



Annual Report

Approved at the Company's annual
general meeting on 25 May 2020

Chairman:

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

Lars Lüthjohan Jensen
Attorney-at-law

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Group Information

The Company

7N A/S
Emdrupvej 26, 2nd floor
2100 Copenhagen Ø
Tel.: +45 4528 0000
E-mail: info@7n.com
Registered office: Copenhagen
CVR no.: 50 81 02 16
Financial year: 1 January – 31 December

Executive Board

Jeppe Laurids Hedaa, *CEO*

Board of Directors

Preben Damgaard Nielsen, *Chairman*
Jannik Kruse Petersen
Glenn Petersen
Michael Halbye
Jeppe Laurids Hedaa

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab



Group Chart



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

We have, on this day, presented the annual report for the financial year 1 January – 31 December 2019 for 7N A/S.

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

In our opinion, the consolidated financial statements and parent company financial statements give a true and fair view of the Group's and the parent company's, liabilities, and financial position as at 31 December 2019 and of the results of the Group's and parent company's activities and of the Group's cash flows for the financial year 1 January – 31 December 2019.

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

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

Copenhagen, 1 May 2020

Executive Board



Jeppe Laurids Hedaa

Board Of Directors



Preben Damgaard Nielsen
Chairman



Glenn Petersen



Jannik Kruse Petersen



Michael Halbye



Jeppe Laurids Hedaa

To the Shareholders of 7N A/S Opinion

We have audited the consolidated financial statements and parent company financial statements of 7N A/S for the financial year 1 January – 31 December 2019, which comprise the income statement, balance sheet, statement of changes in equity, and notes, inclusive of accounting policies for the group as well as for the parent company as well as the consolidated cash flow statement. The consolidated financial statements and parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion the consolidated financial statements and parent company financial statements give a true and fair view of the group's and the parent company's assets, liabilities, and financial position at 31 December 2019 and of the results of the Group's and the parent company's operations and the consolidated cash flows for the financial year 1 January – 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Statement regarding the management's review

The Management is responsible for management's review. Our opinion on the consolidated financial statements and parent company financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

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

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

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

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

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



Independent Auditor's Report



In preparing the consolidated financial statements and parent company financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated financial statements and parent company financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit

conducted in accordance with the International Standards on Auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent company financial statements.

As part of an audit conducted in accordance with the International Standards on Auditing and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and parent company financial statements, whether due to fraud or error, design, and perform the audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the consolidated financial statements and parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and parent company financial statements or, if such disclosures are inadequate to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and contents of the consolidated financial statements and parent company financial statements, including the disclosures, and whether the consolidated financial statements and parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 1 May 2020

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Philip Heick-Poulsen

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

7N at a Glance

Revenue in mDKK

1.030

(+10,8%)

Time spent
in consultant meetings

6.441 h

(5 hours per consultant)

Hours delivered

1,81 m

(+9,7%)

Number of
consultants EOY

1.343

EBIT

46 mDKK

Admin staff

150

Near- and Offshoring

Our near- and offshoring activities have yet again proved an important lever towards our strategic clients

