



Annual Report

Approved at the Company's annual
general meeting on 3 May 2021

Chairman:

A stylized, handwritten signature in white ink, appearing to be 'Lars Lütjohan Jensen'.

Lars Lütjohan Jensen
Attorney-at-law

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

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Group Information

The Company

7N A/S
Emdrupvej 26B, 2nd floor
2100 Copenhagen Ø

Tel.: +45 4528 0000
E-mail: info@7n.com

Registered office: Copenhagen
CVR no.: 50 81 02 16
Financial year: 1 January – 31 December

Executive Board

Jeppe Laurids Hedaa, *CEO*

Board of Directors

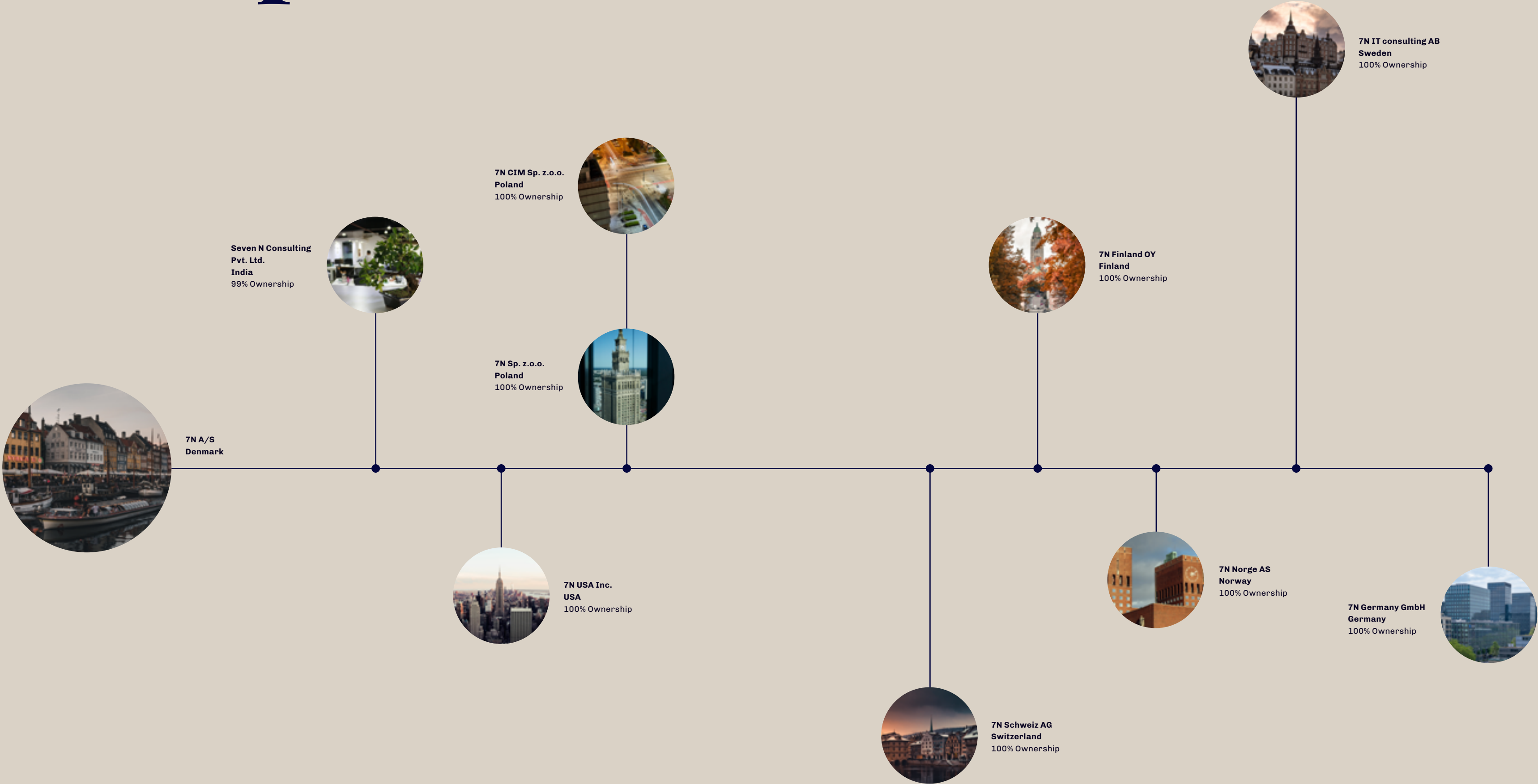
Preben Damgaard Nielsen, *Chairman*
Jannik Kruse Petersen
Glenn Petersen
Michael Halbye
Christine Feldthaus
Pernille Simmelkiær Larsen
Jeppe Laurids Hedaa

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab



Group Chart



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

We have, on this day, presented the annual report for the financial year 1 January – 31 December 2020 for 7N A/S.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and parent company financial statements give a true and fair view of the Group's and the parent company's, liabilities, and financial position as at 31 December 2020 and of the results of the Group's and parent company's activities and of the Group's cash flows for the financial year 1 January – 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the parent company's operations, financial matters, and the results of the Group's and the Parent Company's operations and financial position.

The annual report is submitted for adoption by the general meeting.

Copenhagen, 16 April 2021

Executive Board



Jeppe Laurids Hedaa

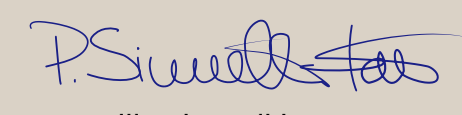
Board Of Directors



Preben Damgaard Nielsen
Chairman



Glenn Petersen



Pernille Simmelkær Larsen



Jannik Kruse Petersen



Michael Halbye



Christine Feldthaus



Jeppe Laurids Hedaa

Independent Auditor's Report

To the Shareholders of 7N A/S Opinion

We have audited the consolidated financial statements and parent company financial statements of 7N A/S for the financial year 1 January – 31 December 2020, which comprise the income statement, balance sheet, statement of changes in equity, and notes, inclusive of accounting policies for the group as well as for the parent company as well as the consolidated cash flow statement. The consolidated financial statements and parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion the consolidated financial statements and parent company financial statements give a true and fair view of the group's and the parent company's assets, liabilities, and financial position at 31 December 2020 and of the results of the Group's and the parent company's operations and the consolidated cash flows for the financial year 1 January – 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing 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 consolidated financial statements and parent company financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement regarding the management's review

The Management is responsible for management's review. Our opinion on the consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements, our responsibility is to read management's review and, in doing so, consider whether the Management's review is materially inconsistent with the consolidated financial statements or parent company financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed; we conclude that management's review is in accordance with the consolidated financial statements and parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Acts. We did not identify any material misstatement of management's review.

Management's responsibility for the consolidated financial statements and parent company financial statements

The Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore, the Management is responsible for the internal control that the Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the consolidated financial statements and parent company financial statements, management is responsible for assessing the 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 consolidated financial statements and parent company financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and parent company financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and parent company 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 the International Standards on Auditing 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 consolidated financial statements and parent company financial statements.

As part of an audit conducted in accordance with the International Standards on Auditing 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 consolidated financial statements and parent company financial statements, whether due to fraud or error, design, and perform the 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 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 consolidated financial statements and parent company 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 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 consolidated financial statements and parent company 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 company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure, and contents of the consolidated financial statements and parent company financial statements, including the disclosures, and whether the consolidated financial statements and parent company 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, 16 April 2021

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68



Philip Heick-Poulsen

State Authorized Public Accountant
MNE-nr. / MNE-no. mne34280

7N at a Glance

Revenue in mDKK

1.053
(+2,1%)

