



wirtek  
Committed. Involved. Proficient.

1 January – 30 September 2021

Q3 2021

Interim Financial Report

## What a truly great quarter for Wirtek!

The numbers speak for themselves - Revenue growth of 97% and EBITDA growth of 152%.

Q3 2021 was the first quarter with a full impact of the CoreBuild acquisition. While Wirtek still grew organically by 19% during Q3 2021, the integration of CoreBuild has propelled the revenue growth to 97% compared to Q3 2020.

The rapid positive results from the integration of the CoreBuild business led the Board of Directors to increase expectations for the second time this year on 5 August 2021 and we now expect 2021 revenue growth of 61% – 65% and EBITDA growth of 83% – 95%.

In alignment with our Accelerate25 strategy, the internationalization of Wirtek is progressing swiftly, with 56% of revenue coming from clients outside Denmark during Q3 2021 compared to only 29% during fiscal year 2020. We see this trend continuing the coming years as international sales expansion is a key element in Wirtek's growth strategy.

While our revenue growth was impressive, we saw an even more remarkable EBITDA growth of 152% during Q3 2021 with an EBITDA-margin of 14.5%. The operational efficiency of the Wirtek Group has increased with the addition of many new colleagues with a high percentage of billable talent from CoreBuild. Size matters in our business since organisational overhead scales at a lower rate than billable personnel. Consequentially, we see a significant improvement in profitability.

During September Wirtek received an order from a large existing US client. Wirtek was asked to establish a team of Cybersecurity engineers to provide critical web application security to be used in the client's US headquarters. The commitment of at least two years of service to the client is a great win for Wirtek's international expansion as well as being of strategic importance for Wirtek, as we extend our existing service offering with Cybersecurity competencies.

As a natural part of the ongoing growth journey in Wirtek, the Board of Directors has decided to further strengthen the organisation by initiating a search and selection process for a skilled CFO to be part of Wirtek's C-level management team. The Board of Directors expects this position to be filled by early 2022, as the process is progressing as planned and as some strong potential candidates have been identified and are being considered for the position at this time.

Our accelerated growth strategy increases the need for Wirtek to recruit and retain great talent in a job market that is becoming more challenging, as companies experience widespread IT-talent bottlenecks worldwide. We have therefore strengthened our HR team to be well-prepared to handle such challenges. Building a best-in-class workplace is already part of our Accelerate25 strategy, ensuring that we focus our efforts for Wirtek to reach its goals.

While there are challenges, 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**



## Q3 2021 Summary

The Board of Directors for Wirtek A/S has today approved the financial report for Q3 of 2021. The Board is very pleased with the solid performance during the first nine months of 2021.

### Financial highlights for the period 1 January – 30 September 2021

TDKK	Q3 2021	Q3 2020	Change	Q1-Q3 2021	Q1-Q3 2020	Change
Revenue	13,658	6,921	97%	31,105	20,577	51%
EBITDA	1,987	787	152%	4,060	2,441	66%
EBITDA-margin (%)	14.5%	11.4%	27%	13.1%	11.9%	10%
Pre-tax profits	1,653	764	116%	3,481	2,316	50%
Cash holdings	0	4,117	NA	0	4,117	NA

### Very strong growth in both revenue and EBITDA during Q3 2021

- **Revenue** grew by 97% to TDKK 13,658 during Q3 2021 compared to revenue of TDKK 6,921 during Q3 2020. The organic revenue growth was 19%. Revenue during the period Q1 – Q3 2021 was up by 51% compared to Q1 – Q3 2020.
- **EBITDA** was TDKK 1,987 in Q3 2021 compared to TDKK 787 for the same period last year, a strong growth of 152%. During Q1 – Q3 2021 EBITDA was TDKK 4,060, a growth of 66% compared to Q1 – Q3 2020.
- The **EBITDA-margin** for Q3 2021 was 14.5% compared to 11.4% during same period in 2020. The EBITDA-margin for Q1 – Q3 2021 was 13.1% compared to 11.9% during Q1 – Q3 2020.
- **Pre-tax profits (EBT)** were TDKK 1,653 in Q3 2021 compared to TDKK 764 during Q3 2020, a growth of 116%. EBT for Q1 – Q3 2021 grew by 50% compared to same period last year.
- **Cash holdings** were TDKK 0 end of Q3 2021 and Wirtek utilizes a short-term debt facility while rebuilding our cash holdings, after spending more than DKK 5m of cash holdings during Q2 2021 to cover a significant part of the CoreBuild acquisition costs as well as dividend pay-out. Wirtek generated positive cash flows of TDKK 407 during Q3 2021.

