



1 January – 31 March 2022

Q1 2022

Interim Report

Strong revenue and EBITDA growth

Our strong momentum from 2021 continued in Q1 2022 with solid order intake, positive adjustment of our expectations to 2022 and the release of our updated growth strategy, Accelerate25XL. Wirtek remains very well-positioned to gain from the intense focus on digitalization across all industries and public agencies.

Revenue grew by 111% the first quarter of 2022 compared to Q1 last year, with 41% organic growth. These are truly spectacular numbers.

Strengthening the organization

EBITDA during Q1 2022 was up 76% although Wirtek is investing heavily in building an even stronger organisation to support the future growth. The organisation was strengthened during Q1 2022 by the appointment of a new CFO and a Director of HR and Administration. In addition, Wirtek has started the implementation of IFRS as well as a new group-wide ERP system, both expected to be completed this fiscal year.



Strong order intake

Beginning of March Wirtek signed a long-term contract with a new client, with significant positive impact on both revenue and EBITDA from 2022 and onwards. Consequently, Wirtek raised the 2022 expectations on 3 March 2022, and we now expect 2022 revenue growth of 41% – 52% and EBITDA growth of 39% – 54%. Our existing customers continue to build out their collaboration with us.

Long term goals revised - revenue goal for 2025 raised by 30%

Wirtek published our 5-year Accelerate25 growth strategy in January 2021. Based on the strong performance during 2021 and the increased expectations for 2022, the Board of Directors has reviewed the strategy and announced an updated Accelerate25XL strategy on 19 April 2022.

The revenue goal for 2025 was adjusted to DKK 130 million, an increase of 30%, and the pre-tax profits (EBT) goal was adjusted to DKK 15 million, an increase of 50%, both increases compared to the original Accelerate25 Strategy. In addition, listing on Nasdaq Copenhagen Main Market before end of 2025 was included as a new operational goal.

The existing four strategic tracks to reach the long-term goals were kept unchanged, since these are still fully aligned with the intended direction of Wirtek. This entails profitable growth driven by both double-digit organic growth as well as through acquisitions. Additionally, Wirtek will focus on further internationalisation of sales during the coming years.

Our ambition is to build a best-in-class-workspace

Our growth strategy increases the need for Wirtek to recruit and retain great talent in a job market that is quite challenging, as companies experience widespread IT-talent bottlenecks worldwide. We have strengthened our HR team to be well-prepared to handle such challenges. Building a best-in-class workplace is already part of our Accelerate25XL strategy, ensuring that we focus our HR-efforts to reach its goals. We continue to invest and explore the possibilities and pitfalls in the current and future hybrid workplace.

Impact of the geopolitical situation in Ukraine

The uncertainty of the devastating war in Ukraine is certainly on the radar of the Board of Directors and Executive Management. We currently evaluate the short-term risk of significant negative impact as quite low since all our development and test centres are situated in Romania, a country that is both part of EU and NATO. We have actually seen an increased demand for our services from clients wanting to reduce risk originating from their existing exposure towards Ukraine. In the medium term, there is a risk that the growing inflation rate and the reduced availability of IT talent from both Ukraine and sanctioned Russia and Belarus can potentially impact our business in a negative way.

While there certainly are challenges in the market, we are actively dealing with them, and we see great opportunities for Wirtek to further grow our business internationally during the coming years.

Michael Aaen, CEO

Q1 2022 Summary

The Board of Directors for Wirtek A/S has today approved the interim report for first quarter of 2022. The Board is very satisfied with the strong start of 2022.

