2023 Annual Report

Approved at the Company's annual general meeting on 24 April 2024

Chairman of the General Meeting:

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The Big Picture

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The Flexible IT Consultancy for Digital Success

We serve as a trusted partner for the most critical IT projects. Driven by deep expertise and experience, we deliver tailored teams for the task, constituted from our global network of extraordinary IT people – delivering on our clients' objectives and beyond.

With a proven process and delivery model coupled with a human and collaborative approach, our consultants work across industries and geographical borders to deliver the projects that define the new digital realities, enabling our clients to unleash the full potential of their IT projects

7N is a value-driven company focused on treating all stakeholders well. This is manifested by our three core values that continue to guide us in all our engagements.

Our Values

Professionalism

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

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.

Mindset of a Servant

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

7N at a Glance

1,515 mDKK
in revenue.
+7% from 2022

1,711
engaged
consultants

80 mDKK
adjusted EBITDA.
+13% from 2022

11.8%
CAGR revenue
last 10 years

57/43 (F/M)
board gender ratio

22 countries
with engaged
consultants

11 offices
in 7 countries

7,000+
our talent pool
of vetted consultants

53
employee NPS

59
client NPS

200+
serviced clients

18 years
average seniority
of consultants

CEO Letter

2023 was a remarkable year. With an organic group revenue uplift of 7% driven by our core strategic markets Denmark and Poland, annual revenue surpassed 1.5 billion DKK for the first time – a reflection of our consultants' excellence and yet another testament to our solid business model. More than 1,700 engaged consultants actively contributed with their expertise to more than 200 clients of 7N. Poland and Denmark which currently constitute our significant strategic markets have grown by 12% combined – a continuation of the growth level from 2022.

> *The needs for IT projects evolved differently in various regions. In Denmark, we observed a surge in demand during the first half of the year. In Poland, development was more stable over the year, ending with an increase of almost 100 consultants.*

The results are even more impressive in the light of last year, marked by continued economic and geopolitical uncertainty surrounding our markets. The past few years have underscored the permanence of such uncertainty, bringing both challenges and opportunities, such as the emergence of generative AI technology and evolving client demands. These shifts required our adaptability to change and proactive engagement in addressing new emerging digital challenges.

Internally, we dedicated 2023 to prepare our organization to be able to offer all of our service portfolio globally. We are now capable of executing global projects from inception to completion and run managed services for our clients. By deepening our industry focus, we have improved our understanding of client businesses and solidified our role as technology advisors. These efforts are crucial to our strategy of enhancing our value proposition and align closely with client needs, establishing 7N as their strong partner in digital expertise. We believe in our abilities in this field, as it is a combination of new engagement models and continued focus on bringing top 3% experienced experts as the delivery teams.

Outsourcing on the Rise

2023 highlighted the advantage of our international presence and diverse capabilities in meeting market demands and delivering stable growth. The needs for IT

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projects evolved differently in various regions. In Denmark, we observed a surge in demand during the first half of the year. In Poland, development was more stable over the year, ending with an increase of almost 100 consultants.

However, the second half of 2023 witnessed a slowdown in market demand in general, with a dip in consultant requests impacting our growth. Yet, client interest in outsourcing services rose, a trend expected to continue into 2024.

> *In 2023, we finalized an **AI-based matching tool**, enhancing our ability to **quickly pair our network** of more than 7,000 vetted top-tier IT consultants with client requests, streamlining the process for both individual and team placements.*

7N Services, and 7N Academy are Our New Future

Our strategy emphasizes specialization in IT expertise within Consulting and Oursourcing, catering to clients seeking top-tier individual professionals and to clients with a need for end-to-end digital solutions. We are optimizing our organization and processes to meet evolving demands within both areas. In 2024, our focus will be on boosting involvement in bespoke projects from inception to completion and expanding our managed services.

In 2023, we also introduced an AI-based matching tool, boosting our hands-on expertise and ability to match our 7,000+ top-tier consultants with our clients needs. Also, the tool automates steps in the process which frees up time for our agents to be closer to our clients and consultants. This will provide a significant leap in responsiveness and care.

Additionally, we have made our offerings available for all consultants globally, including a diverse range of options through the 7N Academy. This initiative serves as a growth platform for IT knowledge and community building among our consultants, fostering both general and specialized skills.

Looking Ahead

Facing 2024, we have numerous projects in pipeline, but we are also observing that some clients are still hesitating to initiate new projects. This can potentially impact our growth and margins. Nonetheless, opportunities are on the horizon, but likely not impacting before the second half of 2024. Thus, for 2024, we cautiously predict flat revenue development and a slight decrease in EBIT margin, having already taken the first steps to adjust our capacity and review our offerings.

Our commitment to ESG initiatives continues, preparing for reporting in accordance with the EU's Corporate Sustainability Reporting Directive for the financial year 2025. This involves tracking numerous new data points and reporting and implementing new policies and due diligence processes. At 7N, sustainability is a core value that drives improvement and impacts our stakeholder engagements. During the year, we have focused on our materiality and baseline assessments, which shapes our work on ESG for the coming year.

Success Built by Our People

I want to express my deep pride and gratitude for everyone who shapes 7N – our employees, clients, and consultants. Your relentless pursuit of excellence and commitment to quality, trust, and positive relationships is truly inspiring.

Despite anticipating volatility in 2024, the strategic work we have undertaken gives me confidence in our ability to offer the best service to clients and consultants in the long term. We are not just tackling current challenges; we are building a legacy that will endure.

Sebastian Podlesny

Performance

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Five Year Summary

Key Figures

Figures in DKK '000	2023	2022	2021	2020	2019
Financial highlights					
Revenue	**1,514,533**	1,411,036	1,241,034	1,048,576	1,026,295
Operating profit (EBIT)	**58,271**	43,703	54,074	53,015	46,404
Net financials	**-300**	-1,521	-2,623	-4,111	-1,564
Net profit for the period	**40,433**	30,528	36,838	36,378	31,560
Balance sheet					
Balance sheet total	**411,918**	375,701	360,733	306,180	300,774
Net interest-bearing debt	**-71,213**	-72,416	-54,448	-37,951	2,511
Equity	**100,445**	77,386	74,906	65,670	59,098
Cash flows					
Operating activities	**44,538**	61,754	51,714	73,911	54,593
Investing activities	**-6,477**	2,105	-4,185	-192	535
Hereof investments in property, plant and equipment	**-4,836**	-1,438	-3,485	-2,711	-1,961
Financing activities	**-31,450**	-40,215	-42,081	-47,258	-37,638
Net cash flow for the period	**6,611**	23,644	5,448	26,461	17,490
Changes in net working capital	**-13,015**	16,230	-930	20,757	9,508
Cash and cash equivalents, EoP	**103,366**	93,029	71,003	64,552	41,660
Cash conversion	**61.4%**	86.8%	71.0%	109.3%	89.9%

The Big Picture
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Sustainability
Corporate Governance
Financial Statements

Five Year Summary *(continued)*

Figures in DKK '000	2023	2022	2021	2020	2019
Key ratios					
Profitability					
Return on equity	**45.5%**	40.1%	52.4%	58.3%	57.8%
Operating profit (EBIT) margin	**3.8%**	3.1%	4.3%	5.0%	4.5%
Profit margin	**2.7%**	2.2%	3.0%	3.5%	3.1%
Equity					
Solvency ratio	**24.4%**	20.6%	20.8%	21.4%	19.6%
Other					
Revenue growth	**7.3%**	13.7%	18.4%	2.2%	10.5%
Revenue retention	**96.0%**	95.7%	98.8%	97.6%	96.6%
EBITDA	**72,549**	71,117	69,532	67,610	60,707
EBITDA margin	**4.8%**	5.0%	4.9%	4.8%	4.3%
Adjusted EBITDA	**80,199**	71,117	77,270	71,449	64,494
Adjusted EBITDA margin	**5.3%**	5.0%	5.5%	5.1%	4.6%
EBITDA, consulting segment	**57,237**	53,932	54,886	50,185	55,100
EBITDA, outsourcing segment	**43,340**	38,623	31,480	31,773	22,842
Number of employees (average)	**303**	295	351	344	312
Number of engaged consultants, consulting segment EoP	**772**	851	778	595	558
Number of engaged consultants, outsourcing segment EoP	**939**	825	858	870	753
Number of vetted consultants	**7,382**	6,312	5,517	4,716	4,068

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

Financial Review

In the challenging year 2023 marked by geopolitical instability near 7N's principal markets, elevated interest rates, intensifying inflation, and the looming threat of a market slowdown, 7N achieved robust growth in 2023 driven by the core strategic markets Denmark and Poland continuing the strong performance from previous years.

Revenue came to DKK 1,515 million and EBIT was DKK 58.3 million. The revenue was slightly below our expectation for 2023 of a DKK 1,525-1,600 million revenue while EBIT was slightly above the expected DKK 53-57 million range.

Our team of 1,711 consultants (1,671 in 2022) actively contributed with their expertise to assist more than 200 clients.

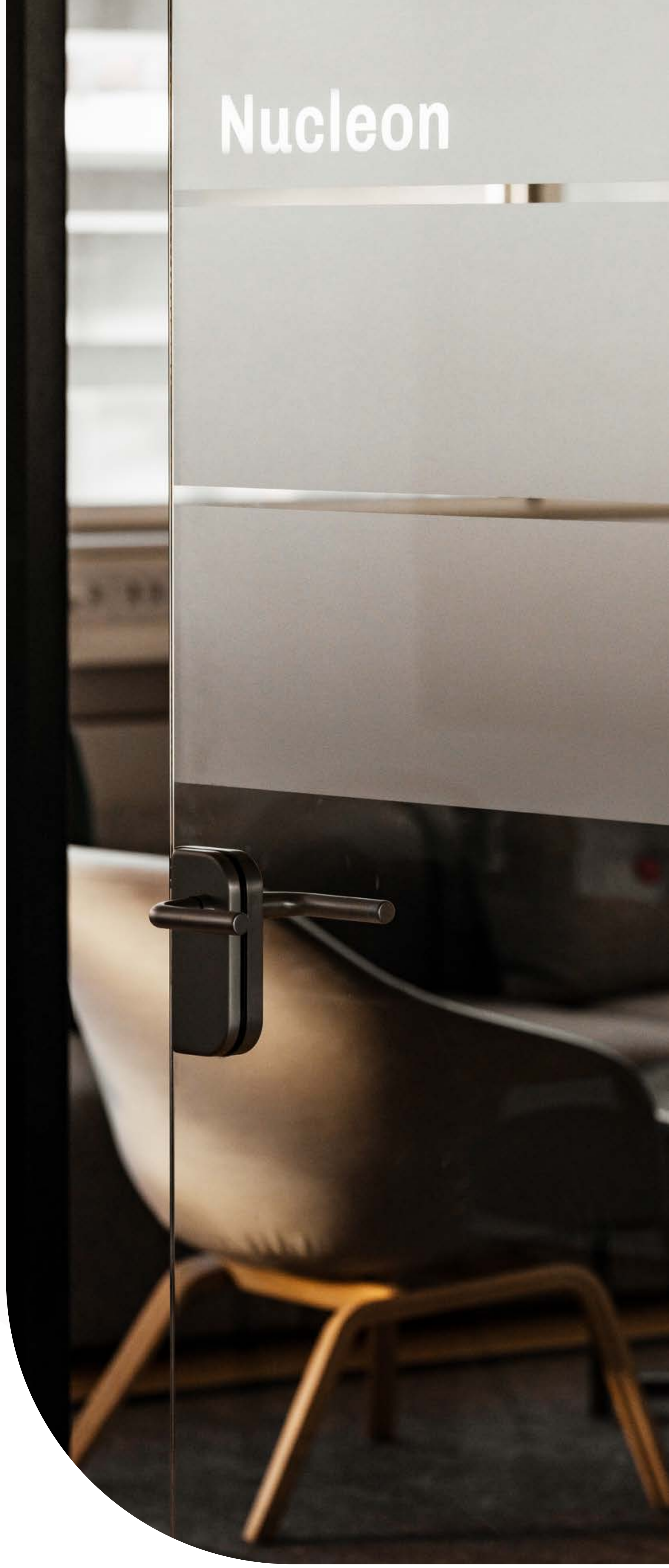
Revenue

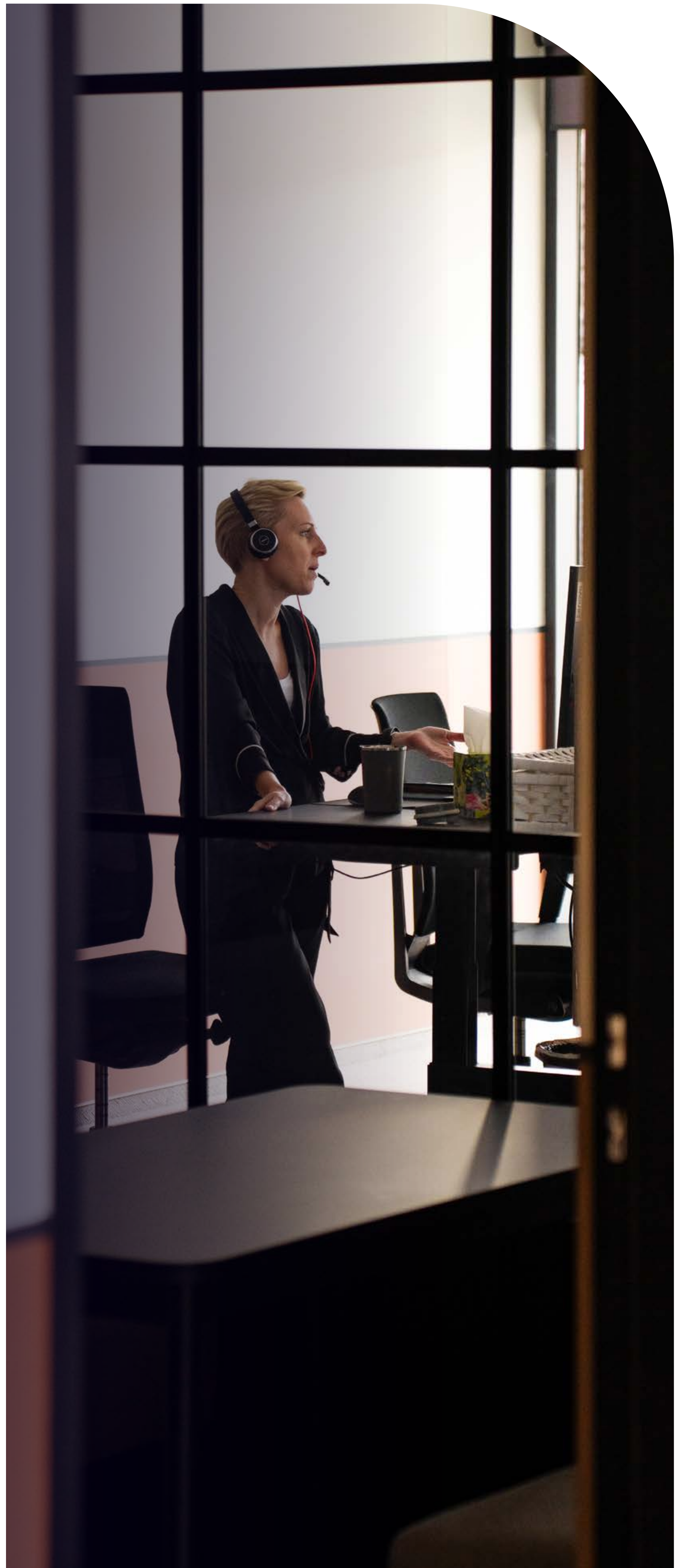
Total revenue of DKK 1,515 million marked a 7.3% rise (6.6% in constant exchange rates) from the DKK 1,411 million revenue achieved in 2022. Despite the slowdown in total revenue growth compared to recent years, our performance in 2023 in Denmark and Poland underscores the strength of our business model in a year marked by challenging economic and geopolitical conditions and our ability to adapt to changes in client behavior.

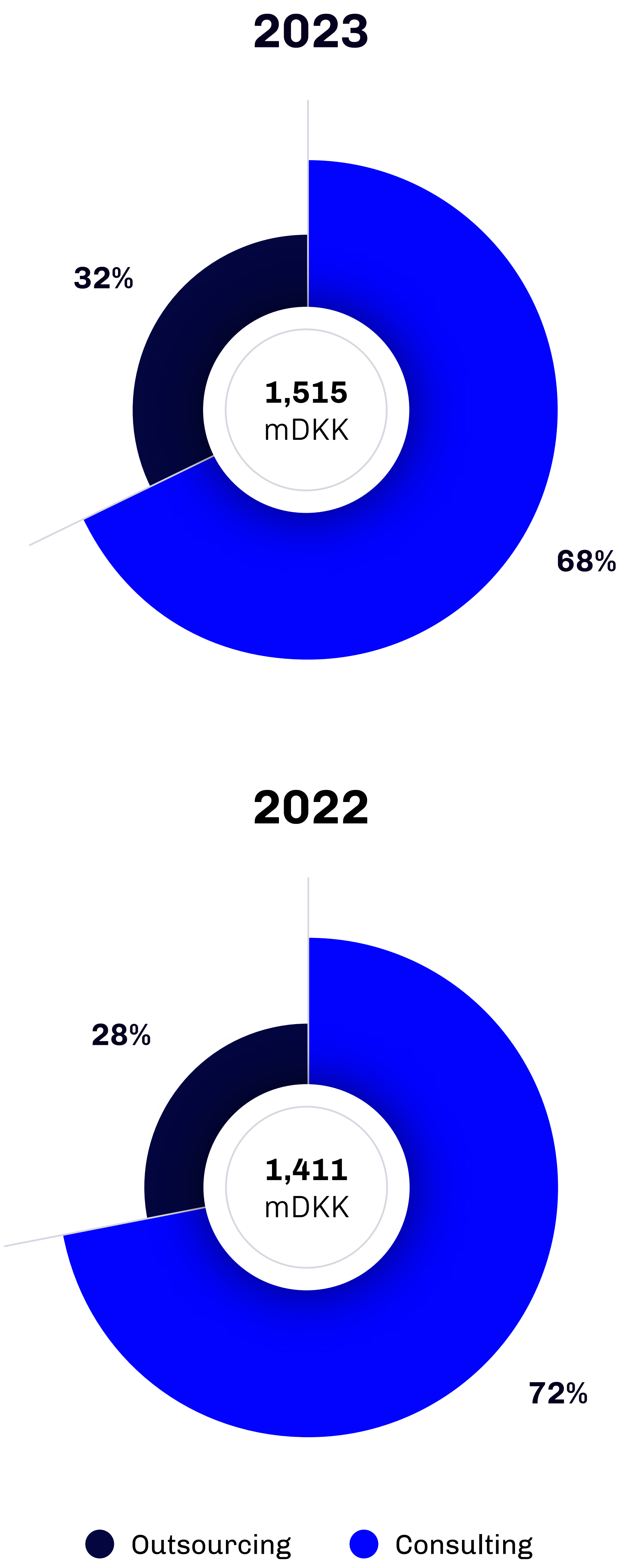
Poland and Denmark constitute our core strategic markets and together, growth in the two regions was 12%, which is a continuation of the growth level from 2022. This strong growth was offset by a revenue decline in Other Countries of 28% due to the loss of two major clients in 2022.

During the first half of 2023, we experienced solid growth with a rising demand for consultants in most markets. In the second half of the year, we observed a market slowdown accompanied by a decrease in the number of requests for new assignments. The reduction in the number of requests was observed across all markets. Nonetheless, we also noticed that some companies expressed an inclination to shift some of their IT development to our outsourcing centers in Poland and India.

The revenue growth was solely organic and predominantly driven by an increase in requests.







Revenue by operating segment

Our IT consultancy services are divided into two operating segments: Consulting and Outsourcing. In the Consulting segment, we provide individual IT consultants to clients for varying durations, either short or long-term. Often, we deploy multiple consultants to the clients either on-site or remotely. Within the Outsourcing segment, we manage and support the operations of partial or entire IT specialist teams for clients, either onshore, nearshore, or offshore. The demand for Outsourcing services is typically driven by a continuous need for specific skills rather than a temporary requirement for specialized competencies. Revenue from the Consulting segment represented 68% (2022: 72%) of revenue in 2023 whereas Outsourcing revenue accounted for 32% (2022: 28%).

The revenue in the Outsourcing segment increased significantly by 22%, primarily due to an expanded collaboration with a major client in the financial sector. Additionally, an increasing share of our clients transitioned their IT development to our outsourcing centers. Consequently, Outsourcing now constitutes a larger portion of our total revenue.

7N has an extraordinarily strong and long-term client portfolio with 96% of revenue from existing customers. Approx. 80% of the revenue is generated by 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 2023.

Revenue by region

In Poland, revenue to external clients came to DKK 529 million, corresponding to a reported growth of 23%. The demand for proficient IT consultants remained strong in 2023 with notable expansion observed, particularly in the financial sector.