### Outlook for 2021

Wirtek maintains the raised expectations for 2021 with:

- **Revenue** expectations for 2021 was raised to DKK 44.5m – 45.5m (up from a previously raised expectation of DKK 42.0m – 44.0m), a growth of 61% – 65% compared to 2020.
- **EBITDA** expectations for 2021 was raised to DKK 5.9m – 6.3m (up from a previously raised expectation of DKK 5.0m – 5.4m), a growth of 83% – 95% compared to 2020.

### 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

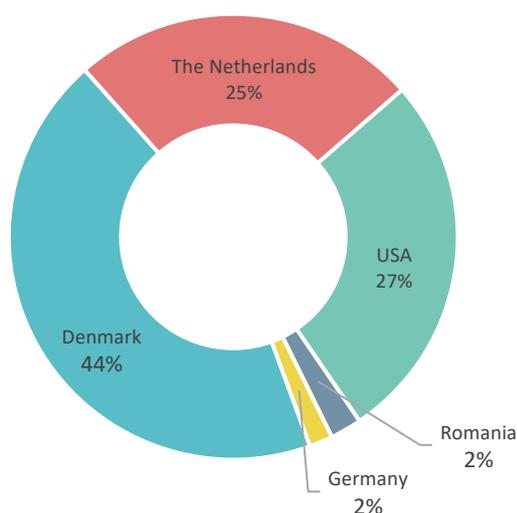
### Revenue growth of 97% during Q3 2021

Wirtek posted Q3 2021 revenue of TDKK 13,658, a growth of 97% compared to Q3 2020. Organic growth was 19% during Q3 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 Q3 2021.

For Q1 – Q3 2021 revenue was TDKK 31,105, an increase of 51% compared to the same period in 2020.

The geographical revenue distribution during Q3 2021 was as follows:



Clients outside Denmark accounted for 56% of Wirtek's revenue during Q3 2021, up from 29% during the fiscal year 2020. Clients from USA and The Netherlands accounted for 52% of the total revenue during Q3 while Wirtek also has revenue from clients in Germany and Romania.

With international sales expansion as a key element in Wirtek's Accelerate25 strategy, this is a significant step in the right direction for Wirtek in our efforts to expand into international markets.

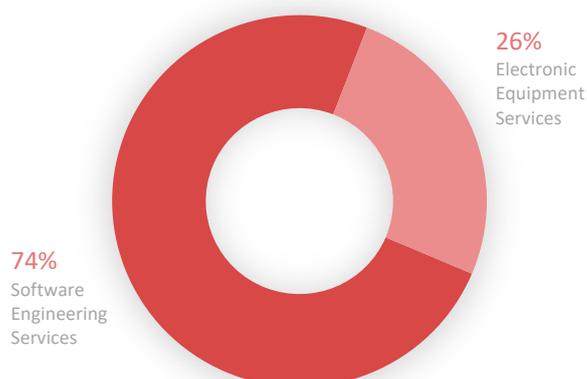
### Strategic order for Cybersecurity services

On 07 September 2021 Wirtek announced a strategic order to a large US client for delivery of Cybersecurity services (see [company announcement no. 16/2021](#)).

This is a new area of competence for Wirtek with significant growth potential exceeding that of the general outsourcing market, and the commitment for at least two years of service to the client is a great win for Wirtek's international market expansion.

### Business unit revenue distribution

The distribution of revenue between the two business units in Wirtek during Q3 2021 was as follows.



Approx. 85% of the revenue from the acquired CoreBuild business relates to the Software Engineering Services. Consequently, the percentage of revenue from Software Engineering Services has increased significantly during Q3 2021, the first quarter with full effect of the CoreBuild business. The quarterly revenue growth in the business unit was 117% compared to Q3 2020.

Revenue from Electronic Equipment Services is also increasing sharply, with a growth of 56% during Q3 2021 compared to Q3 2020.

