



1 JULY - 30 SEPTEMBER 2023

Q3 2023 Interim Report

Q3 2023 reflections: Building momentum for a promising 2024

In Q3 2023, we have seen an inflow of new orders from both existing and new clients, especially in our **Energy** business unit, having full revenue effect from 2024. This makes us confident about an increasing activity level in 2024. That said, the market condition in Q3 2023 has been challenging for some of our clients, and an inflation-driven increase in costs combined with financial challenges for one of our clients have impacted our financial results. Q3 2023 yielded an organic revenue growth of 6% and a decrease in EBITDA of 42% compared to Q3 2022. For the period Q1-Q3 2023 revenue grew by 10% and EBITDA decreased by 24% compared to same period in 2022.

Growing our Energy business unit from smallest to second-largest in a single quarter

Wirtek's focus on business development in energy-related sectors is paying off. With three new orders in three months, the growth of our **Energy** business unit exceeds our wildest expectations, and the positive development is continuing into Q4 2023.

Revenue in the Energy business unit increased by 55% in Q3 2023 compared to the previous quarter, becoming our second-largest business unit one quarter earlier than previously expected. We expect the **Energy** business unit revenue to grow by more than 70% in H2 2023 compared to H1 2023, and we expect to see further growth in 2024.

We have also experienced steady revenue growth in our largest business unit **Wireless Communication & Automation**, in line with expectations. This business unit currently services clients in Denmark, USA and Germany and operates in markets with great growth potential (read more on page 4 of this report).



Fit organisation – now in new premises

During the last two years, we have invested significantly in transforming the organisation of Wirtek and digitise key business processes to sustain continued strong and profitable growth over the coming years. This year we have moved into brand new offices in both Bucharest and Cluj, providing our colleagues with a modern workplace that supports a balanced hybrid work life.

Strong foundation for long-term profitable growth

When Wirtek gains a new client, the client partnership almost always continues for many years, often with growing revenue streams year after year. Consequently, Wirtek has a very robust revenue base, with approx. 80% - 85% of the expected revenue in place at the beginning of a new fiscal year. This provides a strong foundation for revenue growth, as Wirtek does not have to resell all or most of the revenue each year.

Even though the market condition in some areas is expected to be challenging, we remain in an even closer dialogue with our clients, and we expect a fiscal year 2024 revenue base of approx. DKK 70m to be in place at the beginning of 2024. The expectations for 2024 will be communicated to Nasdaq in January 2024 according to Wirtek's normal practise.

At this time, we expect double-digit organic revenue growth in both 2024 and 2025 based on our current sales pipeline and our ongoing sales efforts. Additionally, Wirtek also has a growing pipeline of potential acquisition targets, and we anticipate being able to complete at least one acquisition in the strategy period as part of accelerating the revenue growth and reaching our 2025 revenue target of DKK 130m.

Wirtek's ability to grow profitably year after year has earned us a **Børsen Gazelle** award this year as well as a nomination as **EY Entrepreneur Of The Year**.

Revised expectations for 2023

Based on the preliminary Q3 2023 financial results and an updated prognosis for the entire fiscal year 2023, we have **revised our expectations** for 2023. Revenue is now expected in the range DKK 70m – 72m, and EBITDA in the range DKK 6.0m – 7.0m.

Wirtek is well underway in implementing the Accelerate25XL strategy and we maintain our long-term financial and operational goals.

I want to thank our clients and shareholders for their continued loyalty and not least our entire team for their hard work and dedication during a period of global uncertainty.

Michael Aaen, CEO Wirtek

Q3 2023 Summary

Financial highlights for the period 1 January - 30 September 2023

TDKK	Q3 2023	Q3 2022	Change	Q1-Q3 2023	Q1-Q3 2022	Change
Revenue	17,457	16,502	6%	52,893	48,290	10%
EBITDA	1,172	2,027	-42%	4,801	6,349	-24%
EBITDA-margin (%)	6.7%	12.3%	-45%	9.1%	13.1%	-31%
Pre-tax profits (EBT)	812	1,669	-51%	3,522	5,114	-31%
Equity	16,732	15,192	10%	16,732	15,192	10%
Cash holdings	4,165	3,264	28%	4,165	3,264	28%

Organic growth of 6% – challenging market conditions for a few clients negatively impacts EBITDA