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In Denmark, revenue to external clients grew by 6.4% to DKK 862 million. In the first half of 2023, there was a general uplift in demand for IT services, consultants, and thus sales rates. In the second half of 2023, the Danish market was characterized by uncertainty and clients were reluctant to start new projects, a trend that is expected to continue into 2024. Nonetheless, growth in Denmark ended on par with 2022, a testament to the resilience of our business model and long-term client portfolio.

In Other Countries, revenue declined by a notable 28% to DKK 123 million. This decrease was attributed primarily to the loss of two major clients in 2022. Following a large client exit in India in 2022, the number of consultants in India increased in 2023, leading to higher revenue. However, India has not fully recovered from the impact of the client loss in 2022, which was a major contributor to the overall lower total revenue growth in 2023.

Reported revenue was positively affected by a net positive development in currencies with tailwind from a positive development in PLN and headwind from a poor development in NOK and SEK. In constant exchange rates, revenue grew by 6.6%.

Gross Profit

The gross profit came to DKK 330 million representing a 2.3% increase compared to 2022. However, gross margin declined from 22.8% to 21.8%, due primarily to one-off incomes in 2022 from the conclusion of a significant project in India.

EBIT

Personnel expenses totaled DKK 157.6 million (2022: DKK 149.9 million), corresponding to an increase of 5.1%. In 2023, the number of salaried consultants decreased to 135 (2022: 140) while the number of administrative employees increased by 15 to 170, primarily related to the hiring of more sales agents and recruiters to accommodate our growth. The increase in personnel expenses is derived from profit sharing for the year and higher number of administrative employees in Denmark, Poland, and Other Countries.

7N has implemented a bonus scheme aimed at incentivizing its staff. All employees with the exception of salaried consultants are eligible for a profit-sharing bonus. The bonus is also eligible for non-invoiceable administrative consultants in Poland. This scheme is designed to distribute a significant portion of the Group's EBIT advancement relative to the EBIT of the year in which the last profit-sharing bonus was awarded. In essence, it reflects the highest EBIT result achieved in any previous year.

Other external expenses comprise cost related to facilities, events, training, sales, marketing, IT, and administrative expenses, amounting to DKK 101.0 million (2022: DKK 102.4 million), corresponding to a decrease of 1.4%. The decline in other external expenses was primarily driven by lower marketing costs offset by increased costs for events for consultants and fees to non-invoiceable administrative consultants in Poland.

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Geographical Split

	DENMARK	POLAND	OTHER COUNTRIES
Revenue (DKK M)	**862**	**529**	**123**
Consultants (no.)	**456**	**1,137**	**118**

Adjusted EBITDA totaled DKK 80.2 million (2022: DKK 71.1 million), and the adjusted EBITDA margin increased to 5.3% (2022: 4.7%) due to personnel expenses and other external expense are on the same level as in 2022. Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortization, impairment of intangible assets, special items and profit-sharing bonus to staff.

Special items totaled DKK 0 million (2022: DKK 12.5 million). The special items in 2022 related to costs related to a now paused IPO process.

Operating profit (EBIT) was DKK 58.2 million (2022: DKK 43.7 million), and the EBIT margin increased to 3.8% (2022: 3.1%), impacted by the factors explained above and the profit-sharing bonus.

Financial income came to DKK 7.1 million (2022: DKK 4.9 million) and financial expenses were DKK 7.4 million (2021: DKK 4.9 million).

Income tax was DKK 17.5 million (2022: DKK 11.7 million), corresponding to an effective tax rate of 30.3% (2022: 27.6%). The increase in the effective tax rate was due to the withholding of taxes on dividends.

Profit for the year was DKK 40.4 million (2022: DKK 30.5 million), corresponding to an increase of 32.5%.

Cash Flow

Net cash flow from operating activities was DKK 44.5 million (2022: DKK 61.7 million), primarily affected by a negative change in working capital. Cash flow from investing activities was DKK -6.5 million (2022: DKK 2.1 million). Investing activities in 2023 were primarily caused by investments related to the development of intangible assets and acquistion of equipment and disposal of other assets.

Cash flow from financing activities was DKK -31.5 million (2022: DKK -40.2 million), mainly affected by the sales of treasury shares, lease payments, and the dividend paid to shareholders.

Balance Sheet

Total assets rose to DKK 411.9 million (2022: DKK 375.7 million) as of 31 December 2023. This increase was primarily driven by the growth in right-of-use assets attributed mainly to remeasurements, alongside an increase in trade receivables, reflecting the additional use of consultants to generate revenue growth in 2023 and a rise in cash and cash equivalents.

The Group's total liabilities increased to DKK 311.5 million (2022: DKK 298 million) at year-end as a result of higher lease liabilities. Total equity increased to DKK 100.4 million (2022: DKK 77.4 million) as of 31 December 2023, and the equity ratio was 24.4% (2022: 20.6%).

In 2023, 7N disposed 4,051 treasury shares. The disposal of the shares refers to a opportunity for employees to purchase shares in 7N and disposal to a member of the Board of Directors in connection with the establishment of the warrant program.

80.2 mDKK

Adjusted EBITDA

The Parent Company 7N A/S

In 2023, the parent company generated revenue of DKK 870.1 million (2022: DKK 816.7 million), which was an increase of DKK 53.4 million, corresponding to a growth of 6.5%. In the first half of 2023, we saw a general uplift in demand for IT services, consultants, and sales rates. In second half of 2023, the Danish market was characterized by uncertainty and clients were reluctant starting new projects.

Other external expenses totaled DKK 60.7 million (2022: DKK 77.8 million). The decrease was primarily related to lower marketing cost and other assistance.

The personnel expenses increased to DKK 84.4 million, primarily due to profit sharing for the year.

The income from equity investments in group enterprises totaled DKK 18.2 million (2022: DKK 21.6 million). The decrease was primarily due to lower profits in the subsidiaries in the other countries and FX effects.

Profit before tax for the year was DKK 50.3 million (2022: DKK 35.1 million). Income tax amounted to DKK 9.8 million (2022: DKK 4.8 million). Net profit was DKK 40.4 million (2022: DKK 30.3 million). Equity increased to DKK 100.5 million at 31 December 2023 from DKK 77.4 million at 31 December 2022.

Profit Allocation

The Board of Directors intends to recommend to shareholders at the Annual General Meeting in 2024 that of the Profit for the Year of DKK 40.4 million, dividends of DKK 32.3 million be declared, representing DKK 26.65 per share of DKK 1, that DKK 9.6 million be transferred to retained earnings and that DKK -1.4 million be transferred to reserve for net revaluation according to the equity method.

Outlook 2024

We expect reported revenue in 2024 of DKK 1,515 million to DKK 1,600 million, corresponding to an organic growth rate of 0% - +5.5%, driven by the continued market slowdown experienced in the second half of 2023 and excluding revenue from potential acquisitions.

Adjusted EBITDA is expected in the range of DKK 65 million to DKK 80 million and EBIT is expected to amount to DKK 50 million to DKK 65 million.

Forward looking statements

Our estimates for 2024 are primarily based on past experience, existing order backlog, and current market expectations. Such estimates are dependent on a wide range of factors some of which are partially within our control and some of which are outside of our sphere of influence. Assumptions that are outside of our control include, among other things, stable macroeconomic conditions, no changes in customers' IT spending, no increased constrains in finding new consultants, no change in industry or market trends, and abnormal disruptions preventing 7N from delivering its solutions to clients. The unprecedented macroeconomic and geopolitical uncertainty in Europe and globally entails increased uncertainty. We assume no loss of major clients and no loss of substantial work from existing clients.

Outlook 2024 (mDKK)	2023 Actual	Outlook 2024
Revenue	1,515	1,515-1,600
Adjusted EBITDA	80	65-80
EBIT	58	50-65

Business & Strategy

Content

The 7N Way

Delivering IT Problem-solving Throughout the Entire Project Lifecycle

We know that our clients have different needs and challenges at different times, and we consistently listen and seek to understand how 7N can offer more value. Today, we service companies using various cooperation models, building on the same underlying engine of a highly skilled, flexible workforce. Our expertise spans many industries, providing digital transformation services across all phases of the IT project life cycle.

We take responsibility in our engagements – whether it is individual engagements, team capabilities, or bespoke solutions. Our expert consultants work with our clients to co-create lasting solutions that match their needs and requirements. Fueled by a commitment to excellence, we are dedicated to consistently delivering high quality throughout every stage of our engagements.

In our pursuit of delivering high quality, we steer clear of an abundance of casual connections, choosing instead to nurture a global network of individuals we genuinely know and proudly associate with. These are individuals marked by curiosity and a drive to go above and beyond. Building meaningful relationships like these requires time, but we firmly believe it is what it takes to achieve the perfect match.

We believe that correct project placement enhances motivation and elevates success, culminating in high-quality outcomes that substantially contribute to our clients' critical IT projects. For us, this means pairing consultants with projects that fit their technical skills, personal traits, interests, ambitions, and life outside of work.

Serving as a dedicated home for the top 3% of freelance IT consultants

We aim to lift our technical experts by continuously supporting their professional and personal development – because we know it matters to them to constantly improve. Thus, at 7N, curiosity is not just highly appreciated; it is an essential prerequisite. To foster this curiosity, we invite our consultants into a dynamic international network of like-minded IT experts with and from whom they can continue to expand their knowledge and skills. 7N further supports this by providing access to 7N Academy, which offers a diverse array of professional programs, courses, and events, both in-person and online.

With trust and engagement, we offer our experts a flexible working model – enabling us to make it work their way.

Meeting challenges with the highest qualifications

We support our clients in making long-lasting, strategic choices for their IT, ensuring smooth everyday operations and positioning their business for consistent growth. To us, this entails not only serving our clients with access to high-performing IT experts, but also offering guidance on industry-specific trends, regulations, challenges and opportunities, and end-user behavior. Drawing from extensive experience in applying this knowledge across various business contexts, our agents and consultants help mitigating risks and identifying opportunities with our clients – not by complex theories but by simplified, value-oriented practices.

Business Model

We Simplify Complexity

As part of our 2025 strategy, we have had an intensified focus on optimizing our core business through 2022 and 2023, which has led to continuous improvements in our internal ways of working, reinforced system support, and a constant ambition to deliver value to consultants and clients.

7N's go-to-market approach is now structured into industry verticals spanning across all our core markets. This configuration brings us closer to clients' needs while offering a wealth of different opportunities for our consultants in a manner that is both professional and efficient. Meanwhile, we have enhanced our service catalogue, which presents the delivery models we believe will lead to stronger collaborations and results going forward.

The introduction of new ways of working does not change that we are still an IT freelance company with a standardized recruitment process. The process is still enabling us to deliver a smooth and continuously high standard globally. Once vetted, our sales agents are always aiming for the perfect match of consultant and client, knowing the needs and expectations of both.

Our Promise

By solely engaging the top 3% of IT consultants, our clients can expect higher quality work from us, given that it is executed by individuals with in-depth knowledge and a proven track record. Additionally, this approach minimizes the risk of errors that can occur with less experienced staff. 7N consultants excel in risk assessment and management, ensuring smoother project execution.

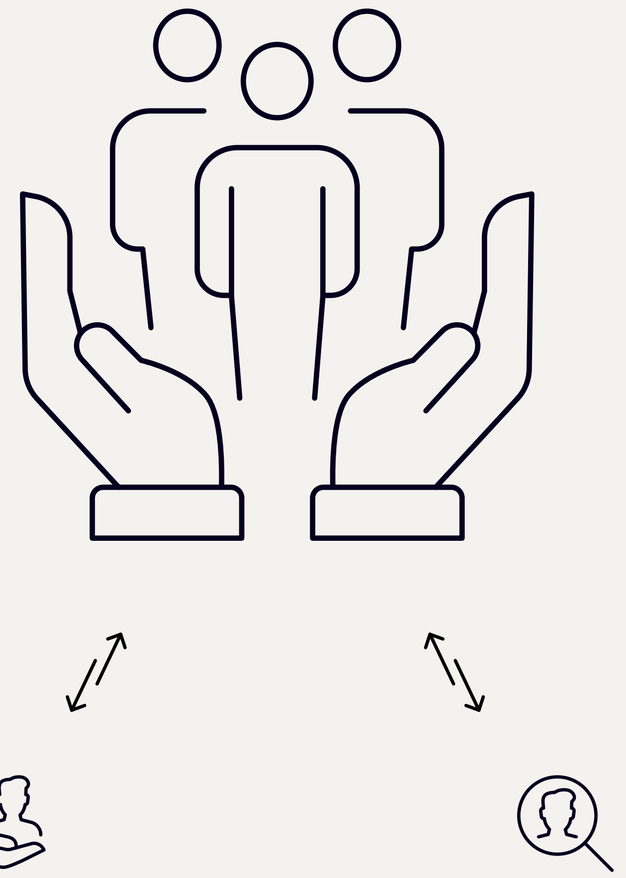
For consultants, we guarantee a personal agent always working in their best interest. Our purpose is to support them in getting the work life that is right for them.

We understand our clients' specific needs and goals across the industries we specialize in.

This enables us to advise on which delivery model will ensure they reach the best result with their IT projects.

Our offerings span from 360° Sourcing, where we source and place individuals or teams of IT experts either onshore, nearshore, or offshore, to 7N Solutions, a range of bespoke solutions, where we take on end-to-end responsibility, and finally 7N Academy, which is a catalogue of expert-led training programs.

Top 3% consultants



Sales agents

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

Recruitment agents

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

The core of 7N is and will always be the top 3% of IT professionals. Our specialized recruitment agents ensure that the pool of consultants remain in line with our clients' demands. Furthermore, they organize our internal 7N Academy, where our consultants can further develop their capabilities and network.

Services

7N 360° Sourcing

7N Solutions

7N Academy

We deliver the IT expertise of our consultants in three core delivery models, tailored to assume the level of responsibility desired by each client. Our top 3% IT professionals are available as high-performing individuals, collaborative teams, or complete end-to-end solutions delivered by 7N delivery managers.

Industries

- Financial
- Life science
- Insurance
- Public sector
- Energy
- Logistics
- Technology
- Retail
- Manufacturing

Our consultants possess deep technical expertise across various aspects of IT and have specialized in serving 9 core industries. To ensure a deep understanding of each industry, 7N sales agents are structured into industry verticals that closely engage with the challenges and opportunities of our clients and consultants.

Strategy

Our ambition to be the leading IT freelance company with a dedicated focus on top 3% IT consultants remains our primary business imperative.

We strongly believe that our focus on quality and expertise while expanding our offerings to meet market needs and standing out in a competitive landscape are the means to achieve that ambition.

7N is uniquely positioned to solve clients' growing digitalization challenges with experienced IT professionals known for their proven track records and high-quality solutions. Additionally, by assuming full delivery responsibility, we are well-positioned for future success.

Optimizing the Core Business

We have prioritized optimizing our core business in recent years to strengthen our position in a competitive market. These initiatives have led to internal organizational restructuring, strengthening our industry expertise globally to benefit our service offerings to both consultants and clients.

With the market becoming more specialized and crowded, we are constantly looking for ways to increase our effectiveness, staying true to our culture and values. An example is the integration of our in-house-developed AI matching tool. Based on our 7,000+ vetted consultants, we are able to match the capabilities needed by our clients with our consultant base in a matter of seconds, giving us an edge in a market where speed and accuracy matters. We are looking forward to developing the tool further in the coming year.

Strengthening the Service Offering

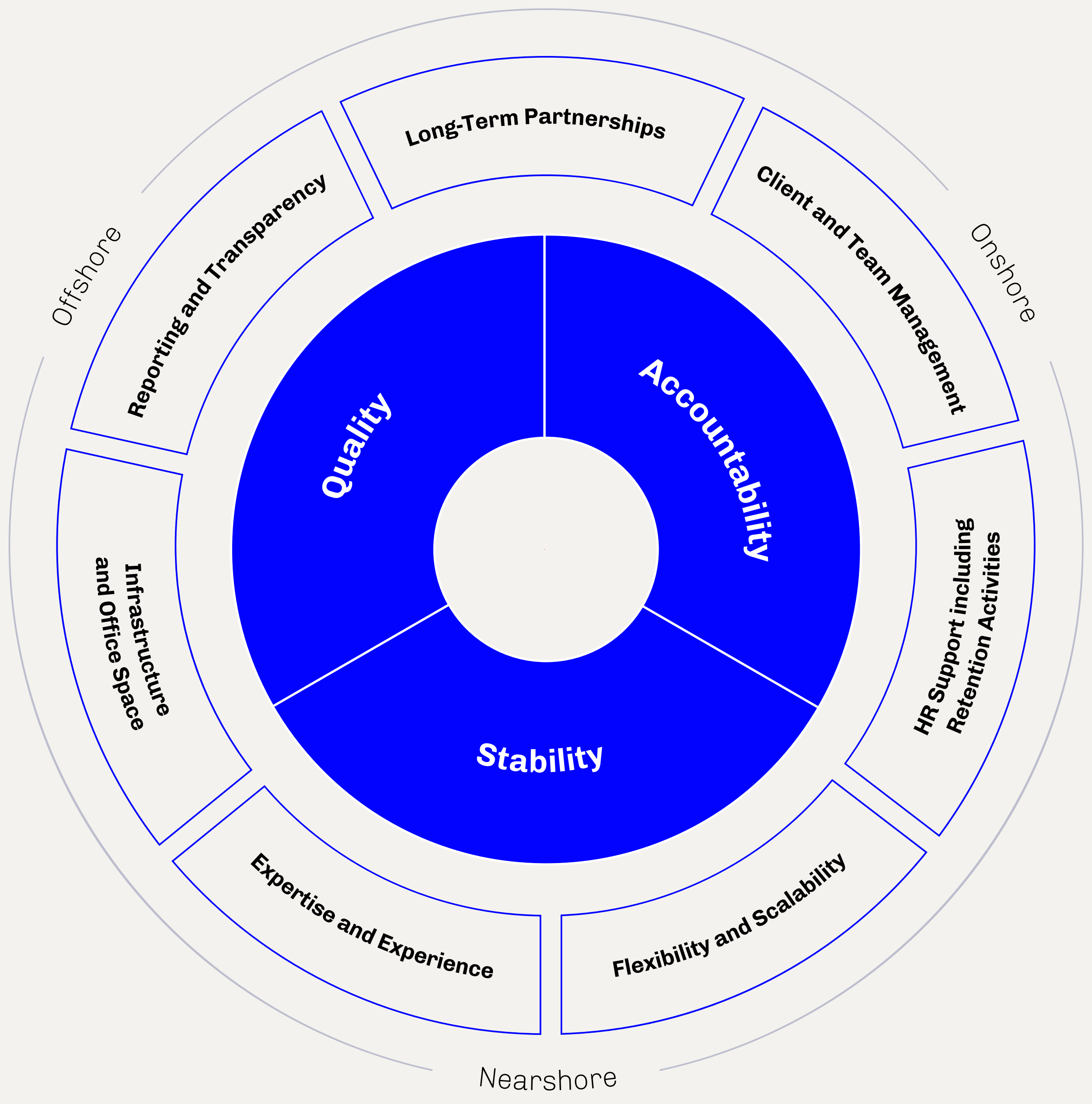
In 2023, we welcomed our new VP of Services to our executive team, marking our strategic importance on broadening our service portfolio.

Collaborating closely with our agents and recruiters, we developed the 7N service catalogue in 2023.

7N 360° Sourcing

360° Sourcing is our core business and what 7N is known for. Providing the top 3% IT professionals for our clients as individuals, in deployable teams or in our delivery hubs, giving clients access to a global talent pool at scale.

A comprehensive approach to global sourcing



7N Solutions

The service catalogue also introduces our comprehensive Solutions pillar, where we assume full delivery responsibility for our clients. Each Solutions offering is based on tried-and-tested methods, now offered for broader accessibility.

Drawing insights from these special requests, we have refined our delivery models, scope, and capabilities, allowing us to assume greater responsibility for specific client projects. Built on the same underlying engine of expertise as our 360° Sourcing model, we form high performing teams of experienced IT professionals within delivery of for example software development, enterprise architecture, cybersecurity, and AI projects. We anticipate significant growth potential in partnering with clients, especially in solutions, onshoring, nearshoring, and offshoring, where our clients trust us to handle a bigger part of the delivery process.

How we solve complex IT challenges

- End-to-End responsibility
- Best practice and standard methodologies
- Expertise and experience

7N Academy

In 2024, we will expand our 7N Academy with more global offerings, courses and certifications in various IT areas taught by our expert consultants.

- Need-based learning design
- Impact-focused journey
- Expert-led training
- Industry best-practices

Expanding Our Expertise

We will further invest in building our in-house capabilities, refining our market approach, and aligning with client needs.

7N is now positioned for larger projects, which triggers new engagement and delivery models. This means stronger cross-border team setups leveraging our global network to establish new collaboration models harnessing our expertise more efficiently and enhancing our role as a trusted partner to global businesses. With a history of supplying individuals or small teams of top 3% IT professionals, we are now deepening client relationships to unlock more value.