7N Offices

12

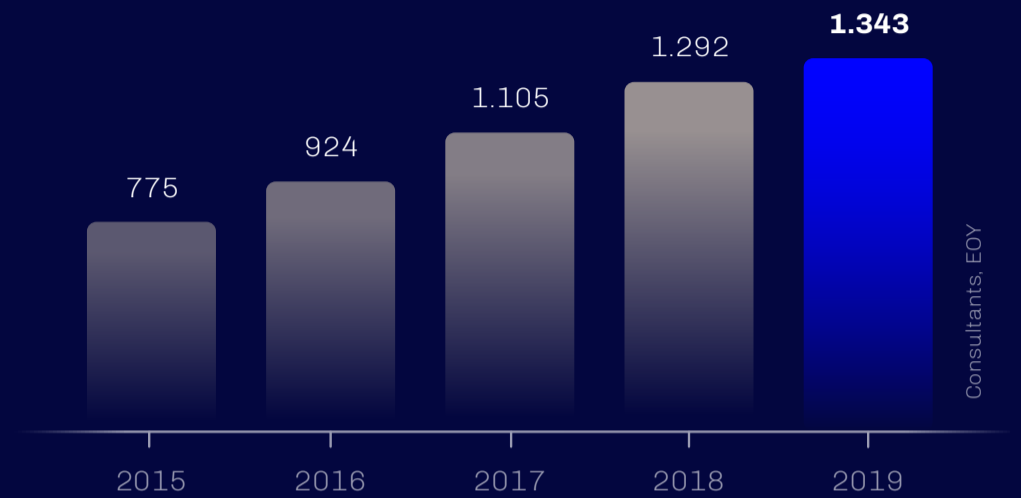
7N Locations

9

Countries

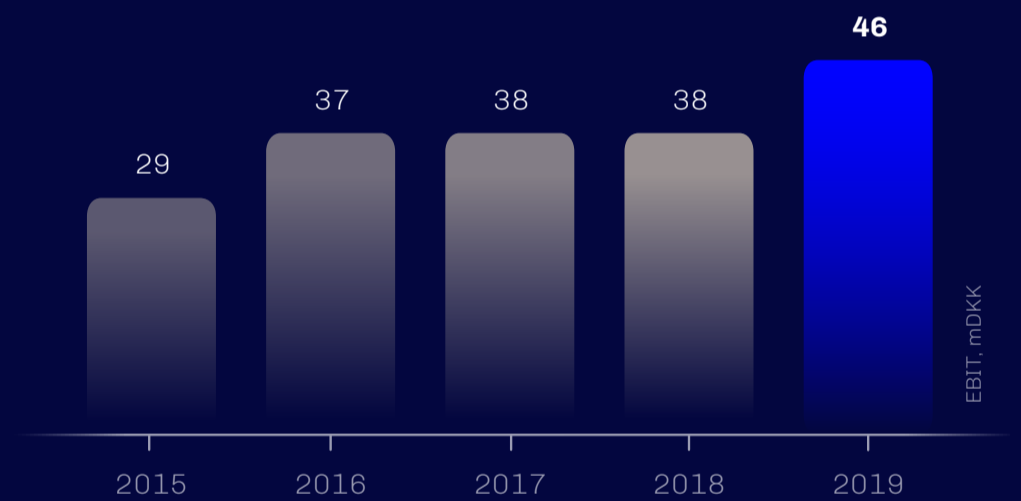
+6,8%

Increase in number
of consultants in 2019



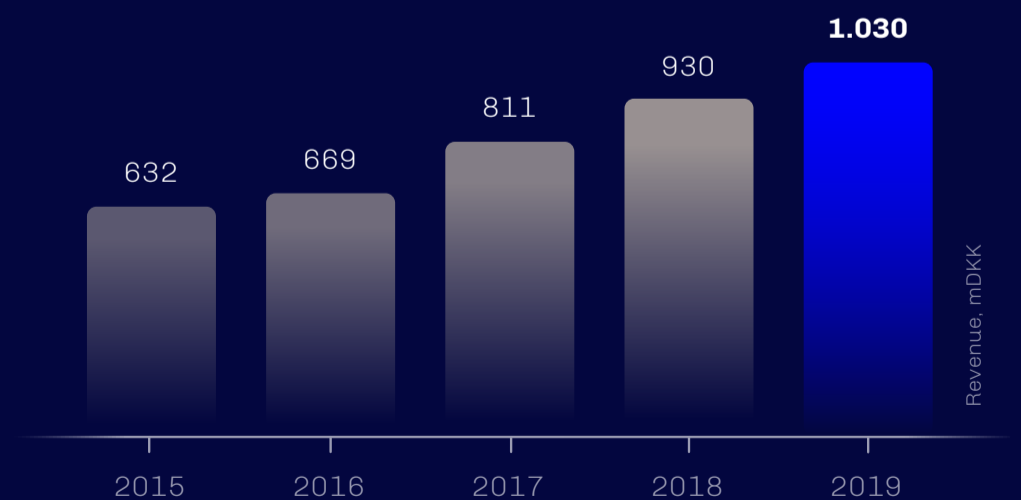
+24%

Increase in EBIT
in 2019



+11%

Increase in revenue
in 2019



CEO Letter

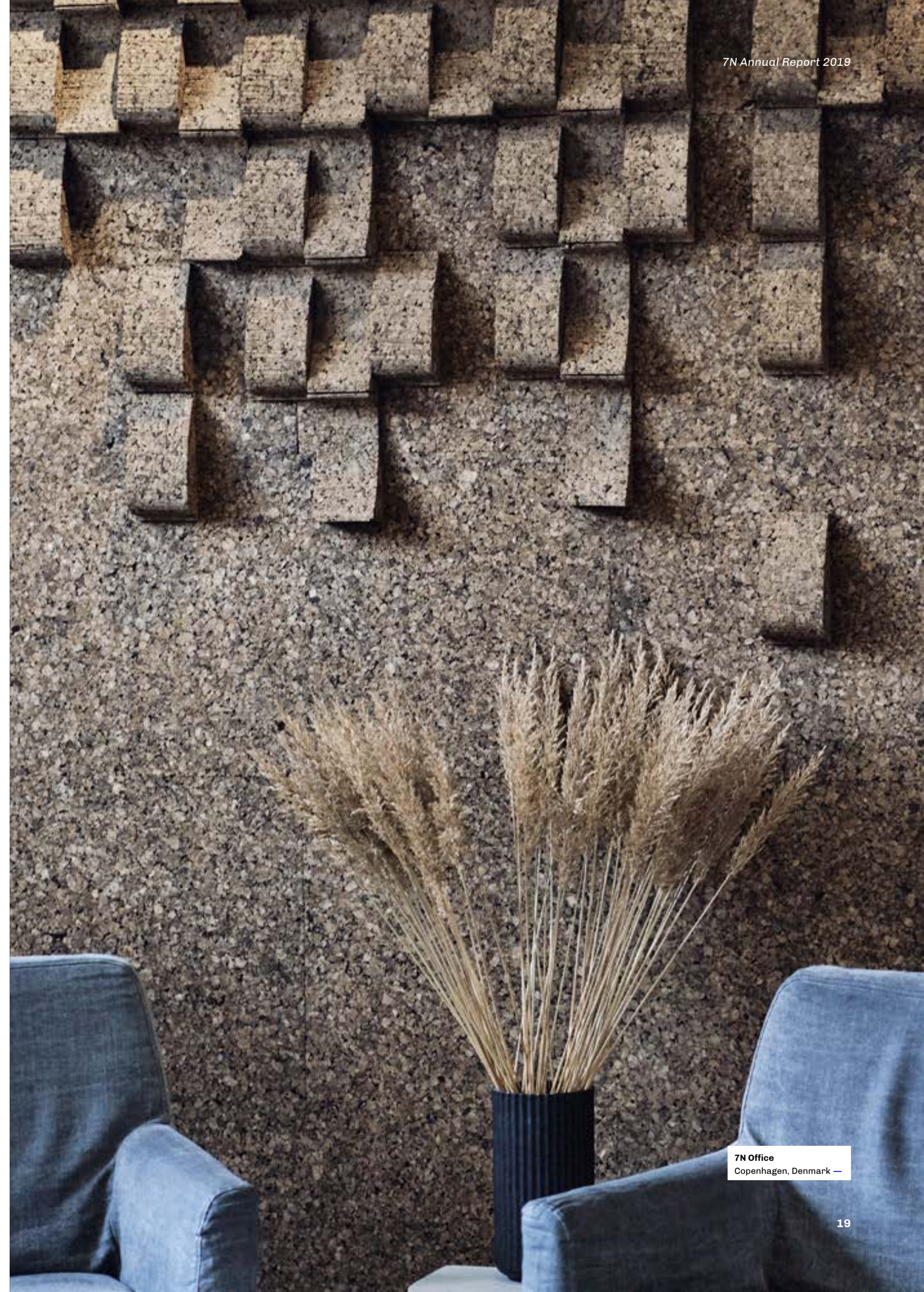


2019 was another good year for 7N with solid growth in revenue of 11% and EBIT of 24%. It was also the year where we hit the "one billion DKK revenue mark". Not that the number in itself has great meaning or importance to us - our focus has and will always be on delivering continuous high quality. That said, it is a privilege for us all to have grown a company organically to above this round number of DKK 1.000.000.000. Not many companies achieve this.

2019 was also the year where we got a better grip on our internationalization journey. Our companies outside Denmark are by far providing the motherload of our growth, and in the organization, we feel comfortable that we have established a scalable international business.

The most impressive part of our work in 2019 - in my eyes – was that we continue to attract such amazing people to 7N. We seem to be able to keep our focus on the very best and still manage, handful by handful, to grow our population of high-performing individuals. This is a thrill.

I could not have asked for a better year, where all our dreams and hopes for this period came through.



IT industry challenges

Over the past decade, our customers have thrown every resource they have been able to find at developing more systems. And the overall picture out there is fragmented:

1) For us, the quality of people is the one main driver in getting a project delivered on time, in scope, and on budget – even beyond. Compromising on the quality can have huge implications for a complex IT program, and when this fact is being jeopardized, it affects the quality of the systems developed as well as the following maintenance. We predict that eyes will be opened to the fact that “more is not better”, and that the coming years will bring more focus into hiring only the best people, ensuring low cost per delivery unit and lower cost of maintenance. This is what we have built our whole business model upon, and we will keep encouraging our clients to strive for top performance.

2) Another industry challenge that we observe is the complexity in the application landscape caused by the increased digitalization as well as the introduction of more and more systems. In order to have a full overview of the IT department, it is necessary to reduce the complexity by cleaning up and simplify the set-up. We see the winners of tomorrow being the organizations that do this exercise; they will be able to have a high allocation to development and be able to adapt

to new market conditions and opportunities – without too large a burden in legacy and maintenance.

3) The ‘Enterprise Architecture’ function will experience a revival. With cloud and the ability to really procure many software components from partners, it is more than ever important to have a strong Enterprise Architecture department. A great overview and a clear focus on re-using existing in-house functionality and systems from partners will enable companies to move forward faster and cheaper. The IT departments with a strong Enterprise Architecture function will thrive in the years to come.

4) Good-guys management principles will regain popularity. As it is clear to most modern thinkers, the best people do not wish to work for bad managers. We will see a new focus on servant leadership and employee-friendly working environments to attract the best people enabling companies to win the IT race.

5) We foresee that the attention to the latest development tools and methodologies will lose ground to more focus on getting things done. While the latter years of focus on agile development have, in general been a huge asset for the performance of IT departments, the popularization has also had some less beneficial effects. Since a lot of money can be found in advising on agile or digital transformations, far too many versions of agile methodologies and ‘the next big thing’ sprout – making the landscape harder to navigate in and the effects more opaque. We see that the top-performing development departments have less of a focus on specific technological or methodological aspects of IT, and more on the foundational traits of a high performing organization. That, I believe, will continue.

2020

Our center of activity for the year we have entered is a continuous focus on the daily business of delivering the more than 1.300 elite specialists that we are so proud of having in our portfolio. Internally, we will invest heavily in our IT systems and continue to expand the systems support of our entire value chain.

The digital support of our business processes is essential for us to free up more time and focus on what we believe makes the difference in any people-business. Estimates show that upwards of 60% of performance can be predicted by tests – but you need warm, experienced hands to really be sure of the individual.

We are closely monitoring the new global COVID-19 pandemic and the effect it has on companies across the globe. So far, 2020 has been off to a great start, and even the books for Q2 indicate that our general business is only slightly impacted.

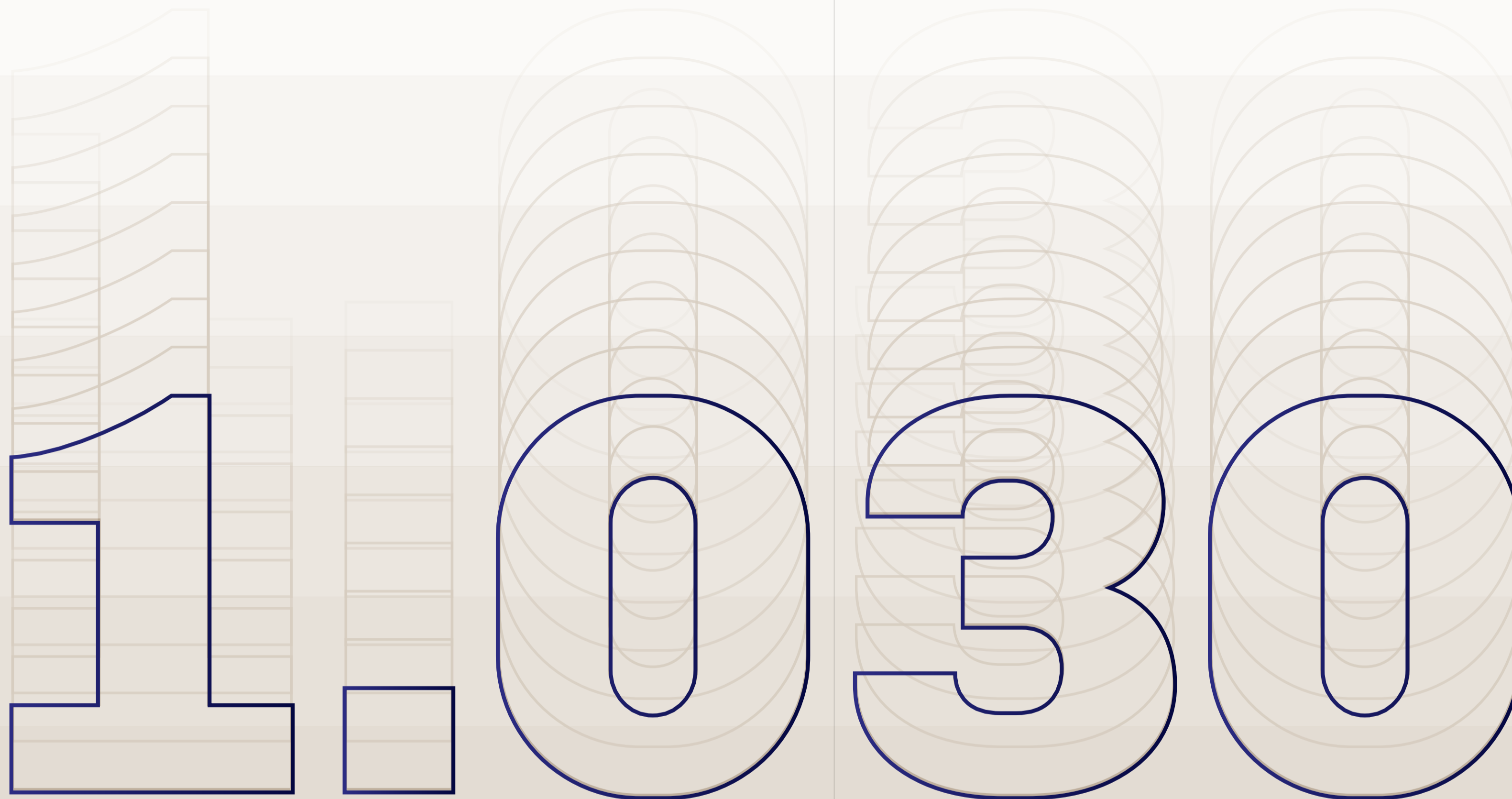
The combination of being in the IT sector, having an agile freelance model, collecting only the top IT specialist, serving large clients, and having senior staff, reveals that 7N is very robust - even in global economic turmoil.

Nucleon and performance tuning

It is of the essence to all modern companies to have a high quality and efficient IT development department. It is very difficult to become, or stay, a top-quartile performer in a space where everybody wants to win. Nevertheless, we see more interest from large development departments to discover the areas that are holding them back from peak performance. With Nucleon, we help our good customers stay great and focus on the most important areas to improve. We are now capable of identifying more than 30% un-harvested development speed in most of our customers’ IT departments. This is a very interesting and intellectually stimulating method of fine-tuning the most performance-enhancing areas of your complex systems setup. We work our way through People, Team Size, Bureaucracy, Group Dynamics, Decision Maker Proximity, Legacy Burden, Enterprise Architecture, Development Methodology, and Culture to assess what area we should first focus on to improve quick systems delivery, and then we predict quite precisely how much more performance will increase. In the coming years, we will have an increasing focus on working together with our clients in assessing and improving both development departments and the methodology.