- **Revenue** grew organically by 6% to TDKK 17,457 during Q3 2023 compared to revenue of TDKK 16,502 during Q3 2022. Organic revenue growth during Q1-Q3 2023 was 10% compared to Q1-Q3 2022. The achieved growth stems from both increased engagements with existing clients as well as expansion of the client list.
- **EBITDA** was TDKK 1,172 in Q3 2023 compared to TDKK 2,027 for the same period last year, a decrease of 42%. During Q1-Q3 2023 EBITDA was TDKK 4,801, down by 24% compared to Q1-Q3 2022. Challenging market conditions for a few of Wirtek's clients, including a financial loss on a single client, has significantly impacted EBITDA negatively during Q3 2023.
- The **EBITDA-margin** for Q3 2023 was 6.7% compared to 12.3% during same period in 2022. For Q1-Q3 2023 the EBITDA margin was 9.1% compared to 13.1% during Q1-Q3 2022.
- **Pre-tax profits (EBT)** were TDKK 812 in Q3 2023, a decrease by 51% compared to TDKK 1,669 during Q3 2022. EBT for Q1-Q3 2023 was 3,522 down by 31% compared to Q1-Q3 2022.
- **Equity** was TDKK 16,732 end of Q3 2023, up by 10% from Q3 2022. The equity ratio was 54% end of Q3 2023.
- **Cash holdings** were TDKK 4,165 end of Q3 2023, up by 28% from Q3 2022. Part of the cash-position is offset by a credit facility of TDKK 2,066. A negative cash flow of TDKK 1,001 was generated during Q3 2023, impacted negatively by change in trade receivables, investments in new office facilities, and purchase of shares to cover 2022 acquisition earn-out. Operating activities generated TDKK 424 in cash during Q3 2023, up by 159% compared to Q3 2022. For Q1-Q3 2023 the cash flow from operating activities was TDKK 3,416, resulting in a Cash Conversion Ratio (Operating cash flow / EBITDA) of 71%.

Revised expectations for 2023

Based on the preliminary financial results for Q1-Q3 2023 and an updated prognosis for the fiscal year 2023, the Board of Directors has revised the 2023 expectations as follows (see [Company announcement no. 26/2023](#)):

- **Revenue** for 2023 is expected in the range of DKK 70.0m – 72.0m (down from previously DKK 73.0 – DKK 78m).
- **EBITDA** for 2023 is expected in the range of DKK 6.0m – 7.0m (narrowed from previously DKK 6.0m – 9.0m).

Wirtek in brief

Wirtek A/S is a Danish IT consultancy company that provides software development, testing, and consultancy services to help clients worldwide. With a team of 200 talented professionals, Wirtek specializes in Digitalization, Energy, Workforce & Facility Management, Wireless Communication & Automation, and Trade & E-commerce. At Wirtek, we prioritize building long-term client relationships, with some lasting over a decade.

We believe that quality partnerships are just as important as software quality in achieving our client's goals. Established in 2001, we have offices in Denmark and Romania and have been listed on Nasdaq First North Copenhagen since 2006.

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



Spot on our strong position in Wireless Communication & Automation

Wirtek has many years of experience in **Wireless Communication and Automation**, and we have a strong position in the rapidly growing digital communication market. Our services are designed to help clients meet very high quality standards and we are committed to improve voice and data communication and innovate smart home automation being the strategic software development partner for our clients.

According to **Global Market Insights**, the Smart Home Automation market was valued at over USD 60 billion in 2022. It is expected to grow at a CAGR of 10% from 2023 to 2032. Wirtek has a great possibility to unfold this growth potential and become a key player in the industry's tech-centric, innovative future.

Long-term partnerships and team consistency

The **Wireless Communication and Automation** business unit stands on a robust foundation of long-lasting partnerships. Our team has maintained steady growth and is currently the largest business unit at Wirtek with 45 team members. We have been collaborating with Spectralink, a US-headquartered wireless communication solutions provider, for over 10 years across multiple geographies. Our strong partnership with Crestron, a US-based world leader in high-end home automation, has flourished for more than 5 years.

As another example of a long-term collaboration, Wirtek has since 2006 been engaged in a steadily growing partnership with a leading Danish wireless solutions provider. Our team has showcased its comprehensive skill set, executing both manual and automated testing for VoIP and PRO Audio Systems, applying our deep expertise in HiFi audio, sensors, and healthcare. During the past two years this partnership has grown from 8 to currently 25 team members.

Geographically, Wirtek has clients in both Denmark, Germany, and United States, allowing us to navigate market fluctuations more effectively and tap into varied industry trends.