Facing a competitive market for freelance consultants, we believe our strategy of broadening our services will secure our future success and tap into additional growth opportunities. In 2024, we will focus on exploring new market opportunities by leveraging the quality of our consultants for a competitive advantage and impacting our long-term results.

Key Market Trends

The IT Service Market

The increased inflation has in general reduced spending, however, the overall enterprise IT spending according to Gartner Group remained strong resulting in the worldwide IT industry growing by 3.5% in 2023 compared to 2022. The growth was driven by the increasing demand for digital business initiatives in response to economic turmoil. Moreover, according to various research, many large companies were expected to undergo digital transformations, which could lead to a significant lack of skilled IT resources in the future.

To address this issue and stay ahead of the curve, companies are expected to consider investing in upskilling their existing workforce, partnering with educational institutions to develop new talent, and using automation to reduce the burden on IT staff.

We expect that the IT industry will be dominated by the emergence of artificial intelligence (AI) in 2024 and that every IT provider will incorporate AI into the core of their business, investing treasure, brainpower, and time. This signifies not just a technological advancement but a significant shift in the mindset of CIOs and a digitally savvy C-Suite.

Overall, the European market for IT services is expected to continue growing at a steady pace driven by the increasing demand for IT outsourcing and the continuous investment in technology solutions.

However, despite the predicted growth, research shows that many large companies are still expected to further undergo a digital transformation, which could lead to a significant lack of skilled IT resources in the future, why we foresee that companies must be prepared to adapt to the changing landscape and invest in their workforce and partnerships to stay ahead of the curve.

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

Embracing Agility Through Freelance Consultants

Companies are restructuring their operational structures to enhance agility, flexibility, and scalability while securing access to crucial specialist skills. In lieu of establishing in-house IT teams, businesses are progressively turning to outsourcing and flexible contract arrangements.

Simultaneously, there is a rising trend among individuals who aspire to work as freelancers, and companies are increasingly recognizing external IT consultants and project workers as essential components of their strategic recruitment approach.

Outsourcing

As speed, quality, flexibility, and cost become more essential than physical location, companies are expected to accelerate outsourcing efforts.

Outsourcing allows companies to bridge emerging skill gaps by providing access to global talent from the most cost-effective locations. A recent focus on friendshoring implies inclusion of geopolitical concerns when outsourcing to address the risk of disruption from political uncertainty.

Niche Expertise in High Demand

With the consulting industry pivoting toward extended strategy development, expertise in niche areas gains heightened importance. IT consultants and specialized firms, focusing on distinct solutions, emerge as notable differentiators, addressing the rising need for highly specialized strategies. The significance of Subject Matter Experts (SMEs) becomes pivotal in offering tailored guidance and strategies to tackle unique industry challenges.

We have identified six key market trends which impact our business and market. *(continued)*

Generative AI

Generative AI is transforming the business landscape by expanding scalability in data analysis, research, and data-driven decision-making. Consultants should embrace AI as a crucial tool to improve strategy quality, develop expertise, and assist clients in integrating generative AI into their internal operations and decision-making.

The pivot toward AI promises a wealth of innovative AI-enhanced products and services but also poses challenges for organizations. These include a proliferation of "now with AI" options, which could lead to uncontrolled cost increases and a loss of data control. The rise of AI also introduces a new security concern for organizations, elevating cybersecurity to the forefront of technology priorities in 2024. An overwhelming 80% of CIOs have indicated their intention to boost investments in this crucial category.

Cybersecurity

As AI technology brings benefits, it also amplifies threats necessitating advanced cybersecurity tools for robust data protection, both internally and in the cloud, requiring constant monitoring and updates. Beyond AI, the migration of data to the cloud emphasizes the ongoing importance of data protection and cybersecurity. While fundamental measures remain crucial, companies must implement strong backup policies.

The NIS2 Directive came into force in 2023 and will continue to impact businesses going forward setting a minimum-security standard, adapting to digitization, and evolving threats. This underscores the need for ongoing education in data security and technical support in 2024.

Sustainability

Sustainability may not be a new consulting trend, but it could not be more relevant as we enter 2024, with spending expected to double by 2027. Companies now prioritize sustainability practices in their strategies, driven by regulators, investors, customers, and employees. Ethics and cybersecurity are emerging as top priorities due to consumer concerns. Organizations seek experts for guidance on evolving trends, regulations, and data management.

Consulting firms are in high demand to identify opportunities, provide data-driven reporting, and navigate challenges. Overall, businesses anticipate an increase in ESG-related challenges, fueling the demand for consulting services, also within automized data capture and management.

Risk Management

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

7N's risk and compliance management aims to effectively identify, assess, and reduce risks and uncertainties, mitigate adverse internal and external impacts, capture business opportunities to maximize value creation, and ensure compliant business conduct.

Our focus is on external risks that may threaten the realization of our strategy, and we also address risks inherent in the company's business processes.

Our streamlined organizational structure enables swift management involvement and timely resolution of issues that could significantly affect the Group's financial and strategic objectives.

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

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

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

Risk identification

7N is susceptible to risks arising from technological advancements, evolving client requirements, global economic changes, geopolitical challenges, and recruitment limitations. We employ various methods to identify risks, including monitoring regulatory developments, investigating alleged misconduct reports, conducting compliance training, performing internal compliance reviews, and mapping process risks.

Risk Management Process

Identification

- Risk map
- Classification of risk types (market-specific, company-specific risks)

Analysis & Evaluation

- Estimates of the probability of occurrence
- Assessment of risk impact

Registration & Mitigation

- Risks are prioritized and monitored
- Mitigating actions are initiated, if relevant

Reporting

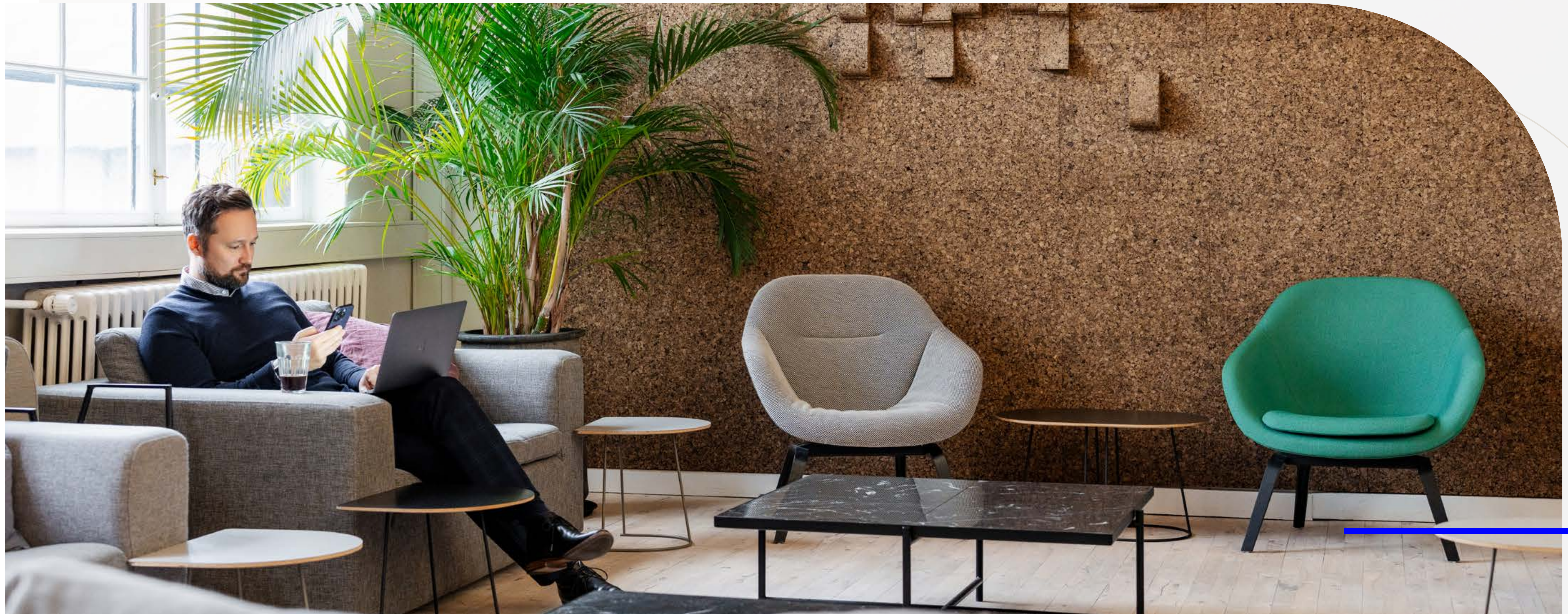
- Risks are reported to the Board of Directors, audit and risk committee and Executive Board and other relevant stakeholders

Key Risks Overview

	Risk description	Potential impact	Mitigating actions
Macro Economics	Macro Economics 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 risk is not directly linked to any certain market or consultant role but is present throughout our market presence.	Economic instability and recession might affect the demand for IT services and consultants.	7N seeks to mitigate the risk by proactively addressing our clients' requirements and swiftly responding to market fluctuations, thereby aligning our recruitment strategies. Given that the majority of 7N's consultants are freelancers, the immediate effects of market shifts are negligible. Long-term risk is effectively managed through vigilant observation of market trends and prompt adaptation to these changes.
Geopolitical and Economic Volatility	In recent years, there has been notable instability in the global economic and political environment. We have witnessed the impact of a public health crisis, emergence of new conflicts, and elevated inflation, all of which have had widespread effects.	An economic recession and/or inflation triggered by geopolitical events or distortion of the financial markets will indirectly impact our financial results.	With 7N's flexible business model we are set up to deal with the global political and economic volatility. Our flexible workforce model and an asset-light strategy allows 7N to quickly adapt to any potential slowdown or increased cost level. We have a history of stable earnings.
Customer Retention	More than 75% of the revenue is generated by the top 25 customers. Maintaining the current level of repeat customer revenue is thus a prerequisite for the continued growth of 7N.	Failing to meet the right quality level of our service delivered or providing the right candidates may lead to the loss of both reputation and repeat business with existing clients.	The 7N recruitment framework ensures the high qualifications of our consultants. Our robust communication channels with both clients and consultants effectively manage risk exposure and proactively identify and address issues before they escalate, ensuring a seamless and efficient operational environment.

Key Risks Overview *(continued)*

	Risk description	Potential impact	Mitigating actions
Credit Risk	The Group's credit risks consist of the risk of losses on trade receivables derived from a client failing to meet the contractual obligations.	The risk of outstanding receivables can have an economic impact on the financial statements.	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.
Recruiting and Retaining Consultants	The foundation of 7N's business model rests upon a flexible workforce. As an IT service company, our prospective expansion is intricately tied to our capacity to attract and retain skilled consultants.	The potential for 7N's growth will be constrained unless there is an augmentation of the consultant base with individuals possessing the requisite skills and quality.	7N places a strong emphasis on cultivating robust relationships with consultants, fostering connections through professional and social events, and facilitating regular interactions between agents and consultants. As part of these initiatives, 7N has established a comprehensive education and career development program to empower consultants in advancing their professional and personal growth. In addition, 7N has implemented a program comprising various activities aimed at enhancing awareness of the company, particularly showcasing our offerings to potential new consultants. We also maintain a program dedicated to nurturing relationships with former consultants, encouraging their potential return to 7N or serving as ambassadors for the company. Ensuring consultant satisfaction is paramount, requiring the alignment of consultants with suitable projects and fair compensation. To guarantee a continuous supply of such opportunities, 7N is intensifying cross-country collaboration to provide consultants with a broader range of projects.



Key Risks overview *(continued)*

	Risk description	Potential impact	Mitigating actions
People and Corporate Culture	7N relies significantly on having skilled individuals across various functions. Talent is sourced internally through talent development programs and externally from the market. In certain positions, there is competition for acquiring the necessary talent.	7N's long-term success hinges on our capability to effectively attract, recruit, onboard, and retain our workforce in a scalable and efficient manner.	To ensure 7N's ability to attract talented employees a program has been established that increases the awareness of what 7N has to offer to the employees. To ensure 7N's business is conducted in accordance with our corporate values and code of conduct an onboarding training program is conducted. 7N's whistleblower system secures the increasing focus on transparency and enables reporting and action on suspected irregularities in the business.
Cyber risks	7N identifies an escalating risk associated with crimeware that targets corporations. The spectrum of cybercrime encompasses not only cyber attacks but also unauthorized intrusions into 7N's network and data repositories.	Potential cyber attacks have the ability to hinder our ability to onboard and market new consultants if critical support systems are compromised. Furthermore, a cyber attack has the potential to adversely impact the reputation of 7N.	7N has implemented a range of controls to manage both internal and external risks. Continuously, 7N is dedicated to fortifying our processes related to IT security and providing ongoing training to our staff to heighten awareness of the risks associated with cyber attacks, including phishing and hacking.
Data Privacy	The implementation of the GDPR regulation is aimed at safeguarding the privacy of EU citizens and establishing the necessary guidelines for the processing of personal data.	7N is obligated to adhere to regulations and ensure the protection of all personal data as mandated. Any breach in the safeguarding of personal data could result in financial penalties and potential harm to our reputation.	7N has implemented a data privacy policy and all employees are trained in the requirements. Furthermore, security policies and technologies have been implemented to secure effective protection. The policies and systems are regularly controlled and tested.

The Big Picture
Performance
Business & Strategy
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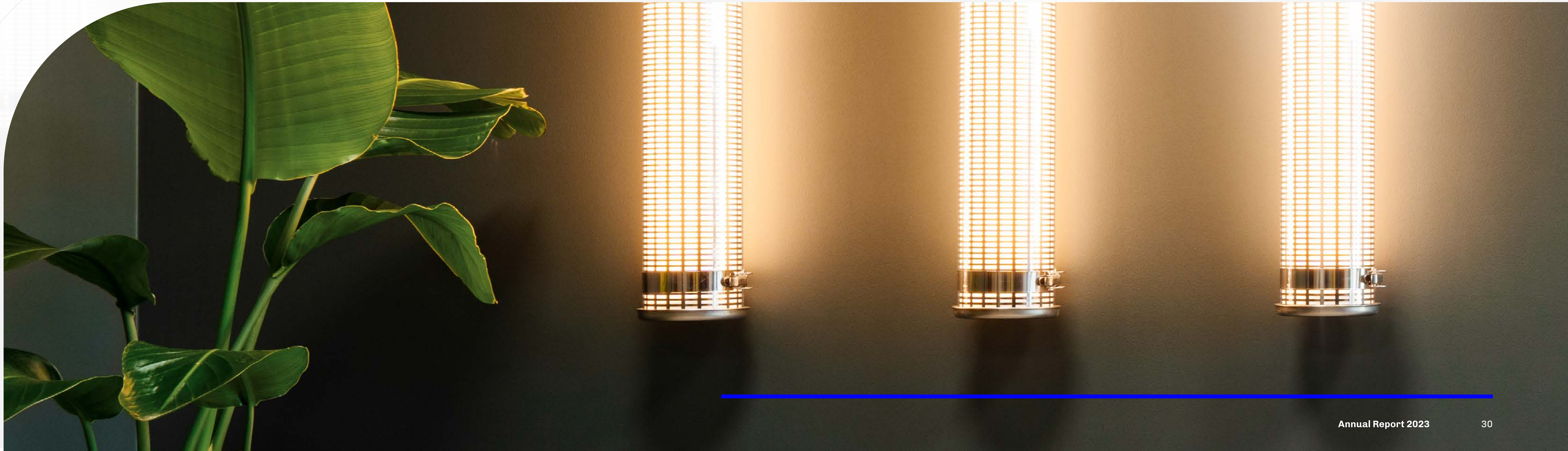
Corporate Governance
Financial Statements

Key Risks Overview *(continued)*

	Risk description	Potential impact	Mitigating actions
Compliance	Throughout our organization and across all countries where we conduct business, we are dedicated to upholding honest and ethical business practices, ensuring compliance with all pertinent local regulations. As a global company, 7N operates under the purview of national and international regulations and requirements, with a particular focus on those related to tax, VAT, transfer pricing, and employment.	Instances of non-compliance can result in a lasting impact on our public reputation, potentially affecting our relationships with customers, consultants, and other stakeholders. Furthermore, non-compliance may give rise to fines, claims, and other consequences.	7N has developed internal procedures, systems, and training programs strategically designed to guarantee adherence to relevant regulations and our code of conduct. At the Group level, significant compliance-related risks are vigilantly monitored and managed in collaboration with local business units. 7N's whistleblower system secures the increasing focus on transparency and enables reporting and action on suspected irregularities in the business.



Sustainability

During 2023 more than 2,000 IT experts was on an assignment with 7N, with just around 1,700 active consultants at year-end. Being a growing company widens our impact, especially on our consultants and the clients that they solve problems for, but also on the general scale and scope of our footprints, environmentally and socially.

7N is represented in Denmark, Sweden, Norway, Finland, Poland, India, and the US. Our activities are global, and projects are often solved across borders, both internally in 7N and on projects for clients. We recognize that this requires accountability to act responsibly and engage with society to take our fair share of work toward a sustainable future.

Please refer to page 18 for an overview of our business model.

Content

Building the Foundation for Tomorrow

We have taken the next steps to enhance our transparency, data management, and knowledge base to progress on our sustainability journey. We recognize the crucial role of improved sustainability data in shaping our future investments. Our primary focus for 2024 is to proactively prepare for compliance with the EU Corporate Sustainability Reporting Directive (CSRD), which will become effective for 7N in 2025. The CSRD encompasses 12 new standards and a diverse range of data points that necessitate thorough gap analysis, evaluation, and assessment.

At 7N, we view the CSRD not merely as a compliance obligation but also as an opportunity. It will serve as a reference for our future strategic sustainability initiatives, create internal awareness, and heighten engagement with our stakeholders. In 2024, a substantial portion of our ESG (Environmental, Social, and Governance) initiatives will revolve around developing pertinent policies and measuring the requisite data points mandated by the CSRD. We will also update our double materiality assessment to ensure alignment with the sustainability standards.

Our preliminary evaluation of materiality indicates that, apart from the mandatory cross-cutting standards, the most significant standards for 7N are E1 Climate Change, E5 Resource Use and Circular Economy, S1 Own Workforce (inclusive of our freelance consultants), S2 Worker in the Value Chain, and G1 Governance.

Cross-cutting standards	
ESRS 1	General requirements
ESRS 2	General disclosures

Environment	
ESRS E1	Climate change
ESRS E2	Pollution
ESRS E3	Water and marine resources
ESRS E4	Biodiversity and ecosystems
ESRS E5	Resource use and circular economy

Social	
ESRS S1	Own workforce
ESRS S2	Workers in the value chain
ESRS S3	Affected communities
ESRS S4	Consumers and end-users

Governance	
ESRS G1	Business conduct

The European Sustainability Reporting Standards. The standards that are initially assessed to be of most significance to 7N are marked with a white line.

Materiality Assessment

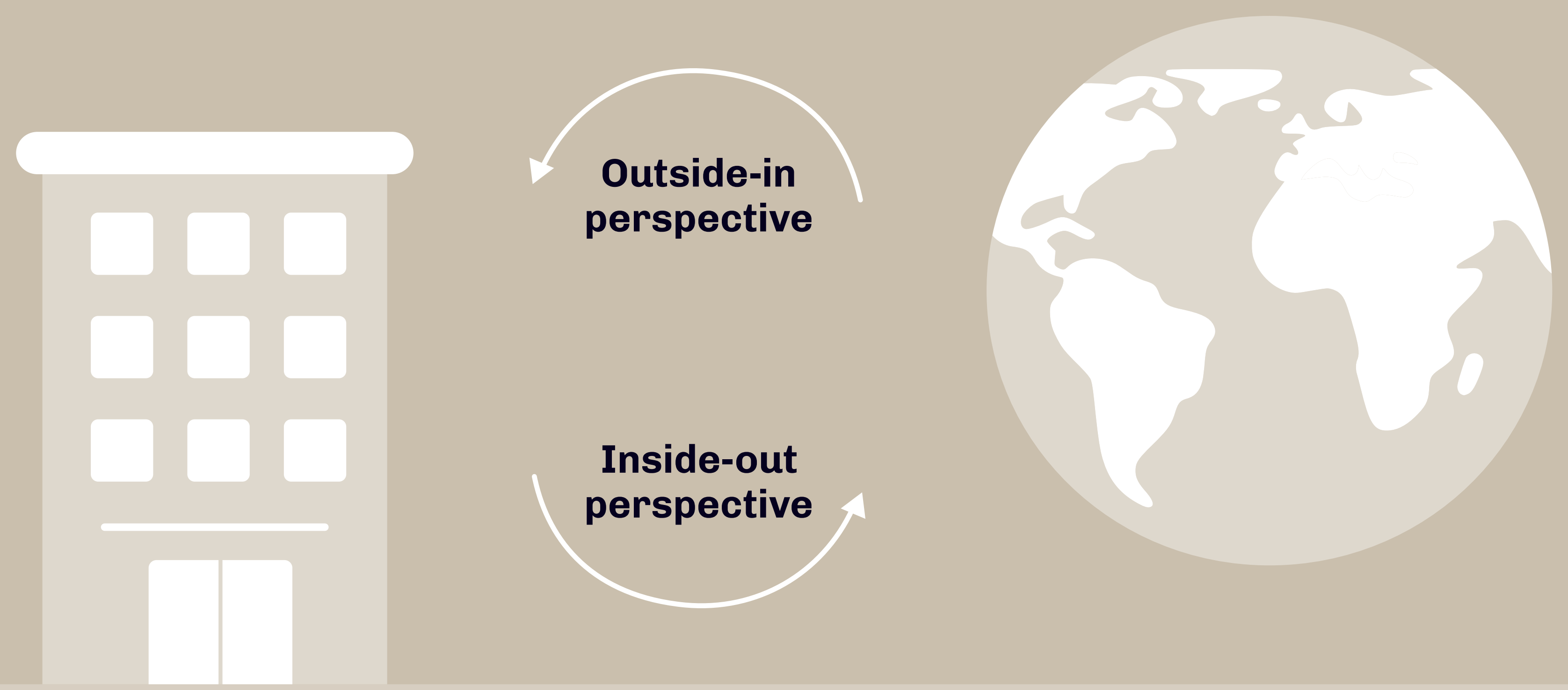
The CSRD provides new, updated requirements and guidelines for businesses to report environmental, social and governance information. These include conducting a double materiality assessment for identifying areas for improvement and determining the outcome-based key performance indicators that are most important for a business. We are preparing a double materiality assessment according to the CSRD, which will provide the foundation for our future ESG efforts.