Financial highlights for the period 1 January – 31 March 2022

TDKK	Q1 2022	Q1 2021	Change
Revenue	16,341	7,747	111%
EBITDA	2,598	1,478	76%
EBITDA-margin (%)	15.9%	19.1%	-17%
Pre-tax profits (EBT)	2,146	1,491	44%
Cash holdings	6,526	5,374	21%
Headcount	187	109	72%

Revenue growth of 111% and EBITDA-margin of 15.9% during Q1 2022

- **Revenue** grew by 111% to TDKK 16,341 during Q1 2022 compared to revenue of TDKK 7,747 during Q1 2021. The organic revenue growth was 41% during Q1.
- **EBITDA** was TDKK 2,598 in Q1 2022 compared to TDKK 1,478 for the same period last year, a growth of 76%.
- The **EBITDA-margin** for Q1 2022 was 15.9% compared to 19.1% during same period in 2021, down by 17%.
- **Pre-tax profits (EBT)** were TDKK 2,146 in Q1 2022 compared to TDKK 1,491 during Q1 2021, a growth of 44%.
- **Cash holdings** were TDKK 6,526 end of Q1 2022, up 21% from last year. Part of the cash-position is offset by a credit facility of TDKK 3,975. A positive cash flow of TDKK 1,736 was generated during Q1 2022, with operating activities generating TDKK 2,031 in cash.
- **Headcount** was 187 at the end of Q1 2022, a growth of 72% compared to Q1 2021. The acquisition of CoreBuild during 2021 has contributed significantly to the headcount growth.

Outlook for 2022

After signing a large, long-term contract with a new client on 3 March 2022 (see [company announcement no. 3/2022](#)), Wirtek raised the expectations for 2022.

- **Revenue** expectations for 2022 was raised to DKK 64.0m – 69.0m (up from a previous expectation of DKK 61.0m – 66.0m), a growth of 41% – 52% compared to 2021.
- **EBITDA** expectations for 2022 was raised to DKK 8.6m – 9.6m (up from a previous expectation of DKK 7.5m – 8.5m), a growth of 39% – 54% compared to 2021.

Wirtek in brief

Wirtek is an international IT outsourcing company teaming up with companies to help them create great software solutions and electronic equipment products. Several clients have been with Wirtek for 10+ years. Wirtek has offices in Denmark (HQ + sales) and four development and test centres in Romania. Wirtek was established in 2001 and the staff counts 180+ talents. Wirtek was listed at Nasdaq First North Growth Market Denmark in 2006.

Ticker code: [WIRTEK \(DK0060040913\)](#)

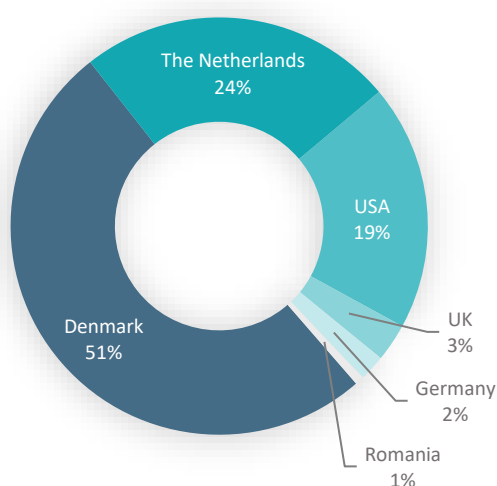
Management's Review

Revenue growth of 111% during Q1 2022

Wirtek posted Q1 2022 revenue of TDKK 16,341, a growth of 111% compared to Q1 2021.

Organic growth was 41% during Q1 while the remaining growth was achieved from the integration of CoreBuild. Revenue from the acquired CoreBuild business accounted for 40% of the total Wirtek Group revenue during Q1 2022.

The geographical revenue distribution during Q1 2022 was as follows:

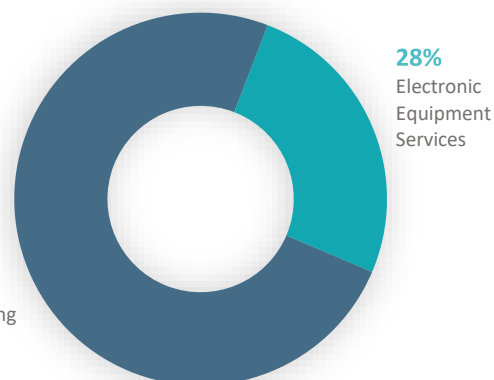


Clients outside Denmark accounted for 49% of Wirtek's revenue during Q1 2022, up from 33% during the Q1 2021. Clients from USA and The Netherlands accounted for 43% of the total revenue during Q1, while Wirtek also has 6% of its revenue from clients in UK, Germany, and Romania.