The **Wireless Communication and Automation** business unit has generated steady revenue for many years, and today this business unit is the largest revenue contributor, with 28% of total revenue during Q3 2023. During Q1-Q3 2023 **Wireless Communication & Automation** has generated revenue of DKK 14.2m, outperforming **Trade and E-commerce** at DKK 11.4m and **Digitalization** at DKK 10.1m.

Creating value together with Spectralink for more than 14 years

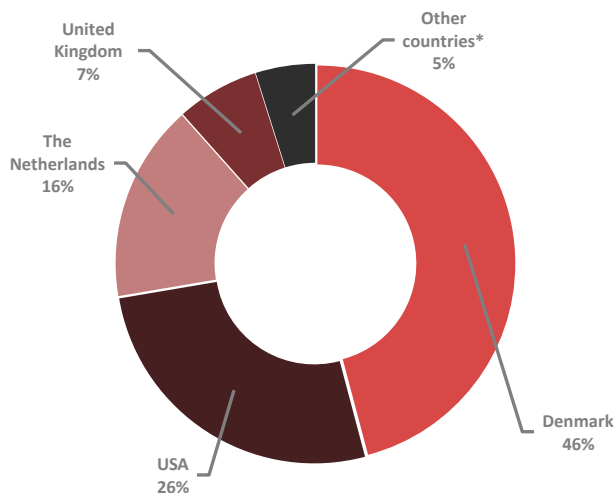
In the world of enterprise mobility, US-based Spectralink has over a decade redefined DECT communication. Our partnership was initiated in 2009 and became a cornerstone in fulfilling Spectralink's ambitions. Starting with just three engineers, Wirtek has constantly been expanding the commitment, eventually managing teams dedicated to DECT and Wi-Fi testing, as well as DECT server development. Today, Wirtek has 8 seasoned engineers playing a vital role in navigating the challenges of telecommunication together with Spectralink – projects covering much more than just testing, they also ensure network functionality and security.

Management's Review

Organic revenue growth of 6% during Q3 2023

Wirtek posted revenue of TDKK 17,457 in Q3 2023, an organic growth of 6% compared to Q3 2022. For Q1-Q3 2023 revenue grew by 10% compared to Q1-Q3 2022.

Geographical revenue distribution – Q3 2023



* Other countries include Germany, Romania, and Norway

In Q3 2023, Wirtek expanded the growth in markets outside Denmark. Clients from USA and The Netherlands accounted for 43% of the total revenue during Q3 2023, up from 41% during Q3 2022. Revenue from clients in UK accounted for 7% of revenue, a growth of 50% compared to Q3 2022. Wirtek has 5% of its revenue from clients in Germany, Romania, and Norway.

In line with Wirtek's focus on international sales expansion, clients from outside of Denmark accounted for 54% of revenue in Q3 2023, up from 50% during Q3 2022.

Business unit performance

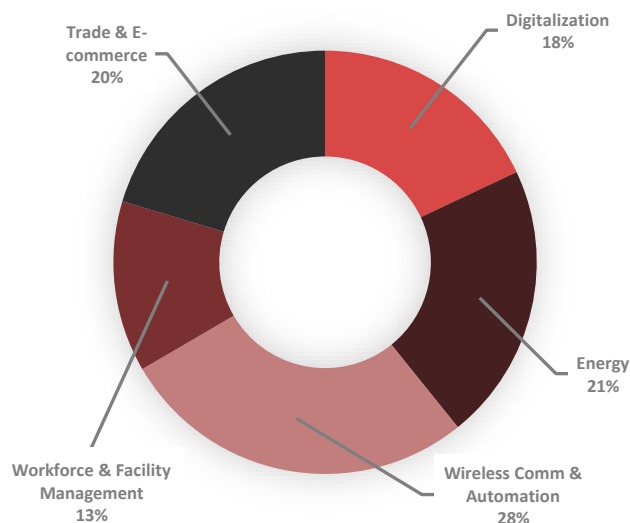
We have experienced revenue growth in our **Wireless Communication & Automation** business unit in line with expectations and strong revenue growth in our **Energy** business unit. However, the performance of our remaining three business units **Digitalization**, **Trade & E-commerce**, and **Workforce & Facility Management** has been lower than expected, with a few clients having to reduce their business with Wirtek.

