

1 January – 31 March 2021

Q1 2021

Interim Financial Report

Strong EBITDA growth of 72% in Q1 2021

“Wirtek is off to a good start in 2021, with EBITDA growth of 72% based on organic revenue growth of 11% during Q1.

Q1 2021 has been a very exciting period for Wirtek. In January this year we announced our new Accelerate25 strategy. The financial targets for 2025 are DKK 100m in revenue and DKK 10m in pre-tax earnings.

In February Wirtek announced the signing of a non-binding agreement to acquire a profitable, growth-oriented software company and after a thorough due diligence, the acquisition was successfully completed on April 29.

Consequently, Wirtek significantly raised the outlook for 2021 to a revenue growth of 52% - 59% and EBITDA growth of 55% - 68% compared to 2020.

This acquisition is an important milestone and gives us a head start in achieving our ambitious goals for 2025.”

Michael Aaen, CEO



Wirtek in brief

Wirtek is a Danish IT outsourcing company. Since 2001, we have been teaming up with companies to help them create great software solutions and electronic equipment products.

Several clients have been with us for 10+ years, so we can confidently say that in outsourcing, the quality of the relationship matters just as much as the quality of the delivered software. Our clients get state-of-the-art technical solutions and a committed team that works with them as if it were their own.

Wirtek has offices in Denmark (HQ + sales) and four development and test centres in Romania, and we are 150+ colleagues. Wirtek was listed at Nasdaq First North Growth Market Denmark in 2006.

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



Q1 2021 Summary

The Board of Directors for Wirtek A/S has approved the interim financial statements for first quarter of 2021 for the Wirtek Group today.

Financial highlights for the period 1 January – 31 March 2021

TDKK	Q1 2021	Q1 2020	Change
Revenue	7,747	6,992	11%
EBITDA	1,478	861	72%
EBITDA-margin (%)	19.1%	12.3%	55%
Pre-tax profits (EBT)	1,491	824	81%
Cash holdings	5,374	3,705	45%

Strong performance during Q1 2021

Wirtek achieved double-digit organic revenue growth during Q1 2021 compared to Q1 2020, with a very high increase in both profitability and cash holdings. The Board is pleased with the solid organic growth during Q1 this year after a great 2020.

- **Revenue** grew organically by 11% to TDKK 7,747 during Q1 2021 compared to revenue of TDKK 6,992 during Q1 2020.
- **EBITDA** was TDKK 1,478 in Q1 2021 compared to TDKK 861 for the same period last year, a growth of 72%.
- An **EBITDA-margin** of 19.1% for Q1 2021, compared to 12.3% during same period in 2020, shows continued improvement in the operational efficiency and economics of scale of Wirtek.
- **Pre-tax profits (EBT)** grew to TDKK 1,491 in Q1 2021 compared to TDKK 824 during Q1 2020, an increase of 81%.
- **Cash flow from operating** activities has improved by TDKK 1,504 during first quarter this year.
- **Cash holdings** are very solid, at TDKK 5,374 end of Q1 2021, up 45% from Q1 2020.

Outlook for 2021 significantly raised in April

After announcing the completion of the acquisition of CoreBuild SRL and Core Technology Services SRL with effective date 1 June 2021 ([see company announcement no. 06/2021](#)), Wirtek has raised the outlook for 2021:

- **Revenue** for 2021 was raised to DKK 42.0m – 44.0m (up from previously expected DKK 31.6m – 33.2m), a growth of 52%–59% compared to 2021.
- **EBITDA** for 2021 was raised to DKK 5.0m – 5.4m (up from previously expected DKK 3.5m – 3.9m), a growth of 55%–68% compared to 2020.

Further Information

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Management's Review

Exciting start to 2021

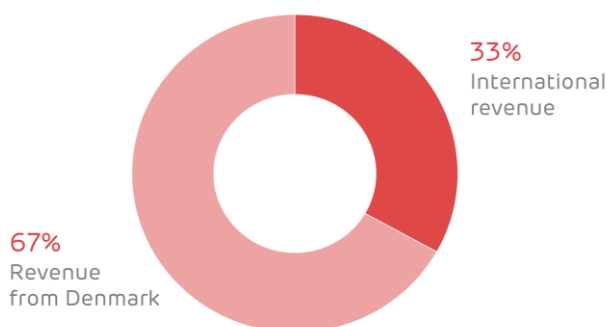
Q1 2021 has marked a period with continued organic growth and the launch of our new Accelerate25 strategy with ambitious growth goals towards 2025.

We also announced the signing of a letter of intent to acquire a profitable, growth-oriented software company as the first important milestone of our new strategy. The final agreement was signed and announced in 26 April 2021, and the acquisition consists in fact of two sister companies and will positively impact the result of Wirtek in 2021 as well as the coming years.