Based on the our intial materiality assessment, we have been able to sharpen our processes, decisions, and knowledge on where we as a business has the biggest impacts, risks, and opportunities to positively impact our surroundings.

We have started conducting multiple stakeholder engagement interviews, reviews of soft and hard laws and standards, as well as performed peer analysis, providing us a decent foundation to uphold our work with the ESG agenda.

This has led to some alterations in our materiality assessment as well as our ambitions on the different parameters.

Financial Materiality



Impact Materiality

Company

Planet and Society

Sustainability Strategy and Governance

7N strives to be among the best in our field, whether we are IT consultants or employees. We use our knowledge and skills to benefit others, and it is crucial for us that our business is run environmentally, ethically, and socially responsible.

7N's sustainability policy provides high level guidance on how we conduct business, and it is one of the ways we put our core values of professionalism, mindset of a servant and respect into practice. The policies are built on the ten principles of the UN Global Compact and the Sustainable Development Goals (SDGs).

We have identified several key ESG themes that are material to 7N and which also supports the UN's Sustainable Development Goals, which we are actively working on to support in our daily operations.

Our Environment and Climate initiatives align with:

- SDG 12: Responsible Consumption and Production and
- SDG 13: Climate Action.

Our Social themes initiatives align with:

- SDG 5: Gender Equality,
- SDG 8: Decent Work and Economic Growth, and
- SDG 9: Industry, Innovation and Infrastructure.

Finally, our Governance initiatives align with:

- SDG 16: Peace, Justice and Strong Institutions.

Environment and Climate themes

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

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

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

Governance themes

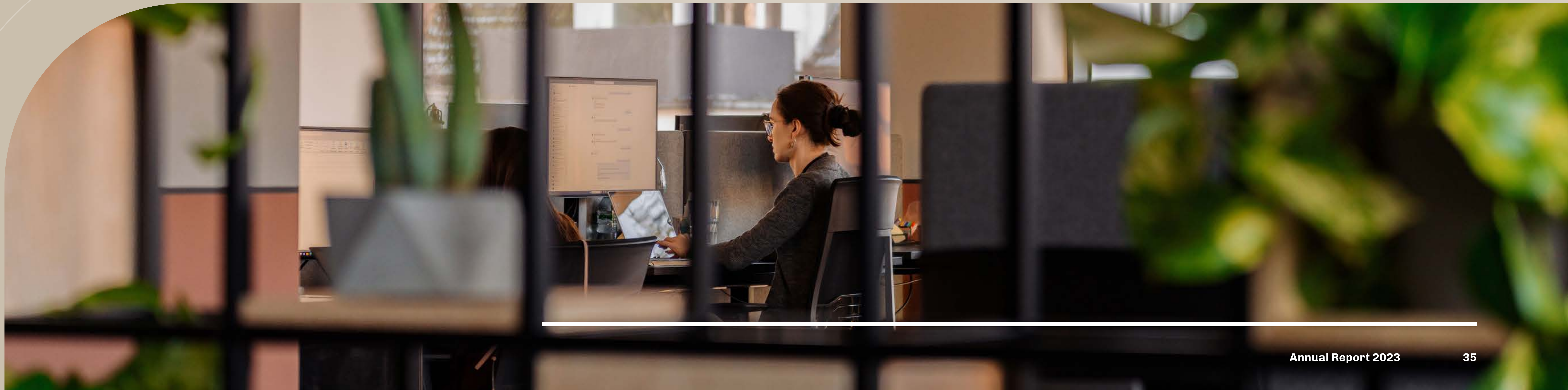
Target 16.5 is addressed by 7N by working against bribery and corruption in any form, including not accepting or offering facilitation payments.

Social themes

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

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

Target 5.5 is addressed by 7N by having an equal representation of women and men in the organization (49/51) and on the board (57/43). We also continuously work in our sphere of influence to ensure that all forms of discrimination against women is eliminated.

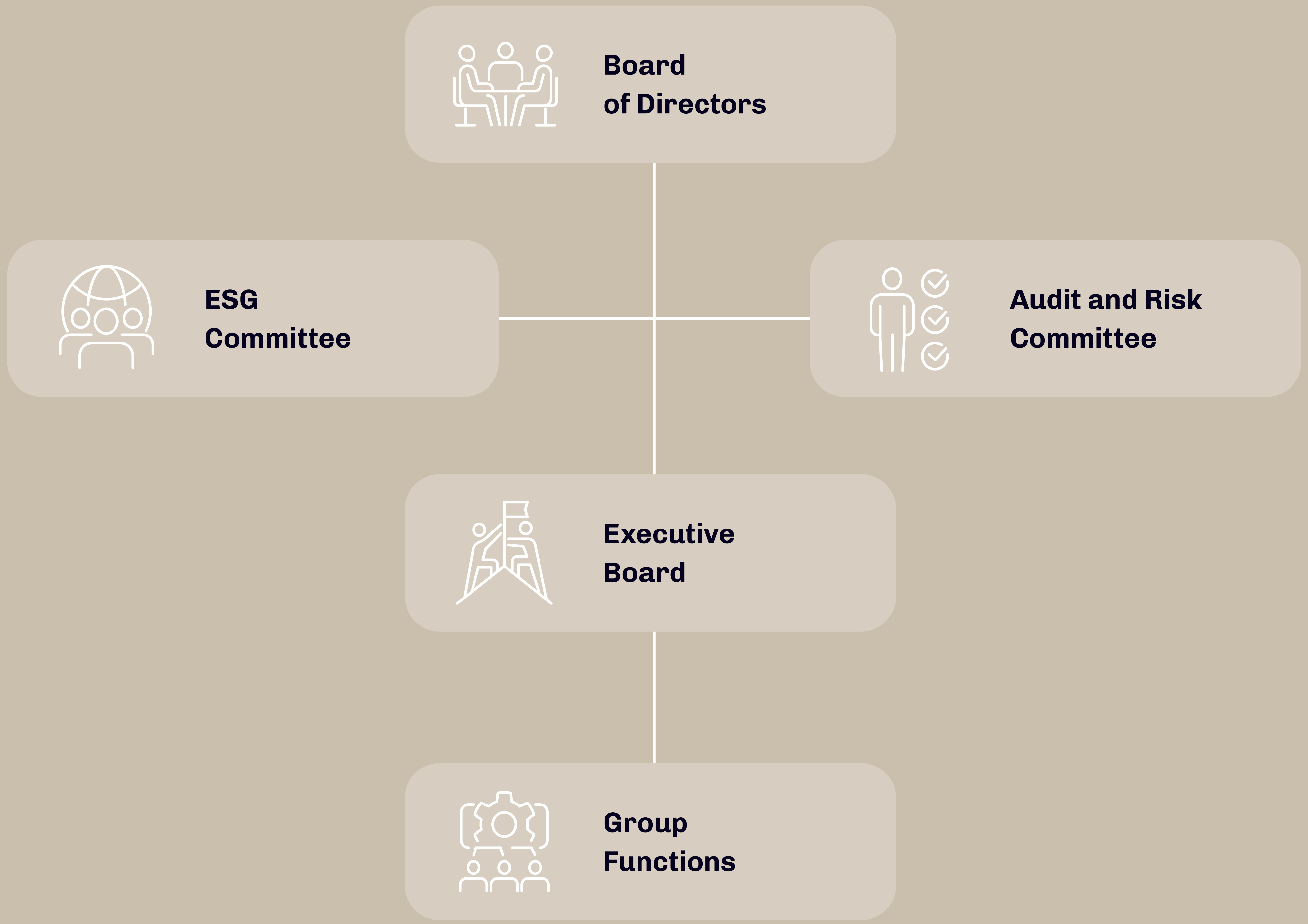


Governance

The Board of Directors is responsible for the overall strategic management and proper organization of the company's business and operations, including sustainability.

Our ESG committee supports the Board of Directors on its oversight of sustainability, including social, climate and environmental impacts, risks, and opportunities. With the shift from voluntary to mandatory ESG disclosures, the Audit and Risk Committee has the duty to ensure that the ESG reporting is complete, accurate, and in compliance with our relevant laws and standards.

The ESG comittee and Audit and Risk committee work closely together with the Executive Board. The Executive Board is responsible for the day-to-day sustainability work and acts as liaisons to senior management and group functions.



Environment and Climate Themes

As an IT consulting company primarily deploying manpower at clients' premises with clients' hardware, our environmental footprint is very limited, primarily deriving from our office locations and transport of our employees and consultants leading to CO2e emissions. Nonetheless, we strive to reduce our impact on the climate and the environment.

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

Our CO2e emissions disclosure is based on the Green House Gas (GHG) protocol.

Our environmental initiatives focus on enhancing waste recycling and minimizing greenhouse gas emissions during transportation. In 2023, our CO2e emissions totalled 256 tons, representing an 11% increase compared to the previous year. Our energy consumption has been reduced to 1,764 kWh per full-time equivalent (FTE) corresponding to a 30% decrease.

The rise in CO2e (scope 1) emissions is attributed to the expanded use of company cars, replacing employees' private vehicles. Conversely, the reduction in CO2e (scope 2) emissions and energy consumption results primarily from reducing our office locations in India following the completion of a larger project.

Compared to 2019, we have achieved a 9% reduction in CO2e emissions and a corresponding decrease in energy consumption. Going forward, we remain committed to further reducing energy consumption wherever feasible. Additionally, we prioritize waste sorting to maximize recycling and minimize landfill waste.

In 2024, we will update our company car policy and gradually transition all new company vehicles to electric models.

In 2024, we will work on getting better and more accurate measurements of our emissions.

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

Social Themes

Digital innovation is one of our most significant ESG themes in our materiality assessment. Leveraging our core company capabilities, we specialize in providing digitalization solutions to address both societal and business challenges. The ongoing digital transformation is reshaping the operational landscape for societies and businesses alike, fostering more resource-efficient practices, transparent decision-making, well-informed choices, enhanced social interaction, and responsible business practices.

Our expertise and offerings encompass all the essential components required for clients to implement their ambitious IT strategies. By prioritizing skilled IT consultants who excel in their respective domains, our goal is to deliver innovative and dependable solutions that enhance the resilience of both businesses and societies.

People Rights, Well-being, and Development

7N's primary resource is the approximately 1,700 freelance consultants currently engaged by us. These highly skilled professionals derive substantial benefits from their participation in projects that not only utilize their expertise but also encourage the development and improvement of their skills and abilities. Additionally, they receive a competitive remuneration without any restrictive arrangements. Furthermore, our freelance consultants have privileged access to a comprehensive learning platform, ensuring the continuous up-to-date and relevance of their skillsets.

In our recent consultant satisfaction surveys our consultants have asked for a broader range of opportunities for their professional growth. In 2023, we strengthened the 7N Academy, a cornerstone of our commitment to continuous learning and professional development. We expanded its reach to encompass all our geographical locations, thereby establishing a truly global training community within our organization.

The 7N Academy plays an essential role not just as a learning platform but as a catalyst for the professional growth of our consultants. It offers a diverse range of certifications that validate and recognize the skills our consultants acquire. Networking events are regularly organized, providing opportunities for our consultants to connect, share knowledge, and learn from each other. The academy also offers a variety of courses, ranging from technical skills to soft skills, ensuring a comprehensive development approach.

Furthermore, the academy extends robust support for professional development. This includes guidance for career progression, mentorship programs, and resources for self-paced learning. This comprehensive support system empowers our consultants to take charge of their career paths and continuously evolve their competencies.

Employee Satisfaction

At 7N, we strongly uphold the belief that our employees serve as the cornerstone of our organization. Their dedication, expertise, and innovative thinking drive our success. We recognize that by investing in their professional growth and well-being, we are not only enhancing their individual careers but also contributing to the sustainable and responsible growth of our organization.

In 2023, we conducted our annual employee satisfaction. The Net Promoter Score (eNPS) for 2023 reached 53 points. (2022: 69 points) This score, falling within the -100 to 100 scale, is considered high, although showing a decrease of 16 points from the previous year. Throughout the year, we implemented various initiatives based on the survey's recommendations. In the area of internal communication, we concentrated on providing consistent updates about the company's current status through bi-monthly CEO updates, newsletters, and hosting a virtual event for all employees. Currently, we are in the process of developing a comprehensive global onboarding strategy to secure that our new employees understand the value of 7N, business model and governance.

Human rights

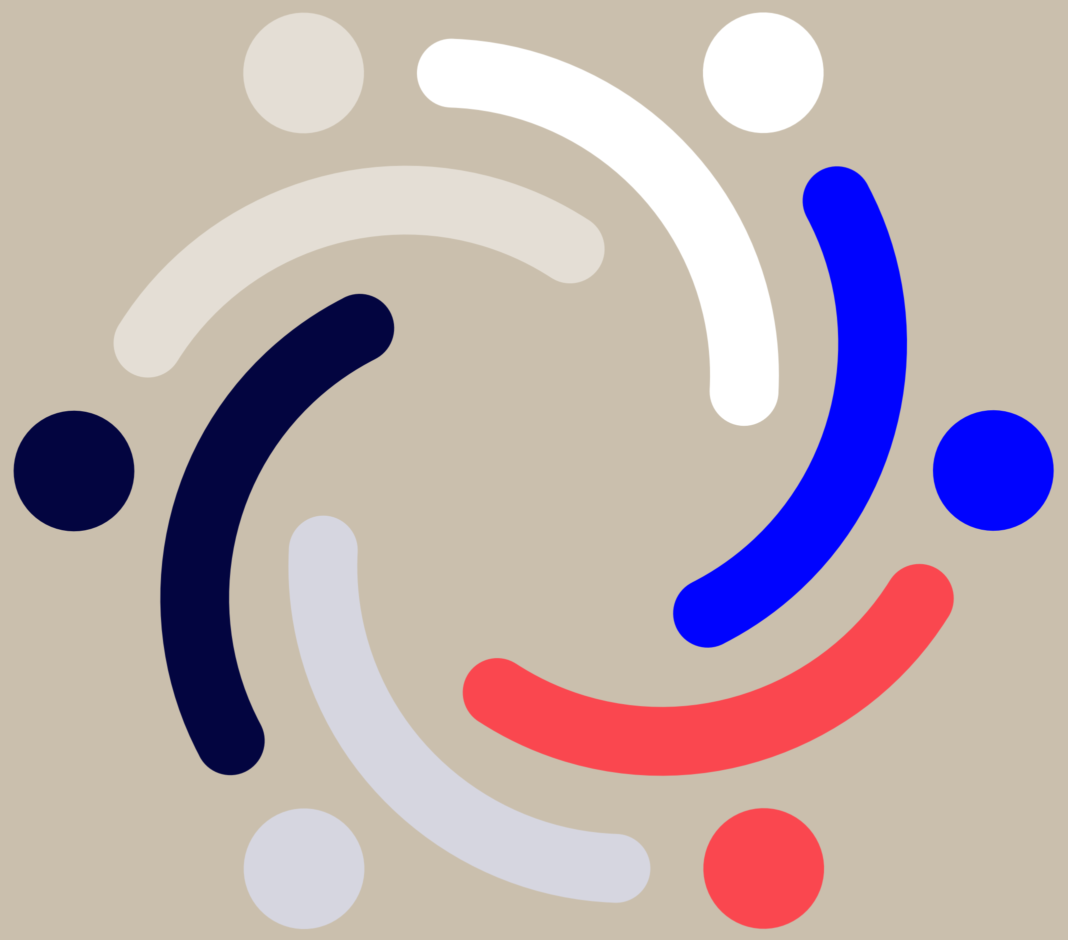
For 7N human rights are always material and we respect internationally recognized human rights principles as formulated in the UN's Universal Declaration of Human Rights and the internationally recognized labor rights principles as specified in the International Labor Organization's core conventions.

All employees are expected to carefully consider the potential adverse impact of their decisions on human and labor rights. They are encouraged to promptly report any breaches of our standards to management or through our whistleblower system. As of 2023, there have been no reported violations of human rights within our organization.

The primary risks associated with people relate to the potential for an unhealthy working environment, including a lack of diversity tolerance, for both consultants and employees. To mitigate such risks, we actively promote our core values and code of conduct. The values and code of conduct is an important part of our onboarding materials for consultants and employees. In 2024, our work with updating and implementing new policies will continue.

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. We are dedicated to having a working environment that gives equal opportunities among all employees, irrespective of their social status. We make sure that all our people are treated equally and are offered similar opportunities across locations. We strongly believe that we create the best results when we know each other and have fun together. This is stipulated in our internal policies and communicated to all stakeholders.



Gender Representation

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 codes of conduct. We are committed to equal opportunities and demonstrate respect for cultural diversity, values, gender equality, age, and personal choices.

7N's diversity policy aims to provide specific guidelines on 7N's diversity principles, and also sets target figures for the share of the under-represented gender in the Board of Directors and in other managerial functions.

Currently our diversity ratio for all employees at group level are 49% female and 51% male. In 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.

Management and share of women, parent company, 7N A/S

	2023	2024	Target 2028
Board of Directors			
Total members	7		
Share of women	57%		
Other management levels[1]			
Total members	10		
Share of women	40%	40%	45%

[1] Other management levels employed by 7N A/S are defined as Executive Board, Key employees (defined on p. 49), and people with personnel responsibilities and who report directly to Executive Board or Key employees.

In 2023, we continued initiatives to further strengthen the diversity in our managerial functions, including:

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

As required by the Financial Statements Act, section 99b, the number of members of the Board of Directors and at other management levels, the share of tors and targets for the underrepresented gender in the parent company are shown in the table. As the table shows, we have achieved our gender target for the Board of Directors and other management levels.

By the end of 2023, four out of seven board members were female, corresponding to 57%. Executive Board consists of two male chief officers. In other managerial functions 40% are women and 60% are males. In 7N, employees in managerial positions stay for a long time with us, which we value and see as our strength. We have a goal that in 2028, there will be a more balanced gender representation in the other managerial functions.

Whenever there is an open position at the Board of Directors and in other managerial functions, the most qualified candidate should be hired. At the same time, the goal is to increase diversity across several parameters – especially regarding gender balance, but also in relation to age, nationality, professional capabilities, and experience.

Governance Themes

Business Ethics and Integrity

At 7N, we uphold fair competition and maintain a commitment to responsibility, ethics, and transparency in our business practices. We strictly refrain from engaging in bribery or offering improper advantages, whether they involve monetary elements such as cash payments or illegal rebates, or non-monetary aspects like inappropriate gifts, products, hospitality, meals, travel, accommodation, or any other items or services that involve the exchange of value for special consideration.

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

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. It is crucial to ensure that their conduct aligns with the values and business ethics upheld by 7N.

Supply Chain Management

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

Our procedures and codes of conduct are important parts of the onboarding training program for employees and consultants.

Our whistleblower system provides a platform for consultants, suppliers, customers, and other business partners of 7N to use, if the need for reporting a suspicion of non-compliance with the laws or regulations applicable to 7N, non-compliance with internal policies or standards of 7N or any behaviour or incidents of concern not directly covered by such internal policies, arises. In 2023, one report regarding internal misconduct was submitted via the whistleblower system. Following an assessment by an independent law firm hosting our whistleblower facility, appropriate action was taken.

Data Ethics and Privacy

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

Data Ethics Report

We prioritize data ethics and best IT practices in all our operation. Our data ethics policy provides guidelines for the collection, use and storing of data with a view to ensuring good practice and respecting the rights of individuals. Our data policies and procedures comply with the international data security standard ISO/IEC 27001.

