2021 ANNUAL REPORT

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

TABLE OF CONTENTS

OUR VALUES

7N is a value-driven company focusing on treating all stakeholders well. This is manifested by our three core values.

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

+18%
REVENUE GROWTH IN 2021[1]

1,636
ENGAGED CONSULTANTS[2]

54 MDKK
EBITA[1]

1,243
REVENUE IN MDKK[1]

TOP 3%
THE BEST PERFORMING IT SPECIALISTS

11 OFFICES
IN 8 COUNTRIES[2]

[1]Financial year 2021
[2]As at 31 December 2021

ABOUT 7N

We offer clients a highly specialized portfolio of IT services and solutions delivered by top 3%, experienced IT consultants who excel within their area of competence.

7N provides IT services across multiple industries that experience increasing demand for IT services. We deliver and support digitalisation across all phases of the IT project life cycle within private and public organisations. 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 inhouse.

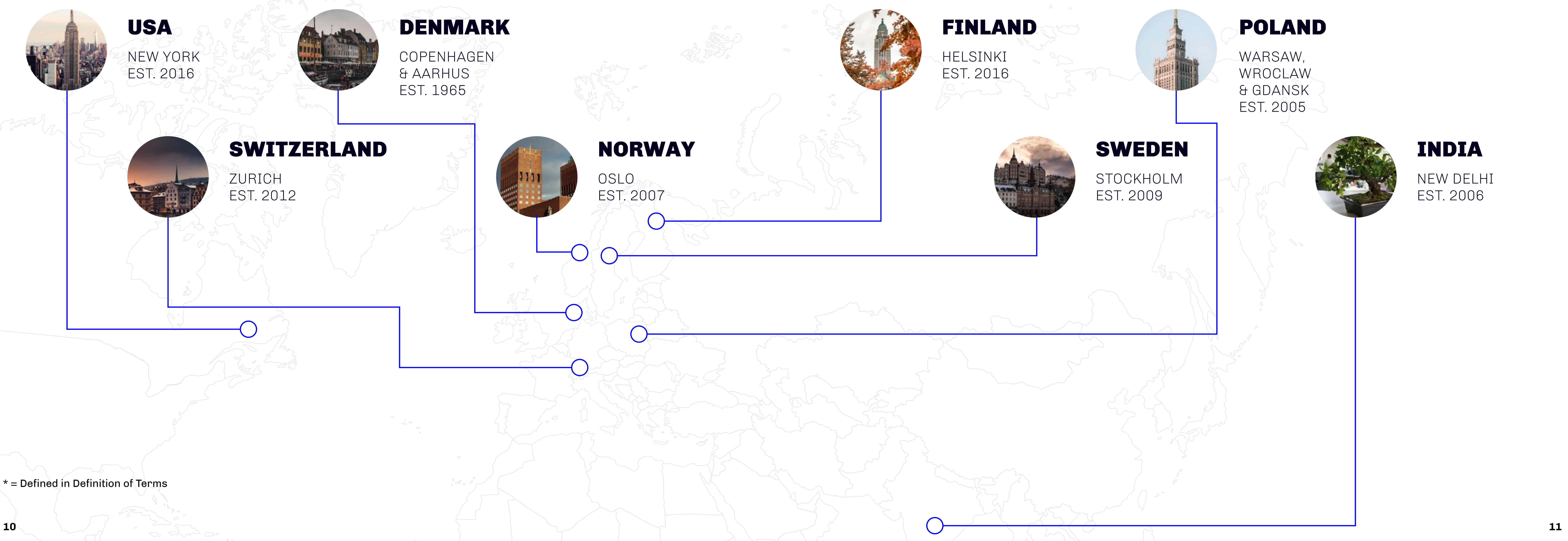
As we primarily provide individuals and teams – and not entire project solutions – to IT projects, we only have very limited project responsibility and are generally not bound by requirement specifications, milestone obligations or delivery deadlines.

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 2021, we had more than 1,600 engaged consultants in 20 countries globally, including 1,400 freelance consultants and 200 salaried consultants. In addition, we have access to a competent and experienced group of consultants with more than 5,000 vetted and tested individuals.

OUR GEOGRAPHICAL PRESENCE

GEOGRAPHICAL SPLIT

	REVENUE (DKK M)	CONSULTANTS (NO.)	STAFF (NO.)*
DENMARK	**762**	**485**	**62**
POLAND	**342**	**971**	**101**
OTHER COUNTRIES	**139**	**180**	**36**
TOTAL	**1,243**	**1,636**	**199**



* = Defined in Definition of Terms

LETTER FROM THE CEO

Looking back the last couple of years, most people on the planet have been affected by Covid-19. People are physically and digitally interconnected worldwide. This meant that the virus spread fast, and that information flowed at unprecedented speed through societies.

Any single incident hitting humanity at such a scale should lead to reflection and development. And despite the tragedy involved for many people, we have also witnessed technology advancements and endorsement of new ways of living and working.

Our Proven Resilience

The pandemic pushed workers to rethink their careers, and an increasing number of individuals were seeking new job opportunities and even life goals. This led to shortage of workers in many industries, and due to an already challenging shortage of IT professionals, our industry was affected as well. Our history-long focus on flexibility, work-life balance and self-choice proved to be a foundation for our resilience, also in 2021. We succeeded in attracting and retaining competent and experienced freelance consultants as we expanded and entered new client engagements and reached high net promoter scores of 60 among consultants and 73 among employees.

It felt good to be able to take a step towards more normal business operations in 2021 despite still in the shadow of the virus. We were able to meet potential clients in person, carry out events and engage with likeminded people to develop professionally and personally. And we delivered extraordinary results. More than 1,600 consultants were engaged with almost 200 clients in 20 countries delivering record revenue of DKK 1.2 billion.

→

Our new strategy marks an evolutionary, yet important, change of direction for 7N that more clearly expresses our value proposition to clients.

Closing Client's Skill Gap

While physical interaction and traditional ways of working are still important, the pandemic confirmed the convergence of IT and business, and new technologies were adopted at an accelerated pace. Digitalization provides flexibility, can give strategic advantages and make businesses more resilient. But the need for highly skilled IT personnel is accelerating as widening internal skill gaps impede the ability to implement emerging technology and create business value through adoption of IT. Businesses therefore seek viable alternatives to building an inhouse IT workforce. We enable clients to embrace digitalization with not only their own internal staff, but with access to a large pool of highly skilled freelance consultants. This enables our clients to retain full ownership and control of their IT development while benefiting from agility and scalability.

Creating Strategic Value with Clients

At the same time, we must make strategic adjustments to fully utilize our potential to contribute to the digital transformation of society and businesses. Our new strategy, described in more detail on page 30, marks an evolutionary, yet important, change of direction for 7N that more clearly expresses our value proposition to clients. We are moving from being a supplier of IT experts to creating strategic value with our clients, no matter where in the world they operate leveraging consultants from anywhere in the world.

We will strengthen our client offering by leveraging our industry knowledge in a more structural manner, establishing industry specific teams. Secondly, we will to a higher extent utilize the consultants' technical expertise in our go-to-market approach, and thirdly, we will engage our entire organization in thinking more in problem solving than maximizing man hours. We believe this will bring us closer to our clients earlier in the IT project cycle and thus with stronger impact on strategic business processes. This way, we can deliver more value to clients, maintain our above market growth and potentially improve our margins.

A prerequisite for continued growth is our ability to attract the most experienced and best performing IT people. I am therefore proud that our consultants continue to express their preference for 7N. Every year, we measure their level of satisfaction, and every year, more than 95% of the consultants engaged with 7N express that they want to continue working with us. I want to thank our consultants, staff, clients and partners for choosing to be part of 7N's continued journey.

For me, 2021 was special. After 15 years in 7N, I was appointed CEO in July 2021. It is a great honor for me to lead 7N in the spirit that Jeppe Hedaa has nurtured for 23 years. There are no changes to our principles of engaging with clients, people and society - the principles of cooperation and tolerance no matter where we operate, rooted in our three core values: Professionalism, mindset of the servant and respect.

Ukraine

In the beginning of 2022, the world looked very different. On 24 February, a tragedy with far-reaching international impact hit one of our neighbors. With around 1,000 consultants in Poland, we feel the impact of the war in Ukraine. Many of our colleagues are engaged in aid work, and 7N's premises in Warszawa now host a school for Ukrainian children. We also have employees with Ukrainian heritage and early in my working career, I used to work in Kyiv. Even though the invasion has no direct impact on our business, we are all emotionally affected by this tragedy.

Sebastian Podlesny

Sebastian Podlesny
Chief Executive Officer

A Word From the Chair

When I handed over the CEO baton to Sebastian last year, it was the culmination of 23 years with one ambition – to build the best professional home for experienced freelance IT consultants. I believe that we have reached that milestone because 7N is built by truly extraordinary people, and because we always have been true to our core values. We have established a culture that not only cares for individual accomplishment but for the deep impact that bright minds collectively make. That's the foundation for our continued success.

Jeppe Hedaa
Chair of the Board

FINANCIAL HIGHLIGHTS

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	2021	2020	2019	2018*	2017*
Financial Highlights					
Profit/loss					
Revenue	**1,243,316**	1,050,185	1,027,830	929,749	811,462
Operating profit (EBIT)	**54,074**	53,015	46,404	38,249	38,383
Net financials	**-2,623**	-4,111	-1,564	-981	-642
Net profit for the year	**36,838**	36,378	31,560	25,624	26,795
Balance sheet					
Balance sheet total	**360,733**	306,180	300,774	241,403	219,009
Net interest-bearing debt	**-54,448**	-37,951	2,511	-114	-241
Equity	**74,906**	65,670	59,098	50,062	56,218
Cash Flows					
Operating activities	**51,714**	73,911	54,593	49,500	-7,967
Investing activities	**-4,185**	-192	535	-18,800	-945
Hereof investments in property, plant and equipment	**-3,485**	-2,711	-1,961	-18,436	-1,593
Financing activities	**-42,081**	-47,258	-37,638	-30,807	-6,022
Net cash flow for the year	**5,448**	26,461	17,490	-107	-14,934
Changes in net working capital	**-930**	20,757	9,508	25,490	-42,816
Cash and cash equivalents, EoP	**71,003**	64,552	41,660	23,817	9,996
Cash conversion	**74.4%**	109.3%	89.9%	120.7%	-19.67%

Figures in DKK '000	2021	2020	2019	2018*	2017*
Key Ratios					
Profitability					
Return on equity	**52.4%**	58.3%	59.6%	48.2%	58.7%
Operating profit margin	**4.3%**	5.0%	4.5%	4.1%	4.7%
Profit margin	**3.0%**	3.5%	3.1%	2.8%	3.3%
Equity					
Solvency ratio	**20.8%**	21.4%	19.6%	20.7%	25.7%
Other					
Revenue growth	**18,4%**	2.2%	10.5%	14,6%	21,3%
Revenue retention	**98.8%**	97.6%	96.6%	96.5%	96.8%
EBITA	**54,409**	53,163	46,511	38,267	38,744
EBITA margin	**4.4%**	5.1%	4.5%	4.1%	4.8%
Adjusted EBITA	**62,147**	57,002	50,298	43,105	38,744
Adjusted EBITA margin	**5.0%**	5.4%	4.9%	4.6%	4.8%
EBITA, consulting segment	**49,465**	44,952	49,929	**	**
EBITA, outsourcing segment	**21,960**	22,700	13,997	**	**
EBITDA	**69,532**	67,610	60,707	41,017	40,617
EBITDA margin	**5.6%**	6.4%	5.9%	4.4%	5.0%
Number of employees (average)	**351**	344	312	298	221
Number of engaged consultants, consulting segment EoP	**778**	595	588	**	**
Number of engaged consultants, outsourcing segment EoP	**858**	870	753	**	**
Number of vetted consultants	**5,517**	4,716	4,068	3,536	2,942

* 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 have been calculated as described in Appendix 1 – Definition of terms.

2021 IN REVIEW

In 2021, our 1,636 consultants (2020: 1.465) were actively engaged to support more than 190 clients globally. Revenue for 2021 was DKK 1,243 million (2020: DKK 1,050 million), an increase of 18.4% compared to 2020. The increase was organic only and the exceptionally high growth rate was primarily due to a pickup in orders following Covid-19 uncertainties in 2020. From 2019 to 2021, compound annual revenue growth was 10%, in line with the past 10 years' revenue growth.

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 71.6% (2020: 69.8%) of Group revenue in 2021, whereas Outsourcing revenue accounted for 28.4% (2020: 30.2%). The increase in revenue in 2021 was primarily driven by an increase in revenue from consulting of 21.4%.

The geographical development in revenue was an increase of 17.1% from Denmark, 14.5% from Poland and 38.2% from Other Countries, driven by especially Finland and USA. 7N has an extraordinary strong and long-term client portfolio, where 98 % of the revenue are from existing customers. Approx. 80% of the revenue are with clients that 7N has serviced for more than 5 years.

The strong and long-term client relationships have also been the foundation for our growth in 2021.

For the other countries, growing with our existing clients from our core markets have been a significant part of our success in those countries and build a strong platform for our future growth in those markets.

→

Cost of sales totaled DKK 959.4 million (2020: DKK 798.7 million) resulting in gross profit of DKK 283.9 million (2020: DKK 251.4 million). The gross margin declined slightly to 22.8% (2020: 23.9%) as a result of price pressure from consultants following higher demand post Covid-19, which has not yet been fully offset by higher sales prices.

