wirtek

Committed. Involved. Proficient.

ANNUAL REPORT

2021

Delivering on our Growth Strategy

www.wirtek.com CVR / VAT: DK26042232

wirtek

Committed. Involved. Proficient.

"

Our mission is to help our clients create quality software solutions and electronic equipment products, as if these were our own.

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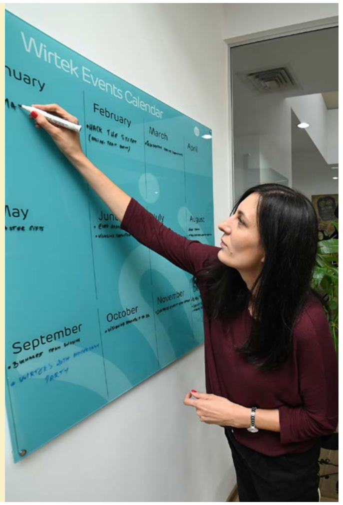

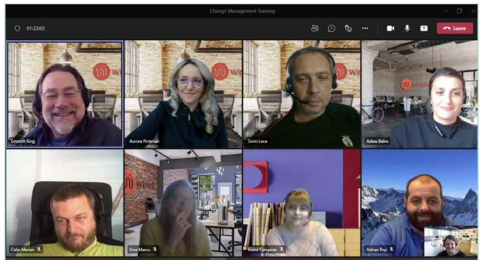

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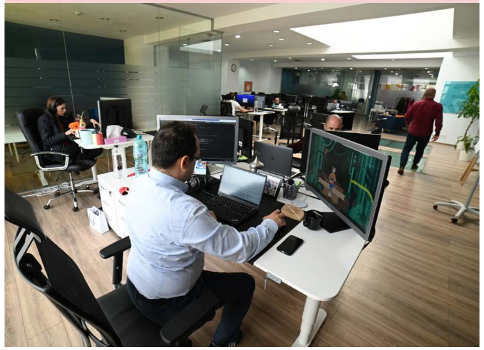


Wirtek at a Glance

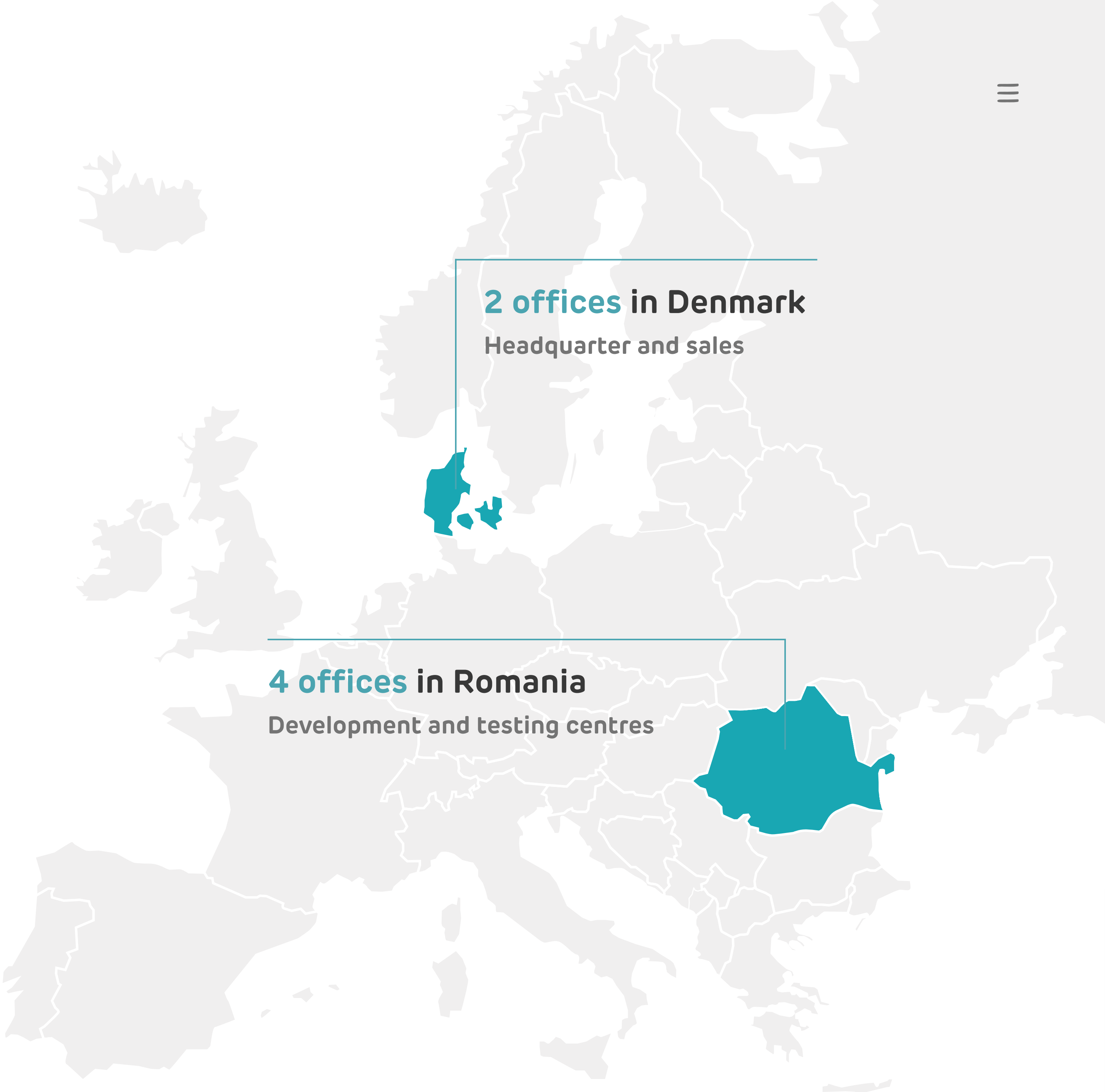
20+ years
of experience in the IT outsorcing industry

169 colleagues
in our team, supporting our clients every day

6+ years
average client partnership duration, increasing day-by-day

6 offices
in Denmark and Romania

2006 listing
on the Nasdaq First North Growth Market Denmark



Performance Highlights 2021

45.4m +64%
Revenue (DKK)

6.2m +94%
EBITDA (DKK)

9.4m +26%
Equity (DKK)

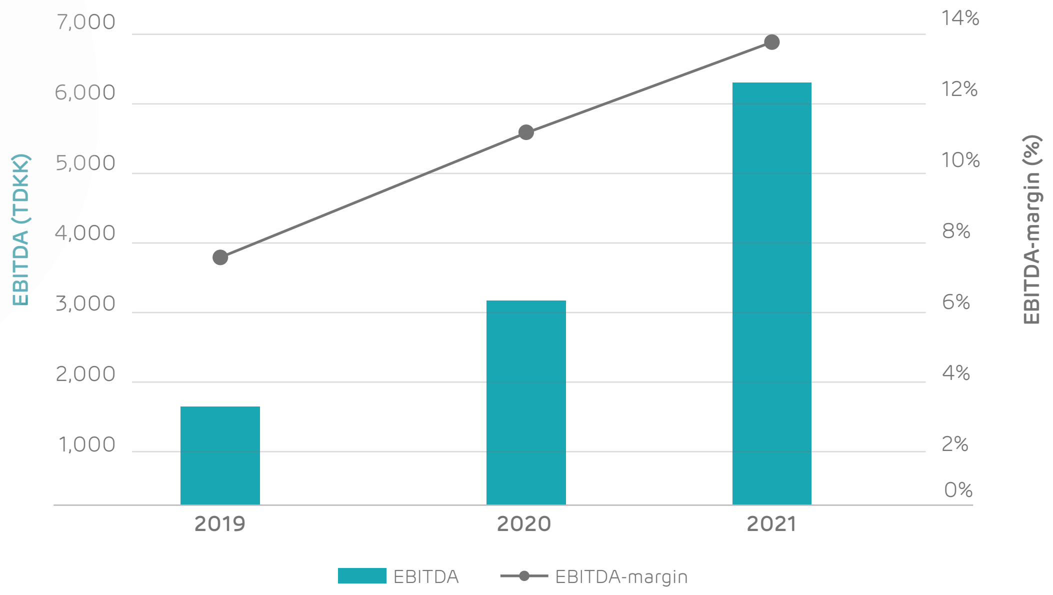
4.8m +23%
Cash Holdings (DKK)

13.8%
EBITDA-margin

35.3%
Equity Ratio

Profitability rising sharply

Wirtek has reached a size where economics of scale enables us to increase our service delivery at a significantly faster rate than the increase in organizational overhead. We are also able to utilize our capacity of invoiceable colleagues more efficiently. As a result, we have seen a sharp rise in EBITDA during 2021.



Letter from the CEO

Delivering on our Growth Strategy

We are proudly looking back on an incredibly exciting and busy 2021, where we achieved all our operational goals. In line with our Accelerate25 growth strategy, announced in January 2021, Wirtek delivered a strong revenue growth of 64% and an even stronger EBITDA growth of 94% during 2021. While the acquisition of CoreBuild accounted for a significant growth in revenue during 2021, Wirtek has also generated a solid organic revenue growth of 18%, delivering on the promised double-digit organic revenue growth.