With international sales expansion as a key element in Wirtek's Accelerate25XL strategy, this is in line with our efforts to expand into more international markets - primarily in North-western Europe.

Business unit revenue distribution

The distribution of revenue between the two business units in Wirtek during Q1 2022 was as follows.

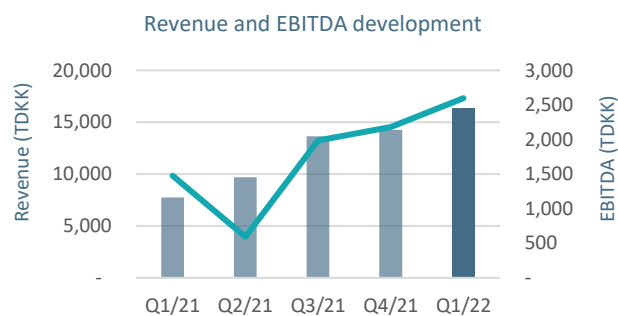


The business unit Software Engineering Services account for 72% of total revenue, up from 65% during Q1 2021. The quarterly revenue growth in this business unit was 134% compared to Q1 2021. This high growth is positively affected by a significant part of the revenue from the CoreBuild acquisition allocated to the Software Engineering Services business unit.

Revenue from Electronic Equipment Services has also increased significantly, with a growth of 69% during Q1 2022 compared to Q1 2021. The revenue growth in this business unit is purely organic growth.

EBITDA growth of 76% and EBITDA-margin of 15.9%

EBITDA for Q1 2022 was TDKK 2,598, an increase of 76% compared to Q1 2021. The recent development in EBITDA and revenue is as follows:

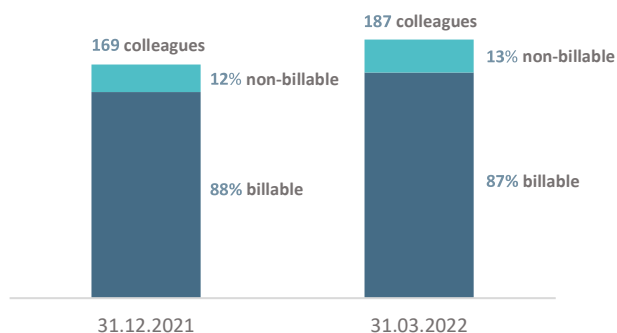


The EBITDA-margin for Q1 2022 was 15.9%, down from 19.1% during Q1 2021. Wirtek is investing significantly in continuously building a strong organization to support the present and future growth, including the recent hiring of a CFO as well as a Director of HR and Administration. In addition, Wirtek is implementing the IFRS accounting standard, as Wirtek prepares for a listing on the Nasdaq Copenhagen Main Market.

The costs related to these initiatives negatively impact the EBITDA-margin in the short term but are considered a prerequisite for Wirtek's continuous profitable growth journey.

Operational efficiency

Wirtek increased the number of colleagues by more than 10% during Q1 2022 to a total of 187. The percentage of billable colleagues decreased from 88% end of 2021 to 87% end of Q1 2022. This is due to the previously mentioned investment in building a strong organisation to support future growth.



The majority of new colleagues planned to be added during the remainder of 2022 will be billable, expected to increase the percentage of billable colleagues slightly no later than by the end of 2022.

Pre-tax profitability growth of 44%

Wirtek achieved pre-tax profits (EBT) of TDKK 2,146 during Q1 2022 compared to TDKK 1,491 during Q1 2021, a growth of 44%.

Positive cash flow improves cash holdings

Wirtek achieved a positive cash flow from operating activities of TDKK 2,031 and a total cash flow of TDKK 1,736 during Q1 2022.