Personnel expenses totaled DKK 142.8 million (2020: DKK 123.0 million) corresponding to an increase of 9.9%, primarily driven by the increase in number of employees from 344 employees on 1 January 2021 to 351 employees on 31 December 2021. The growth in employees are primarily related to the hiring of more sales agents and recruiters to accommodate the high demand in the market.

Other external expenses comprise costs related to facilities, events and trainings, sales & marketing, IT and administrative expenses, amounting to DKK 72.2 million (2020: DKK 54.6 million) corresponding to an increase of 32.3%, primarily driven by increase in social and professional events with consultants, travel cost and other employee related costs. However, other external expenses in 2021 were not fully back to a pre-pandemic level due to some persisting effects of Covid-19. In 2021, DKK 3.6 million of total external expenses related to IPO process cost.

Adjusted EBITA was DKK 62.1 million (2020: DKK 57.0 million), and the adjusted EBITA margin decreased to 5.0% (2020: 5.4%) in 2021 due to higher personnel and other external expenses. Adjusted EBITA is defined as earnings before interest, tax, amortization, impairment of intangible assets, costs related to IPO process and profit-sharing bonus to staff.

Operating profit (EBIT) was DKK 54.1 million (2020: DKK 53.0 million), and the EBIT margin decreased to 4.3% (2020: 5.0%) in 2021 impacted by the factors explained above. Due to the covid-19 outbreak, most social and professional events were cancelled or postponed in 2020, positively impacting the operating profit for 2020.

Financial income came to DKK 1.4 million (2020: DKK 1.7 million) and financial expenses were DKK 4.0 million (2020: DKK 5.8 million). Income tax was DKK 14.6 million (2020: DKK 12.5 million) corresponding to an effective tax rate of 28.4% (2020: 25.8%).

Profit for the year was DKK 36.8 million (2020: DKK 36.4 million) corresponding to an increase of 1%.

Balance Sheet

Total assets increased to DKK 360.7 million (2020: DKK 306.2 million) as at 31 December 2021 following an increase in trade receivables driven by revenue growth and higher cash and cash equivalents partly offset by a decrease in right-of-use assets due to depreciation.

The Group's total liabilities increased to DKK 285.8 million (2020: DKK 240.5 million) at year-end as a result of higher trade payables reflecting the additional use of consultants to generate revenue growth in 2021. The development was partly offset by a reduction of lease liabilities.

Total equity increased to DKK 74.9 million (2020: DKK 65.7 million) as at 31 December 2021, and the equity ratio was 20.8% (2020: 21.3%).

Cash Flow

Net cash flow from operating activities was DKK 51.7 million (2020: DKK 73.9 million), primarily affected by a negative change in working capital. The change in working capital was very positive in 2020, why the negative effect is a result of this change. Cash flow from investing activities was negative by DKK 4.2 million (2020: DKK -0.2 million). Investing activities in 2021 was primarily caused by investments related to the finance lease and acquisition of assets.

Cash flow from financing activities was negative by DKK 42.1 million (2020: DKK -47.3 million), mainly affected by lease payments and dividend paid to shareholders.

The parent company 7N A/S

In 2021, the parent company generated revenue of DKK 764.7 million, which is an increase of DKK 112.1 million or 17.2%. The increase was organic only and the exceptionally high growth rate was primarily due to a general high demand in the market and a pickup in orders following Covid-19 uncertainties in 2020.

The income from equity investments in group enterprises totaled DKK 6.2 million in 2021 compared to DKK 13.2 million in 2020. The decrease is primarily due value adjustments in the parent company and the implementation of IFRS 15 and IFRS 16.

Profit before tax for the year was DKK 43.2 million against DKK 43.2 million in 2020. Income tax amounted to DKK 9.7 million compared with DKK 6.8 million in 2020. Net profit was DKK 33.6 million compared with DKK 36.4 million in 2020.

Equity increased from DKK 69.5 million at 31 December 2020 to 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 2022 that, of the Profit for the Year of DKK 33.6 million, dividends of DKK 26.8 million be declared, representing DKK 22.14 per share of DKK 1, that DKK 13.9 million be transferred to retained earnings and that DKK -7.2 million be transferred to reserve for net revaluation according to the equity method.

OUTLOOK AND AMBITIONS

OUTLOOK FOR 2022

Revenue of DKK 1,350 million to DKK 1,400 million

(DKK 1,243 million in 2021)

Adjusted EBITA of DKK 65 million to DKK 75 million

(DKK 62.1 million in 2021)

EBIT of DKK 45 million to DKK 57.5 million

(DKK 54.1 million in 2021)

Revenue expectation for 2022 corresponds to an organic growth of 8.5% – 12.5%, driven by an increased number of consultants engaged by existing clients as well as engagements with new clients. We assume that the growth in the consulting segment will be higher than in the outsourcing segment due to the loss of a large engagement in India in 2022. We also assume no additional supply constrains in relation to attracting consultants compared to the end of 2021.

Our estimates for 2022 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 (including as a result of the Covid-19 pandemic and the geopolitical situation surrounding Ukraine). We also assume no loss of major clients and no loss of substantial work from existing clients, except for the loss of a large engagement in India in 2022. The expectations are consistent with recent years.

Medium to Long-term Targets

The Board of Directors and the Executive Management have adopted the following medium- to long-term ambitions, based on the current strategy:

Revenue Growth

In line with our historical performance, 7N aspires to grow organically in the range of approx. 7.5-12.5% on average per year when measured over a five-year period. We expect that Other Countries will exhibit the highest growth rates followed by Poland, whereas the average growth in Denmark is expected to be lower than the Group average over a five-year period.

EBITA Margin

Compared to 2021 the Group targets to increase the EBITA margin in the medium- to long-term, reaching a long-term level similar to 2020.

BUSINESS MODEL

With our resilient business model based on high quality and flexible offering we have established a prominent market position in our core markets

Our business model allows clients to build their IT development workforce with not only their own internal staff, but with access to a large pool of highly skilled freelance consultants provided by 7N. This allows our clients to maintain full ownership and control of their IT developments.

We primarily provide individuals and teams, not entire project solutions. This means, that we as a company generally don't have project responsibility and are not bound by requirement specifications, Service Level Agreements' or delivery deadlines. Our experienced specialists are engaged by the client organisation and work in their team to co-create solutions with lasting impact.

We have a dedicated and experienced organisation that enables 7N to attract, develop and retain the best IT consultants. We have built a network of more than 5,000 vetted and tested freelance IT consultants, who can be selected on short notice to match the needs of the clients. The inherent flexibility of this business model has proven to be an asset due to its relatively lower risk profile while also being an attractive value proposition for both clients and consultants. Our business model is illustrated on the next page.

CONSULTANT EXPERIENCE

CONSULTANTS

Engaged in a global network of interesting and challenging projects while receiving structured professional development

Attractive value proposition to freelance consultants enabling attraction and retention of a pool of competent and experienced freelance consultants with more than 5,000 vetted and tested individuals

RECRUITMENT AGENTS

Continuously adjust the pool of consultants to current client demands and responsible for identifying, qualifying and promoting the consultant for the right assignments

7N OFFERS IT CONSULTANCY

7N provides a continues flow of events for consultants and handles all marketing targeted potential clients

Revenue model
Mostly time and material

Experienced organisation with a strong corporate culture focusing on treating all stakeholders with respect

CLIENT EXPERIENCE

SALES AGENTS

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

CLIENTS

Requiring access to experienced IT consultants in a flexible way while maintaining full ownership of the IT development

Attractive value proposition offered to clients leading to longstanding relations and strategic partnerships across a client base comprising large public and private organisations

A Consultant-first Mindset

We are committed to providing the best experience and service to our consultants and have for many years had a consultant-first mindset. Our highly experienced recruitment and sales agents have central roles in our business model and are key to attract and retain top 3% IT consultants.

When a freelance consultant is engaged, a personal recruitment and sales agent will take care of and spare with the consultant to clarify commercial interests, professional development opportunities and provide access to a network of vetted peers.

Key Highlights

- Positioned in the attractive IT services market and supported by the global megatrend related to the increase in the flexible and freelance workforce
- Clear differentiation to consultant brokers, traditional IT consultancies and direct competitors
- Attractive double-digit growth profile with high cash conversion and dividend capacity

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 life cycle.

Key components of our ambition:

- Offer flexible IT consultancy services with specialized industry knowledge, appealing to targeted industry verticals
- Engage early with clients in their decision-making process to be an integral part of clients' process of identifying and scoping the need for IT consultancy services
- Provide a superior staffing model that enable us to create value together with our clients
- Ensure to be the best agent and preferred choice for freelance consultants
- Be known for respect, professionalism and having a mindset of a servant

As reflected in medium- to long-term targets, we see a multitude of growth opportunities in the next 3-5 years. In order to deliver on our ambition and capitalize on these growth opportunities, we have defined three strategic focus areas consisting of optimising the core business, strengthening the service offering and accelerating our expertise.

3

Accelerating Our Expertise

- Increase efforts within outsourcing and project engagements
- Expanding market share in current markets
- Faster international expansion outside of core markets
- Targets acquisitions in smaller markets

2

Strengthening the Service Offering

- Increase focus on engaging early with clients
- Proactively address client challenges
- Increase share of project-based offerings

1

Optimizing the Core Business

- Engage more actively and structurally with pool of consultants
- Strengthen competence building initiatives
- Leverage industry knowledge by establishing industry teams
- Focus on general cost efficiencies

Optimizing the Core Business

We will continue to strengthen our brand and strengthen our value proposition to consultants by, among other things, increasing the assortment of educational initiatives and improve the possibility to networking with like-minded individuals.

We will better utilize our vast pool of existing industry knowledge in our engagement with clients by establishment of industry teams.

We intend to increase the number of consultants recruited in countries where we do not have sales offices and engage more actively and structurally with the pool of vetted individuals from which we attract freelance consultants for our client engagements.

Strengthening the Service Offering

We will engage earlier with clients in order to scope and identify the need for IT consultancy services. Thus, we will increasingly apply a proactive approach advising on how to address business challenges rather than relying primarily on inbound client requests.

We will also increase our focus on engagements with greater project and execution impact. The initial efforts will comprise mapping of existing engagements, building the correct cases, presence and network, and finally developing end-to-end solutions within project engagements.

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 will increase our efforts within outsourcing and project engagements. We believe that a broad offering creates cross-selling synergies and overall higher client and consultant satisfaction.

We will maintain focus on attracting new clients across our current markets and add sales and recruitment capacity at a relatively faster pace in Other Countries than in Denmark and Poland. 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.

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 and we aim for gaining market share compared to the overall market supported by a favorable 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 will allow companies to bridge emerging skill gaps more cost-efficiently as companies gain access to global talent from the most cost-effective locations

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 COO, and five Vice Presidents.

Board of Directors

The Board of Directors is responsible for 7N's overall and strategic management and proper organisation of the company's business and operations. The Board of Directors supervises the company's activities, management and organisation, 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 Chairperson and a Deputy Chairperson 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.

→

Risk Management

7N operates in a continually changing and volatile business environment. The Board of Directors and Executive management regard it as essential that the risk exposure is thoroughly assessed, monitored and controlled on an ongoing basis.

Risk management is an integral part of 7N's operations and our decision-making process, which aims to create and safeguard business value, secure continuity of operations and ensure the safety of our employees.

7N is exposed to certain risks stemming from facing technology changes, new client demands, changes in the global economy, geo-political challenges, and recruitment restrictions. 7N is mitigating many of the risks through our inherently flexible business model.

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 loss of both reputation and repeat business with existing clients.

7N's recruiting model ensures that our consultant are top 3% and the close dialogue with clients and consultants mitigate the risk exposure and ensure that problems are identified before they escalate.

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. The Group's policy for credit risk includes that all clients and other partners are continuously credit rated.

Intellectual Capital

The Group focuses on supporting and developing its employees to enhance the professional development of 7N. The Group retains its employees by offering training, fair, and a good work environment that attracts people in a market with high competition.

Operational and IT Risk

The operational and IT risk is the risk coming from financial losses due to systems failure, downtime, or faulty operational conduct. Traditionally, 7N has not nor been largely dependent on IT systems. That said, the latter years' focus on digitalization and systems support of critical business processes will lead to a larger exposure to IT and operational risk. Access control, virus control, and continuous monitoring protocols are in place, as well as an updated IT policy.

Financial Risk

Financial risks are the risks associated with financing the operation and the risk of not being able to meet liabilities towards vendors. The group exposure is not considered significant exposed to any reasonable financial risk, but due to market trends, the parent company proactively works to ensure sufficient and optimal capital leverage, etc.

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.

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

Pandemic Risk

7N is exposed to risks associated with public health crisis and epidemics such as the COVID-19 pandemic.

The Group has previously experienced a decline in the number of engaged consultants in certain jurisdictions for a limited period of six to nine months and lower growth rate compared to previous years.

“Stay at home orders”, limitations on public gatherings and similar orders limit the Groups ability to effectively plan, arrange and carry out events for its freelance consultants which may have a negative impact on the Group's ability to retain effective contact and relations with its vetted and tested consultants.

Even though it is often possible for the Group's consultants to deliver IT services by remote access, the restricted physical access to client sites may limit the ability of the consultants to perform effectively and efficiently and some engagements may have to be delayed significantly or cancelled by clients which may adversely affect the Group's business, results of operations and financial condition.

Geopolitical Issues

The tragic invasion of Ukraine is affecting everyone. We stand with and support all those suffering.