Business Unit Revenue (TDKK)	Q3 2023	Q1-Q3 2023
Digitalization	3,142	10,091
Energy	3,703	8,555
Workforce & Facility Management	2,282	8,635
Wireless Communication & Automation	4,779	14,177
Trade & E-commerce	3,551	11,435
Total Group Revenue	17,457	52,893

The **Energy** business unit continues to grow rapidly, with revenue increased by 55% in Q3 2023 compared to the previous quarter (Q2 2023). **Energy** was in Q3 2023 Wirtek's second-largest business unit, a significant change from being the smallest business unit in Q1 2023. With a healthy order base, the **Energy** business unit is on track to grow revenue during H2 2023 by more than 70% compared to H1 2023.

Our **Workforce & Facility Management** business unit was particularly negatively impacted by a critical financial situation for one of our clients, reducing full-year revenue expectations for this business unit as well as realising a financial loss on the client. The full impact of this loss is fully included in the Q3 2023 financial results.

Business unit revenue distribution – Q3 2023

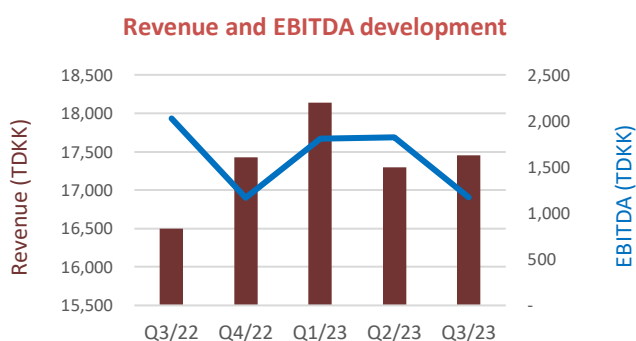


EBITDA-margin of 6.7% during Q3 2023

EBITDA for Q3 2023 was TDKK 1,172, a decrease of 42% compared to Q3 2022. EBITDA for the period Q1-Q3 2023 was TDKK 4,801, down by 24% compared to Q1-Q3 2022. The EBITDA was negatively impacted by realising a loss on a financially challenged client. The full impact of this loss is included in the Q3 2023 financial results. A general inflation-driven increase in costs, especially personnel costs, also impacts EBITDA downwards.

The EBITDA-margin for Q3 2023 was 6.7%, down from 12.3% during Q3 2022. The EBITDA-margin for Q1-Q3 2023 was 9.1%, down from 13.1% during Q1-Q3 2022.

The quarterly development in revenue and EBITDA since Q3 2022 is as follows:



Pre-tax profits of TDKK 812

Wirtek achieved pre-tax profits (EBT) of TDKK 812 during Q3 2023 compared to TDKK 1,669 during Q3 2022, a decrease of 51%.

Positive operating cash flow

Wirtek achieved positive cash flows from operating activities of TDKK 424 during Q3 2023 and TDKK 3,416 during Q1-Q3

2023. The Cash Conversion Ratio (Operating cash flow / EBITDA) was 71% during Q1-Q3 2023.

The total cash flow during Q3 2023 was negative TDKK 1,001, impacted by growth in accounts receivables, investments in new office facilities in Romania and purchase of shares to cover 2022 earn-out for Corebuild Software Services. Total cash flow for Q1-Q3 2023 was negative TDKK 953.

Number of colleagues

Wirtek had a total of 201 colleagues by the end of Q3 2023 - up by 9% compared to Q3 2022. The percentage of billable colleagues increased to 89% by the end of Q3 2023 - up from 88% by the end of Q3 2022.

Additional remarks to the financial reporting

The Wirtek Group consists of Wirtek A/S and the fully owned Romanian subsidiaries Wirtek SRL and CoreBuild Software Services SRL. The two Romanian subsidiaries are expected to be merged into one single entity in 2023 with expected cost savings from beginning of 2024.

The previously mentioned share purchase, covering the 2022 earn-out payments, concludes all payments related to the acquisition of the CoreBuild companies in 2021. The share purchase has been concluded at an average price per share that is expected to increase the equity by more than TDKK 750.

The Q3 financial report has not been audited or reviewed by our auditor.