Number of consultants EOY

1.361

Admin staff

182

Hours spent in
consultant meetings

6.441

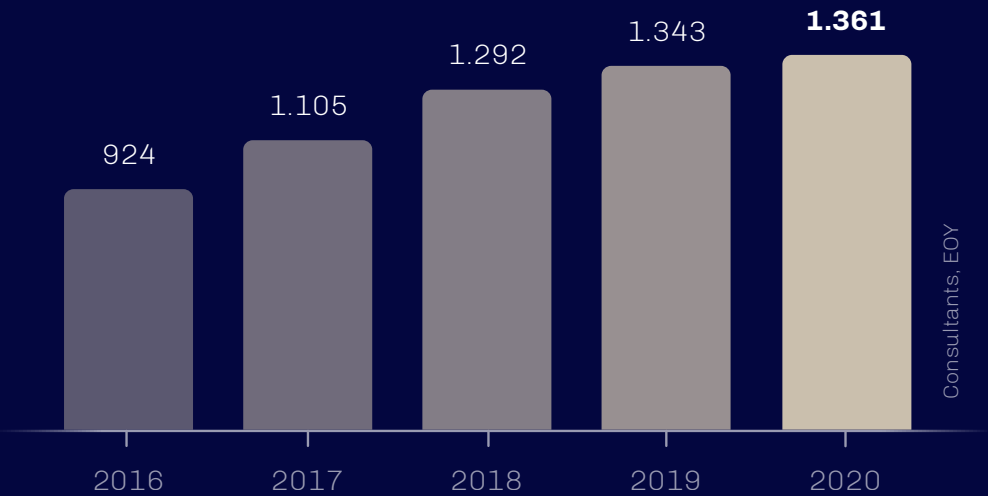
Hours delivered

2,9 m

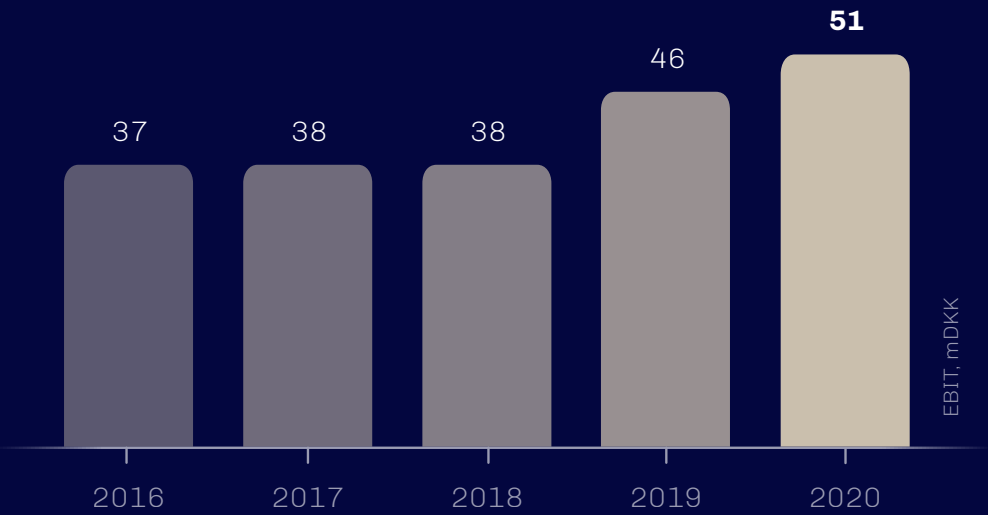
EBIT

51 mDKKK

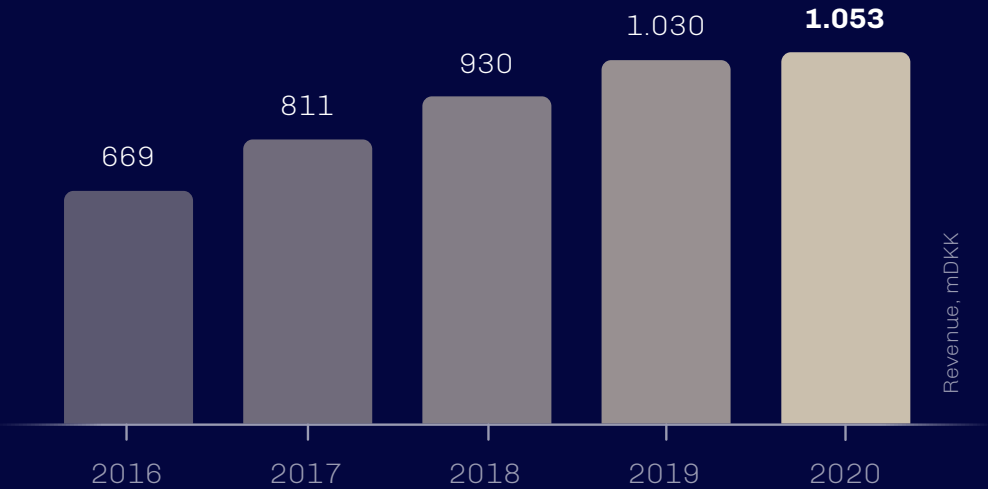
+1,3%
Increase in number
of consultants in 2020



+10%
Increase in EBIT
in 2020



+2%
Increase in revenue
in 2020





CEO Letter

No more than a year ago, something entirely unprecedented was included in our Annual Report, namely the close monitoring of the effects of the COVID-19 pandemic. At that juncture, we were blindly unaware of the profound impact of the impending global health crisis – not only on our business but on the foundational pillars of society.

When the pandemic hit our nations in March 2020, I sent a video greeting to all employees with a confident message: Don't worry – we will go through this untouched. Obviously, I was naive... It is impossible to witness people and companies around you suffer from disease, deaths, and structural changes to such an extent without being affected by it, and the personal and professional losses will tear on even the coldest hearts.

Reflecting on 2020, I am extremely proud of the adaptability and open-mindedness our organization, our consultants and our customers have displayed throughout this time of crisis. We have proven to be mutually resilient in our ambition to continue our quest, and I am humbled by the immense efforts of all throughout this troubling year.

Regarding our 7N numbers in isolation, however, I was about right. We did not need any support programs from the governments, neither did we reduce any salaries nor utilize the opportunity to squeeze our vendors. I am very proud of the way everybody in 7N pulled together and of the resulting numbers presented in the Annual Report that you are about to read. 2% up in turnover and 12% on the bottom line during the crisis of a century. The proof of the pudding is in the taste.

In 2020, despite navigating uncertainty while adapting to a new normal, we delivered another good year. We have proven that our business model is robust even in times of trouble, and once again we can conclude that the best people are rarely the first to be cut, when push comes to shove.



I believe that our experiences from previous crises strengthens our ability to navigate the future optimally. Our drive to test new businesses, approaches and solutions enables us to embed evolution at the core of our culture and way of working.

Quality as a driver

In the latter years, we have built a substantial business outside of Denmark. To further strengthen our internationalization efforts was on the 2020 agenda, but just as I felt the torque of our upswing, COVID-19 put everything to a halt. The pandemic made entering Q2 last year a challenge, which further foregrounds how impressed I am with the results delivered. More than 46% of the growth delivered comes from outside Denmark, and to me, that is a testament to the fact that the very best people are in demand – regardless of geography. The ability to gain territory in the market conditions of a global pandemic proves the scalable nature of our business model and ability to identify top talent across borders.

As most of our clients, we had to adjust to the premise of working remotely. Our extensive history of serving clients with top consultants from different parts of the world gave us a head start in the new normal of remote business. We have had the pleasure of sharing some of that knowledge with our clients, as we have qualified almost 900 new consultants, 400 engagements, and 20 new clients remotely, while still displaying increased satisfaction with our service across both consultants and clients.

New board members

The decision-making process of our customers is increasingly moving towards digital channels, and the current pandemic has reduced our opportunity to meet with our customers in person. For that reason, our need to maintain a clear and strong message in a cluttered and opaque marketplace has deepened. Our ambition to become a truly global company, therefore, requires continuous focus on the refinement of our brand and communication. To help us in our efforts, I am very pleased to welcome Simmelkiær Larsen and Christine Feldthaus as new members of our board.

Evolution as a culture

7N has experienced many defining moments. The IT bubble burst in 2001 and the financial crisis of 2008, 9 and 10 required all companies to adapt to a new reality, and we are once again finding ourselves with shaky grounds beneath our feet.

I believe that our experiences from previous crises strengthens our ability to navigate the future optimally. Our drive to test new businesses, approaches and solutions enables us to embed evolution at the core of our culture and way of working.

Our trait of being a learning organization is essential. The current global market is driven by mega-trends such as:

- Increase in remote work
- Increased focus on automation and digitalization
- Increased outsourcing of digital projects
- Increased use of flexible workforce

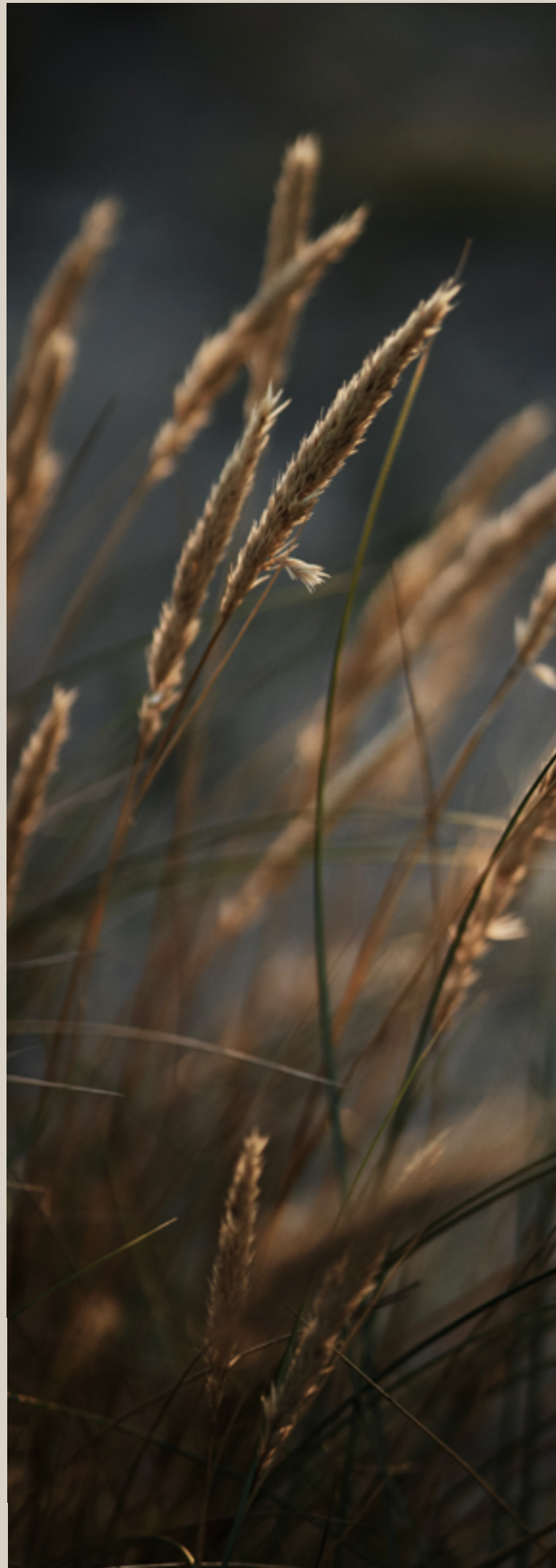
It is our belief in the freelance model and flexible engagements coupled with our ability to identify the best IT experts that positions us uniquely and enables us to deliver on these trends, ultimately scaling our market share.