Wirtek expects to achieve additional substantial positive cash flows during the coming months, further improving cash holdings of the company group.

Expectations for 2022 raised during Q1

On 3 March 2022 Wirtek announced a long-term contract from a new client to establish a large, dedicated team in Romania to support the client's development activities. (see [company announcement no. 3/2022](#))

The ramp-up of the team starts in Q2 2022 and will have substantial positive impact on both revenue and EBITDA from the last part of 2022 and onwards.

Consequently, Wirtek raised the original 2022 expectations announced in January 2022 and now expects revenue growth of 41% - 52% and EBITDA growth of 39% - 54% compared to 2021.

Significant events after the balance date

On 19 April 2022 Wirtek announced a revised Accelerate25XL strategy ([see company announcement no. 7/2022](#)) with a significant increase in financial long-term goals as well as an operational goal of a Nasdaq Copenhagen Main Market listing before the end of 2025.

Additional remarks to the financial reporting for Q1 2022

The Wirtek Group consists of Wirtek A/S and the fully owned Romanian subsidiaries Wirtek SRL and CoreBuild Software Services SRL.

The Q1 financial report has not been audited or reviewed by our auditor.

Financial Calendar

Interim Report Q2 2022: 10 August 2022

Interim Report Q3 2022: 9 November 2022

Annual Report 2022: 22 March 2023

Annual General Meeting: 19 April 2023

Further Information

- Michael Aaen, CEO, Wirtek A/S, Phone: +45 2529 7575, E-mail: ir@wirtek.com
- Kent Moustén Sørensen, Chairman, Wirtek A/S, Phone: +45 2125 9001
- Per Vestergaard, Certified Advisor, CDI Global, Phone: +45 2176 4317

Profit & loss statement for the period 1 January – 31 March 2022

TDKK	Q1 2022	Q1 2021	Change Q1
Revenue	16,341	7,747	111%
Other external costs	(1,783)	(929)	92%
Gross profit	14,558	6,818	114%
Personnel costs	(11,960)	(5,340)	124%
EBITDA	2,598	1,478	76%
Depreciation	(373)	(28)	1,232%
Operating profit (EBIT)	2,225	1,450	53%
Financial income / expenses	(79)	(41)	93%
Pre-tax Profit (EBT)	2,146	1,491	44%
Taxes	(221)	(55)	302%
Net profit	1,925	1,436	34%

Cash flow statement for the period 1 January – 31 March 2022

TDKK	Q1 2022	Q1 2021	2021
EBITDA	2,598	1,478	6,242
Financial income / expenses	(79)	(13)	(181)
Exchange rate adjustments etc.	(4)	(61)	(51)
Change in trade receivables	(1,497)	420	(590)
Change in work in progress	27	-	-
Change in other receivables	(1,206)	(56)	300
Change in short term debt	2,192	(263)	813
Cash flow from operating activities	2,031	1,505	6,533
Purchase of intangible assets	-	-	(9,709)
Purchase of fixed assets	(295)	(13)	(826)
Other investments	-	-	(15)
Cash flow from investing activities	(295)	(13)	(10,550)
Sale/purchase of own shares	-	-	(2,629)
Capital increase	-	-	1,257
Dividend paid	-	-	(1,380)
Other cash flows from financing activities	-	-	3,692
Cash flow from financing activities	-	-	940
Total cash flow	1,736	1,492	(3,077)
Cash holdings (less short-term debt), beginning of period	815	3,882	3,892
Cash holdings (less short-term debt), end of period	2,551	5,374	815