Although Covid-19 was ever-present during 2021, Wirtek has experienced no negative impact on our business results. We have implemented measures to allow for our colleagues to work safely and effectively from our offices and from home with virtually no negative impact for our clients during the pandemic. This new way of working has proven quite efficient, and we foresee and plan for flexible ways of working even after the pandemic releases its grip on the world.

Successful integration of the CoreBuild team

In connection with the CoreBuild acquisition in April 2021, Wirtek increased both revenue and EBITDA expectations significantly for 2021. The integration of the CoreBuild team has been a key priority in 2021 and we are incredibly proud that everyone has been engaged in the process, securing a successful merger of the two organizations. The earnings effect has exceeded even our most positive expectations, which led the Board of Directors to increase expectations for the second time in August 2021.

It has been of critical importance to ensure both employee retention and early synergies in the completed acquisition and to support this effort, we have strengthened our HR organization with the appointment of Ema Marcu as Director of HR and Administration. In 2022, Ema will also lead the many initiatives to ensure a continued strong corporate culture.

Expanding internationally

Through the CoreBuild acquisition Wirtek's client portfolio expanded with several new clients in The Netherlands, United States, Germany, and Romania.

The global market for IT outsourcing services is growing rapidly and Wirtek has a great opportunity to grow internationally. Although the acquisition of CoreBuild has added several international clients to the Wirtek client portfolio, we have also increased our international footprint organically.

In September 2021, we announced a new order from an existing large US client for the delivery of Cybersecurity services, a new and strategically important business area for Wirtek. In November 2021, we could also announce a large order from our first client in the UK market.

Revenue from clients outside Denmark accounted for 49% of total revenue in 2021, up from 29% in 2020.

Our most valuable assets

We see a significant increase in demand for our services, and we know that everyone in the organization has been performing their out most. That is why, we are constantly looking for new talent to ensure a strong delivery organization and will also invest heavily in employer branding in the future.

On behalf of the management team, I would like to thank all our exceptionally talented colleagues for their professionalism and hard work. You are our most valuable assets, and the reason why we as a company perform so well.

“The successful integration of CoreBuild in 2021 has built an even stronger growth foundation with 50 new and incredibly talented colleagues.

Outlook for 2022

We are very aware of the geopolitical situation, which has led to several inquiries from potential clients using IT outsourcing in Ukraine, Russia and Belarus. We will do our very best to support in this critical situation – and especially support the victims in this incomprehensible human catastrophe.

Our positive outlook for 2022 is based on the current pipeline, with expected revenue growth in the range of 41% - 52% and EBITDA growth of 39% - 54%.

We look forward to keeping you updated throughout 2022 and thank our clients and our loyal shareholders for the trust you have shown.

Michael Aaen, CEO Wirtek

29%

Average annual revenue growth the past 5 years

47%

Average annual EBITDA growth the past 5 years.

58%

Average annual growth in Earnings Per Share (EPS) the past 5 years.

Major Events in 2021

For more than 20 years we have been building upon our Danish heritage and contributing to our clients' growth through transparent and trust-based partnerships. The year 2021 was another great year for Wirtek with many positive events supporting the continued succes of our company.

January

Launching the Accelerate25 growth strategy

April

Joining forces with CoreBuild to create the synergies that will accelerate our growth

April

Wirtek increases 2021 expectations after signing the CoreBuild acquisition agreement

June

15 years as a publicly-traded company on the Nasdaq First North Growth Market

August

Wirtek increases expectations the second time during 2021

August

First Cybersecurity team

October

Celebrating 20 years in Denmark and 15 in Romania

November

First client in the UK

A Successful Integration Based on Common Values

In April 2021, Wirtek acquired CoreBuild, a growth-oriented IT-outsourcing company from Cluj in Romania. The acquisition was in line with our Accelerate25 strategy focusing on both organic and acquisitive growth driving our ambitious goal of 30% revenue growth on average in the period of 2021 - 2025.

Cultural compatibility is a critical factor for a successful acquisition and integration, which is why the due diligence process up to the acquisition also assessed common values, management approach and corporate culture very carefully in respect for both companies.

Securing business continuity

Merging the activities of the two companies has been closely planned to ensure minimal friction and to support business continuity.

It's essential for people from both companies to work collaboratively and decide the most effective way to move forward in the overall integration process. The integration process started June 2021 and is on target to be completed with a full merger by beginning of 2023.

Capturing early integration synergies

The complementary skills of the two companies have created synergies from day one and will be essential for our future growth. Together we have also gained a more international profile. Our ability to capture early integration synergies has yielded quick financial results and led to increased expectations in August 2021.

Both the leadership and the integration team are committed to creating revenue and cost synergies on multiple levels. We are sharing resources, best practices, and streamlining processes to ensure that the acquisition has the anticipated long-term impact. Cultural alignment, change management, and communication is essential in this process.

2022 will bring more synergies between CoreBuild and Wirtek both at an administrative level and in team dynamics. The success of this merger is paving the way for future growth through acquisitions.

> Success is defined by the fact that people stay, that people are comfortable, that they enjoy spending time with new colleagues in training and cultural events.
>
> We will take some time and do things together to get to know each other and exchange expertise over the course of the year.

Emmet King
COO @ Wirtek

Key integration success factors:

Prioritizing culture

Strong integration team, with key employees on both sides engaged in the process

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Collaborative, organic integration process

> For CoreBuild, the acquisition means opportunities for growth and a fresh direction for the business. Having more people in the management team means more minds are thinking about keeping people engaged in the company.

Călin Marian,
Co-founder @CoreBuild

Accelerate25 Strategy

Our Long-Term Goals

Financial Goals

DKK 100m in annual revenue by 2025

Minimum **6% EBITDA-margin** each year during the strategic period

DKK 10m in pre-tax earnings by 2025

Operational Goals

At least **1 sourcing location** outside Romania by 2025

Employee retention rate of **90%** or better from 2023

Our Strategic Tracks

Accelerated profitable growth through a combination of organic growth and acquisitions

International Sales Expansion with focus on select geographical markets in North-Western Europe

Scalable and sustainable sourcing capabilities in nearshore locations with right combination of skills, capacity, culture, stability and cost

Best-in-class workplace to be inspired, challenged professionally and develop personally

Our Foundation

Profitable growth	Sustainable sourcing	Best in class people skills

Our Mission

We help our clients create quality software solutions and electronic equipment products, as if these were our own.

Our Values

Commitment | **Common sense** | **Proficiency**

Accelerate25: Profitable Growth of Average 30% Annually

Delivering on Accelerate25 objectives

2021 was the first year in our growth strategy Accelerate25, and we delivered on all financial and operational objectives. The CoreBuild acquisition has been essential in terms of strengthening the organization and our international profile.

Wirtek's strategic foundation consists of three pillars: Profitable growth, sustainable sourcing, and best-in-class people skills.

A Strong Foundation for Growth

Wirtek has grown profitably at double-digit growth rates since 2012, with an average annual revenue growth of 29% during the past 5 years.

We have achieved this by focusing on business opportunities utilizing our core competencies and delivering services that truly adds value for our clients.

To enable optimal service delivery for our clients, sustainable sourcing is at the top of our mind. We leverage and further build our employer brand to attract and retain the best minds with the heart in the right place.

In addition, we have a strong network of sourcing partnerships with local collaborators to extend our capabilities and response time to urgent client requests. Our most valuable assets are our talented employees.

Investing in our people

We have created an organization of quality-minded solution finders, and we invest heavily in people development. We nurture a company culture of building empathic and engaging relationships with our colleagues and clients.

Our technical staff is highly skilled, with 98% having at least a bachelor's degree. Although Wirtek experiences fast growth, 40% of our employees have been with us more than 5 years.

With this strategic foundation, Wirtek is positioned well to grow at an even quicker pace in a fast-growing global market for outsourcing of IT Services.

We plan to bring Wirtek to the next level through accelerated profitable growth and expanded internationalisation of the company.

With long-lasting strategic client partnerships, and approx. 80% of our revenue contracted at the beginning of the fiscal year, we have a strong platform for future growth.

Financial Goals

DKK 100m
annual revenue by FY 2025

DKK 10m
pre-tax earnings by FY 2025

>6%
EBITDA-margin each year

Operational Goals

1 sourcing location outside Romania by 2025

>90%
employee retention rate from 2023

Strategic Goals for 2025

Soundly based on our strategic foundation of profitable growth, our financial and operational goals for the coming five years are:

- Annual revenue of DKK 100m by FY2025
- Pre-tax earnings of DKK 10m by FY2025
- EBITDA-margin of at least 6% each year
- One sourcing location outside Romania by FY2025
- Retention rate above 90% from FY2023 and onwards

To reach a revenue goal of DKK 100m by 2025, Wirtek will need to grow by an average of 30% per year from 2021.

Continuously focusing on operational efficiency and economics of scale will help Wirtek meet the goal of pre-tax earnings of DKK 10m in FY2025.

As part of Wirtek' strategic foundation, the growth each year must be profitable. Hence the goal of an EBITDA-margin of at least 6% each year during 2021 – 2025.

To ensure that Wirtek's delivery organization can scale to support the accelerated growth, and to reduce sourcing risk, Wirtek plans to expand our sourcing capabilities to at least 1 location outside Romania.

