

1 APRIL - 30 JUNE 2023

Q2 2023 Interim Report



Q2 2023 development in line with expectations

We achieved an organic revenue growth of 12% and EBITDA growth of 6% during Q2 2023 despite a somewhat unpredictable market situation. We have seen a significant inflow of new orders from both new and existing clients during the end of Q2 2023 while some of our clients have scaled back on our services during H1 2023.

Based on Wirtek's expanded sales pipeline and certain cost reduction initiatives in Q2 2023, we maintain our expectations for 2023.

Rapid expansion in the Energy sector

The Energy sector presents a substantial growth opportunity for Wirtek. We are experiencing a surge in demand within this sector, driven by the worldwide focus on renewable energy. As countries and industries transition towards sustainable practices, the need for expert knowledge in developing critical software solutions is expected to grow rapidly. We are currently gaining new clients in this sector as well as expanding business with our existing Energy clients. We expect our Energy business unit to continue the fast growth during second half of this year, and we expect it to become our second-largest business unit by end of 2023, with an estimated H2 2023 business unit growth of more than 60% compared to H1 2023. Wirtek is well-positioned to take advantage of the many opportunities that exist in the Energy sector, and we expect that our Energy business unit will further expand during the coming years.

Further strengthening the board of directors

At the annual general meeting in April 2023, we welcomed Martin Dommerby Kristiansen as a new independent board member, and Wirtek wishes to further strengthen the board through appointment of Janie C. Nielsen as new independent member of the board of directors at an extraordinary general meeting on 15 August 2023 (see [company announcement 12/2023](#)). Janie is a highly experienced corporate attorney specialised particularly within the fields of employment and labour law, as well as corporate law, including in relation to mergers and acquisitions. With the expected latest expansion of the board of directors the joint knowledge, experience, and competences of the board of directors is matching Wirtek's current needs. Further, the board composition is aligned with good corporate governance practices.

Halfway through our 5-year Accelerate25XL strategy

We are committed to our journey of profitable growth, and we are now halfway through our 5-year Accelerate25XL strategy.

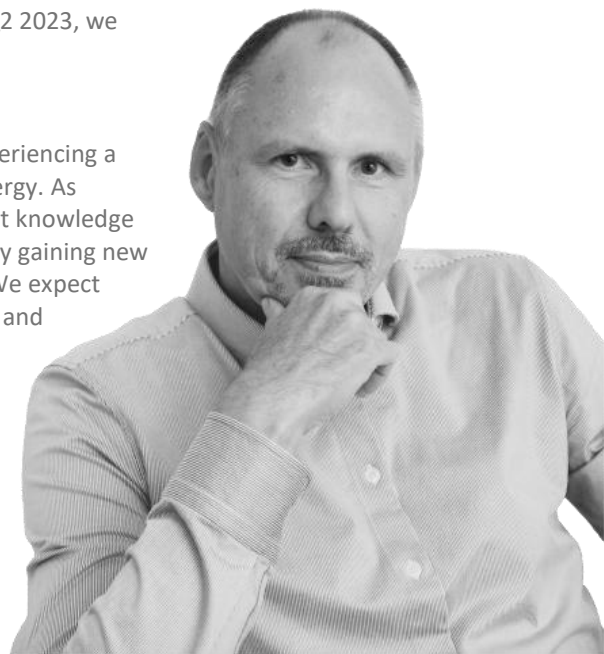
During the first 2,5 years of the strategy period (2021 – 2025) we have achieved revenue growth of 159%, corresponding to an average annual growth of 37% derived from both double-digit organic growth as well as growth through acquisitions. This level of growth is well aligned with our growth strategy to reach our overall **revenue goal of DKK 130m by 2025**.

During the same period, EBITDA has increased by 119%, corresponding to an average annual growth of 30%. We will continue our focus on operational efficiency during the coming years, supported by the ongoing implementation of our new ERP system, and we expect to reach the **EBITDA goal of DKK 18m during 2025**.

Thus, we retain the long-term goals of our Accelerate25XL strategy.