### EBITDA growth of 152% and improved EBITDA-margin of 14,5%

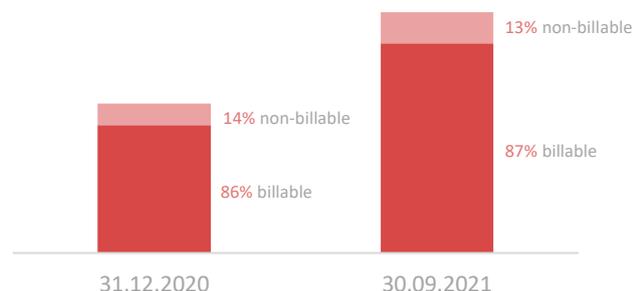
EBITDA for Q3 2021 was TDKK 1,987, an increase of 152% compared to Q3 2020.

For Q1 – Q3 2021 the EBITDA was TDDK 4,060, a growth of 66% compared to Q1 – Q3 2020.

The EBITDA-margin for Q3 2021 was 14.5%, a significant improvement from 11.4% during Q3 2020 as well as a sharp rise from the EBITDA-margin of 11.9% Wirtek achieved during H1 2021.

## Operational efficiency

The ability to scale the operations efficiently and achieve close to optimal utilisation of the capacity in our Romanian subsidiaries is expected to support continuous improvements in EBITDA.



With the acquisition of CoreBuild, Wirtek has increased the percentage of billable talent from 86% end of 2020 to 87% end of Q3 2021, improving operational efficiency and positively impacting EBITDA.

## Pre-tax profitability growth of 116%

Wirtek achieved pre-tax profits (EBT) of TDKK 1,653 during Q3 2021 compared to TDKK 764 during Q3 2020, a growth of 116%.

For Q1 – Q3 2021 EBT was TDKK 3,481, a growth of 50% compared to Q1 – Q3 2020.

## Positive cash flow improves cash holdings

Wirtek achieved a positive cash flow from operating activities of TDKK 822 and a total cash flow of TDKK 407 during Q3 2021.

Wirtek expects also to achieve positive cash flows during the coming months, significantly improving cash holdings.

## Significant events after the balance date

No events have occurred after the balance date that have any significant impact on the Q3 2021 financial results or on the expressed expectations for fiscal year 2021.

## Additional remarks to the financial reporting for Q3 2021

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

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

## Financial Calendar

Annual Report 2021: 9 March 2022

Annual General Meeting 2022: 6 April 2022

Interim Report Q1 2022: 10 May 2022

Interim Report Q2 2022: 10 August 2022

Interim Report Q3 2022: 9 November 2022

### Further Information

- Michael Aaen, CEO, Wirtek A/S, Phone: +45 2529 7575, E-mail: [ir@wirtek.com](mailto: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 – 30 September 2021

TDKK	Q3 2021	Q3 2020	Q1-Q3 2021	Q1-Q3 2020
Revenue	13,658	6,921	31,105	20,577
Other external costs	1,539	1,103	4,198	3,026
<b>Gross profit</b>	<b>12,119</b>	<b>6,518</b>	<b>26,907</b>	<b>17,551</b>
Personnel costs	10,132	5,031	22,847	15,110
<b>EBITDA</b>	<b>1,987</b>	<b>787</b>	<b>4,060</b>	<b>2,441</b>
Depreciation	303	28	466	74
<b>Operating profit (EBIT)</b>	<b>1,684</b>	<b>759</b>	<b>3,594</b>	<b>2,367</b>
Financial costs	31	(5)	113	51
<b>Pre-tax Profit (EBT)</b>	<b>1,653</b>	<b>764</b>	<b>3,481</b>	<b>2,316</b>
Taxes	43	40	112	111
<b>Net profit</b>	<b>1,610</b>	<b>724</b>	<b>3,369</b>	<b>2,205</b>