Balance sheet as of 31 March 2022

TDKK	31.03.2022	31.03.2021	31.12.2021
ASSETS			
Intangible assets			
Goodwill	9,115	131	9,260
Software	2	3	2
Property, plants and equipment			
Fixtures and fittings, tools and equipment	914	196	803
Investments			
Securities and deposits	152	125	125
Total fixed assets	10,184	455	10,190
Receivables			
Trade receivables	9,689	3,612	8,134
Work in progress	-	-	27
Other receivables	1,895	910	492
Advances for inventories	19	90	184
Deferred tax	2,800	2,800	2,849
Cash holdings	6,526	5,374	4,803
Total current assets	20,930	12,786	16,489
TOTAL ASSETS	31,113	13,241	26,679
LIABILITIES			
Share capital	1,087	1,035	1,087
Own shares	(2,629)	-	-
Share premium account	1,278	-	-
Currency exchange provision	(70)	(49)	-
Retained earnings + proposed dividend	11,766	7,895	8,324
Total equity	11,432	8,881	9,411
Long term liabilities			
Acquisition, Earn-out	-	-	-
Other long-term payables	66	-	66
Short term liabilities			
Short-term debt	3,975	-	3,988
Trade payables	3,741	974	1,859
Other liabilities	11,899	3,386	11,355
Total liabilities other than provisions	19,681	4,360	17,268
TOTAL LIABILITIES	31,113	13,241	26,679

Equity explanation for the period 1 January – 31 March 2022

TDKK	31.03.2022	31.03.2021
Equity, beginning of year	9,410	7,449
Dividend distribution	-	-
Exchange rate adjustments etc.	(4)	(4)
Sale/purchase of own shares	-	-
Share premium account	-	-
Profit/Loss for Q1	1,925	1,436
EQUITY	11,331	8,881

Key figures and ratios for the period 1 January – 31 March 2022

	Q1 2022	Q1 2021
EBITDA-margin	15.9%	19.1%
Operating profit margin (EBIT)	13.6%	18.7%
Liquidity ratio	107%	293%
Equity ratio	37% *)	67%
Number of shares	7,245,912	6,902,412
Earnings per share (EPS)	0.27 DKK	0.21 DKK
Cash flow per share	0.24 DKK	0.22 DKK
Share price, end of period	16.8 DKK	22.2 DKK

*) The significant reduction in Equity ratio is due to the acquisition of CoreBuild, adding a large immaterial asset while TDKK 2,629 in treasury shares for earn-out payment negatively impacts equity.

The key figures and financial ratios above have been calculated in accordance with Danish Finance Society's "Recommendation & Financial Ratios".

Management and Board shareholdings (direct or indirect) in Wirtek A/S as of 10 May 2022

Michael Aaen, CEO: 2,393,778 shares

Kent M. Sørensen, Chairman: 958,818 shares

Jens Uggerhøj, Board member: 357,858 shares

Certified Advisor and associates' shareholdings in Wirtek A/S as of 10 May 2022

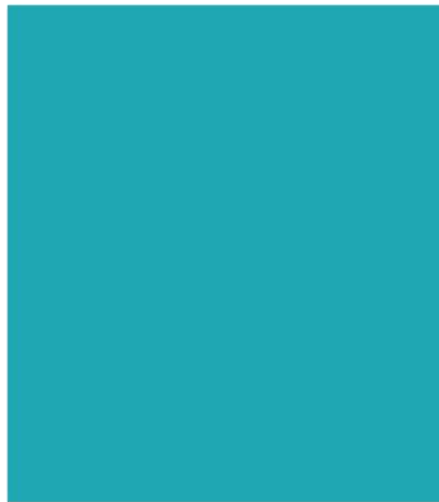
Per Vestergaard, CDI Global ApS, 1,650 shares

Auditor

BDO Statsautoriseret revisionsaktieselskab, Visionsvej 51, 9200 Aalborg, Denmark

Disclaimer

Forward-looking statements, especially such relating to future sales and operating profit, are subject to risks and uncertainties. Various factors, many of which are outside Wirtek's control, may cause the actual development of the company to differ materially from the expectations contained in this financial report.



Wirtek A/S
Niels Jernes Vej 10
DK-9220 Aalborg
Denmark
Phone: +45 7214 6660
E-mail: ir@wirtek.com
Web: www.wirtek.com