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

Michael Aaen, CEO Wirtek



Q2 2023 Summary

Financial highlights for the period 1 January - 30 June 2023

TDKK	Q2 2023	Q2 2022	Change	H1 2023	H1 2022	Change
Revenue	17,299	15,447	12%	35,436	31,788	11%
EBITDA	1,819	1,724	6%	3,629	4,322	-16%
EBITDA-margin (%)	10.5%	11.2%	-6%	10.2%	13.6%	-25%
Pre-tax profits (EBT)	1,660	1,300	28%	3,096	3,445	-10%
Equity	16,448	13,721	20%	16,448	13,721	20%
Cash holdings	5,166	6,492	-20%	5,166	6,492	-20%

Organic revenue growth of 12% with an EBITDA-growth of 6% during Q2 2023

- **Revenue** grew organically by 12% to TDKK 17,299 during Q2 2023 compared to revenue of TDKK 15,447 during Q2 2022. Organic revenue growth during H1 2023 was 11% compared to H1 2022. The achieved growth stems from both increased engagements with existing clients as well as expansion of the client list.
- **EBITDA** was TDKK 1,819 in Q2 2023 compared to TDKK 1,724 for the same period last year, a growth of 6%. During H1 2023 EBITDA was TDKK 3,629, down by 16% compared to H1 2022 due to the negative EBITDA-growth of -30% during Q1 2023. The EBITDA decline in H1 2023 is expected to be compensated in H2 2023 by a more efficient use of resources.
- The **EBITDA-margin** for Q2 2023 was 10.5% compared to 11.2% during same period in 2022. For H1 2023 the EBITDA margin was 10.2% compared to 13.6% during H1 2022.
- **Pre-tax profits (EBT)** were TDKK 1,660 in Q2 2023, a growth of 28% compared to TDKK 1,300 during Q2 2022. EBT for H1 2023 was 3,096, down by 10% compared to H1 2022.
- **Equity** was TDKK 16,448 end of Q2 2023, up by 20% from Q2 2022. The equity ratio was 48% end of Q2 2023.
- **Cash holdings** were TDKK 5,166 end of Q2 2023, down by 20% from Q2 2022. Part of the cash-position is offset by a credit facility of TDKK 2,918. A negative cash flow of TDKK 1,795 was generated during Q2 2023, impacted negatively by change in trade receivables, dividend payment, investments in new office facilities in Romania as well as earn-out payment for the CoreBuild acquisition. Operating activities generated TDKK 648 in cash during Q2 2023, up by 266% compared to Q2 2022. For H1 2023 the cash flow from operating activities was TDKK 2,992, resulting in a Cash Conversion Ratio (Operating cash flow / EBITDA) of 82%.

Maintained expectations for 2023

Despite a continuing uncertainty in the market, the expectations are retained for 2023.

- **Organic Revenue** for 2023 is expected in the range of DKK 73.0m – 78.0m, a growth of 11% – 19% compared to 2022.
- **EBITDA** for 2023 is expected in the range of DKK 6.0m – 9.0m, a growth of -20% – +27% compared to 2022.

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 Wirtek’s Energy expertise

Wirtek’s software development expertise within the energy sector positions us to take advantage of the growing energy market, crafting tailored solutions from real-time grid management systems to advanced cybersecurity protocols. We are also prepared to make a significant impact in the renewable energy domain, as the industry continues its shift towards sustainability.

The digital power utility market study¹ conducted by Fortune Business Insights projects a substantial commitment towards digital transformation, The global digital power utility market is projected to grow from \$55.02 billion in 2021 to \$239.38 billion by 2028, at a CAGR of 23.4% in forecast period.

By aligning with the transformational needs of this sector, Wirtek is not just set to drive financial performance but also to become a strategic partner for actors in the energy sector, catalyzing their evolution towards a technology-empowered, efficient, and sustainable future.

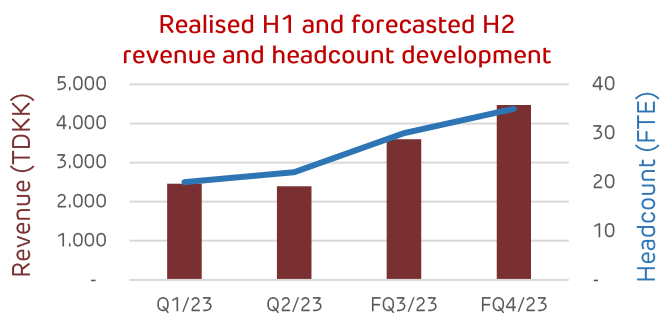
80% of energy providers plan to partner with established businesses to develop new customer-centric innovations.

