tools and equipment	3-5	0

The basis of depreciation and amortization is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortization is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Note 19 | **Accounting Policies – *continued***

Income from equity investments in group entities

For equity investments in equity investments in subsidiaries, measured using the equity method, the share of the entities' profit or loss is recognized in the income statement after elimination of unrealized intercompany profits and losses and less any goodwill amortization and impairment losses.

Income from equity investments in equity investments in subsidiaries also comprises gains and losses on the sale of equity investments.

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognized in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognized in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognized directly in equity.

The company is jointly taxed with Danish consolidated entities.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable incomes. This means that entities with a tax loss receive joint taxation contributions from entities which have been able to use this loss to reduce their own taxable profit.

Balance Sheet

Intangible assets

Acquired rights

Aquired rights are measured in the balance sheet at cost less accumulated amortization and impairment losses.

Acquired rights are amortized using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortization and impairment losses ' section.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Property, plant and equipment comprise land and buildings, leasehold improvements as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

The total cost of an asset is decomposed into separate components that are depreciated separately if the useful lives of the individual components vary.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortization and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Leases

The Company's leases include properties and vehicles.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Contracts may contain both lease and non-lease components. The Company has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis.

The Company's lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the individual lessee's incremental borrowing rate being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Variable lease payments other than those based on an index or rate are recognized in the statement of profit and loss when incurred.

The Company has chosen not to apply the practical expedient for short-term leases and for leases of low value.

Equity investments in group entreprises

Equity investments in subsidiaries are recognized and measured according to the equity method. For equity investments in subsidiaries, the equity method is considered a measurement method.

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognized in the cost of equity investments.

Under subsequent recognition and measurement of equity investments according to the equity method, equity investments are measured at the proportionate share of the entities' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of goodwill and gains and losses on transactions with the entities in question. Equity investments, where information for recognition according to the equity method is not known, are measured at cost.

Goodwill recognized under equity investments is amortized according to the straight-line method based on an individual assessment of the useful life of the asset. The useful life of goodwill has been determined at years for equity investments in subsidiaries. The useful life has been determined in consideration of the expected future net earnings of the entity to which the goodwill relates.

Note 19 | **Accounting Policies *– continued***

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortized goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognized in the income statement under income from equity investments.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortization.

If the company's realized return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Receivables

Receivables are measured at amortized cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognized under assets comprise deposits paid to the lessor under leases entered into by the company.

Prepayments

Prepayments recognized under assets comprise costs incurred in respect of subsequent financial years.

Cash and cash equivalents

Cash includes deposits in bank accounts as well as operating cash.

Equity

The proposed dividend for the financial year is recognized as a separate item in equity.

The net revaluation of equity investments measured according to the equity method is recognized in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

Current and deferred tax

Current tax payable and receivable is recognized in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognized as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognized on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognized on temporary differences relating to goodwill which is non-amortizable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognized, following an assessment, at the expected realizable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallize as current tax.

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortized cost where capital losses and loan expenses are recognized in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortized cost, normally corresponding to the nominal value of such payables.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to the time and date of delivery of the agreed product or completion of the agreed service.

Cash Flow Statement

Referring to section 86(4) of the Danish Financial Statements Act a cash flow statement has not been prepared as the entity is included in the consolidated cash flow statement.

Definition of Terms

Return on equity* = $\dfrac{\text{Net profit for the period x 100}}{\text{Average equity}}$

Operating profit margin* = $\dfrac{\text{EBIT x 100}}{\text{Revenue}}$

Profit margin = $\dfrac{\text{Net profit for the period x 100}}{\text{Revenue}}$

Solvency ratio* = $\dfrac{\text{Equity x 100}}{\text{Total assets}}$

EBITA* = EBIT + Amortization

EBITA margin* = $\dfrac{\text{EBITA x 100}}{\text{Revenue}}$

EBIDTA* = EBIT + Depreciation and Amortization

*The financial ratios have been calculated in accordance with the recommendations of the Association of Danish Financial Analysts.

Adjusted EBITA	=	EBITA - (non-recurring cost + profit sharing incentives cost)
Adjusted EBITA margin	=	$\frac{\text{Adjusted EBITA x 100}}{\text{Revenue}}$
Cash conversion	=	$\frac{\text{Operating cash flow}}{\text{EBITDA}}$
Revenue retention	=	Percentage of revenue retained from existing clients
Number of vetted consultants	=	Total number of consultants constituting the Group's pool of vetted consultants
Net interest-bearing debt	=	Non-current and current interest-bearing loans and other interest-bearing debt less cash and cash equivalents
EOP	=	End of period

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