Internationalization

We are getting a firmer grip on our execution of internationalizing the 7N concept. In 2019 Denmark grew 2%, but the real growth is in our international work. Poland grew 18%, Finland 321%, Sweden 60%, Norway 3%, Switzerland -26%, India 39%, and the USA 247%. We have struggled quite some years finding our path forward to becoming an international company, but the break-through for us was establishing an international management team that can work in a virtual way and being flexible when our international customers gave requests. We think that the years ahead will bring us more international business opportunities and that we can deliver on these.



mDKK

It is a privilege for us all to have grown a company organically to above this round number of DKK 1.000.000.000,-. Not many companies in Denmark have achieved this impressive status in the 20 years that we have focused on consulting.

Jeppe Hedaa
CEO

Financial Highlights

7N has had a strong performance in 2019, where financial parameters mostly showed positive developments and profit-sharing. 2019 has been the strongest revenue performance in our history where we, for the first time, cross the magic 1 billion. We can be proud of the result we have achieved in 2019 – both in terms of numbers and in terms of loyalty towards our niche strategy.



Increase in EBIT

Our revenue in Denmark increased from 630 mDKK to 644 mDKK, a growth of 2,5%. In 2019 a part of the outsourcing business was invoiced directly from Poland to the end customer, which has reduced the revenue in Denmark. The revenue for our local Danish business has increased by 6%, which is a good growth in the Danish market.

7N Group's revenue has grown with 63% over the last five years, demonstrating the strength of 7N's business model. Organic growth is the only driver of our increased business.

In 2019 there was again a great demand for highly skilled IT developers and consultants with a large variety of expertise. We have seen an increased demand for Java developers, Agile project managers with SAFe experience, cloud specialists, and many more different competences.

The EBIT increased from 37 mDKK to 46 mDKK, a growth of 24%. The increase in EBIT is based on the fact that 7N has chosen to pay a bonus, where the performance increase in EBIT is distributed to the employees of 7N. This year, 7N has increased the investments in the internationalization of the group and increased the number of employees, why EBIT before the performance bonus has grown with 17% compared to last year.

The income statement for the period 1 January – 31 December 2019 shows a profit of 32,6 mDKK against 25,6 mDKK for the period 1 January – 31 December 2018. The balance sheet shows equity of 63,2 mDKK. The free cash flow of 2019 is positive with 26,5 mDKK and showed significant improvement from 2018.

The growth in revenue can be attributed to our focused leadership, our valuable consultants, closer collaborations with existing customers, but also an increase in customer base. We are living in a more digital world, and many companies have started a digital transformation, which has resulted in a significant shortage of IT resources in western Europe. This has helped us to create a nourishing foundation for our business growth.

2019 was another impressive year for 7N, where the group revenue increased from 930 mDKK to 1.030 mDKK, a growth of 11%. All our locations experienced revenue growth except for Switzerland. Finland and the USA more than doubled their revenue. We have also seen good growth in Sweden, India, and Poland. There are now more than 800 high-end IT consultants in Poland, supporting our local and remote clients with complex software development.

In 2019, we did not have any large investments. The primary driver of our financial activities is the pay-out of dividends. We are focused on the development in cash flow – which we will continue in 2020.

With a solid performance in 2019, increased efficiencies, and strong partnerships, 7N is better equipped than ever to serve businesses with complex IT needs going forward.

Outlook

In 2020, we expect our growth journey to be temporarily paused, as a result of the COVID-19 Pandemic. We will still be helping our clients to make a difference in an ever more challenged and digital world. There is still a very high need for the best IT consultants.

We have had a strong first quarter in 2020 where we have seen good growth rates on revenue and EBIT. In Q2 the vast majority of our consultants have been able to work from home to service our clients. We have only had a few customers that was challenged by the COVID-19 Pandemic and asked for our support during these times.

The second half of 2020 will be more uncertain and will depend on when the countries opens again and how deep the economic crisis will be. We expect to continue our growth in Poland in 2020. We further anticipate the growth in the USA, Switzerland, and the other Nordic countries to be paused in 2020.

7N has a competitive platform on which we can continue to develop in the coming years. The biggest challenge to achieve our ambitious goals is to find the best and most

competent IT consultants. We keep investing in our business model and in our IT systems to digitalize manual processes so that our employees can increase the focus on our clients and consultants.

Subsequent events

After the end of the financial year, the world has been hit by the COVID-19 pandemic. The COVID-19 pandemic has no significant impact on the annual report.

Financial Highlights 2019

Key figures

Figures in DKK '000	2019	2018	2017	2016	2015
Group					
<i>Profit/loss</i>					
Revenue	1.030.343	929.749	811.462	668.892	632.411
Index	163	147	128	106	100
Operating profit/loss	46.966	38.249	38.383	37.383	28.544
Index	165	134	134	131	100
Total net financials	-749	-981	-642	-333	-604
Index	124	162	106	55	100
Profit/loss for the year	32.588	25.624	26.795	26.846	19.135
Index	170	134	140	140	100
<i>Balance</i>					
Total assets	271.279	241.403	219.009	169.846	125.753
Index	216	192	174	135	100
Investments in property, plant, and equipment	1.522	18.436	1.593	2.369	1.358
Index	112	1.358	117	174	100
Equity	63.185	50.062	56.218	35.039	24.562
Index	257	204	229	143	100
<i>Cashflow</i>					
Net cash flow					
Operating activities	45.505	49.500	-7.967	21.629	25.784
Investing activities	-987	-18.800	-945	-8.078	-2.998
Financing activities	-17.863	-30.807	-6.022	-16.276	-21.647
Cash flows for the year	26.655	-107	-14.934	-2.725	1.139

Ratios

	2019	2018	2017	2016	2015
Profitability					
Return on equity	58%	48%	59%	90%	74%
Profit margin	4,6%	4,1%	4,7%	5,6%	4,5%
Equity ratio	23%	21%	26%	21%	20%
Others					
Number of employees (average)	321	298	221	196	154

Definitions of ratios

Return on equity:

$$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$$

Profit margin:

$$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$$

Equity interest:

$$\frac{\text{Equity, end of year} \times 100}{\text{Total assets}}$$

Financial Highlights 2019

ESG Key figure overview

	Unit	Target 2020	2019	2018	2017	2016	2015
Social Data							
Full-time workforce	FTE	350	321	298	221	196	154
Gender diversity	%	45	45	41	44	43	40
Gender diversity, management	%	11%	11%	11%	22%	22%	22%
Gender pay ratio	Times	1,2	1,2	1,1	1,2	1,2	1,2
Governance data							
Gender diversity, board	%	0	0	0	0	0	0
CEO pay ratio	Times	8	8	9	8	14	10

Definitions of ratios

Full-time workforce

FTEs + Temporary workers

Gender Diversity

Women FTEs + Women temporary workers

Full-time workforce

x 100

Gender diversity, management

Women in management

All FTEs in management

x 100

Gender pay ratio

Average male salary

Average female salary

Gender diversity, board

Women Board members elected at the AGM

All AGM elected board members

x 100

CEO Pay Ratio

CEO compensation

Average staff salary

Business Model

The foundation of our business model has stayed the same for the last 20 years – we identify the very best specialists and match them to the most complex IT projects at large organizations. Why? – because we know that the best people demand to be challenged, positively impact the organization around them, and deliver incredible results. We believe that that is something to work for and one of the true win-wins for everyone involved.

7N is a global provider of highly specialized IT consultants to large corporations with complex IT needs. For more than 20 years, we have helped some of the world's largest IT departments build high-performance IT teams, delivering strategic projects for our customers. As a founding principle, 7N employs only the best and most experienced IT consultants. We are specialized in matching our clients in both the private and public sectors with the top 3% IT consultants.

Our consultants make a significant impact every day on complex and demanding client projects within various areas of IT expertise, such as business intelligence, testing, IT architecture and infrastructure, complex system development, project and program management, and much more.

Through our 12 locations in Northern America, Europe, and Asia we are servicing our clients wherever they are – both with local consultants, remote development, or dedicated teams in our near- and offshoring centers. We know that the reality of our clients is everchanging and that naturally, their needs are as well. As partners, we strive to support this – dynamic delivery, across functions geographies and areas of expertise.

How we deliver predictable, high performance

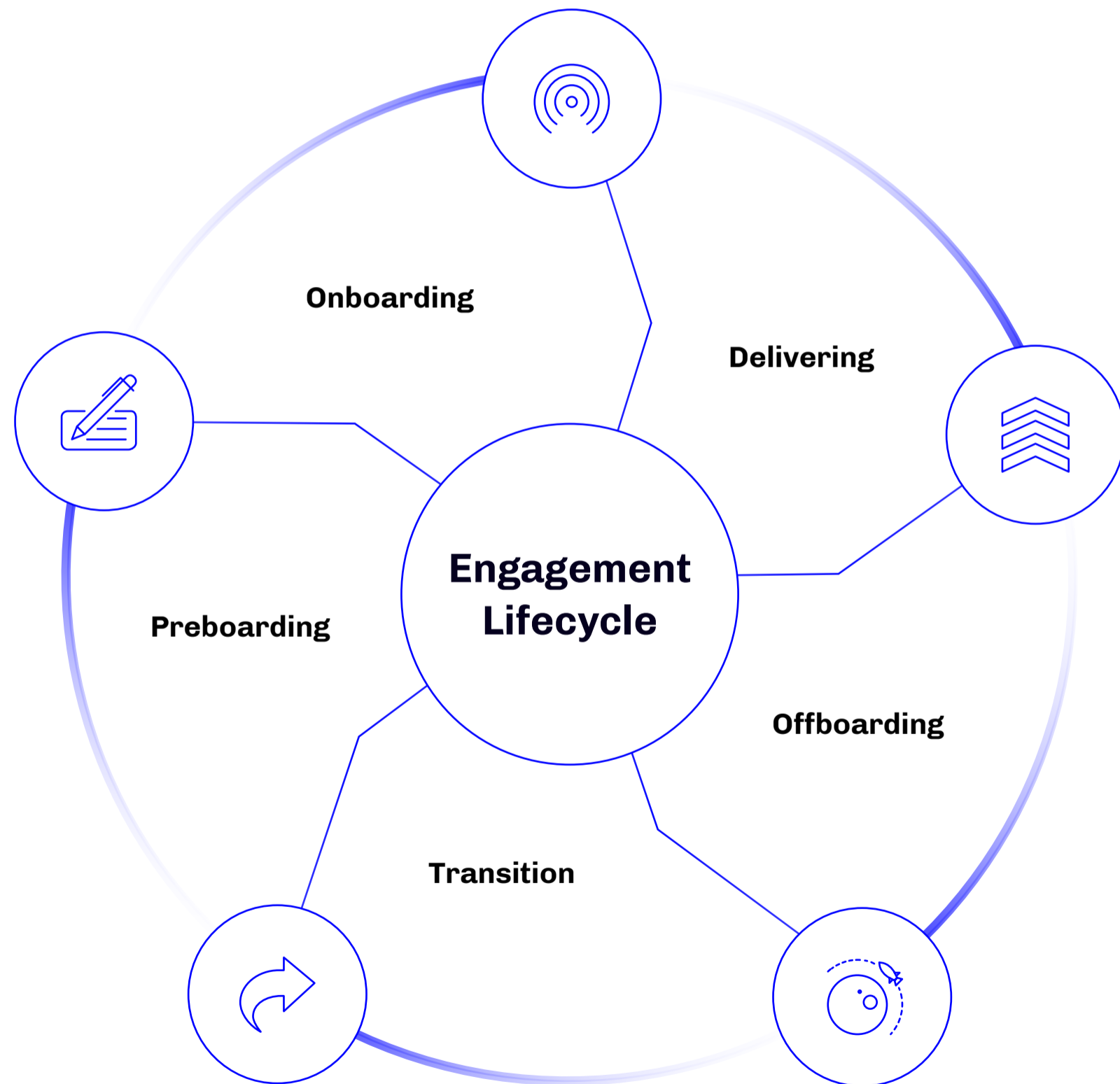
With more than 20 years of proven delivery, we know what difference it makes not to settle for good enough – but to find the perfect match. Every day our skilled agents identify, qualify, match, and maintain the best of the best consultants. For long, we considered this our proprietary approach to secure the very best specialists, but in 2004, we gave away our secret sauce – “The Secret Code”. We use a 5-layer model to identify the best of the best.