A key to Wirtek's success is our ability to consistently deliver high-quality services to our clients. In a competitive market for best talent, Wirtek wants an employee retention rate above 90% from 2023.

Four Strategic Tracks Supporting Annual Growth of 30%

Wirtek's strategic direction towards meeting the goals of our Accelerate25 strategy is dictated by the following four strategic tracks:

Accelerated profitable growth
through a combination of organic growth and acquisitions.

Wirtek expects to continue our double-digit organic revenue growth with strong profitability. We will expand direct sales activities in existing regional markets as well as sustain and build long-lasting client partnerships based on consistent, high-quality services that meet or exceed the expectations of our clients. As part of our new rebranded platform, we will utilize omni-channel marketing in select geographical regions to further expand sales.

To accelerate the growth, Wirtek will pursue acquisition of other companies in the industry. Wirtek will very carefully select acquisition targets and ensure strong cultural fit as a foundation for any acquisitions. The acquisition targets must also provide significant other market benefits to Wirtek such as: expanding the market share in existing markets, provide access to new sales channels and clients internationally, access to sourcing capabilities outside Romania and gain competencies in technologies and/or services considered critical for future growth.

International sales expansion
with focus on select geographical markets in North-Western Europe.

The global market for outsourcing of IT Services is predicted to grow 7.7% annually and reach a market value of USD 938 billion by 2027.

Wirtek currently has less than 50% of our revenue from clients outside Denmark. We see a great opportunity to capitalize on the fast-growing, huge global market to expand our service offering internationally. We will focus our efforts on select geographical regions in North-Western Europe.

Scalable and sustainable sourcing
in nearshore locations with right combination of skills, capacity, culture, stability, and cost.

Wirtek will continue to build an effective service delivery organization that can scale efficiently with the strategic direction of accelerated profitable growth. We will leverage and shape our employer brand to attract and retain talent and further build strategic sourcing partnerships with local collaborators for fast reaction time and sourcing flexibility. To scale our sourcing capabilities and reduce risk, Wirtek will add sourcing capacity outside Romania in location(s) with the right combination of skills, capacity, culture, stability, and cost.

Best-in-class workplace
– a place to be inspired, challenged professionally, and develop personally.

Wirtek's most important assets are our talented employees that deliver quality services at a consistent, high level and seamlessly adapt to our clients' way of working.

To attract and retain talent with the right combination of hard and soft skills, we aim to be recognized as a best-in-class workplace. We will live out our core values, continuously focusing on creating an attractive work environment that is amongst the best in the industry. We will nurture a company culture of building empathic and engaging relationships with colleagues and clients. We will continuously invest in people development to ensure that our colleagues have the needed skillset requested by the market.

5 years
the average **tenure of our colleagues**

98%
of our technical colleagues have a **bachelor's or higher degree**

30 years
the average **age of our colleagues**

36%
of our employees are female, **supporting gender diversity**

Outlook 2022

In 2022, Wirtek expects to deliver strong double-digit organic revenue growth of 41% - 52%, which is significantly above the goal of an average annual growth of 30% announced in our Accelerate25 strategy (see company announcement no. 1/2021).

Adjusted expectations for 2022

On 25 January 2022, Wirtek communicated 2022 expectations (see company announcement no. 2/2022), which was adjusted on 3 March 2022 due to a large new client contract with substantial impact on the 2022 results (see company announcement no. 3/2022).

Based on our growing portfolio of loyal clients and an increasing outsourcing demand we have the following 2022 expectations:

Organic revenue for 2022 is expected in the range of DKK 64.0m – DKK 69.0m, a growth of 41% – 52% compared to revenue of DKK 45.4m during 2021.

EBITDA for 2022 is expected in the range of DKK 8.6m – 9.6m, a growth of 39% - 54% compared to EBITDA of DKK 6.2m in 2021.

The EBITDA-margin for the organic revenue of Wirtek is expected to be at least 12.5% in 2022.

DKKm	2022	2022	2021	Growth
Announced	*3 Mar 2022*	*25 Jan 2022*		
Organic revenue	64.0 – 69.0	61.0 – 66.0	45.4	41% – 52%
EBITDA	8.6 – 9.6	7.5 – 8.5	6.2	39% – 54%

After very strong growth during 2021 we will continue outperforming the financial goals from our Accelerate25 strategy during 2022.

Investing in future growth

To ensure that Wirtek is prepared to accelerate the growth in the coming years, we will make significant investments during 2022 towards building a corporate infrastructure and dynamic organization that can support profitable growth.

An important first step has been the appointment of our new CFO Aurora Pestesan beginning of January this year. She will head the implementation of the IFRS accounting standard as well as the implementation of a new corporate-wide ERP system.

Part of Wirtek's Accelerate25 strategy is to become a best-in-class workplace in order to build a sustainable and scalable delivery organization where we can attract many new talented employees as well as retain our existing great colleagues. To make this happen, we have appointed Ema Marcu as Director of HR and Administration effective 1 March 2022. She will lead several initiatives to support our strong corporate culture as we continue to add many new colleagues to the organization.

Expected business impact from the current geopolitical situation

The recent Russian aggression into Ukraine has significantly increased uncertainty in the world. It is still too early to understand the long-term impact on our business. However, in the short-term there are many companies around the world that are very dependent on outsourcing services currently provided from Ukraine, Russia, and Belarus. Wirtek has already received requests from clients, with existing outsourcing setups in affected countries, to help them establish dedicated teams with Wirtek to mitigate their very high risk of service interruption. At the same time, the potential reduction of IT services from Ukraine, Russia, and Belarus will put a further strain on the global shortage of IT talent which can also affect Wirtek's ability to recruit enough IT talent to fulfill all client requests.

Long-Lasting Partnerships have Built a Strong Growth Foundation

Wirtek has a strong foundation for future growth based on long-lasting strategic client partnerships like our collaboration with Mark Information.

On average, Wirtek has a client seniority of more than 6 years and we have worked together with several clients for more than 10 years. This is also why we comfortably can describe our business model having a very high earnings transparency with 80% of our revenue contracted at the beginning of the fiscal year.

We are committed to all our clients, and Mark Information is a great example of an important strategic partnership for more than 10 years. A collaboration that over the years has been extended and strengthened.

Mark Information in brief

Mark Information is a leading Nordic vendor of Workforce Management solutions. Their software solution, ProMark, is built on more than 40 years of in-depth knowledge from some of the most complex labor market agreements in Europe.

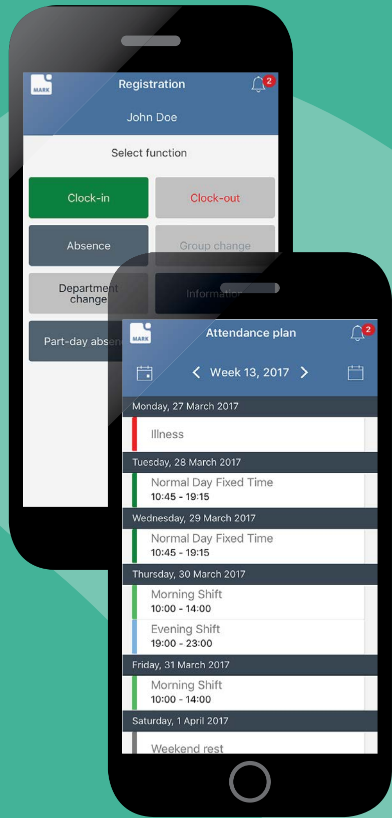
Expanding our cooperation over the years

Our collaboration started back in 2011 when Mark Information was looking for a team that understood their market and could update their solution with a modern user interface. Their back-end capabilities needed to be complemented by solid front-end skills, which Wirtek easily could handle.

By 2016, Mark Information was looking for a trustworthy partner to take over all their operations in Romania, including their back-end team located in Bucharest, to diminish risks and expand their team of back-end developers. As a result of our successful long-term collaboration, Wirtek was a natural choice.

In 2017 we opened a new development center in Bucharest as the first step in our new and extended strategic partnership with Mark Information. Consequently, the scope of services provided by Wirtek expanded to include team management, administration, recruitment and retention.

The current form of collaboration involves a joint venture development center and a strong team of Mark Information and Wirtek developers and testers who work closely together to keep ProMark a top-of-the-line solution.



Key results:

Expanded Mark Information's permanent team and added new competencies

From project services to dedicated teams to **a strategic partnership**

10+ years of partnership

> We are extremely happy about our partnership with Wirtek. They bring high-quality software development services that complement the competences we have in-house very well.
>
> The teamwork is outstanding and works seamlessly – also across borders – and together we develop a state-of-the-art Workforce Management platform for the benefit of our customers.

Morten Janum,
CIO @ Mark Information

Financial Review 2021

Our 2021 results mark another record-year with solid growth in revenue and EBITDA, especially due to the successful Integration of CoreBuild. However, the positive development is also anchored in the ability to be fully operational in demanding times marked by COVID-19. We continued servicing our clients at the distance, with most of our colleagues working from home and can proudly say that we also grew organically in 2021.