7N has no consultants or business in Ukraine, Belarus or Russia, so we have assessed that the geopolitical event in Ukraine has no immediate operational or financial risk for the Group.

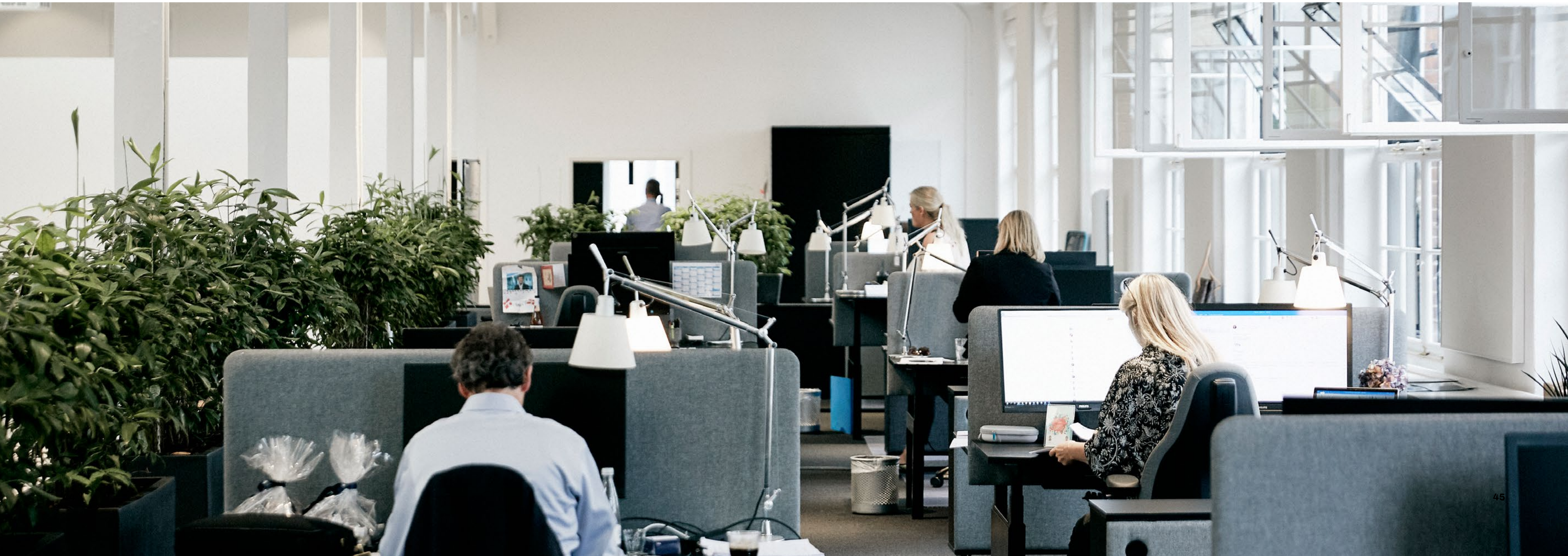
It has at the same time been decided not to have any future businesses with Russia.

Privacy and Data Protection

The Group is subject to data protection laws, privacy requirements and other regulatory restrictions in the various jurisdictions in which it operates. 7N may come into possession of, act as a processor of or otherwise handle sensitive personal data.

This information needs to be handled in compliance with such laws and regulations. Privacy and data protection compliance. Breaches or failure to protect confidential and proprietary information could damage 7N's reputation and expose it to litigation.

7N is committed to be in compliance with the legal and regulatory requirements. Freelance consultants are instructed of their legal obligations to comply with the regulation. Employees are educated in the requirements and must comply with 7N's Privacy and Data Protection policies.



REPORTING ON SUSTAINABILITY

This section of the Annual Report 2021 constitutes the statutory statement on sustainability of 7N A/S and its subsidiaries covering 1 January 2021 – 31 December 2021 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 the servant and respect.

Our main impact on society derives from our contribution to digitalization. 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 high quality and reliable solutions that makes business and societies more resilient.

Please refer to page 26-29 for an overview of our business model.

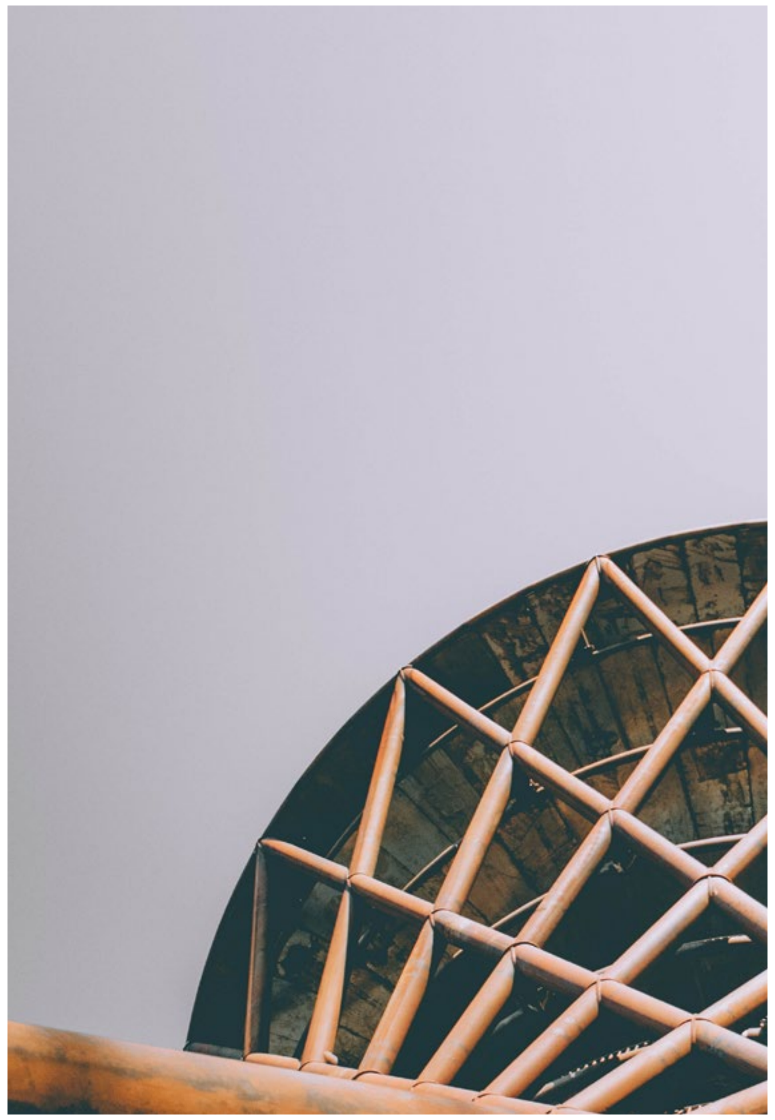
→

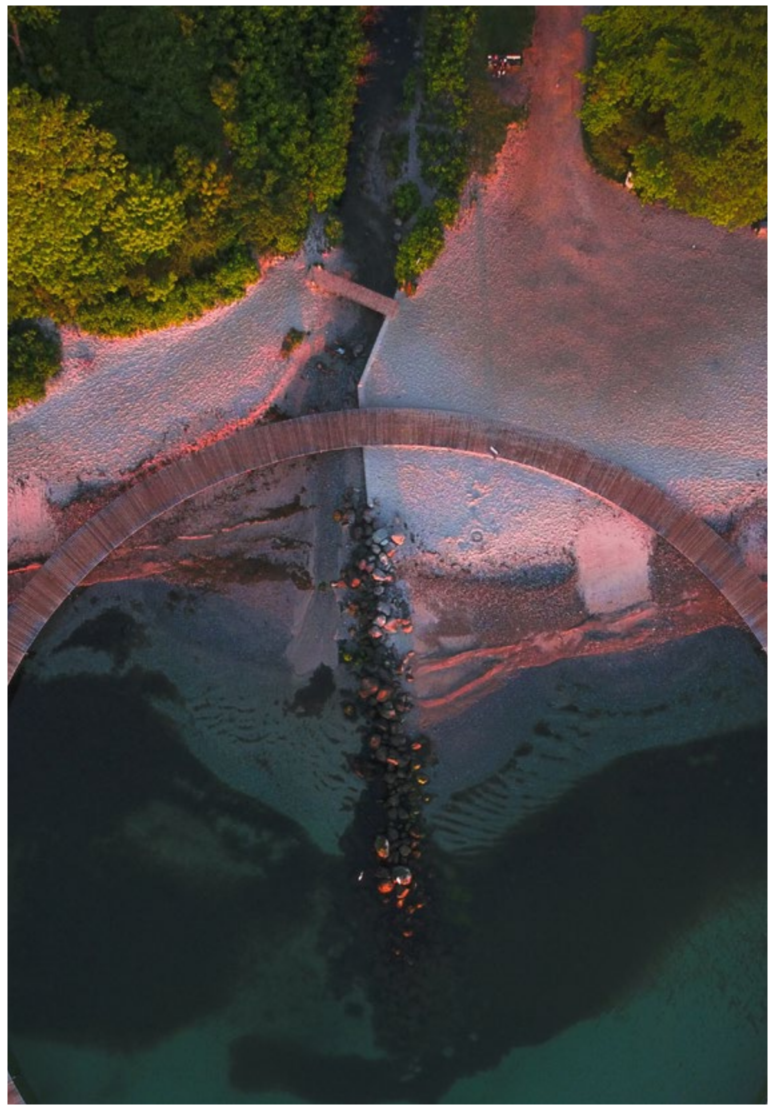
ESG Governance

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 was established in September 2021 and has initiated a sustainability execution project with the aim of more clearly defining 7N's sustainability ambition with measurable KPIs and initiatives. In 2021, we extended our ESG data collection and analytics and started setting targets for our future efforts.

Employee Relations, Ethics and Human Rights

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.





7N's primary resource is the approximately 1,600 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. We will, in 2022, continue to focus on areas that can improve our cooperation with the consultants and their professional development.

The 7N Academy contributes to developing the consultants' professional competencies through certifications, professional networking events, courses, and sparring in relation to professional development. The engagement model with consultants is a significant contributor to global NPS scores in 2021 of 60 among consultants and 73 among staff.

Risks related to employee relations and human rights are primarily breach of data security and privacy as well as 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 codes of conduct as a natural part of all our contracts –for employees, consultants, and contractors.

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.

In 2021, we adopted a diversity policy with the aim of promoting a positive and inclusive work environment that respects the individual and is free from any form of discrimination or harassment.

Processing of Data

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.

Bearing in mind that our business is consultancy services provided by freelance consultants in primarily Denmark and Poland, our supply chain is simpler than that of a manufacturing company or the like with a global supply chain. This significantly reduces the risk of breaches of human rights principles in our value chain. Nonetheless, in our dialogue with suppliers and other business partners, we require compliance with the expectations specified in the code of conducts, including with respect to forced labor, child labor, freedom of association, data privacy and anti-corruption, and encourage our business partners go beyond legal compliance and continuously seek to improve their performance in these areas.

Anti-corruption and Business Ethics

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 do not tolerate and work against corruption in all its forms, including bribery and facilitation payments. 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.

In 2021, we updated our code of conducts for consultants, employees, contractors, and suppliers.

They now more 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 conducts specify the expected conduct of our stakeholders within the areas of human rights, labour rights, and environmental protection.

The updated code of conducts reduce the risk for non-compliance with the laws or regulations applicable to 7N, as well as internal policies or standards of 7N. Our procedures and codes of conduct are important parts of the onboarding training program for employees and consultants, and in 2022, it will be a focus area to ensure anchoring of the updated code of conducts.

In 2021, we also strengthened our whistleblower system, and no incidents have been reported to date. The objective of the whistleblower system is to provide a relevant 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 behaviour or incidents of concern not directly covered by such internal policies, arises.

Climate and Environmental Conditions

In 7N, we strive to reduce our negative impact on the climate and the environment related to our business activities. As an IT consulting company primarily deploying manpower at clients' premises, our environmental footprint is very limited, primarily deriving from our office locations and transport of our staff and consultants leading to greenhouse gas emissions.

Our greenhouse gas emissions disclosure is based on the Green House Gas (GHG) protocol. For comparison, we disclose data for two periods preceding the reporting year. Our environmental footprint in 2020 and 2021 was significantly affected by the covid-19 pandemic, which restricted our travel and meeting activities. We believe, that 2019 should be considered the most adequate benchmark for our environmental footprint and have set our targets for 2022 accordingly.

We aim at reducing our already limited impact on the environment and climate in our business activities by reducing our resource consumption wherever possible, increase recycling of waste, and reduce greenhouse gas emissions during transport. Since 2021, we have reduced our energy consumption with 23%.

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.

Gender Representation

This part of our sustainability 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.

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 45% female and 55% male. Management levels, excluding the Board of Directors and Executive Management, are represented by 29% female and 71% male 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.

In 2021, we had specific focus on gender specific management training, and have taken the following initiatives to further strengthen the diversity in our managerial functions:

- 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.

In 2021, one out of five board members were female. We consider 2021 a transitional year following changes to the Board of Directors in connection with the appointment of a new CEO and Chairman, why it was not possible to reach our gender representation target in 2021. 7N now has a one fifth representation of female board members. The Board of Directors has set a target figure for the proportion of elected female board members of at least 40% in 2023, and that both genders must be represented. Executive Management consists of two male chief officers.

Data Ethics Report

In 2021, we adopted a data ethics policy based on our existing policies and guidelines for processing of personal data, which reflects our commitment to manage data responsibly based on principles of honesty, transparency and accountability. The 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.