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

Data is stored safely and with a clear legal basis in accordance with fixed procedures for storage, erasure, data subject access requests etc.

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 Board, or through our whistleblower system.

We use artificial intelligence (AI) and machine learning in some of our solutions, but never in a context where such services are used for automated decision making or similar. It is reflected in our newly formulated AI Policy that all 7N employees must adhere to when using AI tools.

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

ESG key figures overview	Unit	Target 2024	2023	2022	2021	2020	2019
Environmental data							
CO_2e, scope 1	*Tons*	<160	94.34	101.57	135.36	102.09	126.89
CO_2e, scope 2	*Tons*	<60	41.57	68.95	60.76	63.16	89.79
CO_2e, scope 3	*Tons*	<65	63.99	60.92	65.40	59.88	66.02
Energy consumption	*kWh per FTE*	<2.000	1,764	2,509	1,901	2,083	2,463
Water consumption	*m3 per FTE*	<8	8	16	17	16	20
Social data							
Full-time employees	*FTE*	310	305	295	351	344	312
Gender diversity	*f/m*	49%/51%	49%/51%	42%/58%	43%/57%	43%/57%	45%/55%
Gender pay ratio	*Times*	<1,2	1.0	1.2	1.4	1.2	1.1
Sick leave	*Average days per FTE*	<5	3	3	2	**	**
Employee satisfaction	*eNPS*	>50	53	65	73	**	**
Employee turnover	*%*	<10%	10%	12%	9%	8%	10%
Governance data							
Gender diversity in a BoD	*f/m*	57%/43%	57%/43%	50%/50%	33%/67%	29%/71%	0%/100%
Attendance at the BoD meetings	*%*	95%	94%	94%	96%	100%	93%
CEO Pay-Ratio	*times*	6.0	6.5	6.5	6.9	9.0	8.0

** No data available.

ESG Accounting Principles

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

CO2e Scope 1 – Direct GHG emissions

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

CO2e Scope 2 – Indirect GHG emissions

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

CO2e Scope 3 – Other indirect GHG emissions

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

Total energy consumption

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

Water consumption

Water consumption includes the sum of all water used from all sources such as spring water, surface water and groundwater. Total water consumption is based on meter readings from our various 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 pay ratio	=	Total average yearly salary of all male employees divided by total average salary of all female employees
Sick leave	=	Sum of yearly reported sick days for all FTEs divided by the sum of maximum working days per FTE (data is only available for Denmark and Poland)
Employee satisfaction	=	NPS score based on the data from a yearly survey
Employee turnover	=	Sum of employees leaving 7N yearly divided by the average number of employees in a year

Governance data

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

Gender diversity – Board of Directors	=	Number of female Board members divided by the total number of Board members
Attendance at BoD meetings	=	Attendance rating per Board member: (presence at Board meetings / total number of Board meetings) x 100, in %
CEO Pay-Ratio	=	CEO's salary cost divided by the average pay for company employees excluding Board of Directors and Executive Board
Gender	=	Only the two legal genders (male/female), as set out in the applicable legislation, are considered when calculating the share of the underrepresented gender (female).

Corporate Governance

Content

Corporate Governance

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

Board of Directors

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

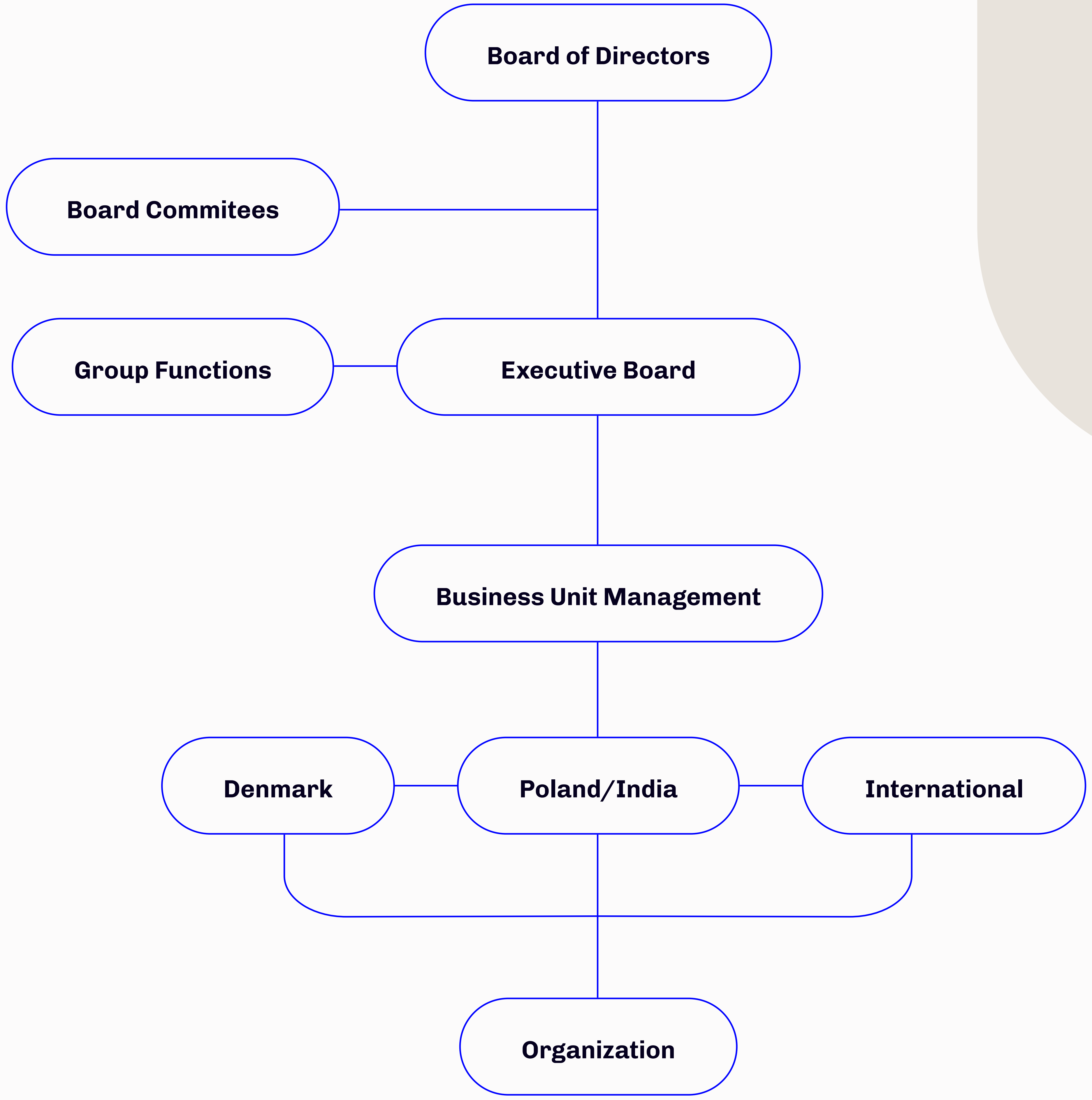
Once a year, the Board of Directors self-evaluates its composition, competencies, and performance during the year.

Board committees

In order to support the Board of Directors, 7N has established three board committees:

Audit/Risk Committee, Remuneration/Nomination Committee, and ESG committee.

The committees undertake preliminary work and propose recommendations to the Board of Directors, who make final determinations on the matters presented. The Board of Directors appoints the members of the board committees, including the committee chairman, from among its own ranks.



Board of Directors

Jeppe Hedaa

Chairman

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

CURRENT POSITIONS
Majority shareholder in Hedaa Holding and 7N Holding II & III, and president of the Christian Democrats (Denmark) as well as board member in One Life Foundation and B93 pro football club.

Michael Halbye

Vice Chairman

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

CURRENT POSITIONS
Board member of Develop Diverse ApS, KIRKBI A/S, Bognæs Landbrug, MaryFonden, Maternity Foundation, Ludvig AB, Generation.org.

Naja Barrisøe

Board Member

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

CURRENT POSITIONS
Executive Vice President, Group Finance at DSV.

Lika Thiesen

Board Member

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

CURRENT POSITIONS
Executive Vice President, Head of Global People & Organization at ALK

Board of Directors *(continued)*

Glenn Petersen

Board Member

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

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

Pernille Simmelkiær Larsen

Board Member

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

CURRENT POSITIONS
CEO of JustFace.

Ingrid Mjøen

Board Member

BACKGROUND
Experienced technology sales and cloud solutions specialist.

CURRENT POSITIONS
Vice President Technology Cloud, Central Eastern Europe at Oracle.

Executive Board

Sebastian Podleśny

CEO since 2021

Joined 7N in 2006.

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

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

Jacob Lehman

CFO since 2018

Joined 7N in 2018.

BACKGROUND
State-authorized public accountant and former partner at KPMG with more than 25 years of extensive experience working with various 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

Helle Førgaard

Senior Vice President, International Markets

Been with 7N since 2008

Appointed VP in 2018.

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

Jesper Kolding

Senior Vice President, Denmark

Been with 7N since 1997

Appointed VP in 2018.

BACKGROUND
SVP for the Danish market. Former 7N SVP for International and Nordics markets and has 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.

Grzegorz Pyzel

Senior Vice President, Poland & India

Been with 7N since 2007

Appointed VP in 2018.

BACKGROUND
SVP for the Polish and Indian markets. Grzegorz has been within 7N for 14 years, previous as Sales Director for Poland and latest Vice President for Poland. Former Sales Director for key accounts at National Polish Telecom and have 20 years of professional experience in IT.

Key Employees

(continued)

Kim Rohde

Vice President, Consultant Relations

Been with 7N since 2013

Appointed VP in 2023.

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

Theis Eichel

Vice President, Business Development

Been with 7N since 2020

Appointed VP in 2020.

BACKGROUND
VP for 7N's Business Development. 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.

Jens Laugesen

Vice President, Services

Been with 7N since 2023

Appointed VP in 2023.

BACKGROUND
VP for Services. Previous Chief Services Officer at Edlund and Director at SimCorp with more than 20 years of experience delivering services and projects to clients in the financial sector.

Group Financial Statements

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Notes to the Consolidated Financial Statements

Section 1: Basis of Preparation

Section 2: Results of the Year

Section 3: Invested Capital

Section 4: Working Capital and Capital Structure

Section 5: Other Diclosures

Consolidated Statement of Profit and Loss

1 January — 31 December

Figures in DKK '000	Note	2023	2022
Revenue	2.1, 2.2	1,514,533	1,411,036
Cost of sales	2.1	-1,184,224	-1,088,261
Gross profit		**330,309**	**322,775**
Other operating income		1,055	817
Other operating expenses		-180	-157
Personnel expenses	2.3	-157,638	-149,870
Other external expenses	5.1	-100,997	-102,448
Depreciation and amortizations	2.1, 3.1, 3.3, 3.4	-14,278	-14,924
Operating profit before special items		**58,271**	**56,193**
Special items	2.6	-	-12,490
Operating profit (EBIT)		**58,271**	**43,703**
Financial income	2.4	7,143	3,399
Financial expenses	2.4	-7,443	-4,920
Profit before tax		**57,971**	**42,182**
Tax on profit for the year	2.5	-17,538	-11,654
Profit for the year		**40,433**	**30,528**
Earnings per share			
Basic earnings per share (DKK)	4.4	33.98	25.71
Diluted earnings per share (DKK)	4.4	33.98	25.71

Consolidated Statement of Comprehensive Income

1 January — 31 December

Figures in DKK '000	Note	2023	2022
Profit for the year		**40,433**	**30,528**
Other comprehensive income			
Items that may be reclassified to			
the statement of profit and loss:			
Exchange differences on			
translation of foreign operations		3,554	-1,746
Other comprehensive income for the year, after tax		**3,554**	**-1,746**
Total comprehensive income for the year		**43,987**	**28,782**

Consolidated Cash Flow Statement

1 January — 31 December

Figures in DKK '000	Note	2023	2022
Profit before tax		57,971	42,182
Depreciation and amortization		14,278	14,924
Changes in working capital	4.8	-13,015	16,230
Other adjustments	4.9	512	3,356
Interest received		3,524	2,159
Interest paid		-4,052	-2,341
Income tax paid		-14,680	-14,756
Cash flow from operating activities		**44,538**	**61,754**
Acquisition of intangible assets	3.1	-2,873	-2,899
Acquisition of property, plant and equipment	3.2	-4,836	-1,438
Disposal of property, plant and equipment	3.2	59	26
Acquisition of other assets		-304	-373
Disposal of other assets		1,477	1,680
Payments received under sub-leases, principal part	3.3	-	5,109
Cash flow from investing activities		**-6,477**	**2,105**

Figures in DKK '000	Note	2023	2022
Financing			
Principal elements of lease payments	3.3, 4.10	-10,285	-13,735
Repayment of interest bearing debt	4.10	374	-178
Shareholders			
Disposal of treasury shares		2,260	-
Dividend paid to shareholders		-23,799	-26,302
Cash flow from financing activities		**-31,450**	**-40,215**
Total cash flow		**6,611**	**23,644**
Cash and cash equivalents 1 January		93,029	71,003
Currency translation effect on cash and cash equivalents		3,726	-1,618
Cash and cash equivalents 31 December		**103,366**	**93,029**

Cash and cash equivalents include time deposits of DKK 410 thousand (2022 DKK 6,471 thousand) which at year end had a duration of less than 3 months.

The Group's cash conversion is 61.4% (2022 86.8%).

Consolidated Balance Sheet at 31 December

Assets

Figures in DKK '000	Note	2023	2022
Non-current assets			
Intangible assets	3.1	5,766	2,899
Property, plant and equipment	3.2	6,006	4,094
Right-of-use assets	3.3	25,705	14,691
Deferred tax assets	2.5	4,919	5,652
Other assets		4,355	5,528
Total non-current assets		**46,751**	**32,864**
Current assets			
Trade receivables	4.1	248,654	232,952
Tax receivables	2.5	951	2,061
Prepayments		5,674	6,739
Other assets		6,522	8,056
Cash and cash equivalents		103,366	93,029
Total current assets		**365,167**	**342,837**
Total assets		**411,918**	**375,701**

Equity and Liabilities

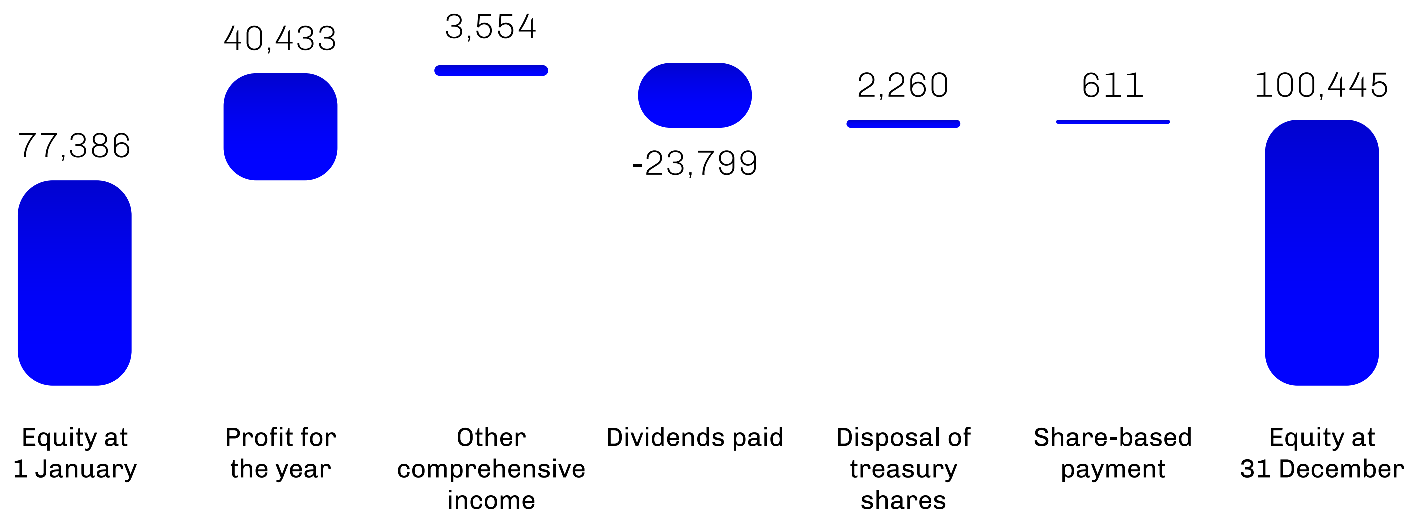
Figures in DKK '000	Note	2023	2022
Equity			
Share capital	4.3	1,210	1,210
Treasury shares	4.3	-1,875	-2,286
Translation reserve		-1,643	-5,197
Proposed dividends		32,250	24,250
Retained earnings		70,503	59,409
Total equity		**100,445**	**77,386**
Non-current liabilities			
Other interest-bearing debt	4.6, 4.10	4,699	4,840
Lease liabilities	3.3, 4.10	18,123	8,759
Total non-current liabilities		**22,822**	**13,599**
Current liabilities			
Trade payables		214,234	214,846
Contract liabilities	4.2	11,921	12,700
Current tax liabilities	2.5	7,837	6,822
Lease liabilities	3.3, 4.10	9,331	7,014
Payables to group enterprises		580	65
Other liabilities	4.7	44,748	43,269
Total current liabilities		**288,651**	**284,716**
Total liabilities		**311,473**	**298,315**
Total equity and liabilities		**411,918**	**375,701**

Consolidated Statement of Changes in Equity

		2023						2022					
Figures in DKK '000	Note	Share capital	Treasury shares reserve	Translation reserve	Proposed dividend	Retained earnings	Total	Share capital	Treasury shares reserve	Translation reserve	Proposed dividend	Retained earnings	Total
Equity at 1 January		**1,210**	**-2,286**	**-5,197**	**24,250**	**59,409**	**77,386**	**1,210**	**-2,286**	**-3,451**	**26,800**	**52,633**	**74,906**
Profit for the year		-	-	-	32,250	8,183	40,433	-	-	-	24,250	6,278	30,528
Other comprehensive income		-	-	3,554	-	-	3,554	-	-	-1,746	-	-	-1,746
Total comprehensive income for the year		**-**	**-**	**3,554**	**32,250**	**8,183**	**43,987**	**-**	**-**	**-1,746**	**24,250**	**6,278**	**28,782**
Dividend paid		-	-	-	-23,799	-	-23,799	-	-	-	-26,302	-	-26,302
Dividend, treasury shares		-	-	-	-451	451	-	-	-	-	-498	498	-
Disposal of treasury shares		-	411	-	-	1,849	2,260	-	-	-	-	-	-
Share-based payment		-	-	-	-	611	611	-	-	-	-	-	-
Transactions with owners		**-**	**411**	**-**	**-24,250**	**2,911**	**-20,928**	**-**	**-**	**-**	**-26,800**	**498**	**-26,302**
Equity at 31 December		**1,210**	**-1,875**	**-1,643**	**32,250**	**70,503**	**100,445**	**1,210**	**-2,286**	**-5,197**	**24,250**	**59,409**	**77,386**

Changes in equity 2023

Figures in DKK '000



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.

Notes

Note 1.1 | **Accounting Policies**

Introduction

The annual report, for the period 1 January – 31 December 2023, 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 103 for Parent's specific accounting policies.

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

The consolidated financial statements have been prepared in accordance with the IFRS Accounting Standards as adopted by the EU and additional Danish disclosure requirements applying to companies of reporting class C, Large for financial statements applicable to the 2023 financial year. The consolidated financial statements have been approved by the Board of Directors on 20 March 2024 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.

New Standards, Interpretations, and Amendments Adopted

The Group applied standards, interpretations and amendments, which are effective for annual periods beginning on or after 1 January 2023.

The amendments did not have any impact on the amounts recognised in current or prior periods and are not expected to significantly affect future periods.

Consolidated Financial Statements

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

Consolidation Principles

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

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

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

Foreign Currency Translation

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

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

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

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

When subsidiaries, which prepare their financial statements in a functional currency, different from DKK, are consolidated into the consolidated financial statements, the items of the statement of profit and loss are translated at the average exchange rates.

→

Exchange rate differences arising from the translation of foreign subsidiaries' balance sheet items, at the beginning of the year, using the balance sheet date exchange rates as well as the translation of statement of profit and loss from average rates to the exchange rates at the balance sheet date are recognized in other comprehensive income.

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

Statement of Profit and Loss

Cost of sales

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

Other external expenses

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

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

Balance Sheet

Other assets

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

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

Other receivables are primarily related to receivables from public authorities.

Prepayments

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

Statement of Comprehensive Income

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

Cash Flow 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.

New accounting regulations

The IASB has issued a number of new standards and amendments not yet in effect or adopted by the EU and therefore not relevant for the preparation of the 2023 consolidated financial statements. 7N expects to implement these standards when they take effect.