Accenture Energy Market Study ²

Impressive growth expected for H2 2023

Starting the year as the smallest division, Wirtek’s Energy Business Unit has showcased impressive potential growth, both in team expansion and financial performance.

Financially, the Energy business unit recorded a revenue of DKK 4.8m in the first half of 2023, with a forecasted rise to more than DKK 8m in H2 2023, indicating a rapid growth rate of at least 60%. Additionally, the team's expansion from 20 people in the beginning of the year to an expected 35 members by Q4 2023 underlines our increased project delivery capacity. We project this business unit revenue-wise will rank as Wirtek's second largest by year-end, marking a significant milestone in our organizational growth, and we expect the growth to continue in 2024 as well as in the coming years.



Notable collaborations include implementation of a comprehensive electricity network planning system for ENERGINET, a Danish transmission system operator, and crafting an innovative energy trading solution for SCADA International, a rapidly expanding company in energy operations optimization.

Wirtek’s contribution to the ENERGINET project

The ENERGINET project plays a crucial role in enhancing the security and reliability of Denmark's electricity supply while driving the widespread adoption of environmentally friendly energy solutions. It focuses on the balanced operation of the country's electricity grid to ensure stability and uninterrupted power flow. By promoting the integration of renewable energy sources like wind and solar power, the project actively supports Denmark's transition to a sustainable and low-carbon energy landscape. Furthermore, the project takes on the responsibility of efficient market planning, optimizing resource allocation, and fostering a transparent and competitive energy market. Wirtek has contributed with the delivery of services involving more than 10 IT consultants to help develop and test software solutions within the Energinet application ecosystem. Wirtek has also been part of the intraday green energy trading platform, contributing to project decisions in working groups, and overseeing the software testing process.

¹ <https://www.fortunebusinessinsights.com/industry-reports/digital-power-utility-market-100959>

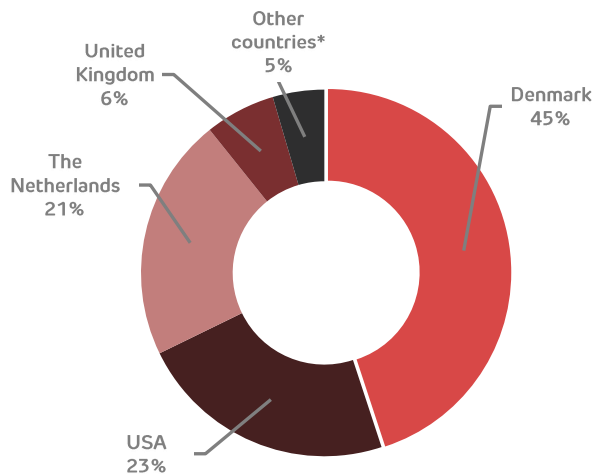
² [Achieving Net-Zero for the New Energy Consumer | Accenture](#)

Management's Review

Organic revenue growth of 12% during Q2 2023

Wirtek posted revenue of TDKK 17,299 in Q2 2023, an organic growth of 12% compared to Q2 2022. Revenue in Q2 is generally affected by seasonality with several public holidays. For H1 2023 revenue grew organically by 11% compared to H1 2022.

Geographical revenue distribution – Q2 2023



* Other countries include Germany, Romania, and Norway

In Q2 2023, Wirtek expanded the growth in markets outside Denmark. Clients from USA and The Netherlands accounted for 44% of the total revenue during Q2 2023, up from 42% during Q2 2022. Revenue from clients in UK accounted for 6% of revenue, a growth of 50% compared to Q2 2022. Wirtek has 5% of its revenue from clients in Germany, Romania, and Norway.

Clients from Denmark accounted for 45% in Q2 2023, down from 50% during Q2 2022.

With international sales expansion as a key element in Wirtek's Accelerate25XL strategy, this development in revenue distribution is in line with our efforts to expand sales outside Denmark.