Financial Highlights 2021

TDKK	2021	2020	Change
Revenue	45,372	27,626	64%
EBITDA	6,242	3,222	94%
EBITDA-margin	13.8%	11.7%	18%
Pre-tax profits	5,246	3,039	73%
Cash holdings	4,803	3,892	23%

Successful integration of CoreBuild

Wirtek posted 2021 revenue of TDKK 45,372, a growth of 64% compared to 2020. The acquisition of CoreBuild during Q2 2021 with integration starting from June 2021 was a significant driver to revenue growth during 2021. Organic revenue growth during 2021 was 18%.

Through the CoreBuild acquisition, Wirtek's client portfolio expanded with several new clients in The Netherlands, United States, Germany, and Romania. In line with our Accelarate25 strategy we have accomplished a more international profile in 2021. Thus, Danish clients accounted for TDKK 23,180 of the revenue in 2021, corresponding to 51% (2020: 71%), and international clients provided revenue of TDKK 22,192, corresponding to 49% (2020: 29%).

We are competing in a fast-growing IT services outsourcing market driven by trends like digitalization, automation, cloud computing and IoT (Internet of Things) and we see a very large growth potential both in our local Danish market as well as internationally in the coming years.

Denmark - 51%
USA - 26%
The Netherlands - 19%
Romania - 2%
UK - 1%
Germany - 1%

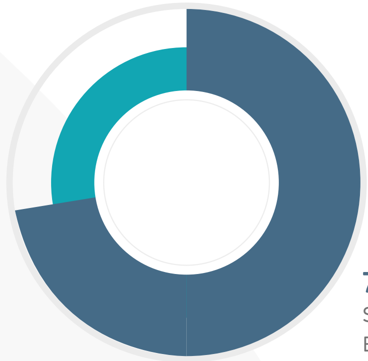
Large revenue growth in both business units

Wirtek teams up with our clients and help them create great software solutions and electronic equipment products.

We deliver our services through two business units:

Business Unit Revenue Distribution 2021

29%
Electronic Equipment Services



71%
Software Engineering Services

Software Engineering Services

Engineering end-to-end software solutions to match the needs of our clients. Guided by agile principles, we provide services such as product engineering, system architecture & design, software assurance and product re-engineering.

The revenue of the Software Engineering Services business unit was TDKK 32.307 during 2021, a growth of 71% from 2020.

Electronic Equipment Services

Providing a complete set of services on our client's existing electronic equipment. Services include embedded and integration software development as well as quality assurance and conformance testing of the final product.

The business unit Electronic Equipment Services generated a revenue of TDKK 13,035 in 2021, a growth of 49% compared to 2020.

High EBITDA growth

In 2021, EBITDA amounted to TDKK 6,242, a growth of 94% compared to TDKK of 3,222 in 2020 and the EBITDA-margin during 2021 improved to 13.8%, up from 11.7% during 2020.

We see significant benefits from economics of scale. Additionally, operational efficiency and a near optimal utilisation of the capacity in our Romanian subsidiaries are main reasons for this very significant improvement in EBITDA.

Pre-tax profitability up sharply

Wirtek achieved pre-tax profits (EBT) of TDKK 5,246 during 2021 compared to TDKK 3,039 for 2020, a growth of 73%.

Depreciation of the immaterial asset related to the CoreBuild acquisition effective from June 2021 accounted for the majority of the depreciation costs of TDKK 815.

Financial costs during 2021 were TDKK 181. We pay negative interest on our significant cash holdings in Denmark. In addition, we pay interest on a credit facility established as part of the financing of the CoreBuild acquisition.

Strong cash position despite significant acquisition investment

End of 2021 we had cash holdings of TDKK 4,803, up 23% from last year. Part of the cash position is covered by a credit facility of TDKK 3,988.

During 2021 Wirtek generated TDKK 6,533 in cash flows from operating activities.

Investing activities resulted in negative cash flows amounting to TDKK -10,550, primarily due to the CoreBuild acquisition during Q2 2021.

Financing activities generated TDKK 940 in cash flows during 2021.

Dividend recommendation

Based on the strong positive cash flows from operating activities as well as a strong cash position, the Board of Directors will recommend dividend payment of DKK 0.37 per share at the Annual General Meeting on 6 April 2022, amounting to 2% of the share price end of 2021.

Robust capital structure

Equity amounted to TDKK 9,410 end of 2021, up 26% compared to end of 2020.

During 2021 Wirtek purchased 164,644 own shares (nom. DKK 24,696.60) at the price DKK 4,116,100 and sold 59.494 Wirtek shares (nom. 8,924.10) at the price DKK 1,487,350 to the sellers of CoreBuild as part of the acquisition agreement.

Wirtek currently holds 105,150 treasury shares (nom. DKK 15,772.50, 1.45% of total share capital) valued at TDKK 2,629 that are registered at a value of DKK 0 in the equity statement. These treasury shares will be handed over to the sellers of CoreBuild in 2022 as part of their 2021 earn-out. When this happens, the equity will increase by TDKK 2,629.

Significant events after the balance date

On 3 March 2022, Wirtek has signed a large long-term contract with a new client that will have substantial positive impact on both revenue and EBITDA from 2022 and onwards. See Outlook 2022 on page 15 for more information.

No other events have occurred after the balance date that have any significant impact on the 2021 annual report.

Effective and efficient delivery organization

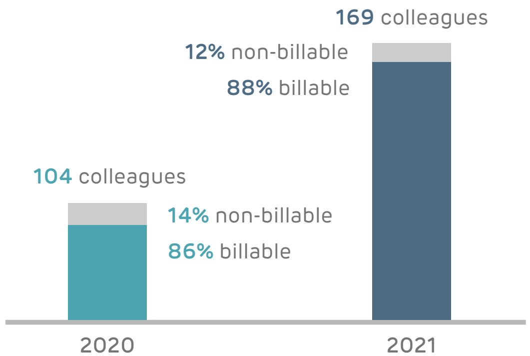
A key to our client success is our ability to deliver consistent, high-quality services that meet or exceed their expectations.

We can seamlessly adapt to our clients' way of working. We act as a partner, not just a vendor with nameless resources.

Our collaboration model is very flexible and allows us to build dedicated teams for our clients with the needed technical expertise that complements our clients' own development organizations.

Wirtek's EU-based development- and test centres in Romania ensure cultural affinity, easy GDPR compliance and reduced macro-economic risk.

Our focus on operational efficiency allows us to increase our service delivery capacity without increasing overhead at the same rate, as exemplified in the following diagram:



Our total headcount during 2021 increased by 63 % (from 104 to 169 colleagues) while our billable headcount increased from 89 end of 2020 to 149 by the end of 2021.

The great performance in 2021 confirms the solid growth foundation at Wirtek. In 2022, we plan to further strengthen several activities, including our recruitment and retention efforts and we will also implement a new ERP system to handle the significantly larger business activity in the coming years. The annual report for 2021 has been prepared in accordance with GAAP accounting principles, but from 2022 we will use the IFRS standard - an important professionalization initiative as a listed company.

Aurora Peștețan
CFO @Wirtek

Creating an Inspiring and Developing Workplace

Our business is built on delivering high-quality IT services to our clients, which can only be done by nurturing a team of top-notch professionals. It is Wirtek's ambition to create an inspiring and devoleping workplace in an inclusive and respectful environment.

By the end of 2021, Wirtek had grown to 169 colleagues and our organization continues to grow every month by investing in employer branding.

High demand for skilled IT people

With an ICT workforce of 200,000 people, Romania ranks 6th in the IT Competitiveness Index out of the 23 CEE countries analyzed in a recent report by Emerging Europe. The low unemployment rates and high demand for skilled IT people mean that conventional hiring methods are becoming less effective, particularly in today's fast-paced, remote-working business environment.

At Wirtek we are looking for creative approaches in the recruitment process to stay ahead of the curve: Exploring new digital and offline channels and tools, encouraging employee advocacy, and eliminating geographical limitations. At the same time, we are increasing our employer brand's visibility to position Wirtek as an attractive place to work. And as a publicly traded company, we also utilize employee warrants programs to attract and retain the best talent.

> The corporate culture has been essential for choosing Wirtek. Here, I managed to form friendships, grow and evolve. Wirtek encourages initiative, and supports you in what you want to do.

Dan Antal
Senior Software Developer,
6 years @ Wirtek

A strong teamspirit binds it all together

In contrast to the dynamic market we are part of, the Wirtek team has always shown stability. A long-term relationship with a company involves a people-first approach, mutual respect and growth opportunities, and building a culture and teamspirit that resonates with our colleagues.

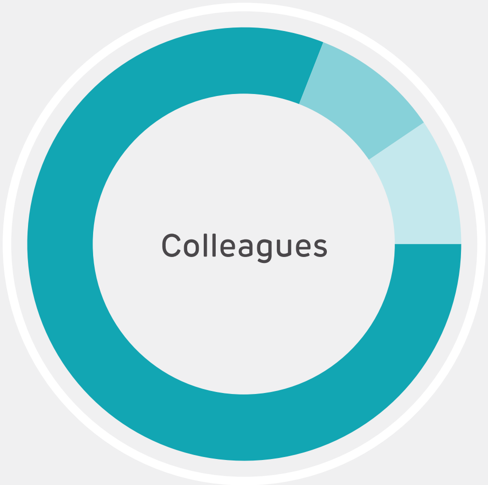
At a time where employees spend most of their time away from the office we have implemented initiatives to reinforce our corporate culture and bring people together in different ways while in the remote work environment.