5-Layer Competence Model



Ensuring 360-degree support

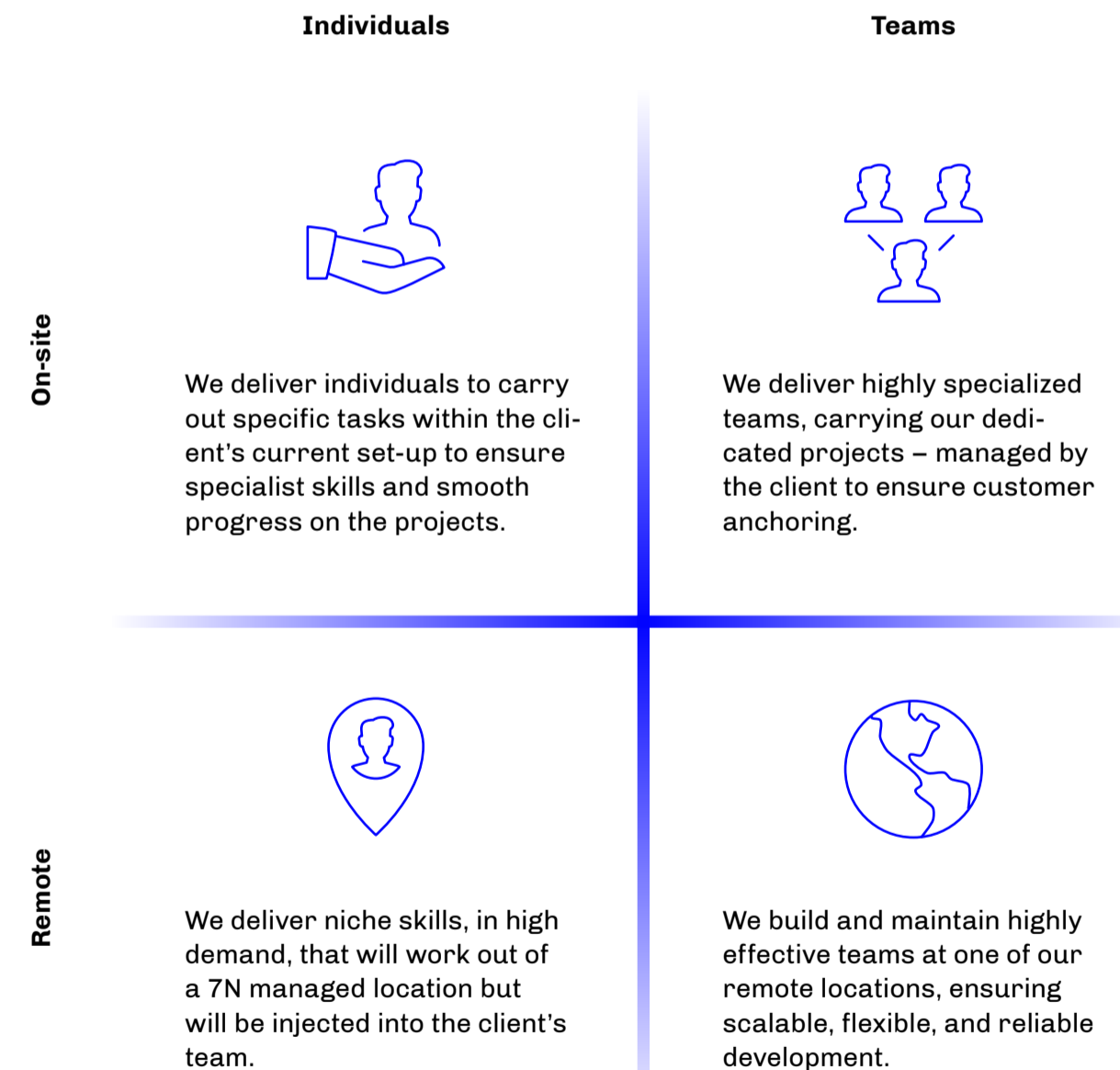
To ensure support to our consultants and customers throughout any engagement, we have developed an engagement lifecycle model. By following each step carefully, we maximize impact and minimize ramp up time for each consultant. With each engagement, both the customer, consultant, and agent are aligned to the same process – ensuring a smooth transition through all stages.



Core Business

We at 7N do not just deliver a commodity for our clients. We believe in delivering resources *with* our clients in close collaboration, ensuring that knowledge accumulation and know-how are anchored in the clients' business model. We know from experience that carefully selecting every single consultant to match the exact profile and needs of a company, reduces risk, and increases the success rate. By providing the most

experienced consultants in the market, our clients get the best possible foundation to reach and even exceed the goal of the project. Having a close collaboration *with* our clients, understanding the stage of maturity is a cornerstone in our core business. We understand the dynamic needs of the modern organization, and therefore we have a flexible set-up:





We have engaged consultants with more than 200 new assignments since January 2019.

To keep up with this growth, we need a continuous and relentless focus on quality in all aspects of our daily operations.

Jesper Kolding

VP Denmark

Continued Growth

2019 was the year we focused on getting ready for future growth, fine-tuning the well-proven business model.

Preparing for the future

With a sound and solid business, we have investigated how we can grow our business without jeopardizing our core values.

We will continue the search for new agents - agents that share our values and business philosophy. We have developed a sound onboarding program that ensures a thorough introduction into the 7N way, a program that naturally kicks off when a new employee embarks on his or her journey within the company, but also repeated and enforced throughout an employee's career with 7N.

This is how we make sure that the 7N values are embedded in everything we do, and we believe that is how we prepare for future demand.

Serving clients

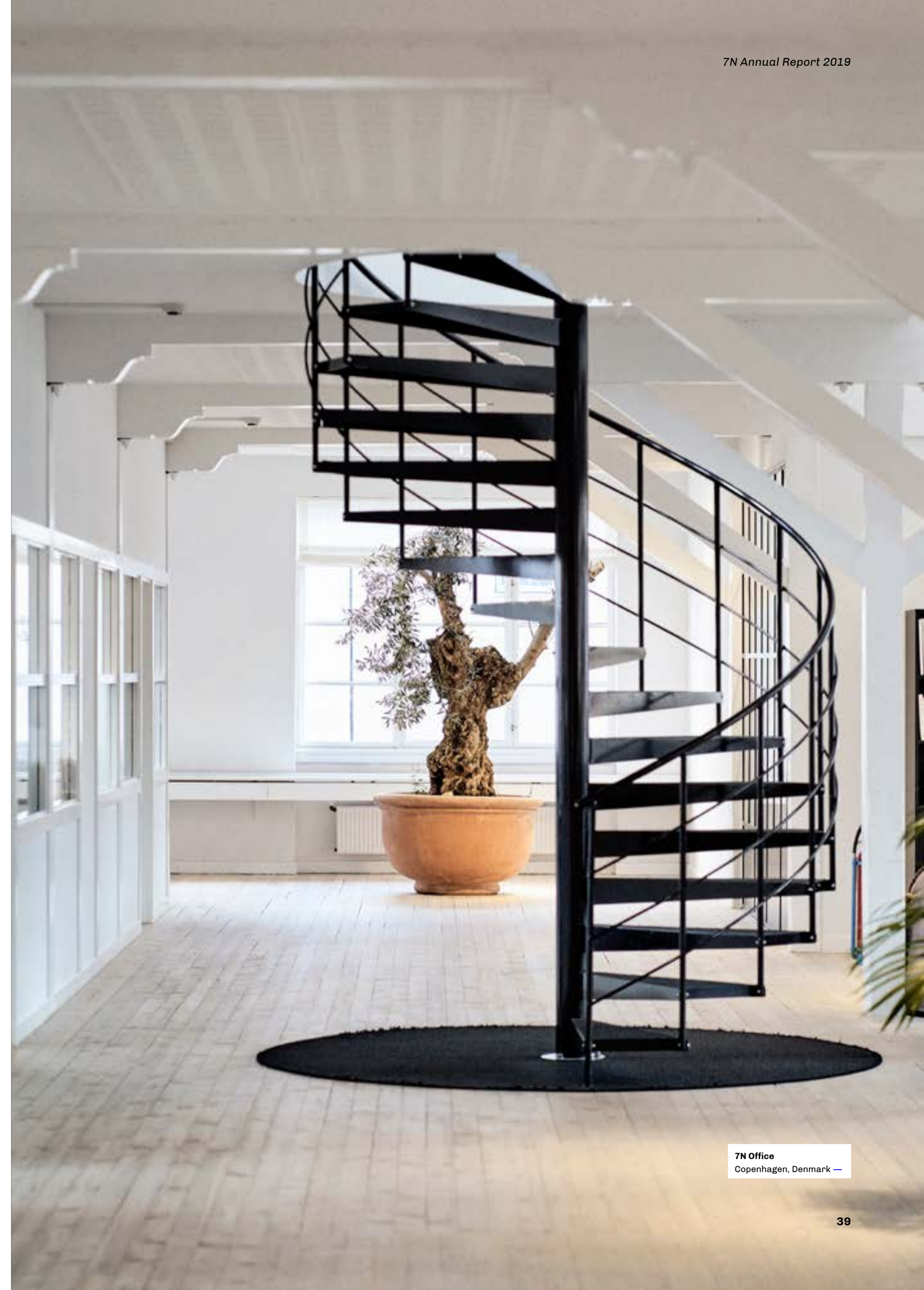
Denmark is one of the most digitalized countries in the EU, and the ambition to stay in that position does not seem to decrease any time soon. 7N has played a role in getting here, and we will continue to help our clients – public as well as private – to find the extremely

talented IT specialists that everyone so desperately looks for. We will scout these highly specialized and competent resources through our rigorous quality assurance of specialists. We will continue educating our recruitment agents on current trends within the IT arena, as well as improving their recruitment processes supported by internal IT.