2020

*2020 was another fruitful year for 7N, where the group revenue increased from **1.030 mDKK** to **1.053 mDKK**, a growth of 2%.*

Jeppe Hedaa
CEO



Financial Highlights

7N has experienced a steady growth rate in 2020 despite the pandemic. The financial parameters display positive developments. Once again, 7N has realized a revenue above 1 billion DKK.

We are proud of the results achieved in 2020 – both in terms of numbers and in terms of loyalty towards our niche strategy.

The revenue growth can be attributed to our focused leadership, our valuable consultants, closer collaborations with existing customers, but also to an increase in customer base. The world is characterized by constant digitization, and 2020 has certainly disclosed the call for digital solutions. We have worked remotely, had more online meetings, online training and events, and digital collaborations. COVID-19 has reinforced companies' need for operating digitally, and thereby their need for digital transformation, which has resulted in a significant shortage of IT resources in western Europe. This has helped us to create a nourishing foundation for our business growth.

2020 was another fruitful year for 7N, where the group revenue increased from 1.030 mDKK to 1.053 mDKK, a growth of 2%. Overall, 7N has not been significantly affected by the current pandemic. Some of our smaller markets have realized a minor decrease in revenue due to the pandemic, but the largest markets, such as Denmark, India, and Poland, have seen a particularly fertile growth in revenue. In Poland, 7N has had double-digit growth in revenue. There are now more than 900 high-end IT consultants in Poland, supporting our local and remote clients with complex software development.



The increase in EBIT is actually higher due to 7N's profit sharing programme where ½ month salary in 2020 are disbursed to the employees as a bonus.

Our revenue in Denmark has increased from 644 mDKK to 652 mDKK, a growth of 1,2%. The growth in Denmark is primarily due to the outsourcing business to Danish customers. The local Danish business has realized a small drop due to a smaller slowdown in Q2 as an effect of COVID-19. The business picked up again with a prolific growth rate at the end of Q3.

7N Group's revenue has grown by 57% over the last five years, demonstrating the strength of 7N's business model. Organic growth is the only driver of our increased business.

In 2020, there was, once again, a great demand for highly skilled IT developers and consultants with a large variety of expertise. We have seen increased demand across all disciplines from business consultants, architects, developers, highly specialized profiles as cloud specialists, and many other.

The EBIT increased from 46 mDKK to 51 mDKK, a growth of 10%. The increase in EBIT is actually higher due to 7N's profit sharing programme where ½ month salary in 2020 are disbursed to the employees as a bonus. This year, 7N has increased the investments in the internationalization of the group as well as the number of employees, wherefore EBIT, prior to the performance bonus, has grown 14% compared to last year. The larger increase in EBIT is primarily due to savings on sales and recruitment trainings and conferences, fewer events with consultants and travel, hindered by the current pandemic.

The income statement for the period of January 1 – December 31, 2020 shows a profit of 36,4 mDKK compared to 32,6 mDKK for the period of January 1 – December 31, 2019. The balance sheet shows equity of 69,7 mDKK. The free cash flow of 2020 is positive with 36,7 mDKK and showed significant improvement from 2019. In 2020, we did not have any large investments.

The primary driver of our financial activities is the pay-out of dividends. We are focused on the development in cash flow and will maintain that focus in 2021.

With a solid performance in 2020, increased efficiencies, and strong partnerships, 7N is better equipped than ever to serve businesses with complex IT needs going forward.

Outlook

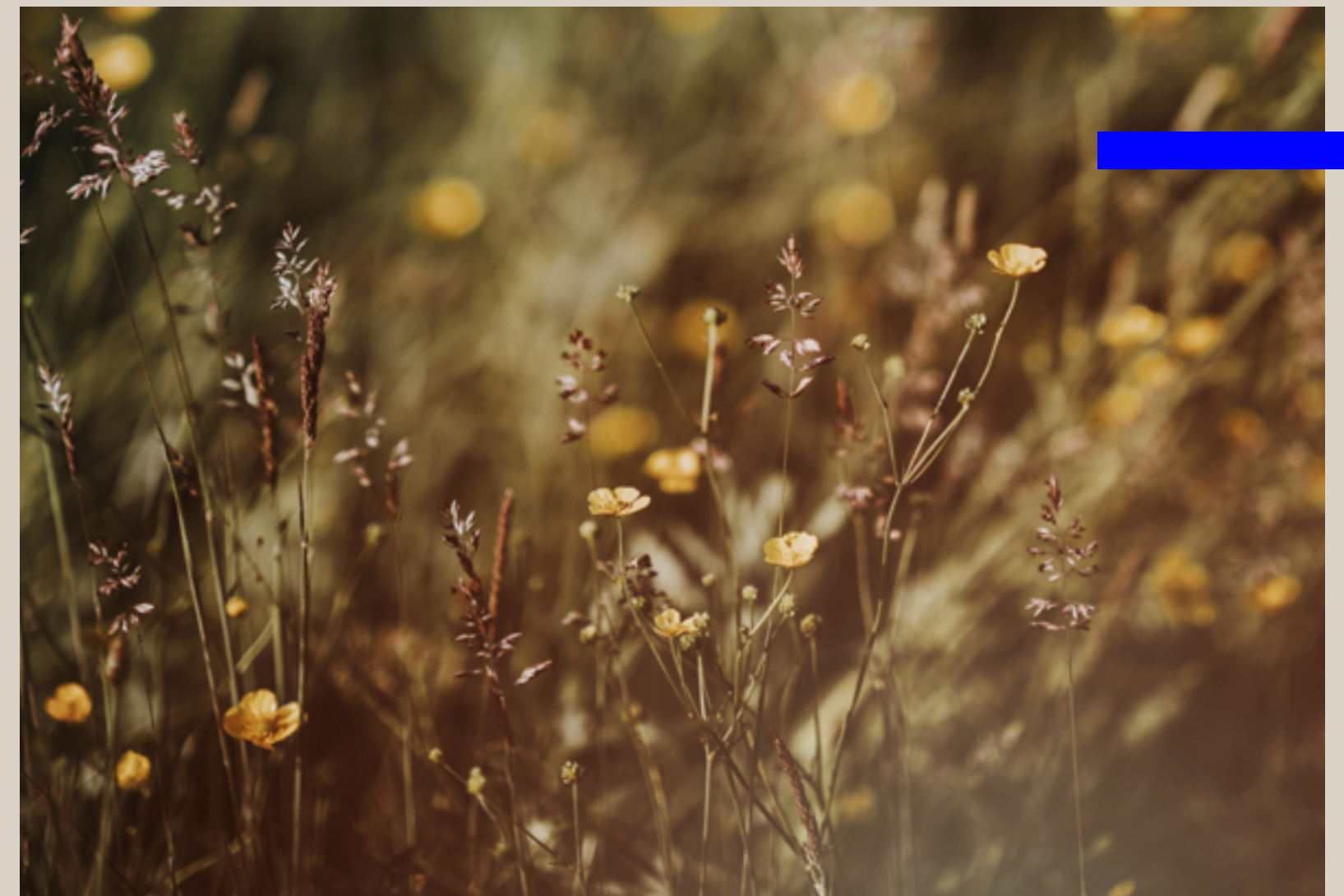
In 2021, we expect to continue our growth journey together with our consultants and customers. We continue to aim at helping our customers make a difference in an ever more challenged and changing digital world. The demand for top-performing IT consultants perseveres.

The first quarter of 2021 was characterized by good growth rates on revenue and EBIT. We anticipate continuing our double-digit growth rate in Poland and the smaller markets, whereas in Denmark we expect a growth of 6-8%.

7N has a competitive platform, on which we can continue to develop in the upcoming years. The biggest challenge in achieving our ambitious goals is finding the best and most competent IT consultants. We continue to invest in our business model and IT systems to digitalize manual processes so that our employees can increase the focus on our clients and consultants.

Subsequent events

No important events have occurred after the end of the financial year.