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 Data Definitions	Unit	Target 2022	2021	2020	2019	2018	2017
Environmental Data							
CO2e, scope 1	Tons/Tons per FTE	0.40	0.40	0,30	0.41	**	**
CO2e, scope 2	Tons/Tons per FTE	<0.20	0.17	0,20	0.29	**	**
CO2e, scope 3	Tons/Tons per FTE	0.80	0.33	0,27	1.00	**	**
Energy consumption	kWh per FTE	<2,000	1.823	2,003	2,366	**	**
Water consumption	m3 per FTE	<17	17	16	20	**	**
Social Data							
Full-time employees	FTE	370	351	344	312	298	221
Gender diversity	f/m	45%/55%	43%/57%	43%/57%	45%/55%	41%/59%	44%/56%
Gender diversity, management	f/m	29%/71%	29%/71%	31%/69%	27%/63%	27%/63%	33%/67%
Gender pay ratio	Times	<1.4	1.4	1.2	1.1	1.2	1.1
Sick leave	Average days per FTE	<5	2.0	**	**	**	**
Employee satisfaction	eNPS	>70	73	**	**	**	**
Emplyee turnover	%	<10%	9%	8%	10%	10%	10%
Governance Data							
Gender diversity in a BoD	f/m	40%/60%	20%/80%	29%/71%	0%/100%	0%/100%	0%/100%
Attendance at the BoD meetings	%	>97%	96%	100%	93%	100%	100%
CEO Pay-Ratio	Times	8	7	9	8	9	8

** No data available

ESG Accounting Policy

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 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 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 the DEFRA emission factors.

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 from DEFRA.

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
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

Glenn Petersen

Board Member —

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

CURRENT POSITIONS
Chairperson and CEO of Omni Bar ApS

Jeppe Hedaa

Chairperson —

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

CURRENT POSITIONS
Executive manager in Hedaa Holding ApS and 7N Holding II & III, and One Life Founders Fond. Board member of B93 football club, DanChurchAid, Copenhagen Cathedral, Yale Center for Faith and Culture.

Michael Halbye

Board Member —

BACKGROUND
Founder and Senior Partner at Mckinsey & Co Denmark. More than 36 years in Management Consulting.

CURRENT POSITIONS
Board member of Develop Diverse ApS, KIRKBI A/S, BOGNÆS LANDBRUG, Mary Fonden H.K.H Kronprinsesse Marys Fond, Maternity Foundation, Ludvig AB.

Preben Damgaard Nielsen

Deputy Chairperson —

BACKGROUND
Founder and CEO of Damgaard Data, Co-CEO of Navision. More than 35 years in the IT industry

CURRENT POSITIONS
Board member of Saxo Bank, Damgaard Company, A.O. Johansen, Configit IT, OrderYoYo, Too Good to Go, Templafy, Scalepint, Kobaj, and others.

Pernille Simmelkiær Larsen

Board Member —

BACKGROUND
More than 20 years in marketing and branding agencies with focus on analytical and creative marketing.

CURRENT POSITIONS
CEO of All Our Minds, Openview and 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 —

JOINED 7N AS CFO 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

Sixten Schultz

COO —

APPOINTED COO IN 2018.

BACKGROUND
Previous executive assistant in 7N, with focus on assisting management. Former consultant at Kunde & Co, working with a wide portfolio of large BtB companies.

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 Exclusive Consultant Manager responsible for building and establishing the 7N market and office 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.

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.

Jesper Kolding

Vice President, Denmark —

APPOINTED VP IN 2018

BACKGROUND
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.

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 2021.

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 2021 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 2021.

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, 28 April 2022

Executive Board

Sebastian Podleśny
CEO

Jacob Lehman
CFO

Board Of Directors

Jeppe Laurids Hedaa
Chairman

Michael Halbye

Preben Damgaard Nielsen

Glenn Petersen

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 2021 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2021 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 2021 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2021 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 2021, 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, 28 April 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Anders S Lauritsen

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

SECTION 1

Basis of Preparation

SECTION 2

Results for the Year

SECTION 3

Invested Capital

SECTION 4

Working Capital and Capital Structure

SECTION 5

Other Disclosures

Consolidated Statement of Profit and Loss

1 January - 31 December

Note	Figures in DKK '000	2021	2020	2019
4	**Revenue**	**1,243,316**	**1,050,185**	**1,027,830**
	Cost of sales	-959,385	-798,731	-775,049
	Gross Profit	**283,931**	**251,454**	**252,781**
	Other operating income	660	720	924
5	Personnel expenses	-142,811	-129,965	-122,622
	Other external expenses	-72,248	-54,599	-70,376
8,9,10	Depreciation and Amortizations	-15,458	-14,595	-14,303
	Operating Profit (EBIT)	**54,074**	**53,015**	**46,404**
6	Financial income	1,367	1,689	1,999
6	Financial expenses	-3,990	-5,800	-3,563
	Profit Before Tax	**51,451**	**48,904**	**44,840**
7	Tax on profit for the year	-14,613	-12,526	-13,280
	Profit for the Year	**36,838**	**36,378**	**31,560**
	Earnings per Share			
14	Basic earnings per share (DKK)	31.03	30.66	26.60
14	Diluted earnings per share (DKK)	31.03	30.66	26.60

Statement of other Comprehensive Income

1 January - 31 December

Figures in DKK '000	2021	2020	2019
Profit for the Year	**36,838**	**36,378**	**31,560**
Other Comprehensive Income			
Items that may be reclassified to the statement of profit and loss:			
Exchange differences on translation of foreign operations	859	-4,449	139
Other Comprehensive Income for the Year, After Tax	**859**	**-4,449**	**139**
Total Comprehensive Income for the Year	**37,697**	**31,929**	**31,699**

Consolidated Balance Sheet at 31 December 2021

Assets

Note	Figures in DKK '000	2021	2020	2019	1 January 2019
	Non-current Assets				
8	Intangible assets	522	540	197	304
9	Property, plant and equipment	11,559	12,935	15,875	18,546
10	Right-of-Use assets	10,656	18,957	27,203	34,225
7	Deferred tax assets	2,859	2,349	2,612	1,416
10	Finance lease receivables	3,037	4,790	7,430	9,208
	Other assets	6,835	4,892	5,198	5,529
	Total Non-current Assets	**35,468**	**44,463**	**58,515**	**69,228**
	Current Assets				
11	Trade receivables	241,853	186,692	187,284	172,374
	Tax receivables	2,838	1,875	1,738	1,523
	Prepayments	4,253	4,156	4,855	2,774
10	Finance lease receivables	2,072	1,782	1,827	1,614
	Other assets	3,246	2,660	4,895	9,624
	Cash and cash equivalents	71,003	64,552	41,660	23,817
	Total Current Assets	**325,265**	**261,717**	**242,259**	**211,726**
	Total Assets	**360,733**	**306,180**	**300,774**	**280,954**

Equity and Liabilities

Note	Figures in DKK '000	2021	2020	2019	1 January 2019
	Equity				
13	Share capital	1,210	1,210	1,210	1,210
13	Treasury shares	-2,286	-2,409	-2,409	-2,409
	Translation reserve	-3,451	-4,310	139	-
	Proposed dividends	26,800	29,000	-	20,000
	Retained earnings	52,633	42,179	60,158	28,073
	Total Equity	**74,906**	**65,670**	**59,098**	**46,874**
	Non-current Liabilities				
16	Other interest-bearing debt	4,892	5,258	1,745	-
10	Lease liabilities	6,302	15,301	25,290	34,667
7	Deferred tax liabilities	-	64	167	-
	Total Non-current Liabilities	**11,194**	**20,623**	**27,202**	**34,667**
	Current Liabilities				
	Trade payables	196,603	148,702	133,045	111,886
12	Contract liabilities	12,373	14,731	12,531	11,620
	Current tax liabilities	7,908	5,932	3,971	3,205
16	Other interest-bearing debt	-	1,026	14,891	23,703
10	Lease liabilities	10,470	11,588	11,502	10,164
17	Other liabilities	47,279	37,908	38,534	38,835
	Total Current Liabilities	**274,633**	**219,887**	**214,474**	**199,413**
	Total Liabilities	**285,827**	**240,510**	**241,676**	**234,080**
	Total Equity and Liabilities	**360,733**	**306,180**	**300,774**	**280,954**

Statement of Changes in Equity for the Group

Note	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:						
13	Disposal of treasury shares	-	123	-	-	-123	-
	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**

Note	Figures in DKK '000	Share capital	Treasury shares reserve	Translation reserve	Proposed dividends	Retained earnings	Total
	Equity at 1 January 2020	**1,210**	**-2,409**	**139**	**-**	**60,158**	**59,098**
	Profit for the year	-	-	-	29,000	7,378	36,378
	Other Comprehensive Income	-	-	-4,449	-	-	-4,449
	Total Comprehensive Income for the Period	**-**	**-**	**-4,449**	**29,000**	**7,378**	**31,929**
	Transactions with Owners in Their Capacity of Owners:						
5	Share-based payments	-	-	-	-	133	133
	Extraordinary dividend paid	-	-	-	-	-26,000	-26,000
	Dividend, treasury shares	-	-	-	-	510	510
		-	-	-	-	-25,357	-25,357
	Equity at 31 December 2020	**1,210**	**-2,409**	**-4,310**	**29,000**	**42,179**	**65,670**
	Equity at 1 January 2019	**1,210**	**-2,409**	**-**	**20,000**	**28,073**	**46,874**
	Profit for the year	-	-	-	-	31,560	31,560
	Other Comprehensive Income	-	-	139	-	-	139
	Total Comprehensive Income for the Period	**-**	**-**	**139**	**-**	**31,560**	**31,699**
	Transactions with Owners in Their Capacity of Owners:						
5	Share-based payments	-	-	-	-	133	133
	Dividend paid	-	-	-	-19,608	-	-19,608
	Dividend, treasury shares	-	-	-	-392	392	-
		-	-	-	-20,000	525	-19,475
	Equity at 31 December	**1,210**	**-2,409**	**139**	**-**	**60,158**	**59,098**

Cash Flow Statement for the Group

Note	Figures in DKK '000	2021	2020	2019
	Profit before tax	51,451	48,904	44,840
	Depreciation and amortization	15,458	14,594	14,303
18	Changes in working capital	-930	20,757	9,508
19	Other adjustments	1,023	1,385	739
	Interest received	844	1,175	1,518
	Interest paid	-2,026	-2,362	-2,557
	Income tax paid	-14,106	-10,542	-13,758
	Cash Flow from Operating Activities	**51,714**	**73,911**	**54,593**
8	Acquisition of intangible assets	-317	-491	-
9	Acquisition of property, plant and equipment	-3,485	-2,711	-1,961
9	Disposal of property, plant and equipment	98	19	601
	Acquisition/disposal of other assets	-1,946	308	331
10	Payments received under sub-leases, principal part	1,465	2,683	1,564
	Cash Flow from Investing Activities	**-4,185**	**-192**	**535**
10, 20	Principal elements of lease payments	-12,228	-11,416	-10,963
20	Repayment of interest-bearing debt	-1,392	-10,352	-7,067
	Dividend paid to shareholders	-28,461	-25,490	-19,608
	Cash Flow from Financing Activities	**-42,081**	**-47,258**	**-37,638**
	Total Cash Flow	**5,448**	**26,461**	**17,490**
	Cash and cash equivalents 1 January	64,552	41,660	23,817
	Effects of exchange rate changes on cash and cash equivalents	1,003	-3,569	353
	Cash and Cash Equivalents 31 December	**71,003**	**64,552**	**41,660**

Cash and cash equivalents include time deposits of DKK 4,214 thousand (2020: DKK 2,467 thousand, 2019: DKK 4,673 thousand) which at year-end had a duration of less than 3 months.

The Group's cash conversion is 74.4% (2020: 109.3%, 2019: 89.9%).

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**

Group

7N A/S is an entity with its registered office in Denmark. The annual report for the period 1 January – 31 December 2021 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 152 for Parent's specific accounting policies.

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 2021 financial year. The consolidated financial statements have been approved by the Board of Directors at its meeting on 28 April 2022 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.

First-time adoption of IFRS

This annual report is the first annual report that is presented in accordance with IFRS. The date of transition is 1 January 2019, accordingly the comparative figures in the consolidated statement of profit and loss for 1 January to 31 December 2019 and 2020, respectively, and the balance sheet items as at 1 January 2019, 31 December 2019 and 31 December 2020 were restated in accordance with IFRS. The accounting policies applied are based on the standards and interpretations effective for 2021. No standards or interpretations which are not yet effective have been adopted.

The disclosures required by IFRS 1 First-time Adoption of International Financial Reporting Standards, concerning the transition from the Danish Financial Statements Act to IFRS, are provided in note 26.

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 adding together financial statement items of a uniform nature. The financial statements used for consolidation have been prepared applying 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. Unrealised 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 recognised 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 recognised in the latest annual report is recognised 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 differences arising out of the translation of foreign subsidiaries' balance sheet items at the beginning of the year using the balance sheet date exchange rates as well as out of the translation of statement of profit and loss from average rates to the exchange rates at the balance sheet date are recognised 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 recognised 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 for administration, sale, events, advertising, bad debts, office expenses etc.

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 recognised 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 assets 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.

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 Judgements**

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 judgements 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 2019, 2020 and 2021, it is particular important to note the following accounting assumptions. These are described in further detail adjacent to the relevant disclosed notes:

- Deferred tax assets (note 7)

Key accounting judgements

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

In the financial statements for 2019, 2020 and 2021, it is particular important to note the following key accounting judgment. This is described in further detail adjacent to the relevant disclosed notes:

- Agent/principal (note 4)

SECTION 2

RESULTS FOR THE YEAR

The section comprise 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 key management.