7N Academy

Our focus on the professional development of our consultants has been one of our focal points in 2019. Our well-visited 7N Academy entered the year with great ambitions, a solid billboard of a large variety of networking events, courses, dedicated subject-specific gatherings, conferences, and more than 1000 participants during 2019.

The 7N Academy is a cornerstone in our business model, and we believe that offering our consultants a room for self-development and networking, is what gives us a competitive edge. An arena where our consultants can improve their CV as well as get an opportunity to network with like-minded is something we take great pride in facilitating.



I believe the key to success can be found in the roots of 7N. The focus on quality and matching professional and personal skills to the assignment in question, is what differentiate 7N from other consulting houses.

Helle Førgaard

VP, International Business



International Business

Our International Business showed a solid performance in 2019, and with a continuous focus on improving our market position and brand awareness in all the geographies, the future looks bright for our International Business.

The results from our International Business speak for themselves. In 2019, we managed to grow headcount (9,6%), grow the gross margin, and open new customers. We are going to continue our growth and the staffing up in our local offices. Finding the right agents to leverage our strategy is pivotal to the success of the 7N internationalization, and even though we believe in having a central administration, we also need a strong local presence of agents that understand the challenges of the clients in the respective markets.

We trust our values and the 7N business model, and we see that even though it is not common outside of the original 7N markets, our personal touch, our face-to-face approach, and the long-term relationships with both clients and consultants truly make a difference. Even in markets with a more traditional approach to freelance consultancy.

Looking ahead

2020 will be an interesting year for our International Business. We look forward to securing our position even further and to increase the awareness among potential clients and the high-end IT professionals.



2019 - another year with high demand for high-quality remote specialists from our four near- and offshoring development centers in three of the most prominent development hubs in the world.

Jakub Strzemzalski

VP, Near- and Offshoring

Near- and Offshoring

Our near- and offshore business effort once again proved not only an important strategic lever, but a dynamic revenue-stream in itself.

High growth

We are proud to continue to serve our strategic clients with the opportunity to source highly specialized and competent resources either in the form of single individuals or in teams managed on-site by our 7N Agents. In 2019 we managed to gain new clients both in our offshoring and nearshoring centers, where we support international clients in managing their ever-changing IT needs. The near- and offshoring business was steadily growing in 2019, adding 17% headcounts in India and 12% in Poland.

Delivering on ambition

Our core belief is that the demand for the very best specialists is independent of geographical borders, and hence that remote IT consultants are a natural part of a modern workforce ecosystem. Therefore, we also see our near- and offshoring business becoming increasingly independent of the local operations – driving a remote offering directly towards the market.

In 2019 we initiated this move, adding headcount to support the increasing demand, as well as increasing our focus on advising our clients within the realm of integrating and operating remote development. In 2020 we will be focused on continued customer acquisition and customer growth in our existing locations. Furthermore, we expect to expand – both in relation to existing capacity but also new near- and offshore locations to better serve our clients with broader talent pool access.

We expect that 2020 will be another good year for the remote business and that with an increased focus on marketing and positioning of our near- and offshore services, we can grow significantly.

Highlight of 2019 – May

New office in Gdansk

Opening a new office in Tricity, supporting Gdansk, Sopot and Gdynia clients.



The Polish business grew with 11,5% and is a result of growth both in the client base, but also the breadth of capabilities utilized by our clients. In 2019, the Polish market was very competitive – both in terms of domestic and foreign demand for IT resources. In a market like this, we are very thrilled to deliver such results.

Grzegorz Pyzel
VP, Poland



Highlight of 2019 – June

Kick-Off to Croatia for Polish Consultants



Sibenik, Croatia —

Preparing for Expansion

Poland is both one of our largest and oldest markets, where the 7N brand is already well known for high quality and professionalism – now we want to consolidate this further.

The battle for talent

We have felt the increased battle for IT specialists over the last years, and 2019 was no different. Poland's increasing popularity as nearshoring-hub for Western European countries is putting pressure on the demand of specialists in general – but it is also making the specialists "pickier".

Once again, our business model and focus on serving the best specialists proved fruitful, and we succeeded in attracting and onboarding more than 200 new consultants over the year.

Focus on broadening the portfolio

During 2019, we have been focused on attracting new clients – which we have succeeded in. I am very proud of the Polish operation, which managed to attract 14 new clients over the year.

In 2019, we initiated several efforts towards making sure that we are supporting our clients to the fullest of our capabilities. One of the initiatives we did was asking every single one of our clients to rate our service on several parameters, and we have prioritized having meetings with every single respondent to completely understand and align our expectation to our collaboration. We see this exercise as both being very important, but also a huge success – as we at the beginning of 2020 did our annual measure and are ranking among the very top of IT service providers.

In 2019, we also invested in growing our staff in order to be ready to serve a larger portfolio of clients and consultants. We opened a new delivery location in Gdansk, servicing the Tricity area, and with our increased focus on bringing in new clients, we expect the level of business to increase. 2020 will be a year where we believe to see increased activity in Poland, and we will expand our operation.



The 6% increase in the Norwegian market was due to the success of growing the consultant base, as the need for consultants among our clients has been high throughout the year. During the year, we also managed to add names to our list of companies we serve. In the current market conditions, we are proud to be able to grow both consultant and client base.

Henning Linna

VP Norway

Increasing the Talent Pool in Norway

The market for IT consultancy in Norway, has in 2019, been characterized by intense competition for talent. We have seen the high demand for IT competencies continue, and the battle for both foreign and domestic resources has been challenging.

Quality as our market driver

Norway is no exception when it comes to the increasing IT services market. The conventional consultancies are growing, but we also see the freelance market increasing. More and more freelance offerings are coming to the market, and sizable actors from the other Scandinavian markets are making their entry.

Our approach in Norway has been to stick to our position as a high-quality, high-service agency, as we believe that there will always be a market for this.

A year of international collaboration

In 2019, we had an increased demand for cross-border collaboration and service of larger international accounts. In 2019, we staffed up on several positions, to be able to service the needs of domestic as well as international clients and accelerating our recruitment efforts.

In 2020, we have planned focused efforts to increase our market awareness and offers. We believe that we have something unique to offer - especially toward the international clients that will be able to be served globally – but anchored with their local agent. This we pursue, in close collaboration with the other branches and headquarter.

2020 will be a challenging year as a result of the COVID-19 pandemic. We expect that 2021 will be a year of growth of 7N Norway.

Highlight of 2019 – April

Kick-Off to Lapland

Every year, we take our consultants for a three-day trip, where the sole objective is to get to know each other. We believe in long-term relationships and that we as agents are better suited to finding the perfect match if we know our consultants in depth. From our more than 20 years of experience, a trip outside the office environment makes all the difference.



Our Strategy

7N has perfected the process of identifying and connecting the best IT professionals with clients who demand only the highest quality in their IT strategies. This process has been at the heart of 7N for the past 20 years, and it will always be the way we do business.

As the current market situation has shown, the interconnectivity of our departments, the solidity of our infrastructure, and the ability to operate under changing conditions is not just “IT gibberish” but a central competitive parameter. In 7N, our ambition has for long been to support companies in this journey. We will continue to do so in order to keep our leading position in delivering top quality freelance resources.

Our vision

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

Our values

Professionalism

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

Mindset of a servant

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

Respect

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

What we focus on

We believe that the core of why we have been able to grow our company from 3 souls to the more than 1.500 people currently involved with 7N is the values upon which we have built 7N. We believe that there is a place for us and for our approach across geographic, competence, and functional borders. Currently, we believe that our future will be shaped by our efforts in four different areas:

Internationalization

We will expand our current market presence, both in terms of physical presence, but also support remote entry into new markets, where 7N does not currently do business.

Automatization

We will continue our focus on automatization of our core processes in 7N. We want to liberate as many resources as possible to tasks that bring value to our clients and consultants – lowering our marginal cost of operation.

Horizontalization

We will increase our offerings to encompass both the expanding portfolio of competences nested under the IT umbrella and also the secondary tasks, up and down-stream from our traditional development focus.

Digitalization

We will continue to invest in the digitalization of predictable high performance. We do not believe that the current digital solutions offer a reliable source of quality specialists, and here we see an opportunity to utilize our unique experience in developing a dedicated, digital platform.

Risk Management

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

Market Risk

Market risk is the risk that the demand for specific IT specialist roles may change over time, or even face stagnation in times of financial distress. 7N's market risk is not directly linked to any certain market or consultant specialist role but is present throughout our market presence. 7N seeks to mitigate the market risk by making sure always to be at the forefront of our clients' needs and react promptly to market changes and recruit accordingly. By construct, with the majority of the 7N consultant pool being freelancers, the short-term impact of market changes will be insignificant. The long-term market risk is managed via close monitoring of market conditions and reacting to changes herein.

Credit Risk

The Group's credit risks consist of the risk of losses on trade receivables derived from a client failing to meet the contractual obligations. The credit risk of 7N is relatively distributed, as our client base, in general, is large solid organizations. The Group has a sound diversification of clients, both in terms of geography and sectors, and there are relatively few large clients. The Group has no credit risk outside the normal course of business. The Group's policy for credit risk includes that all clients and other partners are continuously credit rated.