Groups Financial Highlights 2020

Key figures

Figures in DKK '000	2020	2019	2018	2017	2016
Profit/loss					
Revenue	1.052.583	1.030.343	929.749	811.462	668.892
Index	157	154	139	121	100
Operating profit	51.541	46.966	38.249	38.383	37.383
Index	138	126	102	103	100
Total net financials	-2.466	-749	-981	-642	-333
Index	741	225	295	193	100
Profit for the year	36.409	32.588	25.624	26.795	26.846
Index	136	121	95	100	100
Balance					
Total assets	282.963	271.279	241.403	219.009	169.846
Index	167	160	142	129	100
Investments in property, plant, and equipment	2.710	1.522	18.436	1.593	2.369
Index	114	64	778	67	100
Equity	69.673	63.185	50.062	56.218	35.039
Index	199	180	143	160	100
Cashflow					
Net cash flow					
Operating activities	60.416	45.505	49.500	-7.967	21.629
Investing activities	-1.736	-595	-18.800	-945	-8.078
Financing activities	-21.923	-18.255	-30.807	-6.022	-16.276
Cash flows for the year	36.757	26.655	-107	-14.934	-2.725

Ratios

	2020	2019	2018	2017	2016
Profitability					
Return on equity	55%	58%	48%	59%	90%
Profit margin	4,9%	4,6%	4,1%	4,7%	5,6%
Equity ratio					
Equity interest	25%	23%	21%	26%	21%
Others					
Number of employees (average)	355	321	298	221	196

Definitions of ratios

Return on equity:	Profit margin:	Equity interest:
$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$	$\frac{\text{Equity, end of year} \times 100}{\text{Total assets}}$

Financial Highlights 2020

ESG Key figure overview

	Unit	Target 2021	2020	2019	2018	2017	2016
Social Data							
Full-time workforce	FTE	370	355	321	298	221	196
Gender diversity	%	45	43	45	41	44	43
Gender diversity, management	%	11%	11%	11%	11%	22%	22%
Gender pay ratio	Times	1.2	1.1	1.2	1.1	1.2	1.2
Governance data							
Gender diversity, board	%	33%	29%	0	0	0	0
CEO pay ratio	Times	8	9	8	9	8	14

Definitions of ratios

Full-time workforce		Gender Diversity		Gender diversity, management	
FTEs + Temporary workers		$\frac{\text{Women FTEs + Women temporary workers}}{\text{Full-time workforce}} \times 100$		$\frac{\text{Women in management}}{\text{All FTEs in management}} \times 100$	
Gender pay ratio		Gender diversity, board		CEO Pay Ratio	
$\frac{\text{Average male salary}}{\text{Average female salary}}$		$\frac{\text{Women Board members elected at the AGM}}{\text{All AGM elected board members}} \times 100$		$\frac{\text{CEO compensation}}{\text{Average staff salary}}$	

Business Update

2020 was a year of shock for many businesses all over the globe. Uncertainty, lockdowns, increased focus on safety and stability have pushed many businesses out of their comfort zone. Many businesses were exposed to the shock of revenue loss or forced to close for substantial amounts of time due to health and safety restrictions. These dramatic changes decreased general demand in some industries and increased the need for digitalization and professional IT solutions in others.

Internally in 7N we have for many years been working in a global and distributed environment and our organizational structure and team composition is location-independent by design. Our early investments in the right technical foundation for global collaboration have enabled accelerated adaption and business creativity on a distance, and we have been able to acclimate to the new ways of working remotely without significant business impact.



We know that our clients have dynamic needs, and with our dedication to the global liquid workforce model, we can provide just that – flexible expertise for dynamic challenges.

Quality of consultants

In times where predicting even the near future is difficult, one of the main tools of navigation is trust. In consultancy services, we believe trust is the result of high quality and predictability, delivered consistently and continuously over a prolonged period of time. Again, even during a pandemic, we have proven our quality. During 2020 we have had more than 3.000 active contracts of which we have had two send-backs, we have managed to increase our customer satisfaction across our geographies and at the same time improve our consultants rating of our services... And what is more – we have grown our business.

Client stability

The last 12 months have been a wake-up call for many companies. In the early days of the pandemic, the uncertainty roaming the offices made management face some hard choices that we were not used to – or in some cases ready for. Even though many businesses are still severely impacted by Covid-19, we are extremely proud that our clients have chosen us as partner in their efforts to persevere in new conditions. We have not lost a single client.

We are even more proud that our client base in 2020 has grown by 20 new companies. During 2020, we have extended our presence in both the pharmaceutical, telecom, energy and public sector – taking on collaborative endeavors in driving major digitalization projects.

Steady growth

In 2020 we delivered more than 2,9 million hours in our client engagements. Our business model has once again proven to be robust in both a global financial crisis and a global pandemic. We believe that the root-cause of this is the inelastic demand for highly skilled people – which has always been our focus.

The year was finalized with a net growth of almost 100 consultant engagements. We onboarded a total of 688 new consultants, and with more than 20% of our more than 3000 engagements being new business projects, it is safe to say, that even though we had to get accustomed to new ways of working, we worked hard.

Strong Nordic Foundation

In the Nordics, we managed to bounce back from clients initially canceling contracts and planned activity. Especially the Norwegian operation was hit, due to significant exposure to one major client. Clients slowly adopted the remote working model and our consultants started working on client's projects from home.

In late Q2 we started to see clients interviewing and onboarding external consultants remotely and this new way of working became dominant. This also affected our cross-border collaboration with our larger international accounts, and after the initial drop of about 10%, we managed to end the year with a 5% increase in engagements.

Growing our business in Poland

Our Polish operation did well in 2020. The long-standing engineering culture of the Polish market made us resilient to the changes that Covid-19 presented, and we have managed to grow more than 10% over the course of the year – both on revenue and gross margin.

We experience an extremely high demand for Digital Experts in Poland from both domestic and foreign interests. This aggressive demand in a market with a limited talent pool puts pressure on salary expectations and makes delivery capacity a challenge. Therefore, it was a strategic priority for us to invest in keeping our churn rate low. We managed to decrease our churn rate by 2% in 2020 – putting our rotation down to 16%, which is satisfactory.

We have been able to keep our focus on the very best experts, even in this market, and over the year we have grown our engagements by more than 10%. We have succeeded in opening a new delivery center in Gdansk allowing for better flexibility to serve our clients, and in 2021 we will be opening the third 7N office in Poland located in Wroclaw.





International

We were faced with both challenges and opportunities in our global endeavors. Even though the physical borders closed, our consultants and agents demonstrated their ability to work remotely. The pressure of the global health crisis fostered curiosity and experiments from some clients, and together we explored the possibilities of truly borderless collaborations.

Internally, we strengthened our local teams with new hires in sales and recruitment, securing strong local setups in all our international markets, and externally, we managed to unite harmonic and efficient teams – online.

Despite the circumstances, our performance of 2020 was satisfactory with a maintained focus on improving our market position, brand awareness, and customer acquisition in all the geographies. In total, we managed to grow headcount by 18%, grow the gross margin, and open new customers.

Evolution of services

The Covid-19 crisis forced companies to rethink and initiate more digitalization projects to support their company's future, and for some survival, in the new normal. New ways of working became increasingly important both within Agile, Cloud, Data/AI, and Cyber-security. Larger significant companies introduced new business models to unleash the potential, power, and innovation of their organizations.

With the remote working era came an unforeseen opportunity for clients to onboard people from the global liquid workforce onto their digitization projects. We saw the first movers engage with 7N Digital Expert from around the globe. We expect this trend to continue in the years to come. The feedback we gain from clients reflect that the high quality and well-proven recruitment process of 7N is very well suited for that journey.

We see that the demands are changing. The digitalization journey of our clients is not only nested in the IT

department but addresses the very core of their business. The complex nature of our client base requires that we, now more than ever, push to get a holistic understanding of their dynamic needs, instead of providing a fragmented solution. The willingness and demand for closer and more flexible engagements from our clients are very present and in 2020 more than 40% of the total 7N group delivery came from non-contracting business.

Types of engagements

We at 7N strive to help our clients take control of their digitalization journeys. We believe that true transformation of a company comes from within, and therefore that the ownership of the process should remain internal. We want to equip our clients with the right expertise, for the right challenge, at the right time. We know that our clients have dynamic needs, and with our dedication to the global liquid workforce model, we can provide just that – flexible expertise for dynamic challenges.

We see that the scale and complexity of our clients' digitalization efforts vary, and therefore, our engagement models do so as well. We have seen our business transform from being a staff augmentation business into an agent for digitalization – supporting with everything from individual experts to fully managed product teams to enable our clients' success... and we will continue to develop.

Our Strategy

In times of trouble, it might be tempting to take on a new path, but in 7N we would rather continue to refine the defining qualities that make us unique. Our longstanding tradition of identifying extraordinary performers that drive digitalization processes for our clients remains the same, but the evolution of IT needs and disciplines is everchanging, and our ability to adapt to these will determine our success.

As the past year has shown, an adaptable mindset is key to overcome the challenges that volatile market conditions pose. We have observed that the most successful companies are the ones that consider digitalization as a core asset, and not just something that is easily purchased as a standard solution. That is why we aim at helping our customers actively take control of their digitalization processes by utilizing the global network of a highly specialized and flexible workforce to ensure ownership and embedded knowledge.