Expanding our HR department

With our retention goals in mind, our HR team is focused on constantly developing and implementing a comprehensive retention plan based on the particular needs of our employees in each stage of their professional journey. Thanks to an expanded HR team and a newly appointed Director of HR and Administration, the Wirtek HR department is ready to answer the needs of the team and the business.

In 2022 one of our main focus points will be strengthening the delivery organization. An engaged and committed team of professionals is key to delivering long-term value to our clients and achieving our ambitious Accelerate25 growth targets.

Our 169 colleagues



Wirtek - 132

Strategic partnership - 19

Collaborators - 18

> To achieve an employee retention rate of 90% from 2023, our strategy is focused on both assuring job happiness of our Wirtek team members and a smooth integration of new colleagues from the CoreBuild team. The cultural alignment process plays a crucial role. It's important to answer individual needs, be flexible and bring HR closer to the team.

Ema Marcu
Director of HR and Administration
@ Wirtek

Corporate Responsibility is a Key Enabler

Acting in a responsible way is a key enabler for Wirtek. We have built a culture empowering everyone to act in a responsible way – to do the right thing and make wise and responsible decisions. Corporate responsibility is an important driver for our sustainable long-term performance.

Our code of conduct set out clear guidelines and expectations on responsible and ethical behavior in relations to human rights, anti-corruption, respect for the environment, social responsibility, and other topics as support for the local community, personal data protection, responsible accounting methods, and respect for tax legislation.

The overall responsibility for Wirtek's Corporate Responsibility strategy is anchored on Board level and executed on all levels of the company.

Protecting the environment

At Wirtek, we do not measure emissions and energy consumption on a group level due to the nature of our business. It is simply considered a lot of effort for a very small output. However, we are of course taking an environmental and responsible approach and we have a digital mindset with an intense use of digital meetings, digital signatures striving to be a paperless office.

Human rights in focus

Wirtek assesses the risk of violating any human rights in connection with our business activities at a minimum. We don't have an explicit policy in this area as we assess that the human rights are covered by local legislation.

Wirtek has zero tolerance on bribery and corruption, and we will always comply in line with current legislation. Because of the nature of our business, we assess that the risk of being involved in bribery and corruption for very limited.

Supporting the local community

Coming together for a good cause and showing our unwavering, long-term support for the local community is very important for the Wirtek organization. All employees have an influence on how and to whom we give donations and instead of sending Christmas gifts to our clients, for the past two years, we have donated to charities chosen by them.

Causes that Wirtek have been supporting included among others "Casuta Bucuriei" (House of Joy) Children's Home in Cluj so they continue providing residential services for children in need and we have also been raising funds for the Complementary Therapy Camps organized by Yuppi, that provide experiential therapy programs for children battling diabetes, autoimmune, and oncology diseases.

Corporate Governance

Legislation provides the overall framework for Wirtek's governance, and within this framework Wirtek has defined corporate governance as the responsibility of operating a healthy and efficient business with sufficient profitability to fund Wirtek's ambitions and safeguarding the future of the company and its employees.

Wirtek's Articles of Association and a comprehensive set of internal management and control procedures form an important basis of corporate governance within Wirtek.

Management structure

Wirtek has a two-tier management structure consisting of the Board of Directors and the Executive Management Team.

The Group structure supports a clear distribution of management responsibilities and drives at the same time interaction between the management and other stakeholders.

The Board of Directors is responsible for ensuring the overall strategic management and that the financial and managerial control of the Company is conducted adequately and always complying with Wirtek's Code of Conduct.

The Board of Directors currently consists of three members and, in accordance with the company's articles of association, the board of directors may consist of up to five members. The Board of Directors continuously assesses whether the company's Board of Directors has the right competencies to match and support the company's growth strategy, Accelerate25.

Wirtek's Executive Management team consists of three people. On December 16, 2021, Aurora Pestesan was appointed as new Chief Financial Officer (CFO), effective 3 January 2022, anchored in a wish to strengthen the leadership. The Executive Management team is supported by a senior management team that currently consists of 6 Directors.

> **The Board of Directors is very focused on executing the Accelerate25 strategy and will always ensure good corporate governance at all levels of the company.**
>
> **Kent Mousten Sørensen,** Chairman of the Board

Board of Directors

Kent Mousten Sørensen (Born 1962)
Chairman of the Board (since 2008)

958,818 Wirtek shares were held per 31 December 2021 either directly or by companies wholly or partly owned

Considered independent: Yes

Position: FG19 Investments and Consult ApS, E I Invest ApS, CEO

Other positions: One Pint A/S (Chairman), ClearView Trade ApS (Board member), One Pint Brands A/S (Board member), Sparkassen Danmark (Board of Representatives)

Educational background: M.Sc. and an Executive MBA from Aarhus University

Key skills: International leadership, Strategy, Mergers and Acquisitions, Data-driven decisions, Digitalization, Organizational development, Product management

Jens Uggerhøj (Born 1961)
Board Member (since 2009)

357,858 Wirtek shares as of 31 December 2021

Considered independent: Yes

Position: UCONNECT, CEO

Other positions: Jonassen Ventilation A/S (Chairman), Unic Air ApS (Chairman), Scandinavisk Industrimontage A/S (Chairman), Vendelbo Spedition A/S (Chairman), KS Gruppen A/S (Chairman), Rota Dan A/S (Chairman), Gromas Maskinfabrik A/S (Board member), Kronjyllands Camping & Marine Center A/S (Board member)

Educational background: Technical College, Radio Engineer

Key skills: Sales performance and planning. Go-To-Market strategy and business development. Results-oriented processes

Michael Aaen (Born 1964)
Board Member (since 2011)

2,402,459 Wirtek shares were held per 31 December 2021 either directly or by companies wholly owned

Considered independent: No

Position: Wirtek, CEO

Other positions: None

Educational background: M.Sc., Computer Science from Aalborg University and Diploma in Management from Henley Business School

Key skills: Strategy development and execution. More than 30 years of management experience in the international IT industry. Holistic business approach

Executive Management

The Executive Management team is responsible for the day-to-day management of Wirtek and the implementation of the growth strategy Accelerate25. Through an open-minded leadership style, the team leads by example and focuses on creating an attractive work environment that is best-in-class.

Michael Aaen
Chief Executive Officer

Employment since: 2001
Educational background: M.Sc., Computer Science from Aalborg University and Diploma in Management from Henley Business School

Emmett King
Chief Operations Officer

Employment since: 2013
Educational background: BS, Accounting from Providence College, Rhode Island

Aurora Nicoleta Peștean
Chief Financial Officer

Employment since: 2022
Educational background: BS, Finance and Banking, University of Cluj-Napoca

Risk Management

Wirtek's Board of Directors is responsible for the overall risk management.

This includes the identification of risks, the assessment of probabilities and potential consequences of identified risks, and the delegation of responsibility for appropriate mitigation of risks.

Wirtek has achieved profitable, double-digit growth for the past 10 years, and it is part of our strategic foundation to keep on growing profitably in the future.

Proper mitigation of significant risks and reducing them to an acceptable level is key to achieving our strategic goals.

We are primarily focusing on mitigation of risks with a medium to high probability of occurring and that will impact our business negatively.

Key risk categories:

1. Attraction and retention of talent
2. Losing a key client
3. Acquisitions and integration failure
4. IT breakdown and data breach
5. Currency fluctuations
6. Credit risk

Attraction and retention of talent

Risk description

Wirtek's most valuable asset is our talented employees. As an outsourcing company that delivers high-quality IT services to our clients, Wirtek's continued growth depends on our ability to keep our skilled IT specialists as well as attract new talent. Skilled IT professionals are in high demand, and there is a widespread shortage of talent with the skillset we need. If we are unable to attract and retain the needed talent, this could significantly impact our ability to achieve an average annual growth rate of 30% during the coming years.

Risk mitigation

The importance of attracting and retaining employees with the right skillset cannot be understated. It is reflected in the fact, that one of our Accelerate25 strategic goals is tied to our ability to retain our valuable colleagues, with a goal of >90% employee retention rate from 2023 and onward. Our strategic track 'Best-in class workplace' supports this goal as well as aims to make Wirtek known as an attractive place to work to attract new talent. We will also aim to establish sourcing capabilities in at least one other country outside Romania with the right combination of skills, capacity, culture, stability, and cost.

Our employee warrants program is also an important instrument in our effort to differentiate Wirtek in the local job market.

Losing a key client

Risk description

Losing a key client could negatively impact our ability to achieve our growth ambitions. We have identified two main reasons we want to mitigate: 1) A key client leaving Wirtek voluntarily and 2) A key client experiences business failure.

Risk mitigation

If a client voluntarily choses to part ways with Wirtek, we are most likely not delivering the service level required by the client. To reduce this risk, we involve clients closely in the establishment of the teams that deliver the services.

Wirtek Management discusses each client team on weekly meetings, identifying areas that need immediate attention. Wirtek also keeps a close dialogue with our clients, addressing any challenges up front. As for mitigation of the second reason for losing a key client due to business failure, we are very focused on avoiding any single-client dependency. None of our clients currently have more than 15% of Wirtek's revenue. And we closely control credit risk (see Credit risk).