Intellectual capital

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

Operational and IT Risk

The operational and IT risk is the risk coming from financial losses due to systems failure, downtime, or faulty operational conduct. Traditionally, 7N has not been nor is largely dependent on IT systems. That said, the latter years' focus on digitalization and systems support of critical business processes will lead to a larger exposure to IT and operational risk. In 2019, we had significant investments in both IT staff and security in our systems landscape. To further mitigate the future IT risk, a plan for infrastructure upgrade and migration to cloud has been initiated. Furthermore, access control, virus control, and continuous monitoring protocols are in place, as well as an updated IT policy.

Financial Risk

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

The 7N Management

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

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

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

Jeppe Hedaa

CEO —

CEO since 1998.

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



Sebastian Podleśny

Executive Vice President —

Appointed EVP in 2018.

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



Jacob Lehman

CFO —

Joined 7N as CFO in 2018.

BACKGROUND
State-authorized public accountant and former partner at KPMG; with more than 25 years of extensive experience working with various small, mid- and large organizations.



Sixten Schultz

COO —

Appointed COO in 2018.

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



Board of Directors

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

In 2019, we welcomed two new independent board members, Michael Halbye and Jannik Kruse Petersen, in order to add additional expertise to support our global ambitions. The new board construction brings decades of expertise within IT, internationalization, and business growth that will prove the way for continued success at 7N.

Both Michael Halbye and Jannik Kruse Petersen have great experience with advising large organizations and corporations. Expanding a well-proven business model across borders is a complex exercise, and in order to succeed with our continuous international expansion, we need the most experienced people to inspire and guide us. We believe that we now have a board that can provide 7N with the needed expertise.

Preben Damgaard Nielsen

Chairman, independent —

BACKGROUND

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

BOARD MEMBERSHIPS

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



Jannik Kruse Petersen

Board Member, independent —

BACKGROUND

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

BOARD MEMBERSHIPS

Too Good to Go, 2KJ, and others.



Glenn Petersen

Board Member, Minority Shareholder —

BACKGROUND

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

BOARD MEMBERSHIPS

Sedbury, Smart Biosystems.



Michael Halbye

Board Member, independent —

BACKGROUND

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

BOARD MEMBERSHIPS

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



Jeppe Hedaa

Board Member, Majority Shareholder —

BACKGROUND

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

BOARD MEMBERSHIPS

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



Reporting on Sustainability

Sustainability at 7N

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

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

- Professionalism
- Mindset of the Servant
- Respect

We have high ambitions on behalf of our more than 350 employees and 1,343 freelance consultants, and in the same way, we also expect them to make demands on us in relation to ongoing development and good working conditions. Globally, our main social impact is related to the development of our employees, as well as the general working conditions of our employees and consultants.

As a consulting company, we also have a large focus on business ethics and anti-corruption. Our most important risks in this regard are particularly related to our consulting and sales functions, which require close contact with clients and consultants. Furthermore, we have a climate and environmental footprint through our transport to and from clients, etc.



High-End IT



Employee relations and human rights

Policy and risks

In 7N, respect for each other and the society we operate in is a fundamental principle. It is important for us that both our own employees, our consultants, and suppliers' employees work under proper conditions. We support and respect internationally recognized human rights principles as formulated in the UN's Universal Declaration of Human Rights and the internationally recognized labor rights principles as specified in the International Labor Organization's core conventions.

Risks related to employee relationships and social conditions are primarily within indoor climate, physical and ergonomic working conditions, and the employees' mental health. We focus on challenges before they become problems.

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

Actions and results

In 2019, we launched onboarding workshops for all our new sales agents and recruiters. The focus of the workshop is for all our employees to learn and understand 7N's values including, how the values can be lived out in our daily business life.

7N's procedures and code of conduct are also an important part of the onboarding training program.

The goal for the onboarding program has been to increase the new employees' knowledge of 7N values, procedures, and how 7N treat all with respect and professionalism. The feedback from the participants has been very positive. We will continue the onboarding program in 2020.

In addition to the responsibility of our employees, we are a consultancy that takes responsibility for our consultants' professional development.

In 2019, we also carried out the satisfaction survey "Voice of the Consultants" among our consultants. The study showed that consultants generally have very high job satisfaction and that we have improved significantly on the different areas compared to 2018. We will, in 2020, keep focusing on areas that can improve our cooperation with the consultants and their professional development.

In a world where technologies rapidly develop and change, we find it important that our consultants and we more than meet the new requirements and demands in the market. 7N Academy focuses on developing the consultants' professional competencies, through certifications, professional networking events, courses, and sparring in relation to professional development.

In 2019, we have increased our 7N Academy program so that we now have an even larger variety of training courses, events, and conferences. Our consultants have, in the Voice of Consultant's survey, appreciated our professional offerings.

In order to ensure correct handling of personal data, we have in 2019 updated our Data Privacy Policy in compliance with GDPR and the latest guidelines from the authorities. We have conducted mandatory training of employees in GDPR and data protection, especially in handling the personal data of our consultants.

In order to minimize risks related to human rights, social conditions and working conditions, environmental issues, and corruption issues among employees, consultants, and suppliers, 7N has implemented Codes of Conduct for employees, consultants, and suppliers, so it is a natural part of all our contracts.

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



Actions and results

In 2019, we continued our practice of having at least four eyes on and approval of the management when distributing sponsorships and donations. Internal processes ensure that our consultants do not receive sponsorships. In 2019, no forms of corruption, bribery or breach of 7N's business ethics were registered.

In order to ensure that all employees, consultants, and suppliers work on the basis of 7N's values and guidelines related to anti-corruption, we have in 2019 implemented our Codes of Conduct for employees, suppliers, and consultants.

Climate and environmental conditions

Policy and risks

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

Actions and results

We continuously focus on minimizing our impact on the environment and climate in our business activities, by limiting our resource consumption, increasing the recycling of our waste, and reducing CO2 emissions during transport. We implemented our travel portal in all our locations, so now we have one single place for recording how much we travel, for the benefit of both the economy and the climate.

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

The Danish Nature Fund is a fund founded in 2015 by the Danish state and two large private conservation funds.

The aim and purpose of the Fund are to promote the protection of nature and the water environment in Denmark.

\$99b Target figures for the Board of Directors

The Board of Directors has set a target figure for the proportion of elected female board members of at least 40% in 2022, and that both genders must at least be represented. There are currently no women on the board. There was a change of board members in 2019, as there was a need for new competencies on the board. In the search for new board members, several candidates were evaluated equally, and the choice fell on two men who possess the competencies currently needed and that can help 7N on the future journey. 7N regularly evaluates suitable candidates for the company's Board of Directors.

The Group's target for the gender distribution in the Group and the next middle management level is 40%. Other management levels were represented by 1 woman out of 9 in 2019. It is the Group's overall

objective to provide an appropriate distribution of men and women in management. To 7N, it is important that the managers have the right skills, regardless of what gender they have.

It is the Group's intention to create the basis for a more equal distribution of the genders in the other management levels, and we strive to, if possible, have one of each gender for interview.

Other management levels are those positions that do not relate to the Board of Directors.

Charity

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

In 2019, 7N has supported a female prison in New Delhi. Many of the prisoned women have their kids within the prison and without any contact with their relatives.

7N has supported the women and their kids with clothes, study materials, toy, and materials that can be used for individual earnings.

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

Highlights of 2019

Business or pleasure? In management consulting, the two often go hand-in-hand. Looking back at the past year, many of our most memorable moments do indeed contain a bit of both. This is a selection of some of the events we have hosted during 2019.

January

Additions to Team International

Our Zürich-based Swiss operation became a part of the International Business branch, optimizing the way of recruiting in accordance with the centralized strategy.



March

The Secret Code

Based on 7N's Secret Code, we conducted training modules for all consultants to improve on their professional behavior – both in-class training sessions, as well as online modules.



January

New Year's Conference in Denmark

Behavioral design and nudging expert, Morten Münster, gave us his pointers from his bestselling book about how to create real changes in people.

April

Kick-Off to Lapland for Danish Consultants

Every year, we take our consultants for a three-day trip, where one of the objectives is to get to know each other. We believe in long-term relationships and that we as agents, are better suited to finding the perfect match if we know our consultants in depth. Another important part of the trip is to network, share knowledge and develop new skills and capabilities.



May

New office in Gdansk

Opening a new office in Tricity, supporting Gdansk, Sopot and Gdynia clients.

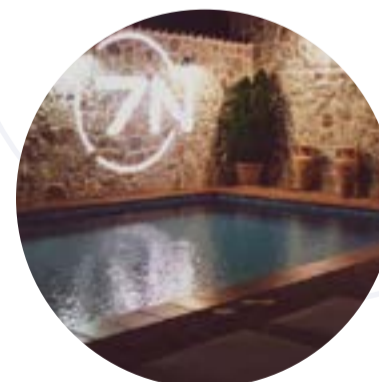


August

Summer parties in all regions

April

100 Consultants in India



June

Kick-Off to Croatia for Polish Consultants

September

Marketing Kick-Off

The 7N Marketing Team consists of people from 3 different 7N locations. Gathering a few times a year to kick off new strategies and initiatives, strengthens the team spirit, and sharing knowledge of what works in the different regions gives the team some great advantages.



October

Health IT Conference in Denmark

The public healthcare sector is facing numerous challenges with digitization over the coming years. 7N presented some of our consultants who have extensive experience solving some of these high stakes, highly prestigious, and politically complex IT projects.



October

7N Values Workshop

The 7N values being respect, professionalism, and serving mindset are something we work with and after in all aspects of our working life. This October we held a workshop to refresh the values and to give new employees the thoughts behind the values as well as concrete tools to translate them into actions.



November

Onboarding workshop

All new hires were invited to join our onboarding workshop in Copenhagen, where the 7N Competence Team shed light on 7N artifacts like The Secret Code, The Five-Layer Model, our history, and culture. This initiative is a bi-annual event where new agents from all 7N markets participate.



November

7N Cloud Hackathon

A group of developers and architects from both Copenhagen and Oslo met to do cloud hacks based on some of our clients' real challenges.



December

Voice of the Consultants

We want to know how our consultants feel about the service we provide them. For the second time in a row, we launched a questionnaire for all consultants in every 7N location.