Our vision

To be the leading agent for the top 3% best performing IT freelance consultants serving large organizations within complex systems development projects that are critical for their business.

Our values

Professionalism

We strive to be the best in our field, whether we are IT consultants, agents, or support staff, and to 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 time to understand their views.

Our focus

7N has a tested and tried business model that has proven to be robust in both a global financial crisis and a global pandemic. We believe that the root cause of this is the inelastic demand for highly skilled people. In the coming year, our focus will be on accelerating our impact by addressing three main areas.

Internationalization

A central asset in our growth plan is to expand internationally by focusing on opening new markets with a physical presence and by expanding our remote abilities.

Organizational infrastructure

As we grow in service portfolio and geographical distribution, so does the complexity of our organization. Streamlining the organization and structure for scale and mutual success will core in our 2021 plans.

Automatization

Many of the manual back-office processes that define our value-chain today can be automated partly or entirely. Doing so will enable us to liberate even more time for value-adding, hot-hands, and accelerate our return on human capital.

Ambition

The current global market is driven by mega-trends such as:

- 1. Increase in remote work
- 2. Increased focus on automation and digitalization
- 3. Increased use of flexible workforce

We, in 7N, are uniquely positioned to deliver on these trends and scale our current market share. We want to build on our successful business and internationalize to become a dominant player in the global market for experts in a flexible workforce.

Risk Management

7N is in our daily operation exposed to a number of risks associated with our business. We are facing changes in technologies, customer demands, global economy, recruiting the right consultants, etc. 7N is mitigating many of the risks by being close to our customers and consultants and by having an agile organization.

Market Risk

Market risk is the risk that the demand for specific IT specialist roles 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 specialist 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.

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. The Group has a sound diversification of clients, both in terms of geography and sectors, and there are relatively few large clients. 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 been nor is 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. In 2020, we had significant investments in both IT staff and security in our systems landscape. To further mitigate the future IT risk, a plan for infrastructure upgrade and migration to cloud has been initiated. Furthermore, 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.

The 7N Management

7N’s leadership team brings together decades of experience, industry understanding, and client success.

The Senior Management team is responsible for defining 7N's vision, strategic direction, and implementing specific measures to achieve organizational goals. This work is done in close collaboration with 7N Vice Presidents in order to ensure that the company strategy is aligned with the needs and desires of all levels within our organization.

Each Senior Management team member is operationally responsible for a different core area of the business. The team members are in frequent communication with one another, especially amongst the C-level positions. Meetings between our CEO, CFO, COO, and our Executive Vice President occur weekly.

Jeppe Heda

CEO —

CEO since 1998.

BACKGROUND
CEO of 7N since 1998. 35+ years of experience in IT. Serving the company from a 12-person organization in Denmark to the current 1,500+ person international company.



Sebastian Podleśny

Executive Vice President —

Appointed EVP in 2018.

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.



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.



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.



Vice Presidents

7N’s Vice Presidents secure the strategic direction and vision of 7N, through their profound knowledge and experience within 7N and the industry.

The Vice President team is responsible for carrying out the vision and strategy set by the senior management team. This is done in close collaboration with the 7N employees to ensure that everyone understands the long- and short-term company strategy and that the 7N employees have the requirements to fill their respective roles.

Each Vice President is operationally responsible for a different business unit within the core business. The business units are characterized by 7N’s larger target markets and 7N’s service areas. The Vice Presidents work closely together to serve the respective needs of the overall target market and additionally having frequent meetings with the senior management team to ensure alignment and direction.

Theis Eichel

Vice President, Consulting Services —

APPOINTED VP IN 2020
VP for 7N’s consulting Services. Previous Partner at PwC and Managing director at SIG Nordics; with 30 + years of consulting experience in the IT industry – helping mid- and large organizations succeed in their digital transformation.



Jesper Kolding

Vice President, Denmark —

APPOINTED VP IN 2018
Former 7N SVP for International and Nordics markets and have worked within 7N for more than 24 years. Previous Director and Account Executive in international software and consulting companies as Sterling Software and Texas Instrument Software. +36 years within the IT industry.



Helle Førgaard

Vice President, International Markets —

APPOINTED VP IN 2018
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.



Jakub Strzemzalski

Vice President, Outsourcing Services —

APPOINTED VP IN 2018
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.



Grzegorz Pyzel

Vice President, Poland —

APPOINTED VP IN 2018
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.



Board of Directors

Members of the Board of Directors combine key industry insights, expertise from the IT sector, and decades of management experience from international business.

In 2020 we welcomed two new independent board members, Pernille Simmelkjær and Christine Feldthaus, to add additional expertise and value to support 7N's ambition to become a truly global company. 7N has grown a lot in the latter years and matured its business units. There is, therefore, a continuous focus on refining our brand and communication to have a unique messaging that resonates both with our business and target markets. Both Pernille Simmelkjær and Christine Feldthaus have great experience and expertise in marketing and brand communication. We believe that we are now better armed in our continuous global journey.

Preben Damgaard Nielsen

Chairman,
Independent —

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

BOARD MEMBERSHIPS
Saxo Bank, A.O. Johansen, Too Good to Go, Templafy, and others.



Jannik Kruse Petersen

Board Member,
Independent —

BACKGROUND
Over 20 years' experience at EQT private equity, including experience as Head of Mid-Market Europe.

BOARD MEMBERSHIPS
Too Good to Go, 2KJ, and others.



Glenn Petersen

Board Member,
Minority Shareholder —

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

BOARD MEMBERSHIPS
Sedbury, Smart Biosystems.



Michael Halbye

Board Member,
Independent —

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

BOARD MEMBERSHIPS
McKinsey & Co, Mary Foundation, Maternity Foundation, and others.



Christine Feldthaus

Board Member,
Independent —

BACKGROUND
More than 20 years' experience in communication from the marketing Industry and as TV-host, Moderator and Speaker.

BOARD MEMBERSHIPS
Energifonden.



Pernille Simmelkiær Larsen

Board Member,
Independent —

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

BOARD MEMBERSHIPS
Openview Studio.



Jeppe Hedaa

Board Member,
Majority Shareholder —

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

BOARD MEMBERSHIPS
B93 football club, Hugs & Food for Homeless, Council of Copenhagen Cathedral, Founder of RESAM, and others.





Reporting on Sustainability

Sustainability at 7N

This year, we have experienced significant changes in our daily lives. COVID-19 closed all our offices and social activities. 7N has supported and followed recommendations from local public health authorities throughout the entire pandemic.

7N is represented in Denmark, Poland, India, Norway, Sweden, Finland, Germany, Switzerland, and the USA, which means that we have a global impact in relation to social responsibility.

7N is based on fundamental principles of, among other things, wisdom, curiosity, cooperation, selflessness, and tolerance, rooted in our three core values:

- Professionalism
- Mindset of the Servant
- Respect

We have high ambitions on behalf of our more than 350 employees and 1,400 freelance consultants, and similarly, we also expect them to set demands in relation to ongoing developments and working conditions. Globally, our main social impact is related to the development of our employees, as well as the general working conditions of our employees and consultants. and environmental footprint through our transport to and from clients, etc.



We continued our onboarding workshops for all our new sales agents and recruiters. The workshop aimed to give all employees a profound understanding of 7N’s values, including how these values are lived out in our daily business lives.

Employee Relations and Human Rights

Policy and Risks

In 7N, we support and respect 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.

Risks related to employee relationships and social conditions are primarily within indoor climate, physical and ergonomic working conditions, and the employees' mental health. We always focus on prevention rather than cure.

Risks of violating human rights are primarily related to personal data and working conditions among our consultants and suppliers.

Actions and Results

During the pandemic and the lockdowns, digitization has surely demonstrated its value to society. The lockdowns have taught us the great benefits of working remotely and meeting online.

In 7N, we have focused on how to improve our employees working conditions at home and provided them with the necessary equipment to meet their needs.

We have also successfully implemented online meetings with our employees and with our consultants. The purpose of the meetings was primarily to ensure the well-being of our employees and consultants. At the same time, we must maintain the social glue within our company, and therefore, we have arranged online Friday bars, bingo, wine tasting, coffee tasting, etc.

All the initiatives have resulted in a stronger team spirit spurring a great atmosphere despite the physical distance.

We continued our onboarding workshops for all our new sales agents and recruiters. The workshop aimed to give all employees a profound understanding of 7N's values, including how these values are lived out in our daily business lives.

7N's procedures and codes of conduct are also an important part of the onboarding training program. The feedback from the participants has been very positive, and we will continue the onboarding program in 2021.

We not only take responsibility for our employees, but also for the professional development of our consultants. In 2020, we have repeated the satisfaction survey, "Voice of the Consultants" among our consultants.

The study showed that consultants have extremely high job satisfaction within 7N, and that we have improved significantly in different areas compared to previous years.

We will, in 2020, continue to focus on areas that can improve our cooperation with the consultants and their professional development.

In a world where technologies are developing and changing rapidly, we find it more important than ever that our consultants meet the new requirements and demands of the constant changing

markets. 7N Academy focuses on developing the consultants' professional competencies through certifications, professional networking events, courses, and sparring in relation to professional development.