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

7N has identified two operating and reportable segments of its business:

- Consulting
- Outsourcing

The Consulting segment is where 7N typically offers IT consultants to clients across the disciplines of digitalization 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 are 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.

Business segment (DKK'000)	Consulting	Outsourcing	Unallocated	Total operating segments	Adjustments	Total
	2021	**2021**	**2021**	**2021**	**2021**	**2021**
Revenue	889,986	353,330	-	1,243,316	-	1,243,316
Cost of sales	-717,497	-287,849	-	-1,005,346	45,961	-959,385
Gross Profit	**172,489**	**65,481**	**-**	**237,970**	**45,961**	**283,931**
Operating profit before depreciation & amortization (EBITDA)	54,886	31,480	-16,834	69,532	-	69,532
Depreciation	-5,421	-9,520	-182	-15,123	-	-15,123
Amortization	-335	-	-	-335	-	-335
Operating Profit (EBIT)	**49,130**	**21,960**	**-17,016**	**54,074**	**-**	**54,074**
Operating profit margin	5.5%	6.2%	-	4.3%		4.3%
Financial items, net						-2,623
Profit Before Tax						**51,451**

	2020	**2020**	**2020**	**2020**	**2020**	**2020**
Revenue	733,132	317,053	-	1,050,185	-	1,050,185
Cost of sales	-589,550	-255,293	-	-844,843	46,112	-798,731
Gross Profit	**143,582**	**61,760**	**-**	**205,342**	**46,112**	**251,454**
Operating profit before depreciation & amortization (EBITDA)	50,185	31,773	-14,348	67,610	-	67,610
Depreciation	-5,233	-9,073	-141	-14,447	-	-14,447
Amortization	-148	-	-	-148	-	-148
Operating Profit (EBIT)	**44,804**	**22,700**	**-14,489**	**53,015**	**-**	**53,015**
Operating profit margin	6.1%	7.1%	-	5.0%		5.0%
Financial items, net						-4,111
Profit Before Tax						**48,904**

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

Business segment (DKK'000)	Consulting	Outsourcing	Unallocated	Total operating segments	Adjustments	Total
	2019	**2019**	**2019**	**2019**	**2019**	**2019**
Revenue	741,046	286,784	-	1,027,830	-	1,027,830
Cost of sales	-584,647	-226,119	-	-810,766	35,717	-775,049
Gross Profit	**156,399**	**60,665**	**-**	**217,064**	**35,717**	**252,781**
Operating profit before depreciation & amortization (EBITDA)	55.100	22,842	-17,235	60,707	-	60,707
Depreciation	-5,171	-8,845	-180	-14,196	-	-14,196
Amortization	-107	-	-	-107	-	-107
Operating Profit (EBIT)	**49,822**	**13,997**	**-17,415**	**46,404**	**0**	**46,404**
Operating profit margin	6.7%	4.9%	-	4.5%	-	4.5%
Financial items, net						-1,564
Profit Before Tax						**44,840**

In 2021 no revenue from a single external customer exceeds 10% of the Group's total revenue. In 2020 and 2019 revenue of DKK 116,312 thousand and DKK 105,344 thousand respectively are derived from a single external customer in the outsourcing segment.

Segment information related to geographical areas (DKK'000)	Denmark	Poland	Other countries	Total
	2021	**2021**	**2021**	**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**

Segment information related to geographical areas (DKK'000)	Denmark	Poland	Other countries	Total
	2020	**2020**	**2020**	**2020**
Revenue from external customers	650,378	299,114	100,694	1,050,186
Total Non-current Assets	**10,045**	**16,540**	**15,529**	**42,114**
	2019	**2019**	**2019**	**2019**
Revenue from external customers	644,904	285,781	97,145	1,027,830
Total Non-current Assets	**12,316**	**21,642**	**21,945**	**55,903**

Adjusted EBITA (non-IFRS)

Executive 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, amortisation) adjusted to exclude cost related to the onetime IPO preparation and profit-sharing bonus for the employees.

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	2021	2020	2019
Operating Profit (EBIT)	54,074	53,015	46,404
Amortisations	335	148	107
IPO preparation costs	3,632	-	-
Profit-sharing bonus	4,106	3,839	3,787
Adjusted EBITA (non-IFRS)	**62,147**	**57,002**	**50,298**
Adjusted EBITA margin	5.0%	5.4%	4.9%

Onetime IPO preparation cost relates to professional and legal fees associated with IPO readiness.

7N has a bonus scheme in place to incentivise 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 relatively 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	2021	2020	2019
Revenue is distributed as follows:			
Revenue from Professional Services			
Consulting	884,990	725,028	732,648
Outsourcing	330,862	287,928	254,702
Total Revenue from Professional Services	**1,215,852**	**1,012,956**	**987,350**
Revenue from Other Services			
Consulting	4,996	8,104	8,398
Outsourcing	22,468	29,125	32,082
Total Revenue from Other Services	**27,464**	**37,229**	**40,480**
Total	**1,243,316**	**1,050,185**	**1,027,830**

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 assess 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 2 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 recognised 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 is payable when invoiced.

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 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 recognised over time as the services are rendered.

Note 5 | **Personnel Expenses**

Figures in DKK '000	2021	2020	2019
Salaries and wages	130,588	119,502	111,469
Other social security costs	8,255	7,415	6,759
Share-based payments	-	133	133
Other employee costs	3,968	2,915	4,261
Total	**142,811**	**129,965**	**122,622**
Average number of employees	351	344	312
Hereof salaried consultants	214	211	190

Accounting Policy

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

The grant date fair value of share-based payment programs granted under equity-settled programs are recognised as an expense with a corresponding entry in equity. The total expense is recognised over the vesting period.

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 60. The remuneration paid or payable to key management for employee services is as follows:

Figures in DKK '000	2021	2020	2019
Remuneration to the Board of Directors			
Board fee	1,758	275	125
Total	**1,758**	**275**	**125**
Remuneration to the Executive Board			
Salaries and wages including bonuses	2,527	3,686	3,260
Other social security costs	2	3	4
Total	**2,529**	**3,689**	**3,264**
Remuneration to other Key Management			
Salaries and wages including bonuses	10,624	8,587	7,503
Other social security costs	279	229	242
Share-based payment	-	133	133
Total	**10,903**	**8,949**	**7,878**
Total Remuneration to Key Management Personnel	**15,190**	**12,913**	**11,267**

Remuneration to key management personnel is recognised as Personnel Expenses.

In 2018, Other Key Management Personnel have been granted shares in the parent company with a total grant date fair value of DKK 400 thousand. The shares will be vesting over a three-year period and is conditional on the participant remains being employed until the end of the vesting period. The cost is recognised on a straight-line basis over the service period as the services are rendered. In 2021, a cost of DKK 0 thousand was recognised in the income statement (2020: DKK 133 thousand and 2019: DKK 133 thousand). The participant is not entitled to dividend in the vesting period.

Sebastian Podlesny was appointed as CEO 1 July 2021 and therefore only his salary after this period is included in remuneration to Executive Board. On 20 April 2022, Jacob Lehman was appointed as a member of the Executive Board, why his remuneration in 2021 is included in remuneration to Other Key Management.

Note 6 | **Financial Income and Expenses**

Figures in DKK '000	2021	2020	2019
Financial Income			
Interests, leasing	498	675	1,053
Interest on Financial Assets Measured at Amortized Cost	**498**	**675**	**1,053**
Exchange rate adjustments	523	514	481
Other interest income	346	500	465
Total Financial Income	**1,367**	**1,689**	**1,999**
Financial Expenses			
Interest expenses, interest-bearing debt	269	161	554
Interest, leasing	1,061	1,450	1,908
Interest on Financial Liabilities Measured at Amortized Cost	**1,330**	**1,611**	**2,462**
Exchange rate adjustments	1,964	3,438	1,006
Other financial expenses	696	751	95
Total Financial Expenses	**3,990**	**5,800**	**3,563**

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	2021	2020	2019
Current Tax	13,936	12,585	14,296
Prior year adjustments, net	42	-2	6
Change in deferred tax	-492	-57	-1,022
Withholding tax	1,127	-	-
Total Tax for the Year	**14,613**	**12,526**	**13,280**
Profit Before Tax	**51,451**	**48,904**	**44,840**
Tax at a rate of 22%	11,319	10,759	9,864
Tax-based value of non-deductible expenses	2,586	1,544	2,884
Tax-based value of non-taxable income	-164	-216	-152
Changes to previous year	37	-2	6
Deferred tax asset not recognised	-36	756	924
Changes in tax rates	-	-	97
Withholding tax	1,127	-	-
Effect of different tax rates in foreign subsidiaries	-256	-315	-343
Total Current Tax	**14,613**	**12,526**	**13,280**
Effective Tax Rate	**28,4%**	**25,8%**	**29.6%**
Current Tax is Presented as Follows in the Balance Sheet			
Tax receivables	2,838	1,875	1,738
Current tax liabilities	- 7,908	-5,932	-3,971
Total Tax Receivable/Payable, Net	**-5,070**	**-4,057**	**-2,233**

Note 7 | **Tax – *continued***

Figures in DKK '000	2021	2020	2019
Deferred Tax has been Presented as Follows in the Consolidated Balance Sheet			
Deferred tax asset	2,859	2,349	2,612
Deferred tax liability	-	-64	-167
Total Deferred Tax	**2,859**	**2,285**	**2,445**
Deferred Tax			
Intangible assets	-115	-119	-43
Property, plant and equipment	754	369	282
Right-of-use assets	211	288	101
Current assets	-	163	-
Current liabilities	1,918	1,584	2,105
Tax losses carried forward	91	-	-
Total Deferred Tax	**2,859**	**2,285**	**2,445**

The Group has DKK 33,942 thousand (2020: DKK 33,322 thousand, 2019: DKK 27,621 thousand) of tax losses carried forward, which relates to previous year's tax result. There is no expiring date on the tax losses carried forward. The Group has determined that it cannot recognize deferred tax assets on the tax losses carried forward due to uncertainty about the future utilization.

Accounting Policy

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

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

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

On 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 recognised 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 recognised 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 recognised in the statement of profit and loss unless the deferred tax is attributable to transactions previously recognised directly in equity or other comprehensive income. In the latter case, such changes are also recognised directly in equity or other comprehensive income.

Accounting Estimate

Deferred tax asset

As of 31 December 2021, the Group has unrecognized deferred tax assets of DKK 33,942 thousand (2020: DKK 33,322 thousand, 2019: DKK 27,621 thousand), hereof the tax value of tax losses carried forward amounts to DKK 6,783 thousand (2020: DKK 6,075 thousand, 2019: DKK 5,079 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, a deferred tax assets of DKK 91 thousands have been recognised for the Group's tax loss carry-forward

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 8 | **Intangible Assets**

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

In 2021, 2020 and 2019, this amounted respectively to DKK 1,522 thousand, DKK 368 thousand and DKK 0 thousand.

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

Figures in DKK '000	Acquired rights and licenses
Cost at 1 January 2020	**322**
Additions	491
Cost at 31 December 2020	**813**
Amortization & Impairments Losses 1 January 2020	**-125**
Amortization	-148
Amortization & Impairments Losses 31 December 2020	**-273**
Carrying Amount at 31 December 2020	540

Figures in DKK '000	Acquired rights and licenses
Cost at 1 January 2019	**322**
Cost at 31 December 2019	**322**
Amortization & Impairments Losses 1 January 2019	**-18**
Amortization	-107
Amortization & Impairments Losses 31 December 2019	**-125**
Carrying Amount at 31 December 2019	197

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

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. An impairment loss is recognised 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 which 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.

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

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 and Impairments Losses 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**

Cost at 1 January 2020	**16,266**	**10,544**	**26,810**
Foreign exchange adjustments	-1,103	-950	-2,053
Additions	2,103	608	2,711
Disposals	-264	-578	-842
Cost at 31 December 2020	**17,002**	**9,624**	**26,626**
Depreciation, 1 January 2020	**-7,724**	**-3,211**	**-10,935**
Foreign exchange adjustments	456	318	774
Depreciation	-2,824	-1,529	-4,353
Disposals	247	576	823
Depreciation at 31 December 2020	**-9,845**	**-3,846**	**-13,691**
Carrying Amount at 31 December 2020	**7,157**	**5,778**	**12,935**

Figures in DKK '000	Equipment	Leasehold improvements	Total
Cost at 1 January 2019	**15,934**	**9,928**	**25,862**
Foreign exchange adjustments	117	78	195
Additions	1,423	538	1,961
Disposals	-1,208	-	-1,208
Cost at 31 December 2019	**16,266**	**10,544**	**26,810**
Depreciation, 1 January 2019	**-5,593**	**-1,723**	**-7,316**
Foreign exchange adjustments	-55	-15	-70
Depreciation	-2,683	-1,473	-4,156
Disposals	607	-	607
Depreciation at 31 December 2019	**-7,724**	**-3,211**	**-10,935**
Carrying Amount at 31 December 2019	**8,542**	**7,333**	**15,875**

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 recognised in the statement of profit and loss in other operating income/expenses.

Note 10 | **Leases**

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

Lease of properties are 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 9 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 cov¬enants, but leased assets may not be used as security for borrowing purposes.