December

Christmas Celebrations

A place for our freelance consultants to meet and network with like-minded

Income Statement

Figures in DKK '000	Group		Parent	
	2019	2018	2019	2018
Revenue	1.030.343	929.749	644.903	629.688
Production costs	-835.793	-756.419	-519.897	-516.074
Distribution costs	-84.446	-76.889	-55.242	-51.356
Administration costs	-64.062	-58.192	-43.994	-42.702
Other operating income	924	0	9.590	3.879
Profit before net financials	46.966	38.249	35.360	23.435
Income from equity investments in group enterprises	0	0	7.014	9.329
Financial income	952	929	1.244	1.003
Financial expenses	-1.701	-1.910	-1.445	-1.465
Profit before tax	46.217	37.268	42.173	32.302
Tax on profit or loss for the year	-13.629	-11.644	-9.609	-6.688
Profit for the year	32.588	25.624	32.564	25.614
Distribution of net profit				

Balance Sheet

Figures in DKK '000	Group		Parent	
	31.12.19	31.12.18	31.12.19	31.12.18
Acquired rights	1.324	304	1.324	304
Goodwill	1.002	1.363	0	0
Total intangible assets	2.326	1.667	1.324	304
Other fixtures and fittings, tools and equipment	17.566	20.786	1.651	2.201
Total property, plant and equipment	17.566	20.786	1.651	2.201
Equity investments in group enterprises	0	0	46.260	42.144
Receivables from group enterprises	0	0	21.975	10.865
Deposits	3.184	3.785	1.214	1.189
Total investments	3.184	3.785	69.449	54.198
Total non-current assets	23.076	26.238	72.424	56.703
Trade receivables	189.298	174.119	123.341	125.258
Receivables from group enterprises	0	0	14	95
Deferred tax asset	3.924	3.282	0	0
Income tax receivable	1.721	1.700	0	583
Other receivables	6.784	9.472	410	118
Prepayments	4.816	2.775	3.483	2.267
Total receivables	206.543	191.348	127.248	128.321
Cash	41.660	23.817	1.446	4
Total current assets	248.203	215.165	128.694	128.325
Total assets	271.279	241.403	201.118	185.028

Balance Sheet

Equity and liabilities

Figures in DKK '000	Group		Parent	
	31.12.19	31.12.18	31.12.19	31.12.18
<small>Note</small>				
¹⁴ Share capital	1.210	1.210	1.210	1.210
Reserve for net revaluation according to the equity method	0	0	16.724	18.009
Retained earnings	61.901	28.802	45.177	10.793
Proposed dividend for the financial year	0	20.000	0	20.000
Equity attributable to owners of the parent	63.111	50.012	63.111	50.012
Non-controlling interests	74	50	0	0
Total equity	63.185	50.062	63.111	50.012
¹² Provisions for deferred tax	0	0	193	47
¹⁵ Other provisions	0	0	0	62
Total provisions	0	0	193	109
¹⁶ Other payables	1.745	0	1.745	0
Total long-term payables	1.745	0	1.745	0

Figures in DKK '000	Group		Parent	
	31.12.19	31.12.18	31.12.19	31.12.18
<small>Note</small>				
Payables to other credit institutions	14.891	23.703	14.245	22.625
Prepayments received from customers	12.531	11.620	1.313	1.575
Trade payables	133.045	111.910	90.673	81.457
Payables to group enterprises	836	459	8.338	9.183
Income taxes	4.598	3.677	2.052	0
Other payables	40.448	39.972	19.448	20.067
Total short-term payables	206.349	191.341	136.069	134.907
Total payables	208.094	191.341	137.814	134.907
Total equity and liabilities	271.279	241.403	201.118	185.028

¹⁷ Contingent liabilities

¹⁸ Charges and security

¹⁹ Related parties

Statement of Changes in Equity

Figures in DKK '000	Share capital	Reserve for net revaluation according to the equity method	Retained earnings	Proposed dividend for the financial year	Non controlling interests	Total equity
Group						
<i>Statement of changes in equity for 01.01.18 - 31.12.18</i>						
Balance as at 01.01.18	1.210	0	25.467	29.500	41	56.218
Foreign currency translation adjustment of foreign enterprises	0	0	-971	0	-1	-972
Purchase of treasury shares	0	0	-1.755	0	0	-1.755
Dividend from treasury shares	0	0	447	0	0	447
Dividend paid	0	0	0	-29.500	0	-29.500
Net profit/loss for the year	0	0	5.614	20.000	10	25.624
Balance as at 31.12.18	1.210	0	28.802	20.000	50	50.062
<i>Statement of changes in equity for 01.01.19 - 31.12.19</i>						
Balance as at 01.01.19	1.210	0	28.802	20.000	50	50.062
Foreign currency translation adjustment of foreign enterprises	0	0	143	0	0	143
Dividend from treasury shares	0	0	392	0	0	392
Dividend paid	0	0	0	-20.000	0	-20.000
Net profit/loss for the year	0	0	32.564	0	24	32.588
Balance as at 31.12.19	1.210	0	61.901	0	74	63.185

Figures in DKK '000	Share capital	Reserve for net revaluation according to the equity method	Retained earnings	Proposed dividend for the financial year	Non controlling interests	Total equity
Parent						
<i>Statement of changes in equity for 01.01.18 - 31.12.18</i>						
Balance as at 01.01.18	1.210	12.220	13.247	29.500	0	56.177
Foreign currency translation adjustment of foreign enterprises	0	-490	-481	0	0	-971
Purchase of treasury shares	0	0	-1.755	0	0	-1.755
Dividend from treasury shares	0	0	447	0	0	447
Dividend paid	0	0	0	-29.500	0	-29.500
Net profit/loss for the year	0	6.279	-665	20.000	10	25.612
Balance as at 31.12.18	1.210	18.009	10.793	20.000	0	50.012
<i>Statement of changes in equity for 01.01.19 - 31.12.19</i>						
Balance as at 01.01.19	1.210	18.009	10.793	20.000	0	50.012
Foreign currency translation adjustment of foreign enterprises	0	143	0	0	0	143
Dividend from treasury shares	0	0	392	0	0	392
Dividend paid	0	0	0	-20.000	0	-20.000
Net profit/loss for the year	0	-1.428	33.992	0	0	32.564
Balance as at 31.12.19	1.210	16.724	45.177	0	0	63.111

Consolidated Cash Flow Statement

	Group	
	2019 DKK '000	2018 DKK '000
Note		
Profit for the year	32.588	25.624
²⁰ Adjustments	17.963	15.610
Change in working capital		
Receivables	-14.472	7.828
Trade payables	21.135	-6.283
Other payables relating to operating activities	1.768	23.945
Cash flows from operating activities before net financials	58.982	66.724
Interest income and similar income received	952	929
Interest expenses and similar expenses paid	-1.700	-1.910
Income tax paid	-12.729	-16.243
Cash flows from operating activities	45.505	49.500
Purchase of intangible assets	-1.127	-322
Purchase of property, plant, and equipment	-1.522	-18.436
Sale of property, plant, and equipment	1.061	28
Purchase of investments	0	-70
Disposal of investments	601	0
Cash flows from investing activities	-987	-18.800

	Group	
	2019 DKK '000	2018 DKK '000
Note		
Purchase of treasury shares	0	-1.755
²⁰ Dividend paid	-20.000	-29.500
Dividend from treasury shares	392	448
Arrangement of other long-term payables	1.745	0
Cash flows from financing activities	-17.863	-30.807
Total cash flows for the year	26.655	-107
Cash, beginning of year	23.817	9.996
Short-term payables to credit institutions, beginning of year	-23.703	-9.775
Cash, end of year	26.769	114
Cash, end of year, comprises		
Cash	41.660	23.817
Short-term payables to credit institutions	-14.891	-23.703
Total	26.769	114

Notes

	Group		Parent	
	2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000
1. Revenue				
Revenue comprises the following activities				
IT consultancy services	1.030.343	929.749	644.903	629.688
Revenue comprises the following geographical markets				
Denmark	644.904	627.269	642.532	627.269
Other countries	385.439	302.480	2.371	2.419
Total	1.030.343	929.749	644.903	629.688
2. Employee aspects				
Wages and salaries	109.767	90.056	51.989	54.318
Other social security costs	4.473	3.245	275	296
Other staff costs	7.921	3.758	3.915	2.392
Total	122.161	97.059	56.179	57.006
Average number of employees during the year	321	298	53	51
Remuneration for the management				
Remuneration for the Executive Board and Board of Directors	3.409	3.121	3.409	3.121

	Group		Parent	
	2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000
3. Fees to auditors appointed by the general meeting				
Statutory audit of the financial statements	319	287	115	115
Tax advice	118	215	90	215
Other services	60	49	45	45
Total	497	551	250	375
4. Income from equity investments in group enterprises				
Income from equity investments in group enterprises	0	0	7.375	10.230
Impairment losses on goodwill	0	0	0	-539
Amortisation of goodwill	0	0	-361	-362
Total	0	0	7.014	9.329
5. Financial income				
Interest, group enterprises	0	0	684	450
Foreign exchange gains	0	0	456	126
Other financial income	952	929	104	427
Total	952	929	1.244	1.003

Notes

	Group		Parent	
	2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000
6. Tax on profit or loss for the year				
Current tax for the year	14.271	12.047	9.463	6.655
Adjustment of deferred tax for the year	-642	-403	146	33
Total	13.629	11.644	9.609	6.688
7. Distribution of net profit				
Reserve for net revaluation according to the equity method	0	0	-1.428	6.279
Proposed dividend for the financial year	0	20.000	0	20.000
Non-controlling interests	24	10	0	0
Retained earnings	32.564	5.614	33.992	-665
Total	32.588	25.624	32.564	25.614

Figures in DKK '000	Acquired rights	Goodwill	Total
	2019	2019	2019
8. Intangible assets			
Group			
Cost as at 01.01.19	322	14.723	15.045
Additions during the year	1.127	0	1.127
Cost as at 31.12.19	1.449	14.723	16.172
Amortisation and impairment losses as at 01.01.19	-18	-13.360	-13.378
Amortisation during the year	-107	-361	-468
Amortisation and impairment losses as at 31.12.19	-125	-13.721	-13.846
Carrying amount as at 31.12.19	1.324	1.002	2.326
Parent			
Cost as at 01.01.19	322	11.106	11.428
Additions during the year	1.127	0	1.127
Cost as at 31.12.19	1.449	11.106	12.555
Amortisation and impairment losses as at 01.01.19	-18	-11.106	-11.124
Amortisation during the year	-107	0	-107
Amortisation and impairment losses as at 31.12.19	-125	-11.106	-11.231
Carrying amount as at 31.12.19	1.324	0	1.324