In 2020, we have increased our 7N Academy program with a larger variety of training courses, events, and conferences. Our consultants have, in the "Voice of Consultant's survey," appreciated our professional offerings.

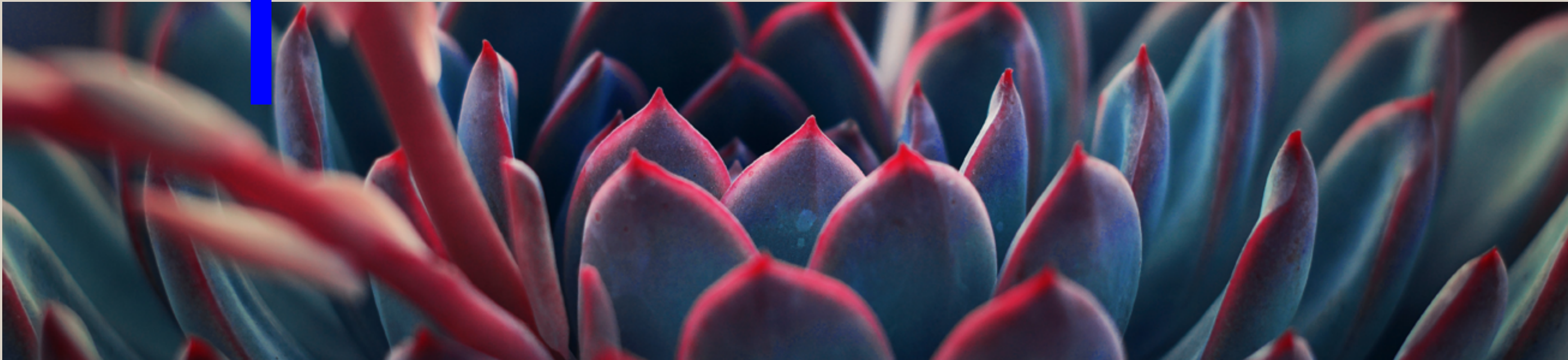
To minimize risks related to human rights, social conditions and working conditions, environmental issues, and corruption issues among employees, consultants, and suppliers, 7N has implemented codes of conduct as a natural part of all our contracts – both employees, consultants, and suppliers.

In 7N, the primary risks of corruption and unethical business behavior are related to our sales and consulting functions. This is mainly because these functions require close contact with clients, suppliers, etc.

In 2020, we continued our practice of having at least four people examining and approving the management when distributing sponsorships and donations. Internal processes ensure that our consultants do not receive sponsorships. In 2020, no forms of corruption, bribery, or breach of 7N's business ethics were registered.

To ensure that all employees, consultants, and suppliers work is based on 7N's values and guidelines related to anti-corruption, we have implemented our codes of conduct for employees, suppliers, and consultants.





Climate and Environmental Conditions

Policy and Risks

In 7N, we strive to minimize the negative impact on the climate and the environment related to our business activities. As an IT consulting company, our significant environmental risks are related to fuel consumption and CO2 emissions through the transport of our employees and consultants. It furthermore concerns our climate and environmental impact throughout our value chain, both through direct and indirect purchases of materials.

Actions and Results

In 2020, we have reduced our CO2 emissions as a direct result of COVID-19. We have traveled far less compared to previous years and our employees and consultants have worked remotely and therefore commuted less. Currently, we are considering how we to use these newly gained experiences from the pandemic in a constructive manner. We are also updating our company car policy to reduce CO2 emissions.

Similarly, we will continue to focus on minimizing our impact on the environment and climate in our business activities by limiting our resource consumption, in-

crease recycling of waste, and reduce CO2 emissions during transport. We have implemented a travel portal in all our locations to keep travel recordings gathered in one place, which is both beneficial for our economy and the climate.

We have donated to the Danish Nature Fund to make a positive climate contribution and to offset our CO2 emissions through the Fund's sustainable nature and forestry projects.

The Danish Nature Fund was founded in 2015 by the Danish state and two large private conservation funds. The aim of the Fund is to promote the protection of nature and the water environment in Denmark.

\$99b Target Figures for the Board of Directors

The Board of Directors has set a target figure for the proportion of elected female board members of at least 40% in 2022, and that both genders must be represented.

In 2020, two new female board members were elected as 7N has realized a need for marketing and communication competencies on the board. In the search for

new board members, several candidates were evaluated equally, and the choice fell on Christine Feldthaus and Pernille Simmelkiær Larsen who possess the competencies through their experienced work within the business and marketing industry. We look forward to the collaboration on 7N's future journey.

7N now has a 27% representation of female board members. For now, the Board of Directors considers the target of female representation within the Board of Directors for being met.

7N regularly evaluates suitable candidates for the company's Board of Directors.

The Group's target for gender distribution in the Group and the next middle management level is 40%. Other management levels were represented by one woman out of ten in 2020. It is the Group's overall objective to provide an appropriate distribution of men and women in the management. To 7N, the managers must have the right skills, regardless of gender.

The Group intends to create the basis for a more equal distribution of genders in the other management levels. Other management levels are those positions that do not relate to the Board of Directors.

Charity

7N has several support projects in India providing humanitarian support for orphanages, nursing homes, and various ad hoc projects.

In 2020, COVID -19 pandemic has also been sweeping through India with stringent lockdowns and curfews, the economic impact has been devastating on the vulnerable communities, exacerbated by schools being shut and directly impacting children around the country, who depended on the Mid-Day Meal they received every day at school. Therefore, 7N has supported the happiness Kit Program that is providing nourishment, education, and tools of hygiene to school children.

For the 7N Group, it is important to contribute to society.

Income Statement

		Group		Parent	
Figures in DKK '000		2020	2019	2020	2019
Note					
1	Revenue	1.052.583	1.030.343	652.654	644.902
	Production costs	-863.658	-835.793	-541.052	-519.897
	Distribution costs	-81.603	-84.446	-51.818	-55.242
	Administration costs	-56.501	-64.062	-40.921	-43.994
	Other operating income	720	924	12.600	9.590
	Profit before net financials	51.541	46.966	31.463	35.359
4	Income from equity investments in group enterprises	0	0	13.174	7.014
5	Financial income	923	952	1.361	1.244
6	Financial expenses	-3.389	-1.701	-2.818	-1.445
	Profit before tax	49.075	46.217	43.180	42.172
7	Tax on profit or loss for the year	-12.666	-13.629	-6.823	-9.609
	Profit for the year	36.409	32.588	36.357	32.563
8	Distribution of net profit				

Balance Sheet

		Group		Parent	
Figures in DKK '000		31.12.20	31.12.19	31.12.20	31.12.19
Note					
	Acquired rights	1.397	1.324	1.397	1.324
	Goodwill	685	1.002	0	0
9	Total intangible assets	2.082	2.326	1.397	1.324
	Other fixtures and fittings, tools and equipment	14.000	17.566	1.200	1.651
10	Total property, plant and equipment	14.000	17.566	1.200	1.651
11	Equity investments in group enterprises	0	0	61.724	46.260
12	Receivables from group enterprises	0	0	9.029	21.975
12	Deposits	4.880	5.198	1.271	1.214
	Total investments	4.880	5.198	72.024	69.449
	Total non-current assets	20.962	25.090	74.621	72.424
	Trade receivables	186.700	187.284	125.290	123.341
	Receivables from group enterprises	0	0	293	14
15	Deferred tax asset	3.698	3.924	0	0
	Income tax receivable	0	1.721	0	0
	Other receivables	3.332	6.784	196	410
13	Prepayments	4.156	4.816	1.888	3.483
	Total receivables	197.886	204.529	127.667	127.248
	Cash	64.115	41.660	15.185	1.446
	Total current assets	262.001	246.189	142.852	128.694
	Total assets	282.963	271.279	217.473	201.118

Balance Sheet

Equity and liabilities

		Group		Parent	
Figures in DKK '000		31.12.20	31.12.19	31.12.20	31.12.19
Note					
14	Share capital	1.210	1.210	1.210	1.210
	Reserve for net revaluation according to the equity method	0	0	18.641	16.724
	Foreign currency translation reserve	-4.420	0	0	0
	Retained earnings	43.768	61.901	20.707	45.177
	Proposed dividend for the financial year	29.000	0	29.000	0
	Equity attributable to owners of the parent	69.558	63.111	69.558	63.111
	Non-controlling interests	115	74	0	0
	Total equity	69.673	63.185	69.558	63.111
15	Provisions for deferred tax	0	0	107	193
16	Other provisions	0	0	16	0
	Total provisions	0	0	123	193
17	Other payables	5.822	1.745	5.258	1.745
	Total long-term payables	5.822	1.745	5.258	1.745

		Group		Parent	
Figures in DKK '000		31.12.20	31.12.19	31.12.20	31.12.19
Note					
	Payables to other credit institutions	589	14.891	280	14.245
	Prepayments received from customers	15.601	12.531	4.013	1.313
	Trade payables	148.702	133.045	104.276	90.673
	Payables to group enterprises	31	836	6.433	8.338
	Income taxes	5.977	4.598	3.487	2.052
	Other payables	36.568	40.448	24.045	19.448
	Total short-term payables	207.468	206.349	142.534	136.069
	Total payables	213.290	208.094	147.792	137.814
	Total equity and liabilities	282.963	271.279	217.473	201.118