Financial Calendar 2024

20 March 2024:	2023 Annual report
15 May 2024:	Interim report Q1 2024
14 August 2024:	Interim report Q2 2024
13 November 2024:	Interim report Q3 2024

Further Information

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Profit & loss statement for the period 1 January - 30 September 2023

TDKK	Q3 2023	Q3 2022	Change	Q1-Q3 2023	Q1-Q3 2022	Change
Revenue	17,457	16,502	5.8%	52,893	48,280	9.6%
Other external expenses	(7,591)	(7,022)	8.1%	(23,234)	(19,208)	21.0%
Other external expenses %	43.5%	42.6%	2.2%	43.9%	39.8%	10.4%
Gross profit/loss	9,866	9,480	4.1%	29,659	29,072	2.0%
Gross profit/loss %	56.5%	57.4%	-1.6%	56.1%	60.2%	-6.8%
Staff costs	(8,694)	(7,453)	16.7%	(24,858)	(22,733)	9.3%
Staff costs %	49.8%	45.2%	10.3%	47.0%	47.1%	-0.2%
EBITDA	1,172	2,027	-42.2%	4,801	6,339	-24.3%
Depreciation, amortisation, and impairment	(275)	(358)	-23.2%	(808)	(1,066)	-24.2%
Depreciation, amortisation, and impairment %	1.6%	2.2%	-27.4%	1.5%	2.2%	-30.8%
Operating profit (EBIT)	897	1,669	-46.2%	3,993	5,273	-24.3%
Net financial income and expenses	(85)	(1)	8.420%	(471)	(169)	179.0%
Net financial income and expenses %	0.5%	0.0%	-9.450%	0.9%	0.4%	154.6%
Profit before tax (EBT)	812	1,668	-51.3%	3,522	5,104	-31.0%
Tax on profit/loss for the period	47	197	-76.2%	(523)	(615)	-14.9%
Tax on profit/loss for the period %	-0.3%	-1.2%	-77.5%	1.0%	1.3%	-22.3%
Profit for the period	859	1,471	-41.6%	2,998	4,489	-33.2%
Profit for the period %	4.9%	8.9%	-44.9%	5.7%	9.3%	-38.7%

Cash flow statement for the period 1 January - 30 September 2023

TDKK	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022
EBITDA	1,172	2,027	4,801	6,348
Financial costs	(85)	(1)	(471)	(169)
Payment of corporate tax	47	(197)	(523)	(615)
Exchange rate adjustments etc.	-	-	-	2
Change in trade receivables	1,475	(3,436)	(1,911)	(4,569)
Change in work in progress	-	-	-	28
Change in other receivables	1,633	(99)	1,652	(738)
Change in short term debt	(3,818)	984	(132)	1,213
Cash flow from operating activities	424	(722)	3,416	1,500
Purchase of intangible assets	(696)	-	(2,074)	(2,836)
Purchase of fixed assets	(82)	(131)	(337)	(479)
Other investments	(72)	-	(47)	-
Cash flow from investing activities	(849)	(131)	(2,458)	(3,315)
Sale/Purchase of own shares	(575)	-	718	2,689
Capital increase	-	-	-	1,244
Dividend paid	-	-	(2,668)	(2,651)
Other cash flows from financing activities	-	-	40	-
Cash flow from financing activities	(575)	-	(1,910)	1,282
Total cash flow	(1,001)	(853)	(953)	(533)
Cash and Cash equivalents - beginning	5,166	4,116	5,118	3,796
Cash and Cash equivalents, end of period	4,165	3,263	4,165	3,263

Balance sheet as of 30 September 2023

TDKK	30.09.2023	30.09.2022	31.12.2022
ASSETS			
Intangible assets	9,883	8,506	8,559
Goodwill	7,922	8,504	8,268
Software	1,960	2	291
Property, plants, and equipment			
Fixtures and fittings, tools, and equipment	1,199	917	862
Investments			
Securities and deposits	67	136	125
Total fixed assets	11,148	9,559	9,546
Receivables			
Trade receivables	12,226	12,760	11,169
Work in progress	-	-	-
Other receivables	478	1,436	1,428
Advances for inventories	279	24	-
Deferred tax	2,800	2,800	2,885
Prepayments and accrued income	-	-	-
Cash and Cash equivalents	4,165	3,263	5,118
Total current assets	19,948	20,283	20,600
TOTAL ASSETS	31,096	29,842	30,146
LIABILITIES			
Share capital	1,159	1,119	1,119
Own shares	(724)	-	-
Share premium account	3,134	2,490	-
Currency exchange provision	-	(66)	-
Proposed dividend	-	-	3,134
Retained earnings	13,163	11,649	11,391
Total equity	16,732	15,192	15,644
Long term liabilities			
Acquisition, Earn-out	1,391	0	0
Other long-term payables	-	66	63
Short term liabilities			
Short-term debt	2,066	5,251	2,999
Trade payables	4,794	3,253	3,386
Corporation tax	-	-	167
Other liabilities	6,112	6,080	7,887
Total liabilities other than provisions	14,364	14,650	14,502
TOTAL LIABILITIES	31,096	29,842	30,146