Notes

Figures in DKK '000	Other fixtures and fittings, tools and equipment
9. Property, plant, and equipment	
Group	
Cost as at 01.01.19	28.283
Foreign currency translation adjustment of foreign enterprises	257
Additions during the year	1.522
Disposals during the year	-815
Cost as at 31.12.19	29.247
Depreciation and impairment losses as at 01.01.19	-7.497
Foreign currency translation adjustment of foreign enterprises	-110
Depreciation during the year	-4.752
Reversal of depreciation of and impairment losses on disposed assets	678
Depreciation and impairment losses as at 31.12.19	-11.681
Carrying amount as at 31.12.19	17.566
Parent	
Cost as at 01.01.19	4.208
Additions during the year	384
Disposals during the year	-196
Cost as at 31.12.19	4.396
Depreciation and impairment losses as at 01.01.19	-2.007
Depreciation during the year	-934
Reversal of depreciation of and impairment losses on disposed assets	196
Depreciation and impairment losses as at 31.12.19	-2.745
Carrying amount as at 31.12.19	1.651

Figures in DKK '000	Equity investments in group enterprises
10. Equity investments in group enterprises	
Parent	
Cost as at 01.01.19	6.171
Additions during the year	1.982
Cost as at 31.12.19	8.153
Revaluations as at 01.01.19	20.262
Foreign currency translation adjustment of foreign enterprises	143
Net profit/loss from equity investments	7.375
Dividend relating to equity investments	-8.440
Revaluations as at 31.12.19	19.340
Depreciation and impairment losses as at 01.01.19	-2.254
Amortisation of goodwill	-361
Negative equity value impaired in receivables	21.382
Depreciation and impairment losses as at 31.12.19	18.767
Carrying amount as at 31.12.19	46.260

Notes

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

Figures in DKK '000	Receivables from group enterprises	Deposits
11. Other non-current financial assets		
Group		
Cost as at 01.01.19	0	3.785
Disposals during the year	0	-601
Cost as at 31.12.19	0	3.184
Parent		
Cost as at 01.01.19	28.768	1.214
Additions during the year	14.589	0
Cost as at 31.12.19	43.357	1.214
Impairment losses as at 01.01.19	-17.903	0
Impairment losses during the year	-3.479	0
Impairment losses as at 31.12.19	-21.382	0
Carrying amount as at 31.12.19	21.975	1.214

Notes

	Group		Parent	
	31.12.19 DKK '000	31.12.18 DKK '000	31.12.19 DKK '000	31.12.18 DKK '000
12. Deferred tax				
Deferred tax as at 01.01.19	-3.282	-2.879	47	14
Deferred tax recognized in the income statement	-642	-403	146	33
Deferred tax as at 31.12.19	-3.924	-3.282	193	47
Deferred tax is distributed as below				
Intangible assets	291	67	291	0
Property, plant and equipment	-270	-154	-98	47
Liabilities	-2.117	-1.369	0	0
Tax losses	-1.828	-1.826	0	0
Total	-3.924	-3.282	193	47
13. Prepayments				
Prepaid insurance premiums	428	74	415	8
Prepaid rent	771	62	767	0
Other prepayments	3.617	2.639	2.301	2.259
Total	4.816	2.775	3.483	2.267

	Quantity	Total nominal value, DKK '000	
14. Share capital			
The share capital consists of			
Share capital	1.210.282	1.210.282	
Total	1.210.282	1.210.282	
	Quantity	Total nominal value, DKK '000	Percent of capital
Treasury shares consist of			
Holding of treasury shares as at 01.01.19	23.696	23.696	1,96%
Holding of treasury shares as at 31.12.19	23.696	23.696	1,96%

Notes

Provisions for subsidiaries

15. Other provisions

Parent

Provisions as at 01.01.19	62
Reversed provision in respect of previous years	-62
Provisions as at 31.12.19	0

Figures in DKK '000	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.19
16. Long-term payables			
Group			
Other payables	0	1.745	1.745
Total	0	1.745	1.745
Parent			
Other payables	0	1.745	1.745
Total	0	1.745	1.745

17. Contingent liabilities

Group

Lease commitments

The group has concluded lease agreements with terms to maturity between 2 and 90 months and total lease payments of DKK 45.768k.

Parent

Lease commitments

The company has concluded lease agreements with terms to maturity between 2 and 60 months and total lease payments of DKK 3.590k.

Recourse guarantee commitments

The company has provided guaranties for group enterprises' debt to credit institutions. The group enterprises' debt to the credit institutions concerned amounts to DKK 646k at the balance sheet date.

18. Charges and security

Group

The company has provided a company charge of DKK 14.891k as security for debt to credit institutions. As at 31.12.19, the company charge comprises the following assets with the following carrying amounts:

- Goodwill and intellectual property rights, DKK 2.326k
- Other plant, fixtures and fittings, tools, and equipment, DKK 17.566k
- Trade receivables, DKK 189.288k

Parent

The company has provided a company charge of DKK 14.482k as security for debt to credit institutions. As at 31.12.19, the company charge comprises the following assets with the following carrying amounts:

- Goodwill and intellectual property rights, DKK 1.324k
- Other plant, fixtures and fittings, tools, and equipment, DKK 1.652k
- Trade receivables, DKK 123.341k

Controlling influence

Basis of influence

19. Related parties

Hedaa Holding ApS, 2820, Denmark

Ultimate Parent Company

Notes

	Group	Parent
Balances	31.12.19 DKK '000	31.12.19 DKK '000
<hr/>		
19. Related parties — <i>continued</i>		
Receivables from group enterprises	0	43.371
Payables to group enterprises	-836	-8.338

The company is included in the consolidated financial statements of the parent Heda Holding ApS, 2820, Denmark.

20. Adjustments for the cash flow statement

Other operating income	-924	-27
Depreciation and impairments losses of property, plant, and equipment	4.652	3.668
Financial income	-952	-929
Financial expenses	1.701	1.910
Tax on profit or loss for the year	13.629	11.644
Other adjustments	-143	-656
<hr/>		
Total	17.963	15.610

21. Accounting policies

General

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

The accounting policies have been applied consistently with previous years.

Basis of recognition and measurement

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

Consolidated Financial Statements

The consolidated financial statements comprise the parent and its subsidiaries in which the parent directly or indirectly holds more than 50% of the voting rights or by way of agreements exercises control. Enterprises in which the group holds equity investments, between 20% and 50% of the voting rights and in which it has significant interest but not control, are considered associates.

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

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

Non-controlling interests

The financial items of the subsidiaries are recognized in full in the consolidated financial statements. The non-controlling interests' proportionate share of the subsidiaries' equity is classified as a part of consolidated equity. The subsidiaries' results are distributed proportionately to non-controlling interests and the parent's equity interest.

Purchase and sale of non-controlling interests in a subsidiary that do not result in the parent losing control of the subsidiary are treated in the consolidated financial statements as equity transactions, and the difference between the consideration and the carrying amount is allocated to the parent's equity interest.

Notes

21. Accounting policies — continued

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.

On recognition of foreign subsidiaries, which are independent entities, the income statements are translated at the exchange rates applicable at the transaction date or approximate average exchange rates. The balance sheet items are translated using the exchange rates applicable at the balance sheet date. Foreign currency translation adjustments arising from the translation of equity at the beginning of the year using the exchange rates applicable at the balance sheet date and from the translation of income statements from average exchange rates to the exchange rates applicable at the balance sheet date are recognized directly in equity.

Translation adjustments of intercompany balances with independent foreign subsidiaries, measured using the equity method and where the balance is considered to be part of the overall investment, are recognized directly in equity. On the divestment of foreign entities, accumulated exchange differences are recognized in the income statement.

Leases

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

Income Statement

Revenue

Income from the sale of services is recognized as delivery takes place. Revenue is measured at the selling value of the agreed consideration exclusive of VAT and other taxes and fewer discounts.

Production costs

Production costs comprise expenses, including depreciation, amortization, and wages and salaries which are incurred directly or indirectly to generate the revenue for the year.

Distribution costs

The distribution costs comprise costs for advertising, travel, marketing, and depreciation.

Administrative expenses

Administrative expenses comprise expenses in connection with administrative employees, management, office premises, office expenses, etc., including depreciation, amortization, and wages and salaries.

Other operating income

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

Depreciation and impairment losses

Depreciation is provided on a straight-line basis over the expected useful lives and the residual value of the assets, which are as follows:

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

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

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

Income from equity investments in group enterprises

For equity investments in subsidiaries that in the parent are measured using the equity method, the share of the enterprises' profit or loss is 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 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 enterprises.

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

Notes

21. Accounting policies — *continued*

Balance sheet

Intangible assets

Acquired rights

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

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

Goodwill

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

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

Gains and losses on the disposal of intangible assets

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

Property, plant, and equipment

Property, plant, and equipment comprise other fixtures and fittings, tools, and equipment.

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

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost. Property, plant, and equipment are depreciated using the straight-line method based on useful lives and residual values,

which are stated in the 'Depreciation 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.

Other fixtures, fittings, tools, and equipment

Other fixtures, fittings, tools, and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

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

Other fixtures, fittings, tools, and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation and impairment losses' section.

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

Equity investments in group enterprises

Equity investments in subsidiaries are measured in the balance sheet of the parent according to the equity method, meaning that these equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of positive or negative goodwill and gains and losses on transactions with the enterprises in question.

Equity investments in subsidiaries with a negative carrying amount are measured at DKK 0. Receivables that are considered part of the combined investment in the enterprises in question are impaired by any remaining

negative equity value. Other receivables from such enterprises are impaired to the extent that such receivables are considered uncollectible. Provisions to cover the remaining negative equity value are recognized only to the extent that the parent company has a legal or constructive obligation to cover the liabilities of the enterprise in question.

Impairment losses on fixed assets

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

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 the 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. Impairment losses on goodwill are not reversed.

Receivables

Receivables are measured at amortized cost, which usually corresponds to the nominal value, fewer writedowns 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 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.

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

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

Notes

21. Accounting policies — *continued*

Provisions

Other provisions comprise expected expenses incidental to subsidiaries and are recognized when the company has a legal or constructive obligation at the balance sheet date, and it is probable that such obligation will draw on the financial resources of the company. Provisions are measured at net realizable value or fair value if the provision is expected to be settled over the longer term.

Warranty commitments comprise the obligation to repair defective work within the warranty period of 1-5 years. Warranty commitments are measured at the net realizable value and recognized based on previous years' experience with warranty work.

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 within the same tax jurisdiction or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates in the respective countries, which, according to the legislation in force at the balance sheet date, will be applied 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 an 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

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

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

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

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

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

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

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