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

Key Figures

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

Note 1.2 | **Accounting Estimates and Judgments**

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

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

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

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

Key Accounting Estimates

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 2023, it is important to note the accounting assumptions. These are described in further detail adjacent to the relevant disclosed notes cf. below table

Key Accounting Judgments

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

In the financial statements for 2023, it is important to note the key accounting judgment. These are described in further detail adjacent to the relevant disclosed notes cf. below table.

Note	Key accounting estimates and judgments	Nature of accounting impact	Impact of accounting estimates and judgments
2.2	Judgment from management when determining agent/principal revenue	Judgment	
2.5	Assumptions from management when recognizing deferred tax assets	Estimate	
2.6	Judgment from management when determining the classification of special items	Judgment	
3.1	Assumptions used in value-in-use calculations for impairment testing of own developed software	Estimate	
3.1	Judgments used in qualifying the cost, eligible for capitalization for own developed software	Judgment	

Level of potential impact to the consolidated financial statments

Low

Medium

High

SECTION 2

Result 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.

Notes

Note 2.1 | **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 Executive Board.

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

7N has identified two reportable segments of its business:

- Consulting
- Outsourcing

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

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

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

No inter segment sales occur.

Accounting Policy

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

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

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

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.

Note 2.1 | **Segment information**

2023

	2023						2022					
Business segment (DKK'000)	**Consulting**	**Outsourcing**	**Unallocated**	**Total operating segments**	**Adjustments**	**Total**	**Consulting**	**Outsourcing**	**Unallocated**	**Total operating segments**	**Adjustments**	**Total**
Revenue	1,028,083	486,450	-	1,514,533	-	1,514,533	1,012,275	398,761	-	1,411,036	-	1,411,036
Cost of sales	-824,166	-398,280	-	-1,222,446	38,222	-1,184,224	-810,760	-315,840	-	-1,126,600	38,339	-1,088,261
Gross profit	**203,917**	**88,170**	**-**	**292,087**	**38,222**	**330,309**	**201,515**	**82,921**	**-**	**284,436**	**38,339**	**322,775**
Operating profit before depreciation and amortization (EBITDA)	57,237	43,340	-28,028	72,549	-	72,549	53,932	38,623	-21,438	71,117	-	71,117
Depreciation	-8,401	-5,835	-36	-14,272	-	-14,272	-6,925	-7,466	-11	-14,402	-	-14,402
Amortization	-6	-	-	-6	-	-6	-522	-	-	-522	-	-522
Operating profit (EBIT) before special items	**48,830**	**37,505**	**-28,064**	**58,271**	**-**	**58,271**	**46,485**	**31,157**	**-21,449**	**56,193**	**-**	**56,193**
Operating profit margin before special items	4.7%	7.7%		3.8%		3.8%	4.6%	7.8%		4.0%		4.0%
Special items						-						-12,490
Financial items, net						-300						-1,521
Profit before tax						**57,971**						**42,182**

Note 2.1 | **Segment Information (continued)**

2023

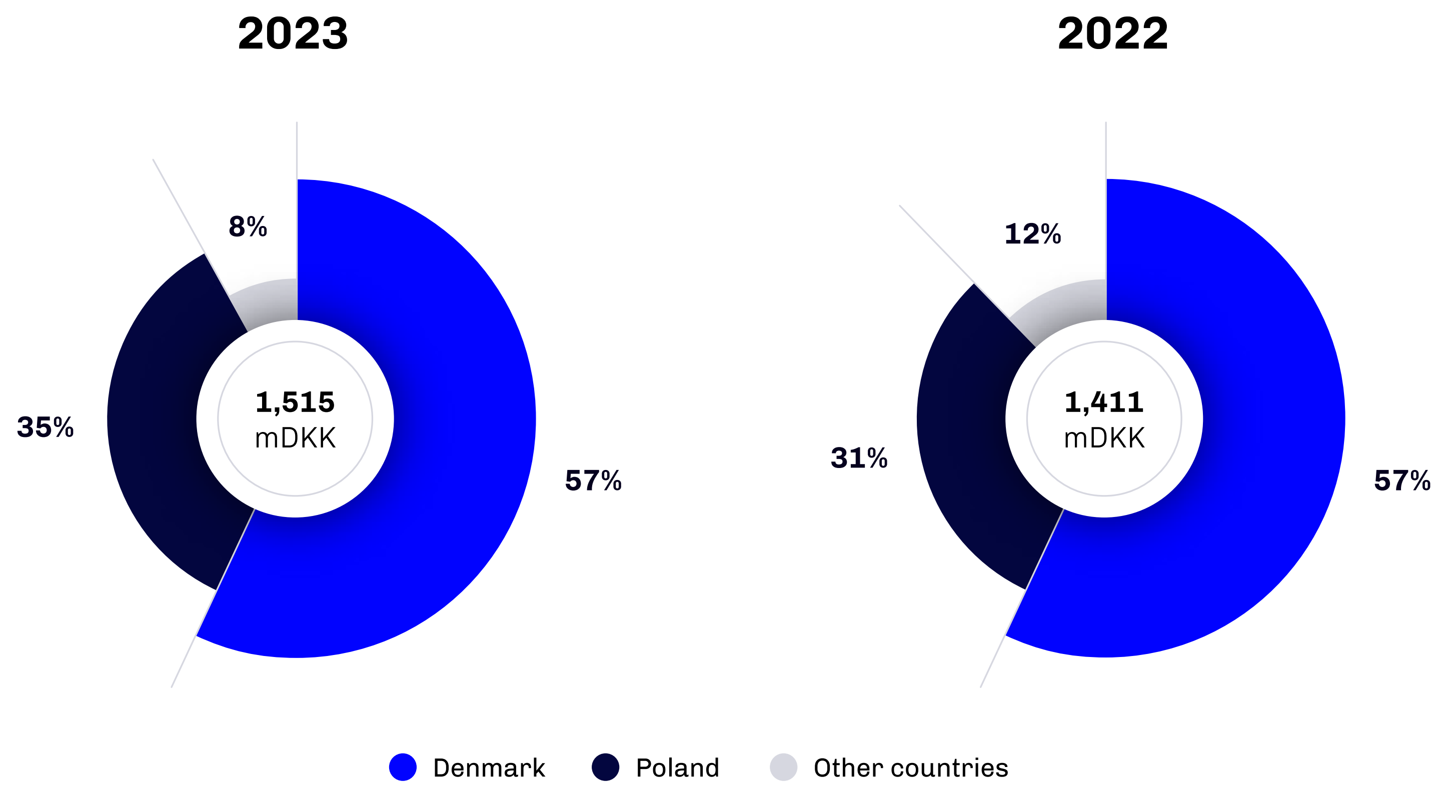
Segment information related to geographical areas (DKK'000)	Denmark	Poland	Other countries	Total
Revenue from external customers	861,688	529,401	123,444	**1,514,533**
Total non-current assets	14,313	24,746	2,773	**41,832**

2022

Segment information related to geographical areas (DKK'000)	Denmark	Poland	Other countries	Total
Revenue from external customers	810,156	429,560	171,320	**1,411,036**
Total non-current assets	11,630	10,487	5,095	**27,212**

In 2023 revenue from a single external customer, DKK 199 million, exceeds 10% of the Group's total revenue in the Outsourcing segment. In 2022 revenue from a single external customer, DKK 143 million, exceeds 10% of the Group's total revenue.

Revenue by Country



Adjusted EBITDA

DKK '000	2023	2022
Operating profit (EBIT)	**58,271**	**43,703**
Depreciations	14,272	14,402
Amortizations	6	522
Special items	-	12,490
Profit-sharing bonus	7,650	-
Adjusted EBITDA (non-IFRS)	**80,199**	**71,117**
Adjusted EBITDA margin	5.3%	5.0%

7N has a bonus scheme in place to incentivize the staff. All employees with the exception of salaried consultants, are eligible for a profit-sharing bonus. The bonus is also eligible for non-invoiceable administrative consultants in Poland.

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

Adjusted EBITDA (non-IFRS)

Executive Board has chosen to measure the overall performance of the Group by reference to the adjusted EBITDA as a non-IFRS measure.

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

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

Note 2.2 | **Revenue**

Figures in DKK '000	2023	2022
Revenue is distributed as follows:		
Revenue from professional services		
Consulting	1,024,010	1,008,237
Outsourcing	464,266	375,958
Total revenue from professional services	**1,488,276**	**1,384,195**
Revenue from other services		
Consulting	4,073	4,038
Outsourcing	22,184	22,803
Total revenue from other services	**26,257**	**26,841**
Total revenue	**1,514,533**	**1,411,036**

Key Accounting Judgments

Agent/principal

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

Accounting Policy

Revenue from professional services

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

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

The terms of payment in the Group's sales agreements will typically not exceed 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 recognized over time in the accounting period in which the services are rendered.

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

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

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

Fixed price contracts

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

Revenue from other services

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

Note 2.3 | **Personnel Expenses**

Figures in DKK '000	2023	2022
Salaries and wages	144,416	136,271
Other social security costs	9,429	8,710
Share based remuneration	611	-
Other employee costs	3,182	4,889
Total personnel expenses	**157,638**	**149,870**
Average number of employees	**303**	**295**
Hereof salaried consultants	135	140

Warrant Program

During 2023 7N Group has provided a warrant programme to certain members of the Board of Directors. The established warrant program is designed to provide long-term incentives for board members. A warrant entails the right to subscribe for one ordinary share of nominal DKK 1 at a fixed price. Warrants are granted under the program for no consideration. Warrants vest based on a three-year service condition. Exercise of the warrant is contingent on the warrant holder still being employed at the time of vesting. Once vested, the warrant holder is entitled to exercise warrants in specific exercise windows up to no more than two years after the warrants have vested. All unvested warrants will become fully vested upon the occurrence of a liquidity event (e.g., an IPO). The average remaining contractual life of the outstanding warrants are 30 months as of 31 December 2023 (2022: 0 months).

Accounting Policy

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

Warrant program

The grant date fair value of share-based payment programs granted under equity-settled programs are recognized as an expense on a straight-line basis with a corresponding entry in equity. The total expense is recognized over the vesting period. All unvested warrants will become fully vested upon the occurrence of a liquidity event (e.g., an IPO). Accordingly, the Group assesses at each reporting date whether a liquidity event is likely to occur during the vesting period. If so, the Group revises its estimate of the length of the expected vesting period until the actual outcome is known. Upon a change in estimate, the Group adjusts the recognized share-based payment cost on a cumulative basis in the period in which the estimate is revised.

Remuneration to Key Management

Key management consists of Board of Directors and employed members of the Executive Board and Key employees as defined on page 46.

Remuneration to Executive Board consist of wages and salaries which include a base salary, certain other benefits and a cash-based short term incentive programme which include financial and qualitative KPIs.

Figures in DKK '000	2023	2022
Remuneration to the Board of Directors		
Board fee	2,275	3,300
Share based remuneration	611	-
Total remuneration to the Board of Directors	**2,886**	**3,300**
Remuneration to the Executive Board		
Salaries and wages including bonusses	5,834	5,483
Other social security costs	8	6
Total remuneration to the Executive Board	**5,842**	**5,489**
Remuneration to other Key Management		
Salaries and wages including bonusses	11,076	8,624
Other social security costs	35	31
Total remuneration to the other Key Management	**11,111**	**8,655**
Total remuneration to Key Management	**19,839**	**17,444**

On 1 April 2022, Jacob Lehman was appointed as a member of the Executive Board, why his remuneration in the first quarter of 2022 is included in remuneration to Other Key Management.

Note 2.3 | **Personnel Expenses (continued)**

Warrants

	No. of warrants	Exercise price per warrant (DKK)
Granted during the year	21,516	557.7
Balance at 31 December 2023	**21,516**	**557.7**

The following principal assumptions are used in the valuation	2023	2022
Share price at grant date, DKK	557.7	-
Exercise price, DKK	557.7	-
Risk free interest rate	2.50%	-
Expected volatility	35%	-
Expected maturity	3 years	-

Accounting Estimate

The fair value at grant date is determined using a Black-Scholes Model calculation that takes into account the share price at grant date, the exercise price, the risk free interest rate for the term of the warrants, the expected volatility and the expected maturity.

The expected price volatility is based on an analysis of the historical volatility of peer-group companies and factors specific to 7N A/S.

The share price is determined by reference to EBITDA multiples of peer-group companies.

The model inputs for the warrants granted during the year are provided in the table above.

The grant date fair value per warrant was DKK 170.3.

Note 2.4 | **Financial Income and Expenses**

Figures in DKK '000	2023	2022
Financial income		
Interest, subleases	-	330
Interest on financial assets measured at amortized cost	**-**	**330**
Exchange rate adjustments	3,619	1,240
Other interest income	3,524	1,829
Total financial income	**7,143**	**3,399**
Financial expenses		
Interest expenses, interest-bearing debt	1,440	1,057
Interest, leasing	1,209	459
Interest on financial assets measured at amortized cost	**2,649**	**1,516**
Exchange rate adjustments	3,391	2,579
Other interest expenses	1,403	825
Total financial expenses	**7,443**	**4,920**

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 2.5 | **Tax**

Figures in DKK '000	2023	2022
Current tax	15,262	14,627
Prior year tax adjustments, net	125	-43
Change in deferred tax	789	-2,930
Withholding tax	1,362	-
Total tax for the year	**17,538**	**11,654**
Profit before tax	57,971	42,182
Tax at a rate of 22%	12,754	9,280
Tax-based value of non-deductable expenses	3,721	4,280
Tax-based value of non-taxable income	-4	-201
Changes to previous year	126	-50
Net deferred tax asset valuation adjustment	470	-1,216
Withholding tax	1,362	-
Effect of different tax rates in foreign subsidiaries	-891	-439
Total current tax	**17,538**	**11,654**
Effective tax rate	30.3%	27.6%
Current tax presented as follows in the balance sheet		
Tax receivables	951	2,061
Current tax liabilities	-7,837	-6,822
Total tax receivable/payable, net	**-6,886**	**-4,761**

Accounting Policy

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

Non refundable withholding tax of dividends received from subsidiaries are included in tax for the year.

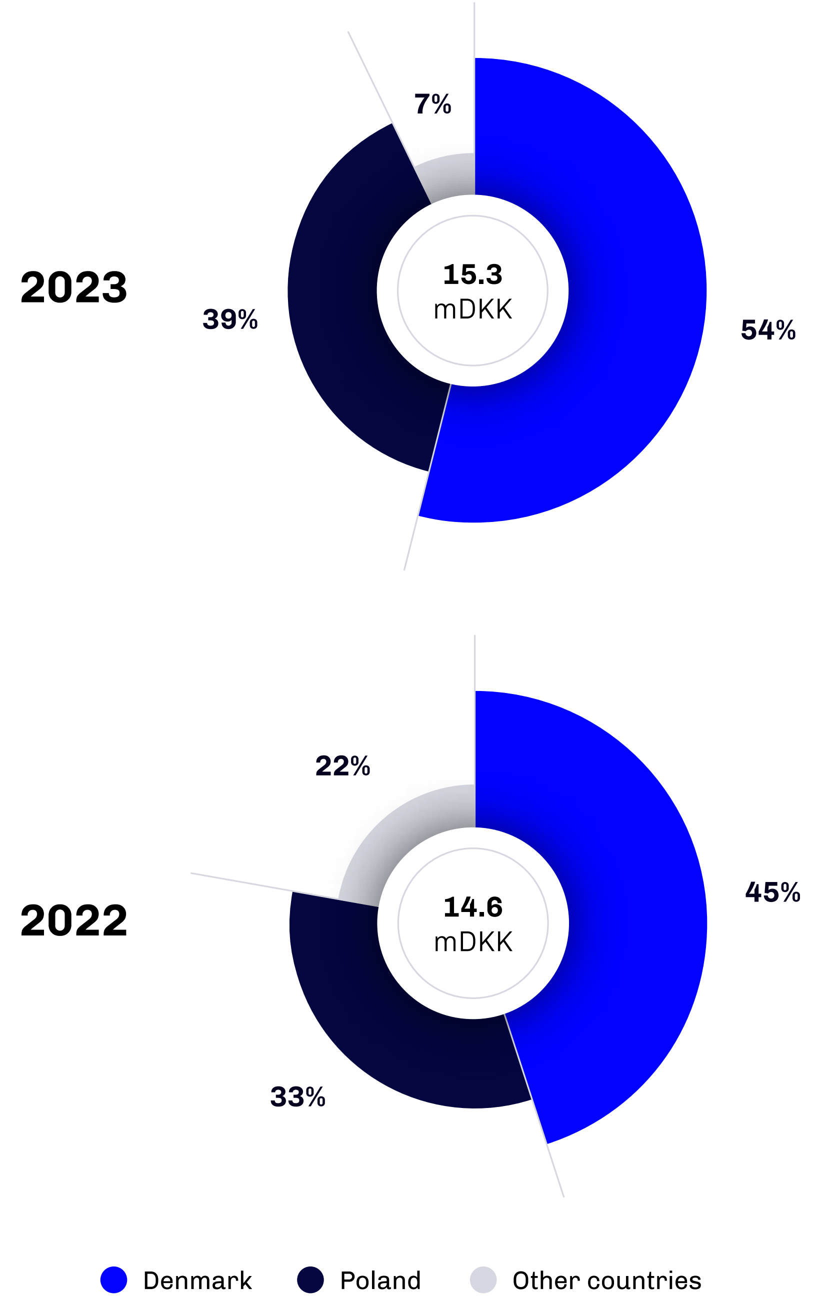
Current tax payable and current tax receivable are recognized in the consolidated balance sheet, calculated as tax on taxable income for the year, adjusted for prepaid tax.

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

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

Current Tax by Country



Note 2.5 | **Tax (continued)**

Figures in DKK '000	2023	2022
Deferred tax has been presented as follows in the consolidated balance sheet		
Deferred tax asset	4,919	5,652
Total deferred tax	**4,919**	**5,652**
Deferred tax		
Intangible assets	-1,263	-638
Property, plant and equipment	1,681	1,932
Right-of-use assets	346	214
Current liabilities	2,117	2,644
Tax losses carried forward	2,038	1,500
Total current tax	**4,919**	**5,652**

The Group has DKK 36,046 thousand (2022: DKK 32,049 thousand) of tax losses carried forward, which relates to previous year's tax result. There is no expiration date on the tax losses carried forward. Tax losses of DKK 9,463 thousand (2022: DKK 6,857) corresponding to deferred tax assets of DKK 2,037 thousand (2022: DKK 1,500 thousand) have been recognized. The primary part of tax loss recognized originates from a subsidiary but is deductible in the parent company and therefore Management has concluded that convincing evidence exists.

Key Accounting Estimate

Deferred tax asset

As of 31 December 2023, the Group has unrecognized deferred tax assets of DKK 26,583 thousand (2022: DKK 25,192 thousand), hereof the tax value of tax losses carried forward amounts to DKK 5,229 thousand (2022: DKK 4,934 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.

Note 2.6 | **Special Items**

Figures in DKK '000	2023	2022
IPO preparation costs	-	12,490
Total special items	**-**	**12,490**

Figures in DKK '000	2023	2022
Impact of special items		
If special items had been recognized in operating profit before tax, they would have impacted the following items:		
Personnel expenses	-	875
Other external expenses	-	11,615
Special items, costs	**-**	**12,490**

IPO preparation costs consist of DKK 0 thousand (2022: DKK 11,615 thousand), related to external assistance from advisors, lawyers etc., and DKK 0 thousand (2022: DKK 875 thousand) related to IPO bonuses to employees.

Key Accounting Judgments

Special items

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

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

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

Accounting Policy

Special items are used in connection with the presentation of profit or loss for the period to distinguish consolidated operating profit from exceptional items, which by nature are not related to the Group's ordinary operations or investment in future activities.

Special items are shown separately from the Group's ordinary operations to facilitate a better understanding of the Group's financial performance.

SECTION 3

Invested Capital

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

Notes

Note 3.1 | **Intangible Assets**

Figures in DKK '000	Acquired rights and licenses	Own developed software under development	Total
Cost at 1 January 2023	**1,130**	**2,899**	**4,029**
Additions	30	2,843	2,873
Cost at 31 December 2023	**1,160**	**5,742**	**6,902**
Amortizations and impairment losses at 1 January 2023	**-1,130**	**-**	**-1,130**
Amortization for the year	-6	-	-6
Amortizations and impairment losses at 31 December 2023	**-1,136**	**0**	**-1,136**
Carrying amount at 31 December 2023	**24**	**5,742**	**5,766**

Figures in DKK '000	Acquired rights and licenses	Own developed software under development	Total
Cost at 1 January 2022	**1,130**	**-**	**1,130**
Additions	-	2,899	2,899
Cost at 31 December 2022	**1,130**	**2,899**	**4,029**
Amortizations and impairment losses at 1 January 2022	**-608**	**-**	**-608**
Amortization for the year	-522	-	-522
Amortizations and impairment losses at 31 December 2022	**-1,130**	**0**	**-1,130**
Carrying amount at 31 December 2022	**-**	**2,899**	**2,899**

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

In 2023 this amounted to DKK 5,699 thousand (2022: DKK 3,361 thousand)

Accounting Policy

Acquired rights and licenses

Intangible assets with definite useful lives are measured at cost less accumulated amortization and impairment losses. Intangible assets include proprietary and separately acquired software.