Acquisitions and integration failure

Risk description

Growth through acquisitions is fundamental to our corporate strategy. Acquisitions always entail a risk of unsuccessful integration of the acquired company, which could result in cost synergies, strategic advantages and economies of scale being delayed or not fully realised. Deciding on, and carrying out, the wrong acquisition may be costly and take up valuable resources that could have been spent on other potential acquisition candidates.

Risk mitigation

Wirtek has a number of criteria that needs to be in place in connection with a potential acquisition. Prior to an acquisition, Wirtek conducts a thorough due diligence of all vital aspects of the target company to ensure a perfect match to Wirtek's business model and corporate culture. Wirtek acquired CoreBuild in 2021 and the successful integration has been due to a carefully planned gradual operational transition to common systems, resource utilization and reporting led by the local management in Rumania based on guidance from the Board of Directors.

IT breakdown and data breach

Risk description

IT systems, networks and related processes are crucial for Wirtek's ability to deliver on time and comply with client expectations and requirements. It also takes a secure IT infrastructure to build a flexible workspace environment with the opportunity to work from home. The IT risks at Wirtek is defined as risk of any hardware failures, human error risks e.g. employees installing non-approved software, security risks as spam, virus og malicious attacks initiated either from outside or inside Wirtek infrastructure.

Risk mitigation

To reduce the risk of IT breakdown and data breach Wirtek has prepared several general and specific procedures as well as policies. Each employee must sign an IT Policy during onboarding. To prevent hardware risks, Wirtek has engineer stock for end-points, prepared for quick replacement and we also have backups and redundancy at server and networking level. In November 2021 we have completed a security assessment and penetration test and optimized accordingly.

Currency fluctuations

Risk description

We face a currency risk from two sources – revenue from international clients and intra-company invoicing. In 2021, 49% of our revenue currently came from international clients which could potentially expose Wirtek towards foreign currencies. Wirtek A/S is invoiced for services delivered from our Romanian subsidiary Wirtek SRL in EUR.

The local Romanian currency LEI fluctuates significantly against e.g. EUR, so we face a currency exchange risk for the part of the intra-company payment that is converted from EUR to LEI.

Risk mitigation

To reduce our currency risk towards revenue-generating activities, we only accept contracts in either DKK or EUR currency, thus significantly reducing our exposure to fluctuations in e.g., USD.

To keep the intra-company currency risk manageable, we negotiate salaries with our employees based on EUR. Also, major contracts with local collaborators and suppliers in Romania are negotiated in EUR. This significantly reduces Wirtek's exposure towards LEI to an acceptable level.

Credit risk

Risk description

The majority of Wirtek's clients buy services from Wirtek with a value of more than DKK 1m per year.

Delayed client payment or business failure of a client can therefore severely impact Wirtek's liquidity negatively.

Risk mitigation

Wirtek focuses on providing short payment terms in our client contracts, and no clients have more than 30 days of credit to ensure good liquidity and reduce credit risk.

Wirtek has implemented a procedure for following up on overdue client invoices.

Shareholder Information

An investment in Wirtek is **an investment in IT-outsourcing and the continued digitalization and automatization worldwide.**

Wirtek has a cutting edge in delivering outsourcing services in a smart and cost-efficient way, but most importantly we build long lasting client relationships by acting as if we are a part of our client's company.

The Wirtek share

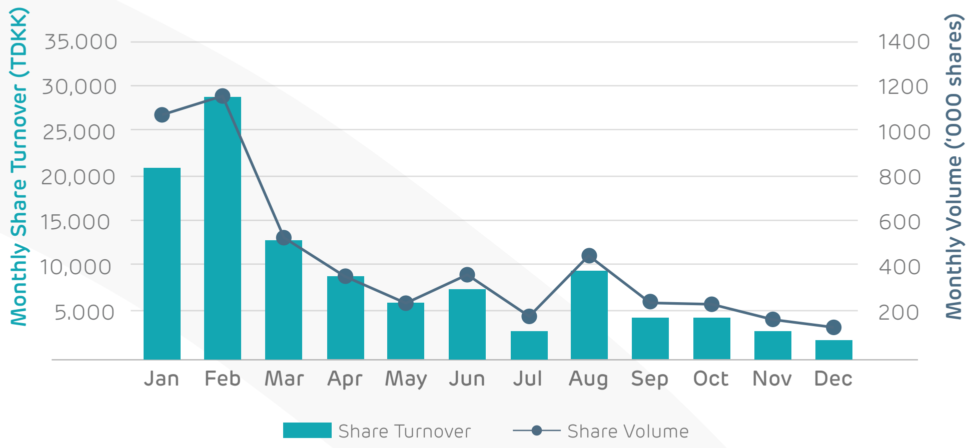
Wirtek's share capital amounts to DKK 1,086,886.80 divided into 7,245,912 shares of DKK 0.15 each. There is only one class of shares, each share representing one vote.

	End of 2021	Average, 2021	End of 2020	Average, 2020
Wirtek shares	7,245,912	7,074,162	6,902,412	6,902,412

Wirtek shares (ISIN code DK0060040913) is listed on Nasdaq First North GM Copenhagen under the symbol WIRTEK and classified under ICB code 1010, Technology. The official share price on 31 December 2021 was DKK 18.40, equal to a market capitalization of DKK 133.3m. Wirtek's share price rose by 40% in 2021. By comparison, the First North DK index fell by 26% during 2021.

The average daily turnover of Wirtek shares on Nasdaq First North GM Copenhagen rose by more than 200% in 2021 from DKK 140,000 in 2020 to DKK 430,000, with an average daily volume of 21,500 shares in 2021 compared to 18,759 shares in 2020.

Share Volume and Turnover in 2021



Shareholder structure

At the end of December 2021, Wirtek had 2,013 registered shareholders, a growth in number of registered shareholders of 83% compared to end of 2020.

The Board of Directors and the Executive Management team shareholdings was a total of 3,769,135 issued Wirtek shares, corresponding to 52.0% of the company's share capital at the end of December 2021.

The following shareholders have notified the company of an ownership of more than 5% as of December 31, 2021:

- Aaen Holding ApS (29.5%)
- E I Invest ApS (10.1%)

Share-based incentive schemes

An employee warrants program was established in 2018 with a total of 1,000,000 warrants granted in 2018, 2019 and 2020, corresponding to a total of nom. DKK 150,000, which, subject to certain conditions, can be utilized by employees for new shares at a strike price of DKK 3.87 for warrants granted in 2018, DKK 6.10 for warrants granted in 2019 and DKK 5.35 for warrants granted in 2020. Further details of the employee warrants program can be found in company announcement no. 101 dated 7 June 2018, company announcement no. 108 dated 5 June 2019 and company announcement no. 118 dated 26 June 2020.

A warrants-based Long-Term Incentive Program (LTIP) was established in 2021 with a total of 900,000 warrants granted for the five-year period 2021-2025, corresponding to a total of nom. DKK 135,000, which, subject to certain conditions can be utilized by the Board and Director-level management for new shares at a strike price of DKK 18.3. As part of the commitment towards the strategic goals, participants in the LTIP will forego any increases in board fees, salaries and bonusses during a 3-year period (2021 - 2023) to decrease overhead cost and thereby increase profitability. Further details of the LTIP be found in company announcement no 15/2021.

Dividends

As part of Wirtek's focus on investor care, the company has paid out dividends to its investors during the past several years. The recent dividends history is:

DKK	FY 2016	FY 2017	FY 2018	FY 2019	FY2020
Dividend per share	0.09	0.09	0.11	0.16	0.20
Total dividend pay-out	621,217	621,217	759,265	1,104,386	1,380,482

The Board of Directors will propose a dividend pay-out for FY 2021 of TDKK 2,681 at the Annual General Meeting on 6 April 2022, which is equal to DKK 0.37 per share of DKK 0.15 nominal value, a pay-out ratio of 56%. The proposed dividend corresponds to 2.0% of the closing share price on 31 December 2021.

Wirtek has a formulated goal of paying out dividend of at least 2% of the closing share price for the fiscal year, up to a maximum of 75% of the net profit for that year.

To be eligible for dividends, shares must be registered in the custody account on or before the date of the Annual General Meeting.

Investor Relations

Wirtek strives to maintain an open dialogue with our shareholders and potential investors. Wirtek recommend all shareholders to have their shares registered by name in the register of shareholders.

Wirtek also recommend all shareholders to sign up for Wirtek news service on our website: https://www.wirtek.com/investor-relations.