Equity explanation for the period 1 January - 30 September 2023

TDKK	30.09.2023	30.09.2022
Equity, beginning of year	15,644	9,410
Dividend distribution	(2,688)	(2,651)
Exchange rate adjustments etc.	60	-
Sale/purchase of own shares	(575)	2,689
Share premium account	1,293	1,245
Profit/Loss year-to-date	2,998	4.499
EQUITY	16,732	15,192

Outstanding shares

	Q1-Q3 2023	Q1-Q3 2022
Outstanding shares (beginning of period)	7,462,212	7,245,912
Exercise of Warrants (Company announcement no. 8/2023)	266,367	216,300
Outstanding shares (end of period)	7,728,579	7,462,212
Average number of outstanding shares	7,595,396	7,354,062

Key figures and ratios for the period 1 January - 30 September 2023

	Q1-Q3 2023	Q1-Q3 2022
EBITDA-margin	9.1%	13.1%
Operating profit margin (EBIT)	7.5%	10.9%
Liquidity ratio	154%	139%
Equity ratio	54%	51%
Cash Conversion Rate (net profit)	114%	33%
Cash Conversion Rate (EBITDA)	71%	24%
Earnings per share (EPS)	0.39 DKK	0.43 DKK
Operational cash flow per share	0.44 DKK	(0.07) DKK
Share price, end of period	10.30 DKK	15.75 DKK

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 8 November 2023

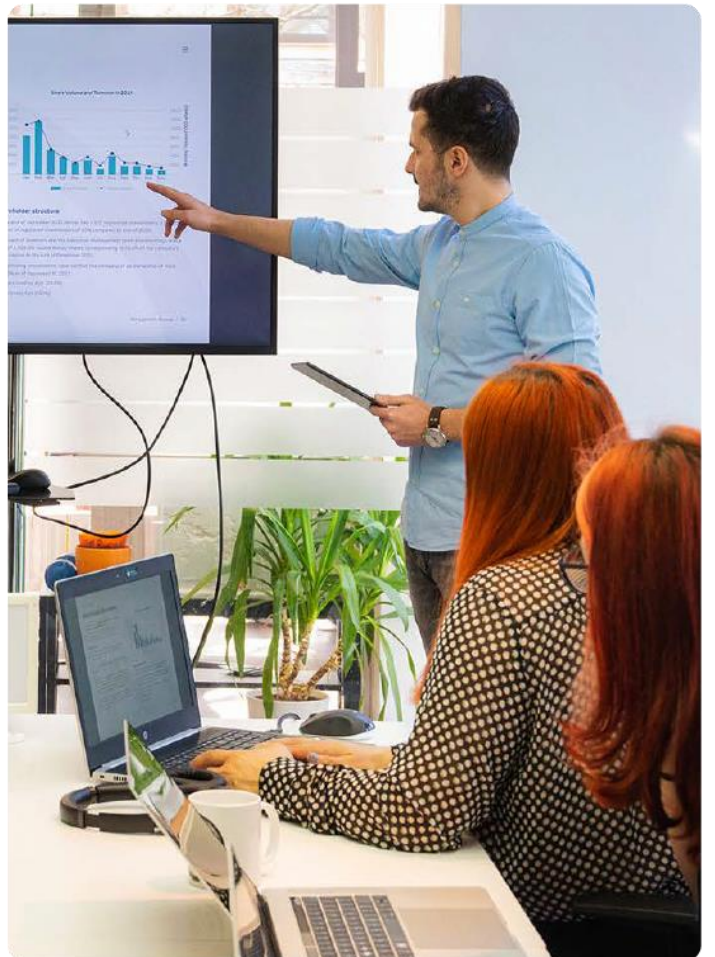
- Michael Aaen, CEO: 2,215,177 shares
- Kent M. Sørensen, Chairman: 970,880 shares
- Janie C. Nielsen, Board member: 5,000 shares
- Jens Uggerhøj, Board member: 357,858 shares
- Martin Dommerby Kristiansen, Board member: 55,821 shares

Certified Advisor and associates' shareholdings in Wirtek A/S as of 8 November 2023

- Per Vestergaard, CDI Global ApS, 1,650 shares

Auditor

- BDO Statsautoriseret revisionsaktieselskab, Visionsvej 51, 9200 Aalborg, Denmark



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