The Group has recognised the following amounts relating to leases:

Figures in DKK '000	31 December 2021	31 December 2020	31 December 2019
Right of Use Assets			
Property	7,952	15,590	23,225
Vehicles	1,994	2,173	2,187
Equipment	710	1,194	1,791
Total	**10,656**	**18,957**	**27,203**
Additions, Right of Use Assets	1,675	2,985	2,809
Lease liability			
Non-current	6,302	15,301	25,290
Current	10,470	11,588	11,502
Total	**16,772**	**26,889**	**36,792**

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

Figures in DKK '000	2021	2020	2019
Depreciation, Right of Use Assets			
Property	-7,991	-8,230	-8,537
Vehicles	-478	-1,367	-1,000
Equipment	-1,506	-497	-503
Total Depreciations	**-9,975**	**-10,094**	**-10,040**
Interest expense (included in finance expense)	-1,061	-1,450	-1,908
Income from subleasing right-of use assets	1,026	675	872
Total Cash Outflow for Leases	-13,289	-12,866	-12,871

The total future undiscounted cash outflows relating to leases that have not yet commenced as of 31 December 2021 amount to DKK 901 thousand (2020: DKK 723 thousand, 2019: DKK 2,117 thousand), which falls with DKK 233 thousand (2020: DKK 295 thousand, 2019: DKK 702 thousand) within the next year and DKK 668 thousand (2020: DKK 428 thousand, 2019: DKK 1,415 thousand) within the next 1-5 years.

Leases

The Group as lessee

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

Leases are recognised as a right-of-use asset and a corresponding liability at the date at 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 payment that are based on an index or a rate

Note 10 | **Leases – *continued***

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 recognised 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 reorganized 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 recognises 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 recognised as income on a systematic basis

Accounting Estimate

Determining the lease term

Some lease agreements for property may include options to extend or terminate the lease. These are used to maximize operational flexibility in terms of managing the assets used in the group's operations. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor. In determining the lease term, Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The following factors are normally the most relevant:

- If there are significant penalty payments to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset

The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group. As at 31 December 2021, potential future cash flows of DKK 7,251 thousand (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). (2020: DKK 6,800 thousand and 2019: DKK 7,687 thousand).

Note 10 | **Leases – *continued***

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.

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 risk 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 2021	31 December 2020	31 December 2019
Lease Payments Receivable from Subleases			
Within 1 year	2,417	2,267	2,543
Between 1 and 2 years	2,417	2,267	2,562
Between 2 and 3 years	787	2,267	2,562
Between 3 and 4 years	-	738	2,562
Between 4 and 5 years	-	-	834
More than 5 years	-	-	-
Total Undiscounted Lease Payments Receivable	**5,621**	**7,539**	**11,063**
Unearned financing income	512	966	1,806
Net Investment	**5,109**	**6,573**	**9,257**
Of which non-current	3,037	4,790	7,430
Of which current	2,072	1,782	1,827
Finance income on the net investment in the lease	498	675	872

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	2021	2020	2019
Sublease income for the year	564	-	-

Lease payments receivable from subleases are due within 1 year.

SECTION 4

WORKING CAPITAL AND CAPITAL STRUCTURE

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

Note 11 | **Trade Receivables and Credit Risks**

Figures in DKK '000	31 December 2021	31 December 2020	31 December 2019	1 January 2019
Total receivables	241,853	186,692	187,284	172,374

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 the 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 is primarily servicing larger clients with focus on digitalization. The economic outlooks for the industries that the Group is servicing is very positive. The existence of the Covid-19 Pandemic is not expected to have any significant impact on the Group's expected credit losses.

At 31 December 2020, the Group has recognised an expected credit loss of 0.7 mDKK for one specific customer. There has not been recognised any other credit losses during 2019, 2020 and 2021.

On that basis, Management has concluded that the Group's credit risk from trade receivables is not material and has therefore not recognised any significant allowance for expected credit losses related to trade receivables as of 31 December 2021 (2020: DKK 0.7 million; 2019: DKK 0 million).

Accounting Policy

Trade receivables include receivables from sales. Trade receivables are measured at fair value on initial recognition and subsequently at amortized cost, usually equaling 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 12 | **Contract Liabilities**

The Group has recognised the following contract liabilities related to its contracts with customers:

Figures in DKK '000	31 December 2021	31 December 2020	31 December 2019	1 January 2019
Contract liabilities – IT consulting contracts	12,373	14,731	12,531	11,620

The contract liability balance primarily relates to IT consultancy service contracts where the customers often make prepayments. As described above in note 4, revenue is recognised 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 decreased by DKK 2.358 thousand (2020: increase of DKK 2,200 thousands, 2019: increase of DKK 911 thousands).

The entire amount included in the contract liability balance at the beginning of the period is recognised 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 customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers services to the customer, a contract liability is recognised when the payment is made.

Contract liabilities are recognised as revenue when the Group performs under the contract.

Note 13 | **Share Capital and Reserves**

	2021		2020		2019	
	No of Shares	Nominal value (DKK '000)	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	1,210,282	1,210
Balance 31 December	1,210,282	1,210	1,210,282	1,210	1,210,282	1,210

Figures in DKK '000	2021	2020	2019
Cash Dividends on Ordinary Shares Declared and Paid Total cash dividend for 2021: 23.96 DKK per share (2020: 21.48 DKK per share, 2019 16.53 DKK per share)	29,000	26,000	20,000
Proposed Dividends on Ordinary Shares Total proposed dividend for 2021: 22.14 DKK per share (2020: 23.96 DKK per share, 2019: 0.00 DKK per share)	26,800	29,000	-

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 recognised 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 has disposed 1,209 treasury shares. Refer to share-based payments as mentioned in Note 5 Personnel Expenses for further.

The disposal of treasury shares are shown as a reduction directly in equity.

	2021		2020		2019	
	No of Shares	DKK'000	No of Shares	DKK'000	No of Shares	DKK'000
Opening balance 1 January	23,696	2,409	23,696	2,409	23,696	2,409
Disposal	-1,209	-123	0	0	0	0
Balance 31 December	**22,487**	**2,286**	**23,696**	**2,409**	**23,696**	**2,409**

Accounting Policy

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised 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 recognised in the retained earnings.

Note 14 | **Earning per Share**

Figures in DKK '000	2021	2020	2019
Earnings per Share - EPS (DKK)	**31.03**	**30.66**	**26.60**
Profit for the year	36,838	36,378	31,560
Average number of shares	1.210.282	1.210.282	1.210.282
Average number of treasury shares	23,091	23,696	23,696

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 15 | **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 reduced 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 2021, the Group has in addition access to undrawn credit facilities of DKK 60 million. See note 21 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 has focus 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 16 | **Other Interest-bearing Debt**

Figures in DKK '000	31 December 2021	31 December 2020	31 December 2019
Other interest-bearing debt	4,892	5,258	1,745
Credit facility	-	1,026	14,891
Total Interest-bearing Debt	**4,892**	**6,284**	**16,636**
Current	-	1,026	14,891
Non-current	4,892	5,258	1,745
Total Interest-bearing Debt	**4,892**	**6,284**	**16,636**

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 recognised in the income statements within financial items. The loan matures when the relevant employees retires. The Holiday allowance fund is unpledged.

Accounting Policy

Interest-bearing debt is recognised 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 recognised 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 17 | **Other Liabilities**

Figures in DKK '000	31 December 2021	31 December 2020	31 December 2019
Wages and salaries, bonuses, payroll taxes, social security costs, etc.	24,108	21,643	14,791
Holiday pay obligation	5,877	5,375	8,143
VAT and duties	5,741	5,121	7,197
Other	11,553	5,769	8,403
Total Other Liabilities	**47,279**	**37,908**	**38,534**

Accounting Policy

Other liabilities 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. Other liabilities are measured at cost.

Note 18 | **Working Capital Changes**

Figures in DKK '000	2021	2020	2019
Change in receivables	-55,844	3,526	-12,261
Change in payables	54,914	17,231	21,769
Total Working Capital Changes	**-930**	**20,757**	**9,508**

Note 19 | **Adjustment for the Cash Flow Statement**

Figures in DKK '000	2021	2020	2019
Share-based payments	-	133	133
Other non-cash adjustments	1,023	1,252	606
Total Adjustments	**1,023**	**1,385**	**739**

Note 20 | **Changes in Liabilities Arising from Financing Activities**

This section set 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 2021	Cash flows	New leases	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**

			Non-cash Changes		
Figures in DKK '000	1 January 2020	Cash flows	New leases	Other changes	31 December 2020
Interest-bearing debt, current and non-current	16,636	-10,352	-	-	6,284
Lease liabilities, current and non-current	36,792	-11,416	2,985	-1,472	26,889
	53,428	**-21,768**	**2,985**	**-1,472**	**33,173**

			Non-cash Changes		
Figures in DKK '000	1 January 2019	Cash flows	New leases	Other changes	31 December 2019
Interest-bearing debt, current and non-current	23,703	-7,067	-	-	16,636
Lease liabilities, current and non-current	44,831	-10,963	2,809	115	36,792
	68,534	**-18,030**	**2,809**	**115**	**53,428**

Note 21 | **Financial Risks and Financial Instruments**

Figures in DKK '000	31 December 2021	31 December 2020	31 December 2019	1 January 2019
Financial Assets				
Trade receivables	241,853	186,692	187,284	172,374
Other assets	5,471	6,573	9,257	10,821
Cash and cash equivalent	71,003	64,552	41,660	23,817
Financial Assets Measured at Amortized Cost	**318,327**	**257,817**	**238,201**	**207,012**
Financial Liabilities				
Interest-bearing debt, current and non-current	4,892	6,284	16,636	23,703
Lease liabilities, current and non-current	16,772	26,889	36,792	44,831
Trade payables	196,603	148,702	133,045	111,886
Financial Liabilities Measured at Amortized Cost	**218,267**	**181,875**	**186,473**	**180,420**

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 recognised 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 extend 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 2021, the Group has revolving credit facilities of a total of DKK 60 million (2020: DKK 60 million 2019: DKK 60 million), of which DKK 0 million has been drawn (2020: DKK 0.6 million 2019: DKK 14.5 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 2022 are together considered to be adequate to meet the obligations of the Group as they fall due.

Maturity analysis

The tables below analyze 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 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**

Note 21 | **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 2020				
Non-derivatives				
Interest-bearing debt, current and non-current	1,026	-	7,271	8,297
Trade Payables	148,702	-	-	148,702
Lease liabilities, current and non-current	12,090	15,391	-	27,481
Total Non-derivatives	**161,818**	**15,391**	**7,271**	**184,480**
As of 31 December 2019				
Non-derivatives				
Interest-bearing debt, current and non-current	14,891	-	2,413	17,304
Trade Payables	133,045	-	-	133,045
Lease liabilities, current and non-current	11,851	26,446	-	38,297
Total Non-derivatives	**159,787**	**26,446**	**2,413**	**188,646**

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 includes only lease agreements which have commenced before the end of the reporting period.
- As described in note 16, 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 11.

In addition, the Group is exposed to counterparty risk related to deposits with banks. As of 31 December 2021, deposits with banks amounted to DKK 71,003 thousand (2020: DKK 64,552 thousand 2019: DKK 41,660 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	2021	2020	2019
EUR/INR	+/- 10%	171 / -171	158 / -158	358 / -358
USD/DKK	+/- 10%	151 / -151	426 / -426	432 / -432
PLN/DKK	+/- 10%	555 / -555	105 / -105	584 / -584
NOK/DKK	+/- 10%	285 / -285	190 / -190	278 / -278
CHF/DKK	+/- 10%	-209 / 209	-196 / 196	303 / -303

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 16, 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.

Sensitivity analysis of impact on net profit and equity

Based on the financial instruments recognised at the balance sheet date, the Group's sensitivity to changes in interest rates is considered insignificant.

SECTION 5

OTHER DISCLOSURES

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

Note 22 | **Fee to the Group Auditor**

Figures in DKK '000	2021	2020	2019
Statutory audit	1,170	328	319
Other assurance	49	8	8
Tax and Vat advisory services	0	229	118
Other services	2,445	46	52
Total	**3,664**	**611**	**497**

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab were appointed as 7N's auditor in 2021, replacing Beierholm Statsautoriseret Revisionspartnerselskab and the HLB-network.