18 Contingent liabilities

19 Charges and security

20 Related parties

Statement of Changes in Equity

Figures in DKK '000	Share capital	Reserve for net revaluation according to the equity method	Foreign currency translation reserve	Retained earnings	Proposed dividend for the financial year	Non controlling interests	Total equity
Group							
<i>Statement of changes in equity for 01.01.19 - 31.12.19</i>							
Balance as at 01.01.19	1.210	0	0	28.802	20.000	50	50.062
Foreign currency translation adjustment of foreign enterprises	0	0	0	143	0	0	143
Dividend from treasury shares	0	0	0	392	0	0	392
Dividend paid	0	0	0	0	-20.000	0	-20.000
Net profit/loss for the year	0	0	0	32.564	0	24	32.588
Balance as at 31.12.19	1.210	0	0	61.901	0	74	63.185
<i>Statement of changes in equity for 01.01.20 - 31.12.20</i>							
Balance as at 01.01.20	1.210	0	0	61.901	0	74	63.185
Foreign currency translation adjustment of foreign enterprises	0	0	-4.420	0	0	-11	-4.431
Dividend from treasury shares	0	0	0	510	0	0	510
Extraordinary dividend paid	0	0	0	0	-26.000	0	-26.000
Net profit/loss for the year	0	0	0	-18.643	55.000	52	36.409
Balance as at 31.12.20	1.210	0	-4.420	43.768	29.000	115	69.673

Figures in DKK '000	Share capital	Reserve for net revaluation according to the equity method	Foreign currency translation reserve	Retained earnings	Proposed dividend for the financial year	Non controlling interests	Total equity
Parent							
<i>Statement of changes in equity for 01.01.19 - 31.12.19</i>							
Balance as at 01.01.19	1.210	18.009	0	10.793	20.000	0	50.012
Foreign currency translation adjustment of foreign enterprises	0	143	0	0	0	0	143
Dividend from treasury shares	0	0	0	392	0	0	392
Dividend paid	0	0	0	0	-20.000	0	-20.000
Net profit/loss for the year	0	-1.428	0	33.992	0	0	32.564
Balance as at 31.12.19	1.210	16.724	0	45.177	0	0	63.111
<i>Statement of changes in equity for 01.01.20 - 31.12.20</i>							
Balance as at 01.01.20	1.210	16.724	0	45.177	0	0	63.111
Foreign currency translation adjustment of foreign enterprises	0	-4.120	0	-300	0	0	-4.420
Distributed dividend from group enterprises	0	-7.138	0	7.138	0	0	0
Dividend from treasury shares	0	0	0	510	0	0	510
Extraordinary dividend paid	0	0	0	0	-26.000	0	-26.000
Net profit/loss for the year	0	13.175	0	-31.818	55.000	0	36.357
Balance as at 31.12.20	1.210	18.641	0	20.707	29.000	0	69.558

Consolidated Cash Flow Statement

	Group	
	2020 DKK '000	2019 DKK '000
Note		
Profit for the year	36.409	32.588
²¹ Adjustments	15.817	18.249
Change in working capital		
Receivables	4.696	-14.472
Trade payables	15.657	21.135
Other payables relating to operating activities	-1.326	1.482
Cash flows from operating activities before net financials	71.253	58.982
Interest income and similar income received	923	952
Interest expenses and similar expenses paid	-2.288	-1.700
Income tax paid	-9.472	-12.729
Cash flows from operating activities	60.416	45.505
Purchase of intangible assets	-752	-1.127
Purchase of property, plant, and equipment	-2.710	-1.522
Sale of property, plant, and equipment	898	1.061
Disposal of investments	318	601
Dividend received	510	392
Cash flows from investing activities	-1.736	-595

	Group	
	2020 DKK '000	2019 DKK '000
Note		
Dividend paid	-26.000	-20.000
Arrangement of other long-term payables	4.077	1.745
Cash flows from financing activities	-21.923	-18.255
Total cash flows for the year	36.757	26.655
Cash, beginning of year	41.660	23.817
Short-term payables to credit institutions, beginning of year	-14.891	-23.703
Cash, end of year	63.526	26.769
Cash, end of year, comprises		
Cash	64.115	41.660
Short-term payables to credit institutions	-589	-14.891
Total	63.526	26.769

Notes

1. Revenue

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

	Group		Parent	
	2020 DKK '000	2019 DKK '000	2020 DKK '000	2019 DKK '000
Revenue comprises the following activities				
IT consultancy services	1.052.583	1.030.343	652.654	644.902
Revenue comprises the following geographical markets				
Denmark	645.607	642.531	645.607	642.531
Other countries	406.976	387.812	7.047	2.371
Total	1.052.583	1.030.343	652.654	644.902

2. Employee aspects

Wages and salaries	121.149	109.767	52.257	51.989
Other social security costs	3.916	4.473	323	275
Other staff costs	4.813	5.920	1.997	1.914
Total	129.878	120.160	54.577	54.178
Average number of employees during the year	355	321	58	53
Remuneration for the management				
Remuneration for the Executive Board and Board of Directors	3.963	3.409	3.963	3.409

	Group		Parent	
	2020 DKK '000	2019 DKK '000	2020 DKK '000	2019 DKK '000
3. Fees to auditors appointed by the general meeting				
Statutory audit of the financial statements	328	319	140	115
Tax advice	229	118	90	90
Other services	54	60	45	45
Total	611	497	275	250

4. Income from equity investments in group enterprises

Share of profit or loss of group enterprises	0	0	13.490	7.330
Amortisation of goodwill	0	0	-316	-316
Total	0	0	13.174	7.014

5. Financial income

Interest, group enterprises	0	0	774	684
Other financial income	923	952	587	560
Total	923	952	1.361	1.244

Notes

	Group		Parent	
	2020 DKK '000	2019 DKK '000	2020 DKK '000	2019 DKK '000
6. Financial expenses				
Interest, group enterprises	0	0	49	0
Other financial expenses total	3.389	1.701	2.769	1.445
Total	3.389	1.701	2.818	1.445
7. Tax on profit for the year				
Current tax for the year	12.440	14.271	6.909	9.463
Adjustment of deferred tax for the year	226	-642	-86	146
Total	12.666	13.629	6.823	9.609
8. Distribution of net profit				
Reserve for net revaluation according to the equity method	0	0	13.175	-1.427
Extraordinary dividend for the financial year	26.000	0	26.000	0
Proposed dividend for the financial year	29.000	0	29.000	0
Non-controlling interests	52	24	0	0
Retained earnings	-18.643	32.564	-31.818	33.990
Total	36.409	32.588	36.357	32.563

	Acquired rights	Goodwill
Figures in DKK '000	2020	2020
9. Intangible assets		
Group		
Cost as at 01.01.20	1.449	14.723
Additions during the year	752	0
Cost as at 31.12.20	2.201	14.723
Amortisation and impairment losses as at 01.01.20	-125	-13.721
Amortisation during the year	-679	-317
Amortisation and impairment losses as at 31.12.20	-804	-14.038
Carrying amount as at 31.12.20	1.397	685
Parent		
Cost as at 01.01.20	1.449	0
Additions during the year	752	0
Cost as at 31.12.20	2.201	0
Amortisation and impairment losses as at 01.01.20	-125	0
Amortisation during the year	-679	0
Amortisation and impairment losses as at 31.12.20	-804	0
Carrying amount as at 31.12.20	1.397	0

Notes

Figures in DKK '000	Other fixtures and fittings, tools and equipment
10. Property, plant, and equipment	
Group	
Cost as at 01.01.20	29.247
Foreign currency translation adjustment of foreign enterprises	-2.294
Additions during the year	2.710
Disposals during the year	-972
Cost as at 31.12.20	28.691
Depreciation and impairment losses as at 01.01.20	-11.681
Foreign currency translation adjustment of foreign enterprises	748
Depreciation during the year	-4.710
Depreciation of and impairment losses on disposed assets for the year	952
Depreciation and impairment losses as at 31.12.20	-14.691
Carrying amount as at 31.12.20	14.000
Parent	
Cost as at 01.01.20	4.396
Additions during the year	469
Cost as at 31.12.20	4.865
Depreciation and impairment losses as at 01.01.20	-2.745
Depreciation during the year	-920
Depreciation and impairment losses as at 31.12.20	-3.665
Carrying amount as at 31.12.20	1.200

Figures in DKK '000	Equity investments in group enterprises
11. Equity investments in group enterprises	
Parent	
Cost as at 01.01.20	8.153
Additions during the year	10.908
Cost as at 31.12.20	19.061
Revaluations as at 01.01.20	19.340
Foreign currency translation adjustment of foreign enterprises	-4.120
Net profit/loss from equity investments	13.490
Dividend relating to equity investments	-7.138
Revaluations as at 31.12.20	21.572
Depreciation and impairment losses as at 01.01.20	-2.615
Amortisation of goodwill	-316
Negative equity value impaired in receivables	24.006
Negative equity value transferred to provisions	16
Depreciation and impairment losses as at 31.12.20	21.091
Carrying amount as at 31.12.20	61.724