Financial Calendar 2022

6 April 2022	Annual General Meeting
10 May 2022	Financial report for First Quarter, 2022
10 August 2022	Financial report for Second Quarter, 2022
9 November 2022	Financial report for Third Quarter, 2022

Investor enquiries

Michael Aaen, CEO

Phone: +45 7214 6660
Mobile: +45 2529 7575
E-mail: ir@wirtek.com

Board of Directors Statement and Management's Statement

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Wirtek A/S for the financial year 1 January - 31 December 2021.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of Group's and the Company's assets, liabilities and financial position at 31 December 2021 and of the results of Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2021.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Aalborg, 9 March 2022

Executive Board

Michael Aaen

Board of Directors

Kent Mousten Sørensen
Chairman

Jens Uggerhøj

Michael Aaen

Independent Auditor's Report

To the Shareholders of Wirtek A/S

Opinion

We have audited the Consolidated Financial Statements and the Annual Financial Statements of the Company of Wirtek A/S for the financial year 1 January - 31 December 2021, which comprise income statement, Balance Sheet, statement of changes in equity, cash flows, notes and a summary of significant accounting policies for both the Group and the Parent Company. The Consolidated Financial Statements and the Annual Financial Statements of the Company are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of the assets, liabilities and financial position of the Group or the Company at 31 December 2021 and of the results of the Group and the Parent Company's operations and cash flows for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Annual Financial Statements of the Company" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's Responsibilities for the Consolidated Financial Statements and the Annual Financial Statements of the Company

Management is responsible for the preparation of Consolidated Financial Statements and the Annual Financial Statements of the Company that give a true and fair view in accordance with the Danish Financial Statements Act and for such Internal control as Management determines is necessary to enable the preparation of Consolidated Financial Statements and the Annual Financial Statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements and the Annual Financial Statements of the Company, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Consolidated Financial Statements and the Annual Financial Statements of the Company unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Annual Financial Statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements and the Annual Financial Statements of the Company.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements and the Annual Financial Statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Consolidated Financial Statements and the Annual Financial Statements of the Company and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements and the Annual Financial Statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and the Annual Financial Statements of the Company, including the disclosures, and whether the Consolidated Financial Statements and the Annual Financial Statements of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

  We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on Management Commentary

Management is responsible for Management Commentary.

Our opinion on the Consolidated Financial Statements and the Annual Financial Statements of the Company does not cover Management Commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements and the Annual Financial Statements of the Company, our responsibility is to read Management Commentary and, in doing so, consider whether Management Commentary is materially inconsistent with the Consolidated Financial Statements and the Annual Financial Statements of the Company or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management Commentary is in accordance with the Consolidated Financial Statements and the Annual Financial Statements of the Company and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management Commentary.

Aalborg, 9 March 2022

BDO Statsautoriseret Revisionsselskab
CVR no. 20222670

Georg Aaen
State Authorised Public Accountant
MNE no. mne26734

Financial Statements

In this Annual Report, the following definitions shall apply unless otherwise specified: "the Company" or "Wirtek" refers to the Wirtek Group, CVR no DK26042232, which consists of consists of Wirtek A/S and the fully owned Romanian subsidiaries Wirtek SRL and CoreBuild Software Services SRL.

Financial Highlights of the Group

	2021 TDKK	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK
Income statement					
Revenue	45,372	27,626	23,216	20,405	14,530
EBITDA	6,242	3,222	1,793	1,573	1,086
Operating profit/loss of main activities	5,427	3,065	1,395	1,352	835
Financial income and expenses, net	-181	-26	-50	1	-18
Profit/loss for the year before tax	5,246	3,039	1,345	1,353	817
Profit/loss for the year	4,794	4,891	1,512	1,005	756
Balance sheet					
Total assets	26,679	13,998	8,080	6,840	4,871
Equity	9,410	7,448	3,705	2,979	2,421
Cash flows					
Cash flows from operating activities	6,533	2,775	1,249	1,981	347
Cash flows from investing activities	-10,550	-127	-199	-691	-119
Cash flows from financing activities	940	-1,104	-759	-465	-617
Total cash flows	-3,077	1,544	291	825	-389
Investment in property, plant and equipment	-826	-160	-160	-182	-55
Key ratios					
Operating margin (%)	12.0	11.1	6.6	5.7	3.9
Liquidity ratio (%)	95.9	208.4	174.2	158.7	189.8
Equity ratio (%)	35.3	53.2	45.9	43.6	49.7
Return on equity (%)	56.9	87.7	45.2	37.2	32.1
Earnings per share, EPS (DKK)	0.66	0.71	0.22	0.15	0.11
Index for revenue	312	190	160	140	100

The ratios stated in the list of key figures and ratios have been calculated as follows

Key Ratio Definitions	
Operating margin	$\frac{\text{Operating profit/loss} \times 100}{\text{Net revenue}}$
Liquidity ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Equity ratio	$\frac{\text{Equity ex. minorities, at year end} \times 100}{\text{Total equity and liabilities, at year end}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$
Earnings per share, EPS	$\frac{\text{Earnings after tax}}{\text{Average number of shares}}$

Income Statement

	Note	Group		Parent Company	
		2021 DKK	2020 TDKK	2021 DKK	2020 TDKK
NET REVENUE		**45,372,232**	**27,626**	**33,749,337**	**27,528**
Other operating income		26,902	149	2,567,080	86
Other external expenses		-18,390,937	-11,062	-31,584,560	-23,096
GROSS PROFIT/LOSS		**27,008,197**	**16,713**	**4,731,857**	**4,518**
Staff costs	1	-20,766,163	-13,491	-2,539,545	-2,756
Depreciation, amortisation and impairment		-814,989	-157	-33,643	-35
OPERATING PROFIT		**5,427,045**	**3,065**	**2,158,669**	**1,727**
Income from investments in subsidiaries		0	0	2,684,250	1,157
Other financial income	2	417,257	2	90,522	2
Other financial expenses	3	-598,370	-28	-139,126	-28
PROFIT BEFORE TAX		**5,245,933**	**3,039**	**4,794,315**	**2,858**
Tax on profit/loss for the year	4	-451,617	1,852	0	2,033
PROFIT FOR THE YEAR		**4,794,315**	**4,891**	**4,794,315**	**4,891**
PROPOSED DISTRIBUTION OF PROFIT					
Proposed dividend for the year		2,680,988	0	2,680,988	1,380
Allocation to reserve for net revaluation according to equity value		0	1,380	2,684,250	0
Retained earnings		2,113,327	3,511	-570,923	3,511
TOTAL		**4,794,315**	**4,891**	**4,794,315**	**4,891**

Balance Sheet on 31 December

		Group		Parent Company	
ASSETS	Note	2021 DKK	2020 TDKK	2021 DKK	2020 TDKK
Development projects completed		0	0	0	0
Intangible fixed assets acquired		1,642	3	0	0
Goodwill		9,259,791	134	119,375	134
Intangible assets	5	**9,261,433**	**137**	**119,375**	**134**
Other plants, machinery, tools and equipment		803,169	208	41,206	29
Property, plant and equipment	6	**803,169**	**208**	**41,206**	**29**
Equity investments in group enterprises		0	0	5,436,141	2,844
Rent deposit and other receivables		125,098	127	0	0
Financial non current assets	7	**125,098**	**127**	**5,436,141**	**2,844**
NON CURRENT ASSETS		**10,189,700**	**472**	**5,596,722**	**3,007**
Trade receivables		8,134,194	4,040	4,807,454	4,038
Contract work in progress		26,863	0	26,863	0
Receivables from group enterprises		0	0	9,494,529	0
Deferred tax assets	8	2,848,967	2,800	2,800,000	2,800
Other receivables		491,730	2,487	83,833	1,894
Joint tax contribution receivable		0	0	111,610	33
Prepayments and accrued income		183,793	307	66,045	184
Receivables		**11,685,547**	**9,634**	**17,390,334**	**8,949**
Cash and cash equivalents		**4,803,338**	**3,892**	**2,356,406**	**1,116**
CURRENT ASSETS		**16,488,885**	**13,526**	**19,746,740**	**10,065**
ASSETS		**26,678,585**	**13,998**	**25,343,462**	**13,072**

		Group		Parent Company	
EQUITY AND LIABILITIES	Note	2021 DKK	2020 TDKK	2021 DKK	2020 TDKK
Share capital		1,086,887	1,035	1,086,887	1,035
Reserve for net revaluation according to equity value		0	0	3,017,116	0
Retained profit		5,642,580	5,033	2,625,464	5,033
Proposed dividend		2,680,988	1,380	2,684,988	1,380
EQUITY		**9,410,455**	**7,448**	**9,410,455**	**7,448**
Other liabilities		66,116	61	66,116	61
Non current liabilities	9	**66,116**	**61**	**66,116**	**61**
Bank debt		3,988,295	0	3,988,295	0
Trade payables		1,859,222	1,170	1,149,027	796
Payables to group enterprises		0	0	2,004,824	415
Corporation tax		386,812	0	111,610	0
Other liabilities		10,967,685	5,319	8,613,135	4,352
Current liabilities		**17,202,014**	**6,489**	**15,866,891**	**5,563**
LIABILITIES		**17,268,130**	**6,550**	**15,933,007**	**5,624**
EQUITY AND LIABILITIES		**26,678,585**	**13,998**	**25,343,462**	**13,072**
Contingencies etc.	10				
Charges and securities	11				

Equity

	Group				
	Share capital	Share premium account	Retained profit	Proposed dividend	Total
Equity at 1 January 2021	1,035,362	0	5,033,097	1,380,482	7,448,941
Proposed profit allocation			2,113,327	2,680,988	4,794,315
Transactions with owners					
Dividend paid				-1,380,482	-1,380,482
Capital increase	51,525	1,277,820			1,329,345
Cost of capital increase			-86,973		-86,973
Purchase of own equity investments			-4,116,100		-4,116,100
Sale of own equity investments			1,487,350		1,487,350
Other legal bindings					
Foreign exchange adjustments			-65,942		-65,942
Transfers					
Allowed equalization		-1,277,820	1,277,820		0
Equity at 31 December 2021	**1,086,887**	**0**	**5,642,580**	**2,680,988**	**9,410,455**

Cf. Note 1, the company has issued warrants to employees who, under certain conditions, may subscribe for 1,000,000 shares, corresponding to a total nominal value of DKK 150,000. In addition, the company has issued warrants to upper management and the Board of Directors who, under certain conditions, may subscribe for 900,000 shares, corresponding to a total nominal value of DKK 135,000.