Business unit performance in line with expectations

As of January 2023, Wirtek launched a major restructuring of the company into the five business units **Digitalization**, **Energy**, **Workforce & Facility Management**, **Wireless Communication & Automation**, and **Trade & E-commerce**.

Business Unit Revenue (TDKK)	Q2 2023	H1 2023
Digitalization	3,416	6,949
Energy	2,394	4,853
Workforce & Facility Management	3,041	6,354
Wireless Communication & Automation	4,749	9,398
Trade & E-commerce	3,699	7,882
Total Group Revenue	17,299	35,436

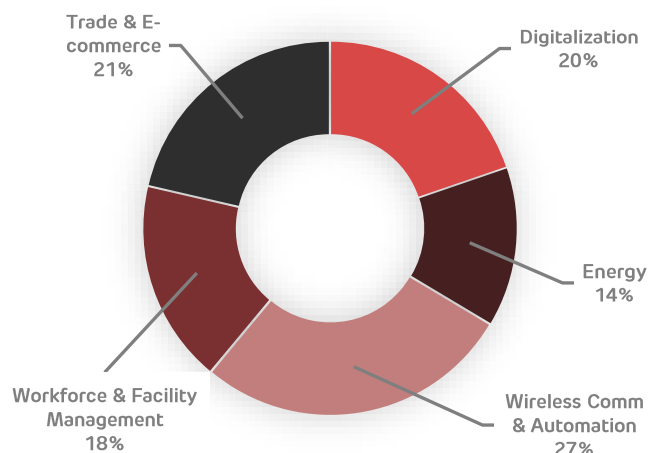
Some of Wirtek's clients have experienced challenging market conditions and have reduced the level of requested services from Wirtek. This has primarily affected the three business units Digitalization, Workforce & Facility Management and Trade & E-commerce. We expect that these business units will see reduced revenue for the remaining part of 2023, although we also see early signs of business picking up with a major client in Trade & E-commerce.

Wirtek's policy of avoiding dependencies on large single customers has reduced the revenue risk in this period of uncertainty in the market as we have been able to compensate the decline in service revenues from certain customers with service revenue from other customer teams.

While the Energy business unit remains the smallest business unit during Q2 2023, accounting for 14% of total group revenue, we expect this situation will change significantly during H2 2023. A high inflow of signed contracts from both new and existing Energy clients as well as a healthy pipeline of potential new orders is expected to grow revenue in the Energy business unit by more than 60% during H2 2023 compared to H1 2023. It is quite likely that the Energy business unit will become the second largest business unit by Q4 2023.

Our largest business unit Wireless Communication & Automation is performing well and in line with our expectations.

Business unit revenue distribution – Q2 2023

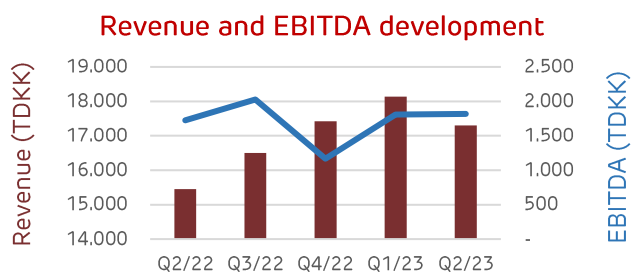


EBITDA grew by 6% during Q2 2023

EBITDA for Q2 2023 was TDKK 1,819, an increase of 6% compared to Q2 2022. The EBITDA-margin for Q2 2023 was 10.5%, down from 11.2% during Q2 2022.

A reduction in requested services from some clients has negatively affected EBITDA during H1 2023. We expect that the inflow of new orders combined with cost reduction initiatives will improve the EBITDA-margin by end of Q3 2023.

The quarterly development in revenue and EBITDA since Q2 2022 is as follows:



Pre-tax profits grew 28% to TDKK 1,660

Wirtek achieved pre-tax profits (EBT) of TDKK 1,660 during Q2 2023 compared to TDKK 1,300 during Q2 2022, an increase of 28%.