Note 23 | **Related Parties**

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

Related parties further include the ultimate 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

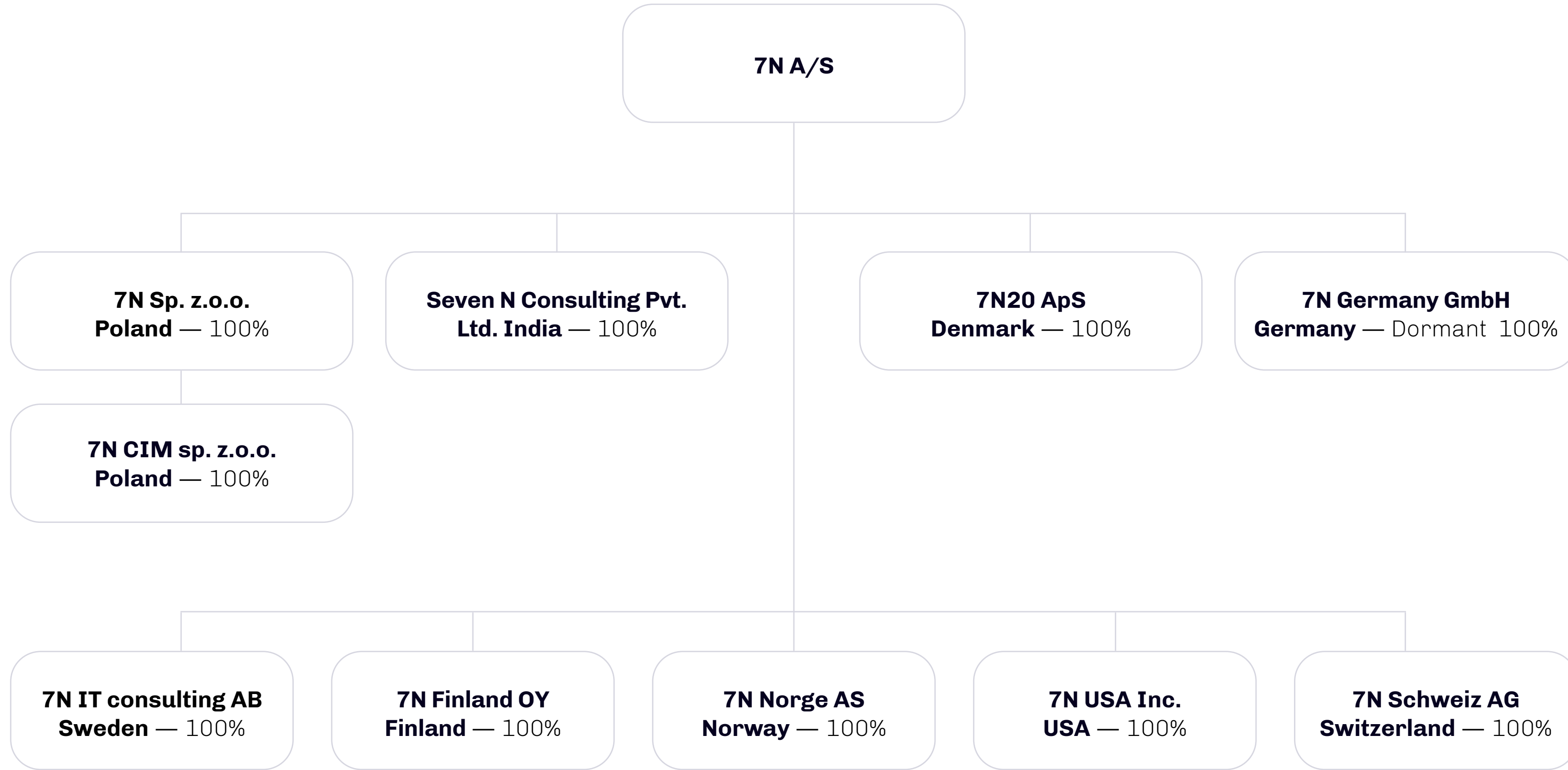
The following transactions occurred with related parties:

Figures in DKK '000	2021	2020	2019
Dividends paid to Hedaa Holding ApS (parent of 7N A/S)	9,877	8,854	6,812
Dividends paid to related parties with significant interests	12,319	11,023	8,496
Dividends paid to other related parties	539	457	251

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 2021, this amounted to DKK 2,840 thousand (2020: DKK 3,763 thousand, 2019: DKK 3,556 thousand). There were no other transactions with key management personnel.

Note 23 | **Related Parties — continued**

The Group's legal structure



Note 23 | **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	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 2019, 2020 and 2021 except for 7N Poland, branch of 7N A/S and 7N20 ApS that are established in 2021.

Note 24 | **Collateral Provided and Contingent Liabilities**

Pledges and security

The Group has pledged a floating charge of DKK 30 million as security for debt to credit institutions. The carrying amount of the secured assets are as follows:

Figures in DKK'000	31 December 2021	31 December 2020	31 December 2019
The carrying amounts of the secured assets are as follows:			
Intangible assets	522	540	197
Property, plant and equipment	11,559	12,935	15,875
Trade receivables	241,853	186,700	187,284
	253,934	**200,175**	**203,356**

For the Group's leaseholds, an amount of DKK 5.1 million has been provided for security (2020: DKK 4.9 million), (2019: DKK 3.2 million). The amount is recognised 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 is 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.

Note 25 | **Events After the Balance Sheet Date**

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

Note 26 | **First-time Adoption of IFRS**

These consolidated financial statements, for the year ended 31 December 2021, are the first the Group has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2020, the Group prepared its consolidated financial statements in accordance with The Danish Financial Statements Act ('Danish GAAP'). The Group has prepared consolidated financial statements that comply with IFRS applicable as at 31 December 2021, together with the comparative period data for the year ended 31 December 2019 and 31 December 2020.

In preparing the consolidated financial statements, the Group's opening consolidated balance sheet was prepared as at 1 January 2019.

The disclosures required by IFRS 1 First-time Adoption of IFRS explaining the principal adjustments made by the Group in restating

Danish GAAP financial statements are provided below:

	As at 1 January 2019 (date of transition to IFRS)			For 2019	As at 31 December 2019		
Figures in DKK '000	Assets	Liabilities	Equity	Profit for the year	Assets	Liabilities	Equity
Reconciliation							
According to the Danish Financial Statement Act	241,403	191,341	50,062	32,588	271,279	208,094	63,185
IFRS Adjustments							
Leases (incl. financial subleases)	42,805	42,805	-	-479	34,768	35,248	-479
Deferred tax assets arising from leases	-	-	-	101	101	-	101
Goodwill amortization and impairment losses	-1,363	-	-1,363	362	-1,001	-	-1,001
Deferred tax assets not meeting the recognition criteria in IAS 12	-1,825	-	-1,825	-	-1,828	-	-1,828
Reclassification of assets and liabilities	-66	-66	-	-	-1,666	-1,666	-
Share-based payments	-	-	-	-133	-	-	-
Configuration and customization costs in cloud computing arrangements	-	-	-	-879	-879	-	-879
Total IFRS adjustments	39,551	42,739	-3,188	-1,028	29,495	33,582	-4,087
Total According to IFRS	**280,954**	**234,080**	**46,874**	**31,560**	**300,774**	**241,676**	**59,098**
Exchange differences on translation into presentation currency				139			
Total Comprehensive Income				**31,699**			

	As at 1 January 2020 (date of transition to IFRS)			For 2020	As at 31 December 2020		
Figures in DKK '000	Assets	Liabilities	Equity	Profit for the year	Assets	Liabilities	Equity
Reconciliation							
According to the Danish Financial Statement Act	271,279	208,094	63,185	36,409	282,963	213,290	69,673
IFRS Adjustments							
Leases (incl. financial subleases)	34,768	35,248	-479	-1,024	24,465	25,915	-1,450
Deferred tax assets arising from leases	101	-	101	199	289	-	289
Goodwill amortization and impairment losses	-1,001	-	-1,001	316	-685	-	-685
Deferred tax assets not meeting the recognition criteria in IAS 12	-1,828	-	-1,828	-	-1,889	-	-1,889
Reclassification of assets and liabilities	-1,666	-1,666	-	-	1,705	1,705	-
Share-based payments	-	-	-	-133	-	-	-
Reversal of share-based payments	-	-	-	400	-	-400	400
Configuration and customization costs in cloud computing arrangements	-879	-	-879	211	-668	-	-668
Total IFRS adjustments	29,495	33,582	-4,087	-31	23,217	27,220	-4,003
Total According to IFRS	**300,774**	**241,676**	**59,098**	**36,378**	**306,180**	**240,510**	**65,670**
Exchange differences on translation into presentation currency				-4,449			
Total Comprehensive Income				**31,929**			

Except in respect of leases, as described below, there was no material impact on the cash flow statement in the adoption of IFRS.

Notes to the Reconciliation from Danish GAAP to IFRS

Leases

In accordance with the provisions in IFRS 1, the Group has adopted IFRS 16 Leases from the date of transition. With the adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which under Danish GAAP were classified as operating leases. These liabilities were measured at the present value of the remaining lease liabilities as at the transition date using the incremental borrowing rates of 1 January 2019. The weighted average incremental borrowing rate applied was 4.9% at the date of transition. The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. Under Danish GAAP the costs for operating leases were recognised in the statement of profit and loss as operating expenses, which under IFRS is replaced with depreciations on the right of use assets and interest expense on the lease liability.

On the date of transition, lease liabilities and right-of-use assets of DKK 42,805 thousand were recognised in the balance sheet. For 2019 and 2020, the net impact on the statement of profit and loss was DKK -479 thousand and DKK -1,024 thousand respectively. In the cash flow statement, lease payments were under Danish GAAP presented in cash flow from operating activities. Under IFRS, the principal element of lease payments is presented in cash flows from financing activities, whereas the interest element is presented as cash flows from operating activities. For 2020, the principle element of lease payments amounted to DKK 11,416 thousands (2019: DKK 10,963 thousands) which thus has increased the cash flows from operating activities under IFRS compared to the cash flows previously presented under Danish GAAP.

Goodwill amortization and impairment loss

Under Danish GAAP, the Group has amortized goodwill over 10 years. Under IFRS, goodwill is not amortized but tested for impairment annually. For 2020 and 2019, the amortizations on goodwill under Danish GAAP amounting to DKK 316 thousand and DKK 362 thousand, respectively, has been reversed. As further described below, the Group has applied the practical expedient not to apply IFRS to business combinations that occurred before 1 January 2019, and has in accordance with the requirements of the practical expedient tested the amount of goodwill for impairment at the date of transition to IFRS by applying IAS 36 Impairment of Assets based on the conditions at the transition date. In that connection the Group recognised an impairment loss of DKK 1,363 thousand as of 1 January 2019, which in accordance with the transition provisions was recognised in retained earnings.

Deferred tax assets not meeting the recognition criteria in IAS 12

The Group has under Danish GAAP recognized a deferred tax asset amounting to DKK 1,825 thousands as at 1 January 2019, DKK 1,828 thousands as at 31 December 2019 and DKK 1,828 thousands as at 31 December 2020. To recognize deferred tax assets arising from tax loss carry forwards IFRS requires, unlike Danish GAAP, that convincing evidence is available to support Management's assessment that sufficient taxable profits will be available in the future. As Management has determined that convincing evidence is not available, the deferred tax assets previously recognised under Danish GAAP has not been recognised in the IFRS opening balance sheet and as of 31 December 2019 and 31 December 2020.

Share-based payments

Under Danish GAAP, the Group did not recognize expenses related to equity-settled incentive programs, as such programs are not required to be recognized under Danish GAAP. IFRS requires the grant-date fair value of the award to be recognized in the income statement over the vesting period. In the Group's transition to IFRS, expenses of DKK 133 thousands has been recognized within personnel expenses for the year ended 31 December 2020 (2019: DKK 133 thousand), and a provision of DKK 400 thousand have been reversed. Corresponding entries have been made directly to equity.

Configuration and customization costs in cloud computing arrangements

The Group has under Danish GAAP, capitalized configuration and customization costs related to its cloud computing arrangements as an intangible asset, which is amortized over its useful life. In accordance with the 2021 IFRIC agenda decision on the subject, the Group is under IFRS to recognise the costs incurred in the income statement, as the criteria for capitalizing the costs as an intangible asset or as a prepayment under IFRS have not been meet. The costs are under IFRS recognized within other external expenses. The net impact on profit for the year amounts to DKK -879 thousand in 2019 and DKK 211 thousand in 2020.

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS.

The Group has applied the following exemptions:

1. Cumulative currency translation differences for foreign operations with a functional currency different from DKK are deemed to be zero as at 1 January 2019.

2. IFRS 3 Business combinations has not been applied retrospectively to acquisitions of subsidiaries that occurred before 1 January 2019. Use of this exemption means that the Danish GAAP carrying amounts of assets and liabilities, that are required to be recognized under IFRS, is their deemed cost at the date of the acquisition. Assets and liabilities that do not qualify for recognition under IFRS are excluded from the opening IFRS statement of financial position. The Group did not recognise or exclude any previously recognised amounts as a result of IFRS recognition requirements. IFRS 1 also requires that the Danish GAAP carrying amount of goodwill must be used in the opening IFRS statement of financial position. In accordance with IFRS 1, the Group has tested goodwill for impairment at the date of transition to IFRS resulting in an impairment loss of DKK 1,363 thousand.

