

## Wirtek completes acquisition and raises outlook for 2021

Wirtek has signed a binding contract regarding the acquisition of all the assets of two sister companies [CoreBuild SRL](#) and [Core Technology Services SRL](#), both located very close to Wirteks existing outsourcing facilities in Cluj-Napoca, Romania. Both sister companies – the CoreBuild companies - are profitable and growth-oriented companies working in the IT-outsourcing market just like Wirtek.

The signed contract concludes the acquisition process initially announced on 18 February 2021 ([company announcement 02/2021](#)).

The effective date of the acquisition will be 1 June 2021. Wirtek has established a new fully owned subsidiary in Romania, CoreBuild Software Services SRL, that will acquire all assets and continue the operations with the acquired clients and employees from 1 June 2021.

The acquired assets are comprised of all client contracts and all employees of the CoreBuild companies along with normal development equipment.

Wirtek has together with its advisers performed a thorough and successful due diligence of the CoreBuild companies over the last months.

### Perfect match in line with Wirtek's Accelerate25 strategy

The acquisition is closely aligned with Wirtek's Accelerate25 strategy ([company announcement 01/2021](#)). There is a strong cultural fit between our companies, and Wirtek will, as part of the acquisition, get access to new international sales channels and gain several new clients in the Netherlands, Germany, USA, and Romania as well as more than 40 new colleagues.

During fiscal year 2020 CoreBuild SRL and Core Technology Services SRL had a combined revenue of DKK 13.5m and EBITDA of DKK 1.94m, and the acquisition is expected to have a significant positive impact on both revenue and EBITDA for Wirtek during the financial year 2021 and in the entire Accelerate25 strategy period. The CoreBuild companies have seen a strong and increasing demand for their services in the previous years, and the increase in demand has continued in 2021.

The Board of Directors expect the acquisition will further support the combined client base, giving the clients access to a larger and growing number of highly skilled IT-professionals, while at the same time giving existing and new colleagues larger possibilities to continue to work with exciting clients and technologies. The acquisition will further enhance Wirtek's competences in e.g., Cloud and Mobile technologies.

Wirtek and the CoreBuild companies jointly see potential synergies, as both companies have strong relationships with their clients and both companies are experiencing a growing demand for their quality services. The future consolidation of the back-offices of the combined companies is expected to allow for future growth without significant increases in overhead costs allowing for growing EBITDA and EPS.

The combined companies will have:

- Clients in North-western Europe, USA, and Romania
- More than 150 highly skilled IT-professionals and growing
- Four development and test centres in Romania

## Acquisition payment and the former owners' commitment to the success of the Wirtek group of companies

Payment for the acquisition will be given partly in cash and partly in Wirtek shares, with the payment divided into a fixed payment and payments decided by an earn-out agreement in effect until 31 December 2022.

The fixed part of the payment is EUR 568,000 (DKK 4.2m), consisting of EUR 368,000 (DKK 2.7m) in cash and EUR 200,000 (DKK 1.5m) in Wirtek shares valued at DKK 25 per share.

The earn-out payment is directly linked to the revenue and gross profit results of the newly established fully owned subsidiary in the period until 31 December 2022. The earn-out agreement has a target value of EUR 442,000 (DKK 3.3m), and the pay-out will be between EUR 0 up to a maximum of EUR 884,000 (DKK 6.6m), with payments 20% cash-based and 80% based on options/warrants valued at DKK 25 per option/warrant.

The final purchase price will be between EUR 568,000 (DKK 4.2m) and EUR 1,452,000 (DKK 10.8m).

During the period until the effective date, the Board of Directors will decide how to structure the share payment between non-dilutive options and dilutive warrants with the objectives of balancing the financial strength of the company group and at the same time minimize the dilution of the existing Wirtek shareholders. The final dilution of the existing Wirtek shareholders will be calculated and made public after the effective date.

The previous owners of the CoreBuild companies will be responsible for the day-to-day operation of the new fully owned subsidiary as Directors and will further be integrated into Wirtek's management group. The previous owners are expected to be part of the previously announced planned warrants program, supporting a successful completion of the objectives of the Accelerate25 strategy plan.

## Changed outlook for 2021: Significant increase in revenue and EBITDA

Although the effective date of the acquisition is 1 June 2021, the acquisition is still expected to have a substantial positive effect on both revenue and EBITDA in Wirtek for fiscal year 2021.

Additionally, Wirtek has experienced a strong start in 2021 from the organic part of the business.

Wirtek therefore increases the fiscal year 2021 expectations as follows:

- **Revenue** for fiscal year 2021 is expected to be in the interval of DKK 42.0m – 44.0m (up from previously expected DKK 31.6m – 33.2m), a growth of 52% – 59% compared to 2020.
- **EBITDA** for fiscal year 2021 is expected to be in the interval of DKK 5.0m – 5.4m (up from previously expected DKK 3.5m – 3.8m), a growth of 55% – 68% compared to 2020.

Outlook 2021 DKKm	2021	2020	Growth
Revenue	42.0 – 44.0	27.6	52% - 59%
EBITDA	5.0 – 5.4	3.3	55% - 68%

Wirtek will be releasing the interim financial report for Q1 2021 on 11 May 2021.

## Further information

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## About Wirtek

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 \(DK0060040913\)](#)