Positive operating cash flow

Wirtek achieved a positive cash flow from operating activities of TDKK 648 during Q2 2023 and TDKK 2,992 during H1 2023. The Cash Conversion Ratio (Operating cash flow / EBITDA) was 82% during H1 2023.

The total cash flow during Q2 2023 was negative TDKK 1,795, impacted by growth in accounts receivables, dividend payment, ERP implementation, investments in new Romania office facilities as well as earn-out payment for the CoreBuild acquisition. Total cash flow for H1 2023 was TDKK 48.

Number of colleagues

Wirtek had a total of 190 colleagues the end of Q2 2023 - up by 5% compared to Q2 2022 and slightly down from end of 2022 due to capacity alignment. The percentage of billable colleagues increased to 89% by the end of Q2 2023 - up from 87% by the end of Q2 2022.

Status on long-term strategic goals

We are now halfway through our 5-year **Accelerate25XL strategy** (running from 2021 to 2025) and we are on track reaching our two major long-term financial goals:

- Revenue during H1 2023 of TDKK 35,436 corresponds to a growth of 159% compared to H1 2020, equal to an average annual growth of 37%. The organic revenue growth has been double-digit throughout the whole period.
- EBITDA during H1 2023 of TDKK 3,629 corresponds to a growth of 119% compared to H1 2020, equal to an average annual growth of 30%.

The average annual revenue growth of 37%, consisting of double-digit organic growth as well as growth through acquisitions, is in line with our growth strategy to reach our overall revenue goal of DKK 130m by 2025.

While an average annual EBITDA growth of 30% until now is very high, we will continue the focus on operational efficiency during the coming years to improve the EBITDA-margin in order to reach the 2025 EBITDA goal of DKK 18m.

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 Q2 financial report has not been audited or reviewed by our auditor.

Financial Calendar 2023

8 November 2023: Interim report Q3 2023

Further Information

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

TDKK	Q2 2023	Q2 2022	Change Q2	H1 2023	H1 2022	Change H1
Revenue	17,299	15,447	12.0%	35,436	31,788	11.5%
Other external expenses	(7,771)	(6,226)	24.8%	(15,642)	(12,186)	28.4%
Other external expenses %	44.9%	40.3%	11.4%	44.1%	38.3%	15.1%
Gross profit/loss	9,527	9,221	3.3%	19,793	19,602	1.0%
Gross profit/loss %	55.1%	59.7%	-7.7%	55.9%	61.7%	-9.4%
Staff costs	(7,708)	(7,497)	2.8%	(16,164)	(15,280)	5.8%
Staff costs %	44.6%	48.5%	-8.0%	45.6%	48.1%	-5.2%
EBITDA	1,819	1,724	5.5%	3,629	4,322	-16.0%
Depreciation, amortisation, and impairment	(159)	(336)	-52.7%	(534)	(709)	-24.7%
Depreciation, amortisation, and impairment %	0.9%	2.2%	-59.1%	1.5%	2.2%	-31.8%
Operating profit (EBIT)	1,660	1,388	19.6%	3,096	3,613	-16.7%
Net financial income and expenses	(166)	(88)	88.6%	(386)	(167)	-120.0%
Net financial income and expenses %	1.0%	0.6%	66.7%	1.1%	0.5%	150.9%
Profit before tax (EBT)	1,494	1,300	14.9%	2,709	3,445	-21.4%
Tax on profit/loss for the period	(269)	(196)	37.2%	(570)	(417)	36.2%
Tax on profit/loss for the period %	1.6%	1.3%	23.1%	1.6%	1.3%	23.1%
Profit for the period	1,224	1,104	10.9%	2,139	3,028	-29.4%
Profit for the period %	7.1%	7.1%	0.0%	6.0%	9.5%	-36.8%