Amortization is provided on a straight-line basis over the estimated useful lives of the assets, which are between 3-10 years

Own developed software under development

The Group undertakes activities for maintaining and developing software. Costs associated with maintaining software are recognized as expenses when incurred.

The cost of developed software comprises of cost, to external contractors, that are directly attributable to the development project. Cost is recognized from the time at which the development project qualifies for recognition as an asset.

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

Impairment of non-current assets

Software under development that is not subject to amortization are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other 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 recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows 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 3.1 | **Intangible Assets (continued)**

Own-developed software

Key Accounting Judgments

The Group undertakes activities within software development with the objective to further increase the services and value-added by the consultants on assignments.

Management assesses whether the costs incurred for own-developed software are capitalized as a development project or to be expensed in the income statement as incurred.

Initial capitalization of costs is based on Management's judgment that technological and economic feasibility is confirmed, usually when a development project has reached a defined milestone.

Key Accounting Estimate

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

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

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

Note 3.2 | **Property, Plant, and Equipment**

Figures in DKK '000	2023 Equipment	2023 Leasehold improvements	2023 Total	2022 Equipment	2022 Leasehold improvements	2022 Total
Cost at 1 January	**13,398**	**7,062**	**20,460**	**19,540**	**11,024**	**30,564**
Foreign currency adjustments	392	318	710	-429	-319	-748
Additions	1,704	3,132	4,836	952	486	1,438
Disposals	-1,239	-	-1,239	-6,665	-4,129	-10,794
Cost at 31 December	**14,255**	**10,512**	**24,767**	**13,398**	**7,062**	**20,460**
Depreciation and impairment losses at 1 January	**-10,898**	**-5,468**	**-16,366**	**-13,361**	**-5,644**	**-19,005**
Foreign currency adjustments	-361	-310	-671	275	182	457
Depreciation for the year	-1,479	-1,425	-2,904	-2,051	-1,814	-3,865
Disposals	1,180	-	1,180	4,239	1,808	6,047
Depreciation and impairment losses at 31 December	**-11,558**	**-7,203**	**-18,761**	**-10,898**	**-5,468**	**-16,366**
Carrying amount at 31 December	**2,697**	**3,309**	**6,006**	**2,500**	**1,594**	**4,094**

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

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

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

Note 3.3 | **Leases**

Figures in DKK '000	31 December 2023	31 December 2022
Right-of-use assets		
Property	21,960	12,340
Vehicles	3,550	2,109
Equipment	195	242
Total right-of-use assets	**25,705**	**14,691**
Additions, right-of-use assets	3,336	12,454
Remeasurement, right-of-use assets	18,830	2,117
Lease liability		
Non-current	18,123	8,759
Current	9,331	7,014
Total lease liability	**27,454**	**15,773**

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 5 years.

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

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

The Group has recognized the following amounts relating to leases:

Figures in DKK '000	2023	2022
Amounts recognized in the statement of profit and loss:		
Depreciation, right-of-use assets		
Property	-8,997	-8,867
Vehicles	-2,127	-1,631
Equipment	-244	-39
Total depreciation, right-of-use assets	**-11,368**	**-10,537**
Interest expenses (included in finance expenses)	-1,695	-459
Income from subleasing right-of-use assets	1,075	1,355
Total cash outflow for leases	-11,980	-14,194

The total future undiscounted cash outflows relating to leases, not yet commenced, as of 31 December 2023 amount to DKK 659 thousand (2022: DKK 1,263 thousand) which decreases by DKK 131 thousand (2022: DKK 267 thousand) within the next year and DKK 528 thousand (2022: DKK 996 thousand) within the next 1-5 years.

Please refer to note 4.11 for maturity analysis of the lease liabilities.

Note 3.3 | **Leases (continued)**

Leases

The Group as lessee

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

Leases are recognized as a right-of-use asset and a corresponding liability at the date 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 recognized in the statement of profit and loss when incurred.

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

The Group as a lessor (sublease)

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

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

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

Note 3.3 | **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. The agreement was terminated in 2022.

In 2023 the Group had finance income of DKK 0 (2022: DKK 330 thousand) from leases where the Group is an intermediate lessor, and where the leases are classified as finance leases.

Operating leases

The group entered into a sublease agreement regarding 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 operating leases:

Figures in DKK '000	31 December 2023	31 December 2022
Subleases income for the year	1,075	1,355

Lease payments receivable from subleases are due within 1 year.

SECTION 4

Working capital & Capital structure

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

Notes

Note 4.1 | **Trade Receivables**

Figures in DKK '000	31 December 2023	31 December 2022
Total trade receivables	248,654	232,952

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 considers the global economic outlook, for 2024, to be uncertain. Therefore, Management has re-assessed the risk on incurring losses on trade receivables.

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

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

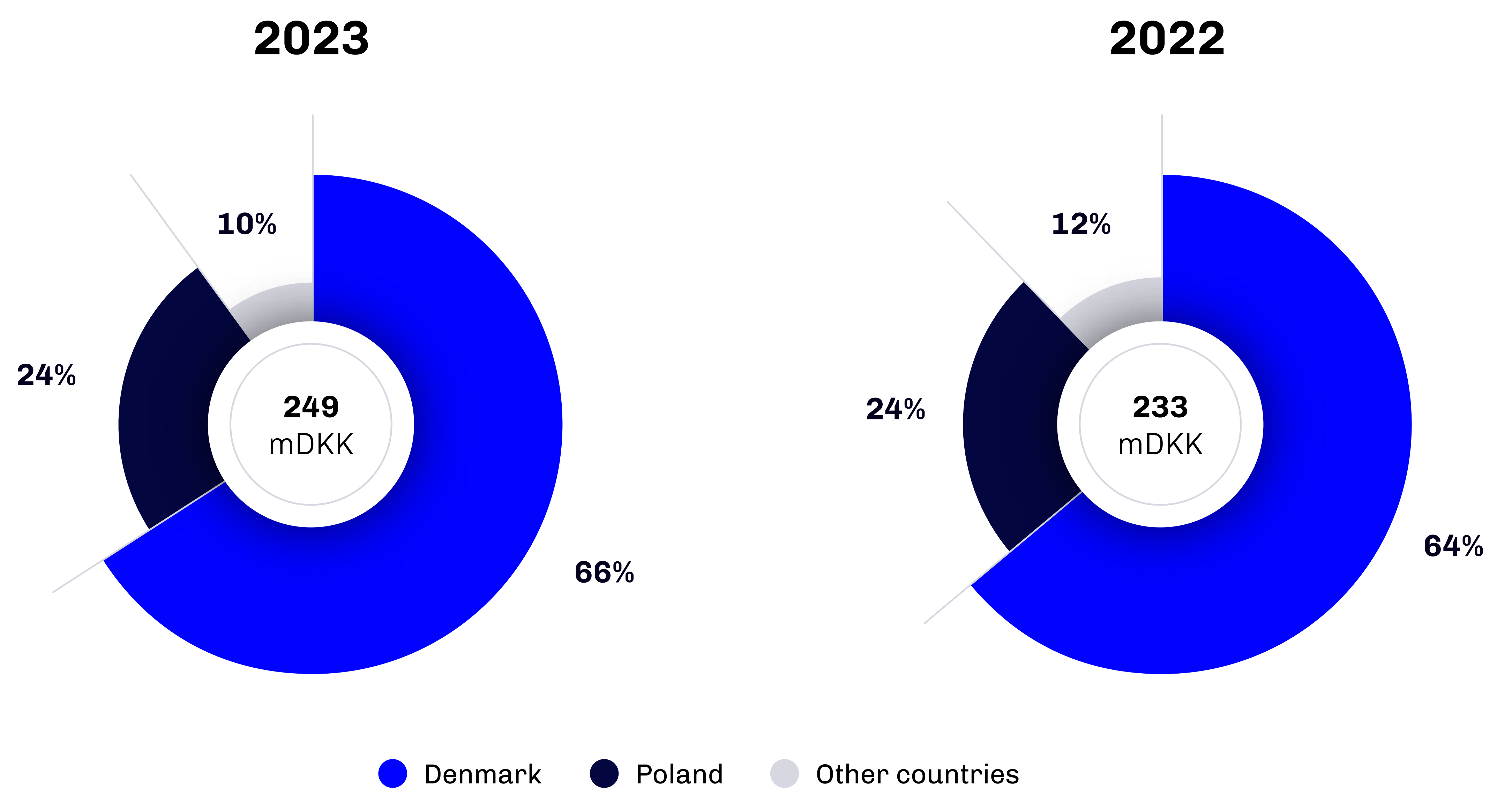
As of 31 December 2023, the Group has recognized credit losses of DKK 0 thousand (2022: DKK 224 thousand)

Accounting Policy

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

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

Trade Receivables by Country



Note 4.2 | **Contract Liabilities**

Figures in DKK '000	31 December 2023	31 December 2022
Contrat liabilities - IT consulting contracts	11,921	12,700

The contract liability balance primarily relates to IT consultancy service contracts where the customers often make prepayments. As described above in note 2.2, revenue is recognized in an amount to which the Group has a right to invoice. Thus, the contract liability balance corresponds to the part of the consideration already received from the customers for which the Group remains to deliver IT consultancy services.

The amount of contract liabilities has decreased by DKK 779 thousand (2022: increase of DKK 327 thousand).

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

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

Accounting Policy

Contract liabilities

A contract liability is the obligation to transfer services to a 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 recognized when the payment is made. Contract liabilities are recognized as revenue when the Group performs under the contract.

Note 4.3 | **Share Capital**

	2023		2022	
	No. of shares	Nominal value (DKK '000)	No. of shares	Nominal value (DKK '000)
Balance at 1 January	1,210,282	1,210	1,210,282	1,210
Balance at 31 December	1,210,282	1,210	1,210,282	1,210

Figures in DKK '000	2023	2022
Cash dividends on ordinary shares declared and paid		
Total cash dividend for 2023: 20.04 DKK per share (2022: 22.14 DKK per share)	24,250	26,800
Proposed dividends on ordinary shares		
Total proposed dividend for 2023: 26.65 DKK per share (2022: 20.04 DKK per share)	32,250	24,250

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.

Treasury Shares

	2023		2022	
Treasury shares	No. of shares	(DKK '000)	No. of shares	(DKK '000)
Balance at 1 January	22,487	2,286	22,487	2,286
Disposal	-4,051	-411	-	-
Balance at 31 December	**18,436**	**1,875**	**22,487**	**2,286**

In 2023, 7N disposed 4,051 treasury shares. The disposal of treasury shares refers to a opportunity for all employees to purchase shares in 7N, and a disposal of treasury shares to a member of the Board of Directors in connection with the establishment of the warrant program.

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

Accounting Policy

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

Note 4.4 | **Earnings per Share**

	2023	2022
Profit for the year (DKK '000)	40,433	30,528
Weighted average number of shares	1,210,282	1,210,282
Weighted average numbers of treasury shares	-20,428	-22,487
Weighted average number of outstanding shares	1,189,854	1,187,795
Earnings per share - (DKK)	33.98	25.71
Earnings per share, diluted - (DKK)	33.98	25.71

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 4.5 | **Capital Management**

The Group's objectives when managing capital are to:

- safeguard the ability to continue as a going concern, so that the Group can fund its continuing growth and development, as well as continue to provide returns for shareholders and benefits for other stakeholders; and

- maintain an optimal capital structure to reduce cost of capital. The Group's strategy is to finance its operations with the cash on the balance sheet and to maintain a positive net working capital position. As of 31 December 2023, the Group has in addition access to undrawn credit facilities of DKK 60 million. See note 4.11 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 4.6 | **Other Interest-bearing Debt**

Figures in DKK '000	31 December 2023	31 December 2022
Other interest-bearing debt	4,699	4,840
Total other interest-bearing debt	**4,699**	**4,840**
Current	-	-
Non-current	4,699	4,840
Total other interest-bearing debt	**4,699**	**4,840**

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

Accounting Policy

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

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

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

Note 4.7 | **Other Liabilities**

Figures in DKK '000	31 December 2023	31 December 2022
Wages and salaries, bonusses, payroll taxes, social security costs, etc.	22,812	20,971
Holiday pay obligation	7,377	6,495
VAT and duties	5,571	6,459
Other	8,988	9,344
Total other liabilities	**44,748**	**43,269**

Accounting Policy

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

Note 4.8 | **Working Capital Changes**

Figures in DKK '000	2023	2022
Change in receivables	-13,103	1,605
Change in payables	88	14,625
Total working capital changes	**-13,015**	**16,230**

Note 4.9 | **Adjustment to the Cash Flow Statement**

Figures in DKK '000	2023	2022
Other operating income, net	-	660
Other non-cash adjustments	512	2,696
Total adjustments	**512**	**3,356**

Note 4.10 | **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 2023	Cash flows	New leases & remeasurement	Other changes	**31 December 2023**
Interest-bearing debt, current and non-current	4,840	374	-	65	5,279
Lease liabilities, current and non-current	15,773	-10,285	22,196	-230	27,454
Total interest-bearing liabilities	**20,613**	**-9,911**	**22,196**	**-165**	**32,733**

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

Note 4.11 | **Financial Risks and Financial Instruments**

Figures in DKK '000	31 December 2023	31 December 2022
Financial assets		
Trade receivables	248,654	232,952
Other assets	10,877	13,584
Cash and cash equivalents	103,366	93,029
Financial assets measured at amortized cost	**362,897**	**339,565**
Financial liabilities		
Interest bearing debt	4,699	4,840
Lease liabilities	27,454	15,773
Trade payables	214,234	214,846
Financial liabilities measured at amortized cost	**246,387**	**235,459**

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

Trade payables

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

The amounts are unsecured and are usually paid within 60 days of recognition. Trade payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

Cash and cash equivalents

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

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

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

Due to the nature of 7N's operations and capital structure, the Group is primarily exposed to liquidity and credit risk. However, due to the international activities of the Group, it is to some 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 in the next section.

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 realise 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 2023, the Group has revolving credit facilities of a total of DKK 60 million (2022: DKK 60 million), of which DKK 0 million has been drawn (2022: DKK 0 million). The Group's management monitors rolling forecasts of the Group's liquidity reserve comprising the undrawn credit facilities and cash and cash equivalents. The cash position, unutilized credit facilities and expected cash flow for 2024 are together considered to be adequate to meet the obligations of the Group as they fall due.

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Note 4.11 | **Financial Risks and Financial Instruments (continued)**

Maturity analysis

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

Figures in DKK '000	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
As of 31 December 2023				
Non-derivatives				
Interest-bearing debt, current and non-current	-	-	8,327	8,327
Lease liabilities, current and non-current	10,768	19,048	-	29,816
Trade payables	214,234	-	-	214,234
Total non-derivatives	**225,002**	**19,048**	**8,327**	**252,377**

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

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 4.6, 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 4.1.

In addition, the Group is exposed to counterparty risk related to deposits with banks. As of 31 December 2023, deposits with banks amounted to DKK 103,366 thousand (2022: DKK 93,029 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.

The maximum credit risk relates to trade receivables and cash & cash equivalents which approximates the carrying amounts.

Note 4.11 | **Financial Risks and Financial Instruments (continued)**

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 is 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	**2023**	**2022**
EUR/INR	+/- 10%	75/-75	200/-200
USD/DKK	+/- 10%	630/-630	621/-621
PLN/DKK	+/- 10%	567/-567	624/-624
NOK/DKK	+/- 10%	64/-64	85/-85
CHF/DKK	+/- 10%	-138/138	-127/127

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 4.6, 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 recognized 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 required by IFRS, but which are secondary importance to understanding of the financial performance of 7N.

Notes

Note 5.1 | **Fee to the Statutory Auditor**

Figures in DKK '000	2023	2022
Statutory audit	1,329	1,189
Other assurance	26	20
Tax and VAT advisory services	341	53
Other services	169	6,021
Total	**1,865**	**7,283**

In 2022, Fees for other services, provided by Pricewaterhouse Coopers statsautoriseret Revisionspartnerselskab, primarily consist of IPO preparation costs.

Note 5.2 | **Related Parties**

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

Related parties further include the Parent's Executive Board, Board of Directors, Other Key Management Personnel and their related parties. Furthermore, related parties are companies in which the above persons have significant interests.

Figures in DKK '000	2023	2022
Transactions with related parties:		
Dividend paid to Hedaa Holding ApS (parent of 7N A/S)	8,259	9,128
Dividends paid to related parties with significant interests	10,301	11,385
Dividends paid to other related parties	435	481
Total	**18,995**	**20,994**

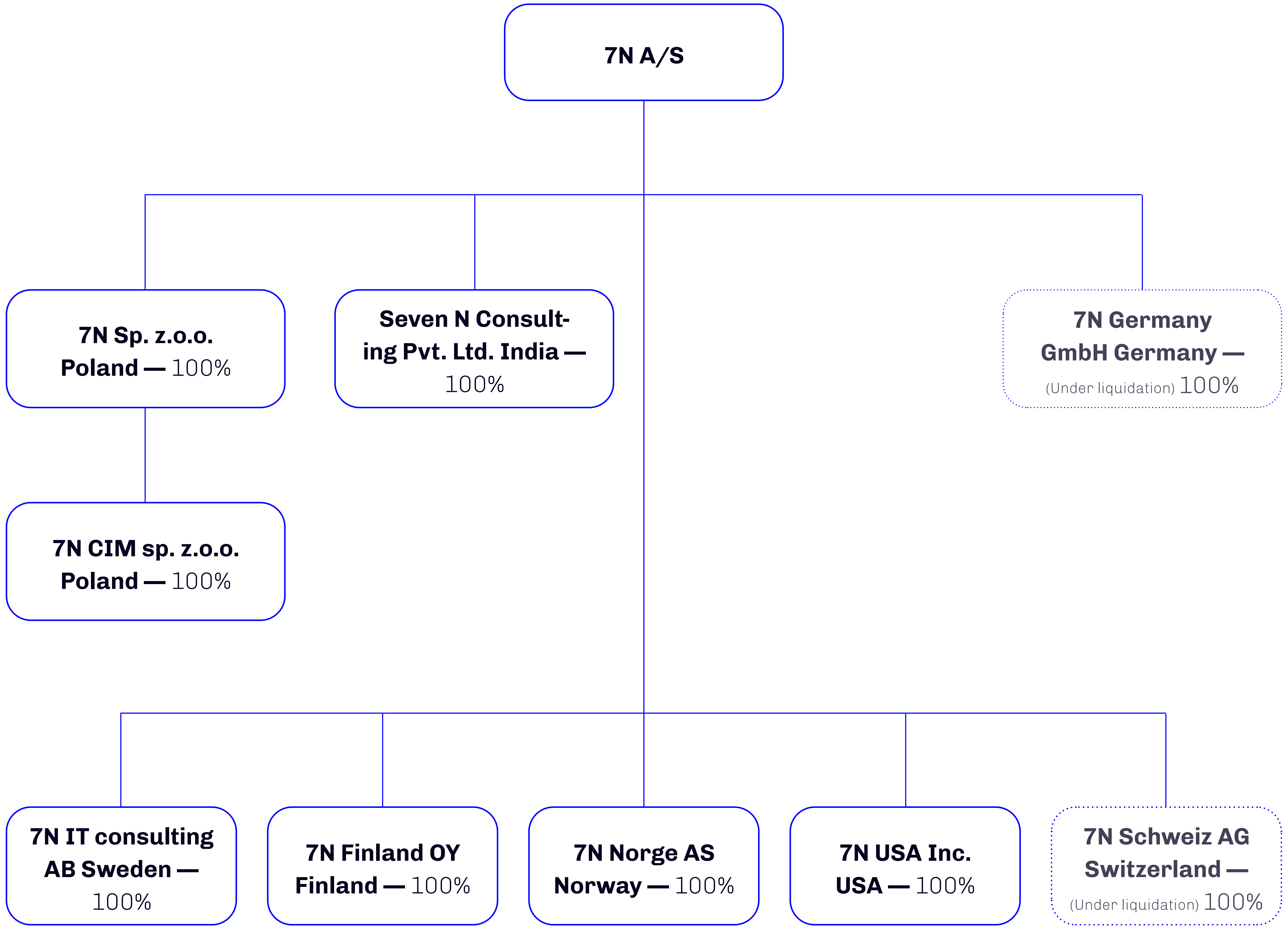
Remuneration to Key Management personnel has been disclosed in note 2.3.

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 2023, this amounted to DKK 2,480 thousand (2022: DKK 2,196 thousand). There were no other transactions with key management personnel.

Members of the Board of Directors has during the year acquired 3,586 treasury shares from the Group (2022: 0 shares) in the amount of DKK 2,000 thousand (2022: DKK 0).