Notes

Name and registered office	Ownership interest
11. Equity investments in group enterprises — continued	
Subsidiaries	
7N Sp. z o.o., Poland	100%
Seven N Consulting Pvt. Ltd, India	99%
7N Norge AS, Norway	100%
7N Schweiz AG, Switzerland	100%
7N Sverige AB, Sweden	100%
7N USA Inc., USA	100%
7N Germany, GmbH, Germany	100%
7N Finland OY, Finland	100%

Figures in DKK '000	Receivables from group enterprises	Deposits
12. Other non-current financial assets		
Group		
Cost as at 01.01.20	0	5.198
Additions during the year	0	57
Disposals during the year	0	-375
Cost as at 31.12.20	0	4.880
Carrying amount as at 31.12.20	0	4.880
Parent		
Cost as at 01.01.20	43.357	1.214
Foreign currency translation adjustment of foreign enterprises	-300	0
Additions during the year	0	57
Disposals during the year	-10.022	0
Cost as at 31.12.20	33.035	1.271
Impairment losses as at 01.01.20	-21.382	0
Impairment losses during the year	-2.624	0
Impairment losses as at 31.12.20	-24.006	0
Carrying amount as at 31.12.20	9.029	1.271

Notes

	Group		Parent	
	31.12.20 DKK '000	31.12.19 DKK '000	31.12.20 DKK '000	31.12.19 DKK '000
13. Prepayments				
Prepaid insurance premiums	364	428	92	415
Prepaid rent	0	771	0	767
Other prepayments	3.792	3.617	1.796	2.301
Total	4.156	4.816	1.888	3.483

	Quantity	Total nominal value, DKK '000
14. Share capital		
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 01.01.20	23.696	23.696	1,96%
Holding of treasury shares as at 31.12.20	23.696	23.696	1,96%

	Group		Parent	
	31.12.20 DKK '000	31.12.19 DKK '000	31.12.20 DKK '000	31.12.19 DKK '000
15. Deferred tax				
Provisions for deferred tax as at 01.01.20	-3.924	-3.282	193	47
Deferred tax recognised in the income statement	226	-642	-86	146
Provisions for deferred tax as at 31.12.20	-3.698	-3.924	107	193
Deferred tax is distributed as below				
Intangible assets	307	291	307	291
Property, plant and equipment	-206	-270	-200	-98
Investments	-116	0	0	0
Receivables	-163	0	0	0
Provisions	-1.630	-2.117	0	0
Tax losses	-1.890	-1.828	0	0
Total	-3.698	-3.924	107	193

As at 31.12.20, the company has recognised a deferred tax asset of DKK 3.698k, of which the 1.890k can be attributed to tax losses carried forward. The deferred tax asset is recognised on the basis of expectations of positive operating results for the coming years.

Notes

Figures in DKK '000

Provisions for subsidiaries

16. Other provisions

Parent

Provision as as 01.01.20	0
Provision during the year	16

Provisions as at 31.12.20	16
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	31.12.20 DKK '000	31.12.19 DKK '000	31.12.20 DKK '000	31.12.19 DKK '000
Other provisions are expected to be distributed as follows				
Non-current liabilities	0	0	16	0

Figures in DKK '000	Outstanding debt after 5 years	Total payables at 31.12.20	Total payables at 31.12.19
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17. Long-term payables

Group

Other payables	5.258	5.822	1.745
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Total	5.258	5.822	1.745
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Parent

Other payables	5.258	5.258	1.745
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Total	5.258	5.258	1.745
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18. Contingent liabilities

Group

Lease commitments

The group has concluded lease agreements with terms to maturity between 1 and 78 months and total lease payments of DKK 32.188k.

Parent

Lease commitments

The company has concluded lease agreements with terms to maturity between 1 and 40 months and total lease payments of DKK 4.084k.

Recourse guarantee commitments

The company has provided a guarantee whereby the guarantor assumes primary liability for group enterprises' debt to credit institutions. The guarantee is unlimited. The group enterprises' debt to the credit institutions concerned amounts to DKK 308k at the balance sheet date.

Other contingent liabilities

The company 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.

19. Charges and security

Group

The group has provided a company charge of DKK 60.000k as security for credit institutions. As at 31.12.20, the company charge comprises the following assets with the following carrying amounts:

- Goodwill and intellectual property rights, DKK 2.082k
- Other plant, fixtures and fittings, tools and equipment, DKK 14.000k
- Trade receivables, DKK 186.700k

Parent

The company has provided a company charge of DKK 60.000k as security for debt to credit institutions. As at 31.12.20, the company charge comprises the following assets with the following carrying amounts:

- Goodwill and intellectual property rights, DKK 1.397k
- Other plant, fixtures and fittings, tools and equipment, DKK 1.201k
- Trade receivables, DKK 125,290k

Notes

Controlling influence	Basis of influence
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20. Related parties

Hedaa Holding ApS, 2820 Gentofte	Parent company
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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 parent Hedaa Holding ApS, 2820 Denmark.

Remuneration for the management is specified in note 2. Employee aspects.

21. Adjustments for the cash flow statement

	2021	2020
Other operating income	-720	-924
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	5.706	4.652
Financial income	-923	-952
Financial expenses	3.388	1.701
Tax on profit or loss for the year	12.797	13.629
Other adjustments	-4.431	143
Total	15.817	18.249

22. Accounting policies

General

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act for large groups and enterprises in reporting class C.

The accounting policies have been applied consistently with previous years.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial as-
sets and liabilities. All expenses, including depreciation, amortisation, 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 mea-
sured reliably. Liabilities are recognised in the bal-
ance 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 rec-
ognition, 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.

Consolidated Financial Statements

The consolidated financial statements comprise the parent and its subsidiaries in which the parent directly or indirectly holds more than 50% of the voting rights or by way of agreements exercises control.

All financial statements used for consolidation are prepared in accordance with the accounting policies of the group.

The consolidated financial statements consolidate the financial statements of the parent and its subsidiaries by adding together items of a uniform nature, elimi-
nating intercompany income and expenditure, equity investments, intercompany balances and dividends as well as gains and losses resulting from transactions between the consolidated enterprises to the extent that the underlying assets and liabilities are not realised.

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 recog-
nised under financial income or expenses in the in-
come statement. Fixed assets and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

Notes

22. Accounting policies — continued

Leases

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

Income Statement

Revenue

Income from the sale of services is recognised in the income statement as delivery takes place (delivery method). 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.

Production costs

Costs incurred, directly or indirectly, to generate the revenue for the year, including raw materials and consumables, wages and salaries and lease of and depreciation, amortisation and impairment losses on the fixed assets used in the production process, are recognised under production costs.

Distribution costs

Costs for the distribution of goods sold during the year and sales campaigns etc., including wages and salaries for sales staff, advertising and exhibition costs etc. and lease of and depreciation, amortisation and impairment losses on the fixed assets used in the distribution and sales activity, are recognised under distribution costs.

Administrative expenses

Expenses incurred during the year for management and administration, including wages and salaries for administrative staff and management as well as office premise expenses, office expenses, bad debts etc. and lease of and depreciation, amortisation and impairment losses on the fixed assets used for administration, are recognised under administrative expenses.

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.

Depreciation, amortisation and impairment losses

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

	Useful lives, years	Residual value, per cent
Acquired rights	3	0
Goodwill	10	0
Other plant, fixtures and fittings, tools and equipment	3-5	0

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation 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 enterprises

For equity investments in subsidiaries that in the parent are 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 amortisation 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 amortisation and impairment losses.

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

Goodwill

Goodwill is measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Goodwill is amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains or losses on the disposal of intangible assets

Gains or 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 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.

Notes

22. Accounting policies — continued

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

Equity investments in group enterprises

Equity investments in subsidiaries are recognised and measured according to the equity method in the balance sheet of the parent. 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. However, transaction costs on the acquisition of subsidiaries are recognised in the income statement in the consolidated financial statements at the date incurred.

On 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 amortised 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-amortised 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 amortisation.

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 amortised 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 financial statements of the parent in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

Acquisition costs and consideration for treasury shares as well as dividends therefrom are recognised directly in equity under retained earnings.

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 taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are 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 amortised 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 amortised 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.

Notes

22. Accounting policies — *continued*

Cash flow statement

The cash flow statement is prepared using the indirect method, showing cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities comprise the net profit or loss for the year, adjusted for non-cash operating items, income tax paid and changes in working capital.

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of companies and financial assets as well as the purchase, development, improvement and sale of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the parent's share capital and associated costs and the purchase and sale of treasury shares and financing from and dividends paid to shareholders as well as the arrangement and repayment of long-term payables.

Cash and cash equivalents at the beginning and end of the year comprise cash and short-term payables to credit institutions.

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

7N A/S is a global, elite IT consultancy and agency with more than 20 years market experience in serving all aspects of critical IT projects both within the public and private sector.

We have dedicated ourselves to finding the right match between our consultants and the companies we serve – we believe that is how the best results are created. At 7N, we have built a professional community of extraordinary people. A community dedicated to achieving professional and personal development. A place where the best gets to play with the best.