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

TDKK	Q2 2023	Q2 2022	H1 2023	H1 2022
EBITDA	1,819	1,723	3,629	4,322
Financial costs	(166)	(88)	(386)	(167)
Payment of corporate tax	(570)	(197)	(570)	(417)
Exchange rate adjustments etc.	301	(4)	-	-
Change in trade receivables	(5,502)	373	(3,386)	(1,106)
Change in work in progress	-	-	-	-
Change in other receivables	(167)	553	19	(656)
Change in short term debt	4,933	(2,183)	3,686	944
Cash flow from operating activities	648	177	2,992	2,920
Purchase of intangible assets	(1,006)	(2,838)	(1,379)	(3,550)
Purchase of fixed assets	(127)	(51)	(255)	(346)
Other investments	25	-	25	-
Cash flow from investing activities	(1,108)	(2,889)	(1,609)	(3,896)
Sale/Purchase of own shares	-	2,689	-	2,689
Capital increase	1,293	1,244	1,293	1,244
Dividend paid	(2,668)	(2,681)	(2,668)	(2,681)
Other cash flows from financing activities	40	30	40	30
Cash flow from financing activities	(1,335)	1,282	(1,335)	1,282
Total cash flow	(1,795)	(1,430)	48	306
Cash and Cash equivalents - beginning	6,961	2,551	5,118	815
Cash and Cash equivalents, end of period	5,166	1,121	5,166	1,121

Balance sheet as of 30 June 2023

TDKK	30.06.2023	30.06.2022	31.12.2022
ASSETS			
Intangible assets	9,462	8,766	8,559
Goodwill	8,028	8,764	8,268
Software	1,434	2	291
Property, plants, and equipment			
Fixtures and fittings, tools, and equipment	1,117	895	862
Investments			
Securities and deposits	67	125	125
Total fixed assets	10,646	9,786	9,546
Receivables			
Trade receivables	13,250	9,324	10,557
Work in progress	-	-	-
Other receivables	435	1,346	1,428
Advances for inventories	278	16	-
Deferred tax	2,800	2,800	2,885
Prepayments and accrued income	1,878	-	612
Cash and Cash equivalents	5,166	6,492	5,118
Total current assets	23,807	19,977	20,600
TOTAL ASSETS	34,453	29,764	30,146
LIABILITIES			
Share capital	1,159	1,119	1,119
Own shares	-	-	-
Share premium account	3,134	2,490	-
Currency exchange provision	-	-66	-
Proposed dividend	-	-	3,134
Retained earnings	12,155	10,178	11,391
Total equity	16,448	13,721	15,644
Long term liabilities			
Acquisition, Earn-out	1,392	0	0
Other long-term payables	-	66	63
Short term liabilities			
Short-term debt	2,819	7,627	2,999
Trade payables	6,945	2,556	3,386
Corporation tax	-	-	167
Other liabilities	6,848	5,794	7,887
Total liabilities other than provisions	18,005	16,043	14,502
TOTAL LIABILITIES	34,453	29,764	30,146

Equity explanation for the period 1 January - 30 June 2023

TDKK	30.06.2023	30.06.2022
Equity, beginning of year	15,644	9,410
Dividend distribution	(2,688)	(2,650)
Exchange rate adjustments etc.	60	-
Sale/purchase of own shares	-	2,689
Share premium account	1,293	1,244
Profit/Loss year-to-date	2,139	3,028
EQUITY	16,448	13,721

Outstanding shares

	H1 2023	H1 2022
Outstanding shares (beginning of period)	7,462,212	6,902,412
Exercise of Warrants (Company announcement no. 8/2023)	266,367	343,500
Outstanding shares (end of period)	7,728,579	7,246,912
Average number of outstanding shares	7,595,396	7,074,162

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

	H1 2023	H1 2022
EBITDA-margin	10.5%	15.9%
Operating profit margin (EBIT)	8.6%	13.6%
Liquidity ratio	132%	107%
Equity ratio	48%	46%
Cash Conversion Rate (net profit)	140%	106%
Cash Conversion Rate (EBITDA)	82%	78%
Earnings per share (EPS)	0.28 DKK	0.41 DKK
Operational cash flow per share	0.39 DKK	0.39 DKK
Share price, end of period	10.7 DKK	16.0 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 9 August 2023

- Michael Aaen, CEO: 2,265,177 shares
- Kent M. Sørensen, Chairman: 948,380 shares
- Jens Uggerhøj, Board member: 357,858 shares
- Martin Dommerby Kristiansen, Board member: 24,678 shares

Certified Advisor and associates' shareholdings in Wirtek A/S as of 9 August 2023

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

Auditor

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



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