Double-digit revenue growth in Q1 2021

Wirtek posted Q1 revenue of TDKK 7,747, a growth of 11% compared to Q1 2020. The revenue growth comes from both new clients and from Increasing business with existing clients.

The revenue distribution between our clients in Denmark and internationally for Q1 2021 is as follows:

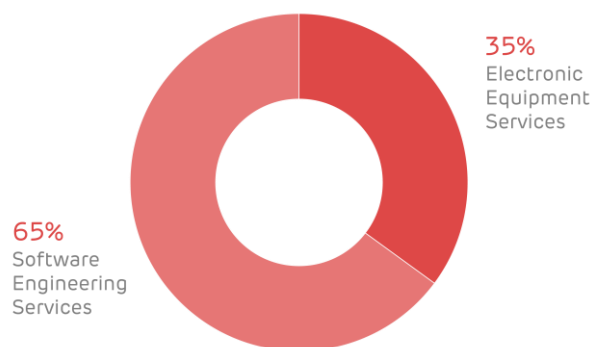


International clients accounted for 33% of Wirtek's revenue during Q1 this year, up from less than 30% during fiscal year 2020. With international sales expansion as a key element in Wirtek's Accelerate25 strategy, this is a step in the right direction for Wirtek.

With the announced acquisition, the proportion of sales from clients outside Denmark will increase significantly during 2021.

Business unit sales distribution

The distribution of revenue between the two business units during Q1 2021 has changed slightly during Q1 2021:



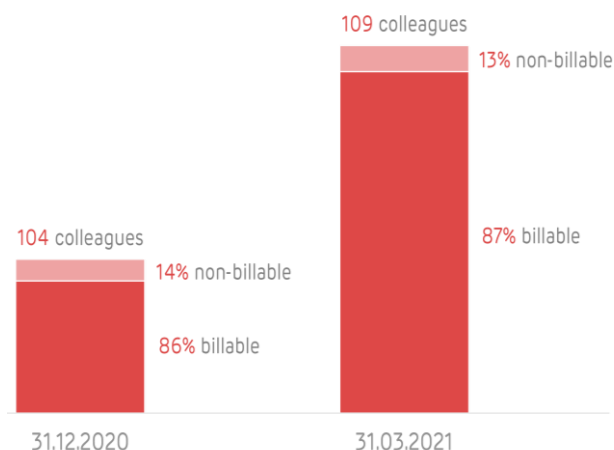
Electronic Equipment Services have expanded service delivery during Q1 this year compared to fiscal year 2020, where the business unit accounted for 32% of the total revenue.

Very strong EBITDA growth

EBITDA for Q1 2021 was TDKK 1,478, a growth of 72% compared Q1 2020.

The EBITDA-margin during Q1 was 19.1%, up from 12.3% during Q1 2020.

The ability to scale the operations efficiently and achieve near optimal utilisation of the capacity in our Romanian subsidiary is the main reason for this very significant improvement in EBITDA.



Wirtek went from 104 colleagues end of 2020 to 109 colleagues by the end of Q1 2021, adding 5 new colleagues. During the same period, the percentage of non-billable colleagues (overhead) was reduced from 14% to 13%, improving operational efficiency.

We can increase our service delivery without increasing operational overhead at the same rate. This enables us to improve our profitability as we grow.

Pre-tax earnings up by 81%

Wirtek achieved pre-tax earnings (EBT) of TDKK 1,491 during Q1 2021 compared to TDKK 824 during Q1 2020. The EBT-margin as 19.2%.

Wirtek only had depreciation of TDKK 28 during Q1 2021. Most purchases of IT equipment and fixtures is expensed immediately, leading to a very low level of depreciation.

Financial costs/income during Q1 2021 was positive by TDKK 41. Although we pay negative interest on our significant cash holdings in Denmark, we also have a positive return on our cash holdings in our Romanian subsidiary as well as positive exchange rate returns. We currently have no interest-carrying debt in Wirtek.

Low levels of depreciation and financial costs/income leads to a very small difference of only TDKK 13 between our EBITDA and our EBT.

Strong cash position

End of Q1 2021 we had a cash position of TDKK 5,374, up 45% from last year.

Since end of 2020 we have had a positive cash flow of DKK 1,492. Until now this year, operating activities have contributed with TDKK 1,505.

Robust capital structure

End of Q3 this year, the equity in Wirtek is TDKK 8,881, up 98% compared to same time last year.

The equity ratio is 67% compared to 49% last year.

Accelerate25 strategy launched

In January this year Wirtek launched a new five-year Accelerate25 growth strategy that will bring Wirtek to the next level through accelerated profitable growth

and expanded internationalisation of the company ([see company announcement no. 01/2021](#)).

By 2025, Wirtek targets DKK 100m in revenue, an average annual revenue growth of 30%, and DKK 10m in pre-tax earnings.