## Cash flow statement for the period 1 January – 30 September 2021

TDKK	Q3 2021	Q3 2020	Q1-Q3 2021	Q1-Q3 2020
EBITDA	1,987	787	4,060	2,441
Financial costs	(31)	5	(113)	(51)
Payment of corporate tax	(43)	(40)	(112)	(111)
Exchange rate adjustments etc.	(17)	15	(81)	20
Change in trade receivables	(1,448)	(87)	(3,571)	(83)
Change in work in progress	-	-	-	78
Change in other receivables	(1,432)	715	(1,302)	500
Change in short term debt	1,806	(1,805)	3,454	132
<b>Cash flow from operating activities</b>	<b>822</b>	<b>(410)</b>	<b>2,335</b>	<b>2,927</b>
Purchase of fixed assets	(206)	(17)	(4,459)	(214)
Other investments	-	-	0	150
<b>Cash flow from investing activities</b>	<b>(206)</b>	<b>(17)</b>	<b>(4,459)</b>	<b>(64)</b>
Sale/purchase of own shares	-	-	(2,629)	-
Capital increase	-	-	1,330	-
Dividend paid	(209)	-	(1,380)	(1,104)
<b>Cash flow from financing activities</b>	<b>(209)</b>	<b>-</b>	<b>(2,679)</b>	<b>(1,104)</b>
<b>Total cash flow</b>	<b>407</b>	<b>(427)</b>	<b>(4,803)</b>	<b>1,759</b>
Cash holdings, beginning of period	(1,328)	4,544	3,882	2,358
<b>Cash holdings, end of period</b>	<b>(921)</b>	<b>4,117</b>	<b>(921)</b>	<b>4,117</b>

## Balance sheet as of 30 September 2021

TDKK	30.09.2021	30.09.2020	31.12.2020
<b>ASSETS</b>			
<b>Intangible assets</b>			
Goodwill	7,148	341	134
Software	2	3	3
<b>Property, plants and equipment</b>			
Fixtures and fittings, tools and equipment	476	171	208
<b>Investments</b>			
Securities and deposits	126	127	127
<b>Total fixed assets</b>	<b>7,752</b>	<b>642</b>	<b>472</b>
<b>Receivables</b>			
Trade receivables	7,603	3,365	4,040
Work in progress	-	-	0
Other receivables	2,175	430	2,487
Advances for inventories	71	124	307
Deferred tax	2,800	800	2,800
<b>Cash holdings</b>	-	4,117	3,892
<b>Total current assets</b>	<b>12,649</b>	<b>8,836</b>	<b>13,526</b>
<b>TOTAL ASSETS</b>	<b>20,401</b>	<b>9,478</b>	<b>13,998</b>
<b>LIABILITIES</b>			
Share capital	1,087	1,035	1,035
Own shares	(2,629)		
Share premium account	1,278		
Currency exchange provision	(69)	14	(45)
Retained earnings	8,447	3,772	6,459
<b>Total equity</b>	<b>8,115</b>	<b>4,821</b>	<b>7,449</b>
<b>Long term liabilities</b>			
Acquisition, Earn-out	378	-	-
Other long-term payables	-	-	61
<b>Short term liabilities</b>			
Short-term debt	922		
Trade payables	6,882	1,112	1,169
Other payables	4,103	3,545	5,319
<b>Total liabilities other than provisions</b>	<b>12,286</b>	<b>4,657</b>	<b>6,549</b>
<b>TOTAL LIABILITIES</b>	<b>20,401</b>	<b>9,478</b>	<b>13,998</b>

## Equity explanation for the period 1 January – 30 September 2021

TDKK	30.09.2021	30.09.2020
Equity, beginning of year	7,449	3,706
Dividend distribution	(1,380)	(1,104)
Exchange rate adjustments etc.	28	14
Sale/purchase of own shares	(2,629)	-
Share premium account	1,278	-
Profit/Loss for Q1 - Q3	3,368	2,205
<b>EQUITY</b>	<b>8,114</b>	<b>4,821</b>

## Key figures and ratios for the period 1 January – 30 September 2021

	Q1-Q3 2021	Q1-Q3 2020
EBITDA-margin	13.1%	11.9%
Operating profit margin (EBIT)	11.6%	11.5%
Liquidity ratio	106%	190%
Equity ratio	40%	51%
Number of shares	7,245,912	6,902,412
Earnings per share (EPS)	0.47 DKK	0.32 DKK
Cash flow per share	(0.66 DKK)	0.25 DKK
Share price, end of period	19.0 DKK	8.70 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 10 November 2021

Michael Aaen, CEO: 2,402,459 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 November 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.

**Wirtek A/S**

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