3. In respect of leases, the Group has chosen to:

- Measure the lease liability at the date of transition at the present value of the remaining lease payments, using the incremental borrowing rate at 1 January 2019. A weighted average incremental borrowing rate of 4.9% has been applied.
- Measure the right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.
- Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

PARENT COMPANY FINANCIAL STATEMENTS

Income Statement

Note	Figures in DKK '000	2021	2020
1	**Revenue**	**764,734**	**652,654**
	Cost of sales	-615,478	-532,284
	Other operating income	16,370	12,600
	Other external expenses	-52,350	-41,940
	Gross Profit	**113,276**	**91,030**
2	Personnel expenses	-68,937	-57,969
8, 9	Depreciation and amortization	-5,871	-1,598
	Operating Profit	**38,468**	**31,463**
3	Income from equity investments in group enterprises	6,228	13,174
4	Financial income	943	1,361
5	Financial expenses	-2,396	-2,818
	Profit Before Tax	**43,243**	**43,180**
6	Tax on profit for the year	-9,687	-6,823
	Profit for the Year	**33,556**	**36,357**

7 Distribution of profit

Balance Sheet

Assets

Note	Figures in DKK '000	31 December 2021	31 December 2020
	Acquired rights	855	1,397
9	**Total Intangible Assets**	**855**	**1,397**
	Right-of-Use assets	4,338	0
	Leasehold improvements	673	286
	Other fixtures and fittings, tools and equipment	350	914
9	**Total Property, Plant and Equipment**	**5,361**	**1,200**
10	Equity investments in group enterprises	58,151	61,724
11	Receivables from group enterprises	22,585	9,029
11	Deposits	1,268	1,271
	Total Investments	**82,004**	**72,024**
	Total Non-current Assets	**88,220**	**74,621**
	Trade receivables	166,542	125,290
	Receivables from group enterprises	192	293
14	Deferred tax asset	150	0
	Other receivables	52	196
12	Prepayments	2,045	1,888
	Total Receivables	**168,981**	**127,667**
	Cash	**15,122**	**15,186**
	Total Current Assets	**184,103**	**142,853**
	Total Assets	**272,323**	**217,474**

Balance Sheet

Equity and liabilities

Note	Figures in DKK '000	31 December 2021	31 December 2020
13	Share capital	1,210	1,210
	Reserve for net revaluation according to the equity method	11,513	18,641
	Retained earnings	35,643	20,686
	Proposed dividend for the financial year	26,800	29,000
	Total Equity	**75,166**	**69,537**
14	Provisions for deferred tax	0	107
	Other provisions	0	16
	Total Provisions	**0**	**123**
15	Lease liabilities	1,250	0
15	Other payables	4,892	5,258
	Total Long-term Payables	**6,142**	**5,258**
15	Lease liabilities	3,248	0
	Payables to other credit institutions	0	280
	Prepayments received from customers	5,592	4,013
	Trade payables	138,847	104,276
	Payables to group enterprises	10,160	6,454
	Income taxes	6,055	3,487
	Other payables	27,113	24,046
	Total Short-term Payables	**191,015**	**142,556**
	Total Payables	**197,157**	**147,814**
	Total Equity and Liabilities	**272,323**	**217,474**

16 Collateral provided
17 Charges and Security
18 Related Parties

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 financial year	Total equity
Statement of changes in equity for 1 January 2020 - 31 December 2020					
Balance as at 1 January 2020	1,210	16,725	45,177	-	63,112
Foreign currency translation adjustment of foreign enterprises	-	-4,120	-322	-	-4,442
Dividend from treasury shares	-	-	510	-	510
Extraordinary dividend paid	-	-	-26,000	-	-26,000
Net profit for the year	-	6,036	1,321	29,000	36,357
Balance as at 31 December 2020	1,210	18,641	20,686	29,000	69,537
Statement of changes in equity for 1 January 2021 - 31 December 2021					
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
Net 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:

	2021 DKK '000	2022 DKK '000
Revenue from Professional Services		
Consulting	692,365	564,183
Outsourcing	67,528	76,265
Total Revenue from Professional Services	**759,893**	**640,448**
Revenue from other Services		
Consulting	286	830
Outsourcing	4,555	11,376
Total Revenue from other Services	**4,841**	**12,206**
Total	**764,734**	**652,654**

Note 2 | **Personnel Expenses**

Wages and salaries	66,132	55,989
Other social security costs	640	323
Other staff costs	2,165	1,657
Total	**68,937**	**57,969**
Average number of employees during the year	68	58
Remuneration for the Management		
Remuneration for the Executive Board and Board of Directors	4,287	3,964

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

Share of profit or loss of group enterprises	6,228	13,174
Total	**6,228**	**13,174**

Note 4 | **Financial Income**

Interest, group enterprises	434	774
Other financial income	509	587
Total	**943**	**1,361**

Note 5 | **Financial Expenses**

Interest, group enterprises	46	49
Other financial expenses total	2,350	2,769
Total	**2,396**	**2,818**

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

	2021 DKK '000	2020 DKK '000
Current tax	9,901	6,909
Change in deferred tax	-214	-86
Total	**9,687**	**6,823**

Note 7 | **Distribution of profit**

	2021 DKK '000	2020 DKK '000
Reserve for net revaluation according to the equity method	-7,177	6,036
Proposed dividend for the financial year	26,800	29,000
Retained earnings	13,933	1,321
Total	**33,556**	**36,357**

Note 8 | **Intangible Assets**

Figures in DKK '000	Acquired rights
Cost as at 1 January 2021	2,201
Additions during the year	608
Cost as at 31 December 2021	2,809
Amortization and impairment losses as at 1 January 2021	-804
Amortization during the year	-1,150
Amortization and impairment losses as at 31 December 2021	-1,954
Carrying amount as at 31 December 2021	855

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

Figures in DKK '000	Right-of-Use assets	Leasehold improvements	Other fixtures and fittings, tools and equipment
Cost as at 1 January 2021	13,873	672	4,194
Additions during the year	1,022	654	170
Disposal during the year	-810	-	-
Cost as at 31 December 2021	14,085	1,326	4,364
Depreciation and impairment losses as at 1 January 2021	-6,839	-385	-3,280
Depreciation during the year	-3,718	-268	-734
Disposal during the year	810	-	-
Depreciation and impairment losses as at 31 December 2021	-9,747	-653	-4,014
Carrying amount as at 31 December 2021	4,338	673	350

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

Figures in DKK '000	Equity investments in group enterprises
Cost as at 1 January 2021	19,061
Additions during the year	16,339
Cost as at 31 December 2021	35,400
Revaluations as at 1 January 2021	21,256
Net effect of changes in accounting policy	-1,007
Adjusted revaluations as at 1 January 2021	20,249
Foreign currency translation adjustment of foreign enterprises	942
Net profit/loss from equity investments	10,176
Dividend relating to equity investments	-13,405
Withholding tax on dividend	-1,350
Adjustments of minority interest	114
Other adjustments relating to equity investments	-1,898
Revaluations as at 31 December 2021	14,828
Depreciation and impairment losses as at 1 January 2021	-2,615
Amortization of goodwill	-700
Negative equity value impaired in receivables	11,238
Depreciation and impairment losses as at 31 December 2021	7,923
Carrying amount as at 31 December 2021	58,151

Note 10 | Equity Investments in Group Enterprises — *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	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 2021	35,546	1,271
Additions during the year	11,965	0
Disposals during the year	-13,688	-3
Cost as at 31 December 2021	33,823	1,268
Impairment losses as at 1 January 2021	-24,006	0
Reversal of impairment losses in respect of previous years	12,768	0
Impairment losses as at 31 December 2021	-11,238	0
Carrying amount as at 31 December 2021	22,585	1,268

Note 12 | Prepayments

Figures in DKK '000	31 December 2021 DKK '000	31 December 2020 DKK '000
Prepaid insurance premiums	183	92
Other prepayments	1,862	1,796
Total	**2,045**	**1,888**

Note 13 | Share Capital

	Quantity	Total nominal value
The Share Capital consists of:		
Share capital	1,210,282	1,210,282
Total	**1.210.282**	**1.210.282**

	Quantity	Total nominal value DKK '000	Percent of capital
Treasury Shares consist of:			
Holding of treasury shares as at 1 January 2021	23,696	23,693	1.96%
Disposal of treasury shares	-123	-123	0.08%
Holding of treasury shares as at 31 December 2021	22,487	22,487	1.86%

Note 14 | Deferred Tax

	2021 DKK '000	2020 DKK '000
Provisions for deferred tax as at 1 January	-107	-193
Net tax effect of changed accounting policies as at 1 January 2021	43	0
Deferred tax recognised in the income statement	214	86
Provisions for deferred tax as at 31 December	150	-107
Deferred Tax is distributed as below:		
Intangible assets	-188	-307
Property, plant and equipment	338	200
Total	**150**	**-107**

Note 15 | Lease Liabilities

Figures in DKK '000	Repayment first year	Outstanding debt after 5 years	Total payables at 31 December 2021	Total payables at 31 December 2020
Lease liabilities	3,248	0	4,498	0
Other interest-bearing debt	0	4,892	4,892	5,258
Total	**3,248**	**4,892**	**9,390**	**5,258**

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.

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.

Note 17 | Collateral provided

The Company has pledged a floating charge of DKK 30 million as security for debt to credit institutions. The carrying amount of the secured assets are as follows:

- Intangible assets, DKK 855k
- Leasehold improvements, DKK 673k
- Other plant, fixtures and fittings, tools and equipment, DKK 350k
- Trade receivables, DKK 166,542k

Note 18 | Related Parties

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

For the Company's leaseholds, an amount of DKK 1.3 million has been provided for security (2020: DKK 1.3 million). The terms restrict the Group from using the assets for other securities.

Note 19 | **Accounting Policies**

General

The annual report of 7N A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act (Årsregnskabsloven) for large enterprises in reporting class C.

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

Change in presentation of Statement of Profit and Loss

The presentation of Statement of Profit and Loss has changed from a split by function to by nature, as the management believe this gives a more meaningful view to the readers of the financial statements.

Change in accounting policies

Effective from 1 January 2021, the Parent Company has implemented the following interpretations under the Danish Financial Statements Act:

- IFRS 16 Leases
- IFRS 15 Revenue from Contracts with Customers.

Only IFRS 16 has affected recognition and measurement in the annual report materially.

The company has changed its accounting policies in the following areas:

Effect of IFRS 16

Effective from 1 January 2021, the Parent Company has implemented the interpretation of lease contracts in accordance with IFRS 16, using the modified retrospective transition method and has therefore not restated the comparative figures.

As opposed to previously, the Parent Company must now recognise all leases in the balance sheet, including operating leases. Consequently, a lease commitment measured at the present value of the future lease payments, see description below, must now be realised together with a corresponding leased asset adjusted for payments made to the lessor prior to the commencement of the lease and incentive payments received from the lessor. The Group has decided not to recognise costs directly related to the leased asset.

In accordance with the transitional provisions of IFRS 16, when implementing the standard, the Group has chosen to determine a discount rate on a portfolio of leases with similar characteristics.

When assessing the future lease payments, the company reviewed its leases and identified the lease payments related to a lease component that are fixed or variable but change in line with changes in an index or an interest rate.

When assessing the expected lease term for properties, the Parent Company identified the non-cancellable lease term of the lease plus periods covered by an extension option that Management is reasonably likely to exercise and plus periods covered by a termination option that Management is reasonably unlikely to exercise. The period has been assessed to 2-5 years.

For leases on equipment, the Parent Company has assessed that the expected lease term is the non-cancellable lease term in the leases, as the Parent Company has not historically exercised the extension options in similar leases. The period has been set to 1-5 years.

The leased assets are depreciated on a straight-line basis over the expected lease term, which is:

Equipment	1-5 years
Properties	2-5 years

The implementation of IFRS 16 at 1 January 2021 has increased right-of-use assets for the Parent company with DKK 7,034 thousand, deferred tax assets with DKK 43 thousand and lease liabilities with DKK 7,230 thousand. The implementation has reduced Equity as of 1 January 2021 with DKK 153 thousand.

In profit and loss for the Parent company, the effects of IFRS 16 have decreased other external expenses with DKK 3,847 thousand. Depreciation and amortization have increased with DKK 3,717 thousand and Financial expenses have increased with DKK 93 thousand at 31 December 2021.

The company's subsidiaries have changed their accounting policies in the following areas:

Recognition of Leases in subsidiaries

As at 31 December 2021, equity investments in subsidiaries are negatively impacted by the change by DKK 1.007k. The change in accounting policy has a positive impact of DKK 275k on the net profit or loss for 2021. As at 31 December 2021 equity is reduced by DKK 732k.

Effect of IFRS 15

7N A/S has at 1 January 2021 implemented the interpretation of IFRS 15 by applying the full retrospective method. The implementation of IFRS 15 does not have a material effect on recognition and measurement effecting profit for the year, equity, assets and/or liabilities.

Basis of recognition and measurement

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

Assets are recognised 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 recognised 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 recognised 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 recognised in the latest annual report is recognised 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 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 2 months. The Group receives prepayments on certain contracts.

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

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 recognised 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 customer.

Customers are generally invoiced on a monthly basis and consideration is payable when invoiced.

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 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 recognised over time.

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise'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 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 for administration, sale, events, advertising, bad debts, office expenses etc.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

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.

Income from equity investments in group entreprises

For equity investments in equity investments in subsidiaries, measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised 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 recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised 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 recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises 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.

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

Leases Applicable from 1 January 2021

The Group's leases include properties and vehicles.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at 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 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 recognised 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.

Equity investments in group entreprises

Equity investments in subsidiaries are recognised 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 recognised 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 enterprises' 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 enterprises in question. Equity investments, where information for recognition according to the equity method is not known, are measured at cost.

Goodwill recognised 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 enterprise to which the goodwill relates.

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 recognised 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 realised 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 recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Prepayments

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

Cash

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

Equity

The proposed dividend for the financial year is recognised 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 recognised 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 recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable 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 tax- able income. In cases where the tax value can be determined

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

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 recognised, following an assessment, at the expected realisable 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 crystallise 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 recognised 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 enterprise is included in the consolidated cash flow statement.

Definition of Terms

Return on equity*	=	$\frac{\text{Net profit for the period x 100}}{\text{Average equity}}$
Operating profit margin*	=	$\frac{\text{EBIT x 100}}{\text{Revenue}}$
Profit margin	=	$\frac{\text{Net profit for the period x 100}}{\text{Revenue}}$
Solvency ratio*	=	$\frac{\text{Equity x 100}}{\text{Total assets}}$
EBITA*	=	EBIT + Amortization
EBITA margin*	=	$\frac{\text{EBITA x 100}}{\text{Revenue}}$
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
Staff	=	Employees minus salaried consultants plus non-invoiceable administrative consultants