Acquisition announced and 2021 outlook increased significantly

Another important event during Q1 2021 was the signing of a letter of intent to acquire a profitable, growth-oriented software company.

An important part of the Accelerate25 strategy is accelerated growth through acquisitions. The acquisition shows Wirtek's commitment to reaching our strategic goals.

After the end of Q1 2021, Wirtek has finalised the acquisition of two sister companies that significantly changes the financial outlook for 2021 with growth in both revenue and EBITDA well above 50%. The anticipated effect of the acquisition has been previously addressed in this report.

Additional remarks to the financial reporting for Q1 2021

The Wirtek Group consists of Wirtek A/S and the fully owned Romanian subsidiary Wirtek SRL.

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

Financial Calendar

Interim Report Q2 2021: 10 August 2021

Interim Report Q3 2021: 10 November 2021

Annual Report 2021: 9 March 2022

Profit & loss statement for the period 1 January – 31 March 2021

TDKK	Q1 2021	Q1 2020	Change Q1
Revenue	7,747	6,992	10.8%
Other external costs	929	1,058	-12.2%
Gross profit	6,818	5,934	14.9%
Personnel costs	5,340	5,073	5.3%
EBITDA	1,478	861	71.7%
Depreciation	28	21	33.3%
Operating profit (EBIT)	1,450	840	72.6%
Financial costs	41	(16)	n.a.
Pre-tax Profit (EBT)	1,491	824	80.1%
Taxes	55	52	5.8%
Net profit	1,436	771	86.3%

Cash flow statement for the period 1 January – 31 March 2021

TDKK	Q1 2021	Q1 2020	2020
EBITDA	1,478	861	3,223
Financial costs	(13)	(16)	(26)
Exchange rate adjustments etc.	(61)	1	(20)
Change in trade receivables	420	300	(785)
Change in work in progress	-	78	78
Change in other receivables	(56)	(61)	325
Change in short term debt	(263)	264	128
Cash flow from operating activities	1,505	1,427	2,923
Purchase of fixed assets	(13)	(28)	(123)
Other investments	-	-	(4)
Cash flow from investing activities	(13)	(17)	(127)
Sale of own shares	-	-	-
Payment of loan	-	(52)	-
Payment of tax	-	-	(148)
Dividend paid	-	-	(1,104)
Cash flow from financing activities	-	(52)	(1,252)
Total cash flow	1,492	1,347	1,544
Cash holdings, beginning of period	3,882	2,358	2,348
Cash holdings, end of period	5,374	3,705	3,892

Balance sheet as of 31 March 2021

TDKK	31.03.2021	31.03.2020	31.12.2020
ASSETS			
Intangible assets			
Goodwill	131	200	134
Software	3	4	3
Property, plants and equipment			
Fixtures and fittings, tools and equipment	196	309	208
Investments			
Securities and deposits	125	-	127
Total fixed assets	455	513	472
Receivables			
Trade receivables	3,612	2,982	4,040
Work in progress	-	-	0
Other receivables	910	1,115	2,487
Advances for inventories	90	-	307
Deferred tax	2,800	800	2,800
Cash holdings	5,374	3,705	3,892
Total current assets	12,786	8,602	13,526
TOTAL ASSETS	13,241	9,115	13,998
LIABILITIES			
Share capital	1,035	1,035	1,035
Currency exchange provision	(49)	-	(45)
Retained earnings	7,895	3,441	6,459
Total equity	8,881	4,476	7,449
Long term liabilities			
Payables, Group	-	-	-
Other long-term payables	-	-	61
Short term liabilities			
Trade payables	974	836	1,169
Other payables	3,386	3,803	5,319
Total liabilities other than provisions	4,360	4,639	6,549
TOTAL LIABILITIES	13,241	9,115	13,998

Equity explanation for the period 1 January – 31 March 2021

TDKK	31.03.2021	31.03.2020
Equity, beginning of year	7,449	3,705
Dividend distribution	-	-
Exchange rate adjustments	(4)	-
Sale of own shares	-	-
Profit/Loss for Q1	1,436	771
EQUITY – 31 MARCH	8,881	4,476

Key figures and ratios for the period 1 January – 31 March 2021

	Q1 2021	Q1 2020
EBITDA-margin	19.1%	12.3%
Operating profit margin (EBIT)	18.7%	12.0%
Liquidity ratio	293%	185%
Equity ratio	67%	49%
Number of shares	6,902,412	6,902,412
Earnings per share (EPS)	0.21 DKK	0.11 DKK
Cash flow per share	0.22 DKK	0.20 DKK
Share price, end of period	22.2 DKK	5.8 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 11 May 2021

- Michael Aaen, CEO: 2,523,709 shares
- Kent M. Sørensen, Chairman: 982,398 shares
- Jens Uggerhøj, Board member: 412,739 shares

Certified Advisor and associates' shareholdings in Wirtek A/S as of 11 May 2021

- 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.

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