Note 5.2 | **Related Parties (continued)**

The Group's legal structure



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 US Inc.	USA	USD	100%	Subsidiary
7N Schweiz AG (under liquidation)	Switzerland	CHF	100%	Subsidiary
7N Germany GmbH (under liquidation)	Germany	EUR	100%	Subsidiary
Seven N Consulting Pvt. Ltd.	India	INR	100%	Subsidiary
7N Poland, Branch of 7N A/S	Poland	DKK	100%	Branch

In 2023 7N20 ApS merged with the parent company 7N A/S.

Note 5.3 | **Collateral Provided and Contingent Liabilities**

Pledges and security

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

Figures in DKK '000	31 December 2023	31 December 2022
The carrying amounts of the secured assets are as follows:		
Intangible assets	5,766	2,899
Property, plant and equipment	6,006	4,094
Trade receivables	248,654	232,952
Total	**260,426**	**239,945**

For the Group's leaseholds, an amount of DKK 4.3 million has been provided for security (2022: DKK 5.6 million) The amount is recognized as a deposit presented within other receivables. The terms restrict the Group from using the assets for other securities.

Recourse guarantee commitments

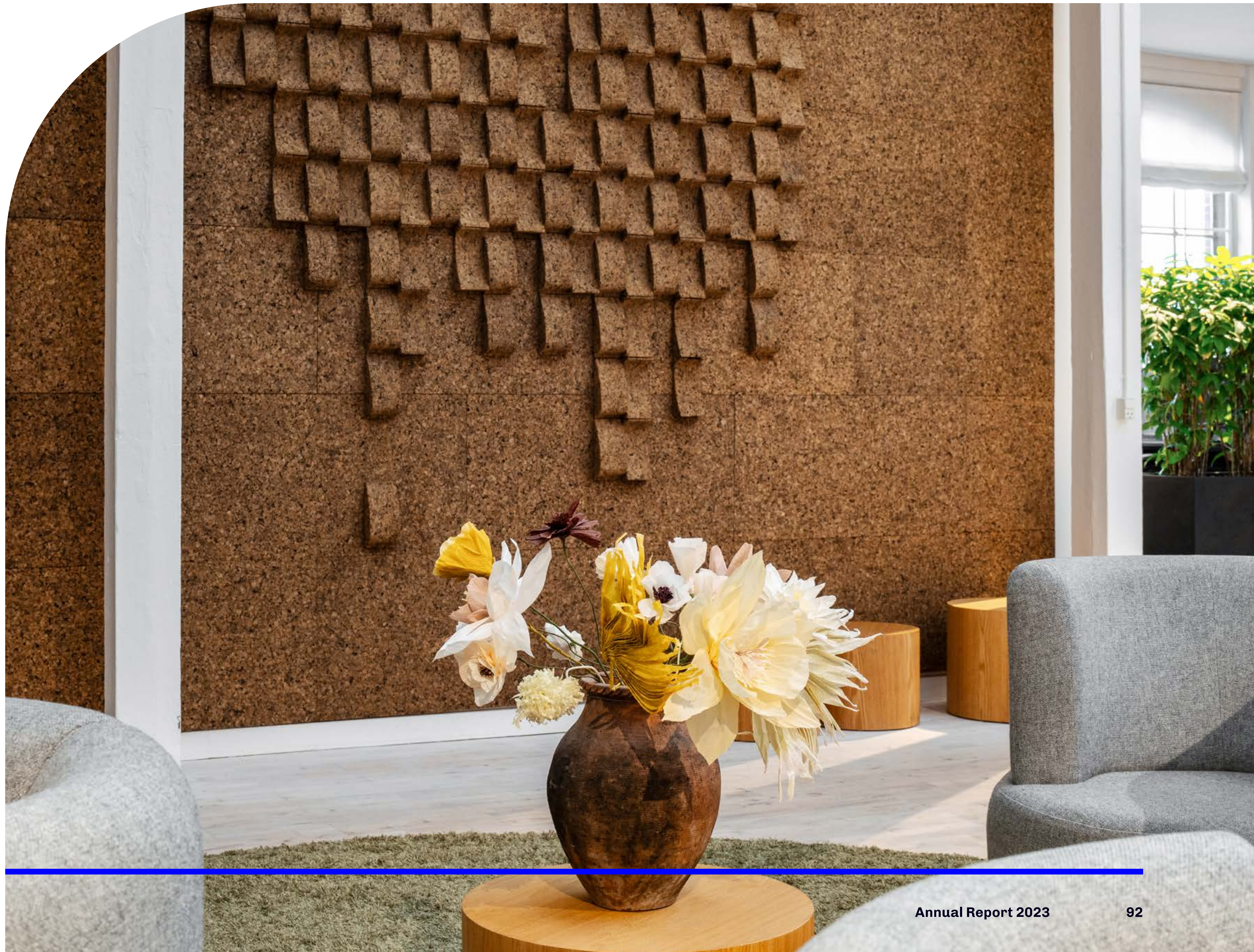
The Group entities have provided a guarantee whereby the guarantor assumes primary liability for group enterprises' debt to credit institutions. The guarantee is unlimited except for 7N Sp. z.o.o that are limited to DKK 8.6 million. The group enterprises' debt to the credit institutions concerned amounts to DKK 0 at the balance sheet date.

Contingent liabilities

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

Note 5.4 | **Events After the Balance Sheet Date**

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



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Figures in DKK '000	Note	2023	2022
Revenue	1	**870,085**	**816,717**
Cost of sales		-705,233	-659,796
Other operating income		17,590	19,307
Other external expenses		-60,663	-77,761
Gross profit		**121,779**	**98,467**
Personnel expenses	2	-84,424	-77,864
Depreciation and amortization		-5,359	-5,521
Operating profit		**31,996**	**15,082**
Income from equity investments in group enterprises	3	18,216	21,649
Financial income	4	4,411	1,318
Financial expenses	5	-4,335	-2,958
Profit before tax		**50,288**	**35,091**
Tax on profit for the year	6	-9,855	-4,796
Profit for the year		**40,433**	**30,295**

Distribution of profit 7

Balance Sheet

Assets

Figures in DKK '000	Note	2023	2022
Non-current assets			
Own developed software under development		5,742	2,899
Total intangible assets	8	**5,742**	**2,899**
Right-of-Use assets		6,267	6,089
Leasehold improvements		339	763
Equipment		150	319
Total property, plant and equipment	9	**6,756**	**7,171**
Equity investments in group enterprises	10	80,528	73,342
Receivables from group enterprises	11	20,886	21,804
Deposits	11	1,789	1,676
Total investments		**103,203**	**96,822**
Total non-current assets		**115,701**	**106,892**
Current assets			
Trade receivables		164,455	149,184
Receivables from group enterprises		916	2,772
Deferred tax asset	12	934	1,983
Other receivables		-	758
Prepayments	13	3,641	4,921
Total receivables		**169,946**	**159,618**
Cash and cash equivalents		18,035	11,621
Total current assets		**187,981**	**171,239**
Total assets		**303,682**	**278,131**

Equity & Liabilities

Figures in DKK '000	Note	2023	2022
Equity			
Share capital	14	1,210	1,210
Reserve for net revaluation according to the equity method		29,193	26,780
Reserve for development costs		2,843	-
Retained earnings		34,949	25,153
Proposed dividend for the financial year		32,250	24,250
Total equity		**100,445**	**77,393**
Non-current liabilities			
Lease liabilities	15	2,751	3,181
Other interest-bearing debt	15	4,699	4,840
Total non-current liabilities		**7,450**	**8,021**
Current liabilities			
Lease liabilities	15	3,646	3,087
Prepayments received from customers		-	3,022
Trade payables		143,866	148,907
Payables to group enterprises		13,281	9,268
Income taxes		4,020	2,517
Other interest-bearing debt		30,974	25,916
Total current liabilities		**195,787**	**192,717**
Total liabilities		**203,237**	**200,738**
Total equity and liabilities		**303,682**	**278,131**

Contingent liabilities	16
Charges and securities	17
Related parties	18
Accounting policies	19

Statement of Changes in Equity

Figures in DKK '000	Share capital	Reserve for net revaluation according to the equity method	Reserve for capitalized development costs	Retained earnings	Proposed dividend for the financial year	**Total equity**
Balance as at 1 January 2023	**1,210**	**26,780**	**-**	**25,153**	**24,250**	**77,393**
Foreign currency translation adjustment of foreign enterprises	-	3,799	-	-252	-	3,547
Dividend from treasury shares	-	-	-	451	-	451
Dividend paid	-	-	-	-	-24,250	-24,250
Disposal of treasury shares	-	-	-	2,260	-	2,260
Capitalized development costs	-	-	2,843	-2,843	-	-
Share-based payment	-	-	-	611	-	611
Profit for the year	-	-1,386	-	9,569	32,250	40,433
Balance as at 31 December 2023	**1,210**	**29,193**	**2,843**	**34,949**	**32,250**	**100,445**
Balance as at 1 January 2022	**1,210**	**11,513**	**-**	**35,643**	**26,800**	**75,166**
Net effect of merger	-	1,154	-	-1,154	-	-
Adjusted balance as at 1 January 2022	**1,210**	**12,667**	**-**	**34,489**	**26,800**	**75,166**
Foreign currency translation adjustment of foreign enterprises	-	-1,729	-	-36	-	-1,765
Dividend from treasury shares	-	-	-	497	-	497
Dividend paid	-	-	-	-	-26,800	-26,800
Profit for the year	-	15,842	-	-9,797	24,250	30,295
Balance as at 31 December 2022	**1,210**	**26,780**	**-**	**25,153**	**24,250**	**77,393**

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 reporting.

Figures in DKK '000	2023	2022
Revenue from professional services		
Consulting	783,877	744,636
Outsourcing	78,881	63,749
Total revenue from professional services	**862,758**	**808,385**
Revenue from other services		
Consulting	3,610	3,352
Outsourcing	3,717	4,980
Total revenue from other services	**7,327**	**8,332**
Total	**870,085**	**816,717**
Geographical distribution:		
Denmark	818,994	780,119
Rest of Europe	50,412	33,554
Other	679	3,044
Total	**870,085**	**816,717**

Note 2 | **Personnel Expenses**

Figures in DKK '000	2023	2022
Wages and salaries	80,420	74,245
Other social security costs	770	790
Share based payment	611	-
Other staff costs	2,623	2,829
Total	**84,424**	**77,864**
Average number of employees during the year	78	76
Remuneration for the Board of Directors		
Board fee	2,275	3,300
Share based payment	611	-
Total	**2,886**	**3,300**
Remuneration for the Executive Board		
Salaries and wages including bonuses	5,842	5,489
Total	**5,842**	**5,489**

For further information details on the remuneration of the Executive Board and the Board of Directors and share based remuneration, please refer to note 2.3 in the consolidated financial statements.

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

Figures in DKK '000	2023	2022
Share of profit or loss of group enterprises	18,216	21,649
Total	**18,216**	**21,649**

Note 4 | **Financial Income**

Figures in DKK '000	2023	2022
Interest, group enterprises	1,815	524
Other financial income	2,596	794
Total	**4,411**	**1,318**

Note 5 | **Financial Expenses**

Figures in DKK '000	2023	2022
Interest, group enterprises	7	30
Other financial expenses	4,328	2,928
Total	**4,335**	**2,958**

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

Figures in DKK '000	2023	2022
Current tax	8,278	6,629
Change in deferred tax	1,049	-1,833
Adjustment tax, previous years	528	-
Total	**9,855**	**4,796**

Note 7 | **Distribution of Profit**

Figures in DKK '000	2023	2022
Reserve for net revaluation according to the equity method	-1,386	15,842
Proposed dividend for the financial year	32,250	24,250
Retained earnings	9,569	-9,797
Total	**40,433**	**30,295**

Note 8 | **Intangible Assets**

Figures in DKK '000	Own developed software under development	Acquired rights	Total
Cost at 1 January 2023	-	2,821	2,821
Net effect of merger	2,899	-	2,899
Adjusted cost at 1 January 2023	**2,899**	**2,821**	**5,720**
Additions during the year	2,843	-	2,843
Cost at 31 December 2023	**5,742**	**2,821**	**8,563**
Amortization and impairment losses at 1 January 2023	-	-2,821	-2,821
Amortization and impairment losses at 31 December 2023	**-**	**-2,821**	**-2,821**
Carrying amount at 31 December 2023	**5,742**	**-**	**5,742**

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

Figures in DKK '000	Right-of-Use assets	Leasehold improvements	Equipment	Total
Cost at 1 January 2023	19,838	1,812	4,409	26,059
Net effect of merger	-	-	81	81
Adjusted cost at 1 January 2023	**19,838**	**1,812**	**4,490**	**26,140**
Additions during the year	2,522	-	37	2,559
Remeasurements during the year	2,385	-	-	2,385
Disposals during the year	-4,347	-	-	-4,347
Cost at 31 December 2023	**20,398**	**1,812**	**4,527**	**26,737**
Depreciation and impairment losses at 1 January 2023	-13,749	-1,049	-4,138	-18,936
Net effect of merger	-	-	-33	-33
Adjusted depreciation and impairment losses at 1 January 2023	**-13,749**	**-1,049**	**-4,171**	**-18,969**
Depreciation during the year	-4,729	-424	-206	-5,359
Disposals during the year	4,347	-	-	4,347
Depreciation and impairment losses at 31 December 2023	**-14,131**	**-1,473**	**-4,377**	**-19,981**
Carrying amount at 31 December 2023	**6,267**	**339**	**150**	**6,756**

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

Figures in DKK '000	Equity investments in group enterprises
Cost at 1 January 2023	44,592
Cost at 31 December 2023	**44,592**
Revaluations at 1 January 2023	26,780
Foreign currency translation adjustment of foreign enterprises	3,799
Net profit from equity investments	19,578
Dividend relating to equity investments	-19,602
Withholding tax on dividend	-1,362
Revaluations at 31 December 2023	**29,193**
Negative equity value impaired in receivables	**6,743**
Carrying amount at 31 December 2023	**80,528**

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
7N Germany GmbH	Germany	EUR	100%	Subsidiary
Seven N Consulting Pvt. Ltd	India	INR	100%	Subsidiary
7N Poland, Branch of 7N A/S	Poland	DKK	100%	Branch

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

Figures in DKK '000	Receivables from group enterprises	Deposits	Total
Cost at 1 January 2023	23,774	1,608	25,382
Net effect merger	-	68	68
Adjusted cost at 1 January 2023	**23,774**	**1,676**	**25,450**
Additions during the year	4,778	113	4,891
Disposals during the year	-923	-	-923
Cost at 31 December 2023	**27,629**	**1,789**	**29,418**
Impairment losses at 1 January 2023	-1,970	-	-1,970
Impairment losses during the year	-4,773	-	-4,773
Impairment losses at 31 December 2023	**-6,743**	**-**	**-6,743**
Carrying amount at 31 December 2023	**20,886**	**1,789**	**22,675**

Note 12 | **Deferred Tax**

Figures in DKK '000	2023	2022
Deferred tax at 1 January	1,983	150
Deferred tax recognised in the income statement	-1,049	1,833
Deferred tax at 31 December	**934**	**1,983**
Deferred tax is distributed as below:		
Intangible assets	-1,263	-638
Property, plant and equipment, net	367	351
Other liabilities	330	770
Tax losses carried forward	1,500	1,500
Total	**934**	**1,983**

Note 13 | **Prepayments**

Figures in DKK '000	31 December 2023	31 December 2022
Prepaid insurance premiums	308	200
Prepayments regarding events and other arrangements	1,780	2,631
Other prepayments	1,553	2,090
Total	**3,641**	**4,921**

Note 14 | **Share Capital**

	Quantity	Total nominal value DKK
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 at 1 January 2023	22,487	2,286	0.19%
Disposal	-4,051	-411	-0.03%
Treasury shares at 31 December 2023	**18,436**	**1,875**	**0.15%**

Note 15 | **Long-term Payables**

Figures in DKK '000	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
At 31 December 2023				
Lease liabilities	3,646	2,751	-	**6,397**
Other interest-bearing debt	-	-	4,699	**4,699**
Total	**3,646**	**2,751**	**4,699**	**11,096**

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

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

Note 17 | **Charges and Security**

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

Figures in DKK '000	31 December 2023	31 December 2022
Intangible assets	5,742	2,899
Property plant and equipment	489	1,082
Trade receivables	164,455	149,184
Total	**170,686**	**153,165**

For the Company's leaseholds, an amount of DKK 1.6 million has been provided for security (2022 DKK 1.5 million) The terms restrict the Group from using the assets for other securities.

Note 18 | **Related parties**

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

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

Note 19 | **Accounting Policies**

General

The annual report of 7N A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act (Årsregnskabsloven) for large entities in reporting class C.

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

Business combinations

During 2023 the parent company 7N A/S merged with the wholly owned subsidiary 7N20 ApS.

In a vertical business combination the group method is applied. In this way, the companies are combined using values from the consolidated financial statements and the merger is considered effective from the time when the parent gained control in the merged company, hence the comparative figures have been restated.

Basis of recognition and measurement

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

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

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

Currency

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

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

Income Statement

Revenue

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

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

Revenue from professional services

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

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

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

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

Time & material contracts

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

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

Customers are generally invoiced on a monthly basis and consideration 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 Company generates revenue from other services, which primarily includes revenue from hiring out complete workspace stations, course and training programs. Revenue from such service arrangements is recognized over time

Other operating income

Other operating income comprises group charges from subsidiaries.

Cost of sales

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

Other external expenses

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

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

Personnel expenses

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

Depreciation, amortization and impairment losses

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

	Useful lives, years	Residual value, percent
Own developed software under development	3-5	0
Acquired rights	3	0
Right-of-Use assets	1-5	0
Leasehold improvements	3-5	0
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 entities

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

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

Other net financials

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

Tax on profit/loss for the year

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

The company is jointly taxed with Danish consolidated entities.

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

Balance Sheet

Intangible assets

Intangible assets are measured in the balance sheet at cost less accumulated amortization and impairment losses.

Intangible assets 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.

Own developed software under development

Cost of own developed software under development comprises of cost to external contractors, that are directly attributable to the development project. Cost is recognized from the time at which the development project qualifies for recognition as an asset.

Costs associated with maintaining software are recognized as expenses when incurred.

Acquired rights

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

Property, plant and equipment

Property, plant and equipment comprise land and buildings, leasehold improvements as well as 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.

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

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

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

Leases

The Company's leases include properties and vehicles.

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

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

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

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

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

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

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

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

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

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

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

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

Equity investments in group entities

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

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

Under subsequent recognition and measurement of equity investments according to the equity method, equity investments are measured at the proportionate share of the entities' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of goodwill and gains and losses on transactions with the entities in question.

Equity investments with negative equity values are measured at DKK 0, and any receivables from such companies are written down with the Parent's share of the negative equity value to the extent that such receivable is considered irrecoverable.

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

Impairment losses on fixed assets

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

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

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

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

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

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

Receivables

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

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

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

Prepayments

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

Cash

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

Equity

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

Reserve for development costs comprise capitalized development costs. The reserve is restricted from distribution as dividend. The reserve is reduced by the value of the depreciations.

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

Current and deferred tax

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

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

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

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

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

Payables

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

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

Prepayments received from customers

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

Cash Flow Statement

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

Statement of the Board of Directors and Executive Board 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 2023.

The Consolidated Financial Statements have been prepared iin accordance with IFRS Accounting 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 2023 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 2023.

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, 20 March 2024

Executive Board

Sebastian Podleśny
CEO

Jacob Lehman
CFO

Board of Directors

Jeppe Laurids Hedaa
Chairman

Glenn Petersen

Naja Barrisøe

Michael Halbye

Lika Thiesen

Pernille Simmelkiær Larsen

Ingrid Saugen Mjøen

Independent Auditor's Report

Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2023 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2023 in accordance with IFRS Accounting 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 2023 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2023 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 2023, which comprise statement of profit and loss, balance sheet, statement of changes in equity and notes, including material 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").

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Independent Auditor's Report *(continued)*

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 IFRS Accounting 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 ex-

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Independent Auditor's Report *(continued)*

ists. 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, 20 March 2024
PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Anders Stig Lauritsen
State Authorised Public Accountant
mne32800

André Nielsen
State Authorised Public Accountant
mne46624

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* = $\frac{\text{Equity x 100}}{\text{Total assets}}$

EBITDA* = EBIT + Amotization and depreciation

EBITDA margin* = $\frac{\text{EBITDA x 100}}{\text{Revenue}}$

Adjusted EBITDA = EBITDA - (non-recurring costs + profit sharing incentive costs)

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

Adjusted EBITDA margin = $\frac{\text{Adjusted EBITDA x 100}}{\text{Revenue}}$

Cash conversion = $\frac{\text{Operating cash flow}}{\text{EBITDA}}$

Revenue retention = Percentage of revenue retained from existing clients

Number of vetted consultants = Total number of consultants constituting the Group's pool of vetted consultants

Net interest-bearing debt = Non-current and current interest-bearing loans and other interest-bearing debt less cash and cash equivalents

EOP = End of period

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Financial year: 1 January – 31 December