	Parent Company					
	Share capital	Share premium account	Reserve for net re-valuation according to equity value	Retained profit	Proposed dividend	Total
Equity at 1 January 2021	1,035,362	0	0	5,033,098	1,380,482	7,448,942
Proposed profit allocation			2,684,250	-570,923	2,680,988	4,794,315
Transactions with owners						
Dividend paid					-1,380,482	-1,380,482
Capital increase	51,525	1,277,820				1,329,345
Cost of capital increase				-86,973		-86,973
Purchase of own equity investments				-4,116,100		-4,116,100
Sale of own equity investments				1,487,350		1,487,350
Other legal bindings						
Foreign exchange adjustments			-24,757	-41,185		-65,942
Other adjustments to equity value			357,623	-357,623		0
EQUITY						
Transfers						
Allowed equalization		-1,277,820		1,277,820		0
Equity at 31 December 2021	**1,086,887**	**0**	**3,017,116**	**2,625,464**	**2,680,988**	**9,410,455**

Cf. Note 1, the company has issued warrants to employees who, under certain conditions, may subscribe for 1,000,000 shares, corresponding to a total nominal value of DKK 150,000. In addition, the company has issued warrants to upper management and the Board of Directors who, under certain conditions, may subscribe for 900,000 shares, corresponding to a total nominal value of DKK 135,000.

Cash Flow Statement 1 January - 31 December

	Group		Parent Company	
	2021 DKK	2020 TDKK	2021 DKK	2020 TDKK
Profit/loss for the year	4,794,315	4,893	4,794,315	4,893
Depreciation and amortisation, reversed	814,989	157	33,643	35
Cash flows from exchange rate provisions	-50,502	-20	0	0
Profit/loss from subsidiaries	0	0	-2,684,250	-1,157
Tax on profit/loss, reversed	451,617	-1,852	0	-2,033
Other adjustments	431,005	0	32,875	0
Corporation tax paid	-131,408	-148	0	0
Change in receivables (ex tax)	-590,015	-1,264	-8,362,533	-2,695
Change in current liabilities (ex bank, tax)	812,672	1,009	6,204,862	1,470
CASH FLOWS FROM OPERATING ACTIVITY	**6,532,673**	**2,775**	**18,912**	**513**
Purchase of intangible assets	-9,709,283	-4	0	-150
Purchase of property, plant and equipment	-825,665	-123	-31,038	-41
Purchase of financial assets	-15,090	0	-15,090	0
Sale of financial assets	0	0	41,244	0
CASH FLOWS FROM INVESTING ACTIVITY	**-10,550,038**	**-127**	**-4,884**	**-191**
Capital increase	1,257,397	0	1,242,372	0
Purchase of own shares	-4,116,100	0	-4,116,100	0
Sale of own shares	1,487,350	0	1,487,350	0
Dividends paid in the financial year	-1,380,482	-1,104	-1,380,482	-1,104
Other cash flows from financing activities	3,692,215	0	5,269	0
CASH FLOWS FROM FINANCING ACTIVITY	**940,380**	**-1,104**	**-2,761,591**	**-1,104**
CHANGE IN CASH AND CASH EQUIVALENTS	**-3,076,985**	**1,544**	**-2,747,563**	**-782**
Cash and cash equivalents at 1 January	3,892,028	2,348	1,115,674	1,898
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**815,043**	**3,892**	**-1,631,889**	**1,116**
Cash and cash equivalents at 31 December comprise:				
Cash and cash equivalents	4,803,338	3,892	2,356,406	1,116
Bank overdraft	-3,988,295	0	-3,988,295	0
CASH AND CASH EQUIVALENTS, NET DEBT	**815,043**	**3,892**	**-1,631,889**	**1,116**

Notes

1 Staff costs

	Group		Parent Company	
	2021 DKK	2020 TDKK	2021 DKK	2020 TDKK
Staff costs				
Average number of employees	137	71	2	2
Wages and salaries	20,160,057	10,842	2,479,667	2,691
Pensions	4,544	2,520	4,544	5
Social security costs	389,161	21	7,417	5
Other staff costs	212,401	55	47,917	55
	20,766,163	**13,438**	**2,539,545**	**2,756**

In 2021 a total of 900,000 warrants have been granted, corresponding to a total of nom. DKK 135,000, which, subject to certain conditions, can be utilised by Upper Management and Board of Directors for new shares at a price of 18.3, corresponding to the weighted average share price in 5 trading days prior to announcing the Accelerate25 growth strategy.

In 2018, 2019 and 2020, a total of 1.000.000 warrants have been granted, corresponding to a total of nom. DKK 150,000, which, subject to certain conditions, can be utilized by employees for new shares at a price of 3,87 / 6,10 / 5,35, respectively.

The price for 2018 and 2019 corresponds to the weighted average share price in the period 1 January to 13 April 2018 and 1 January to 30 April 2019. The price for 2020 corresponds to the closing price on the trading day 25 June 2020.

2 Other financial income

	Group		Parent Company	
	2021 DKK	2020 TDKK	2021 DKK	2020 TDKK
Group enterprises	0	0	90,233	0
Other interest income	417,257	2	289	2
	417,257	**2**	**90,522**	**2**

3 Other financial expenses

	Group		Parent Company	
	2021 DKK	2020 TDKK	2021 DKK	2020 TDKK
Other interest expenses	598,370	28	139,126	28
	598,370	**28**	**139,126**	**28**

4 Tax on profit/loss for the year

	Group		Parent Company	
	2021 DKK	2020 TDKK	2021 DKK	2020 TDKK
Calculated tax on taxable income of the year	500,869	148	0	-33
Adjustment of deferred tax	-49,252	-2,000	0	-2,000
	451,617	**-1,852**	**0**	**-2,033**

5 Intangible assets

	Group		
	Development projects completed	Intangible fixed assets acquired	Goodwill
Cost at 1 January 2021	272,337	162,341	150,000
Exchange adjustment at closing rate	0	-2,730	0
Additions	0	0	9,709,283
Cost at 31 December 2021	**272,337**	**159,611**	**9,859,283**
Amortisation at 1 January 2021	272,337	159,330	15,625
Exchange adjustment at closing rate	0	-2,679	0
Amortisation for the year	0	1,318	583,867
Amortisation at 31 December 2021	**272,337**	**157,969**	**599,492**
Carrying amount at 31 December 2021	**0**	**1,642**	**9,259,791**

The group's development projects relate to the development of standard software used in the performance of client-specific tasks.

	Parent Company	
	Development projects completed	Goodwill
Cost at 1 January 2021	284,179	150,000
Cost at 31 December 2021	**284,179**	**150,000**
Amortisation at 1 January 2021	284,179	15,625
Amortisation for the year	0	15,000
Amortisation at 31 December 2021	**284,179**	**30,625**
Carrying amount at 31 December 2021	**0**	**119,375**

The company's development projects relate to the development of standard software used in the performance of client-specific tasks.

6 Property, plant and equipment

	Group
	Other plants, machinery, tools and equipment
Cost at 1 January 2021	693,768
Exchange adjustment	-9,214
Additions	825,665
Cost at 31 December 2021	**1,510,219**
Depreciation and impairment losses at 1 January 2021	486,004
Exchange adjustment	-6,203
Depreciation for the year	227,249
Depreciation and impairment losses at 31 December 2021	**707,050**
Carrying amount at 31 December 2021	**803,169**

	Parent Company
	Other plants, machinery, tools and equipment
Cost at 1 January 2021	145,875
Additions	31,038
Cost at 31 December 2021	**176,913**
Depreciation and impairment losses at 1 January 2021	117,064
Depreciation for the year	18,643
Depreciation and impairment losses at 31 December 2021	**135,707**
Carrying amount at 31 December 2021	**41,206**

7 Financial non-current assets

	Group
	Rent deposit and other receivables
Cost at 1 January 2021	127,238
Exchange adjustment	-2,140
Cost at 31 December 2021	**125,098**
Carrying amount at 31 December 2021	**125,098**

	Parent Company
	Equity investments in group enterprises
Cost at 1 January 2021	3,032,320
Exchange adjustment	-41,185
Additions	15,090
Disposals	-587,200
Cost at 31 December 2021	**2,419,025**
Revaluation at 1 January 2021	-188,333
Exchange adjustment	-24,757
Revaluation and impairment losses for the year	2,684,250
Reversal of value adjustment on disposal	545,956
Revaluation at 31 December 2021	**3,017,116**
Carrying amount at 31 December 2021	**5,436,141**

8 Deferred tax assets

Provision for deferred tax comprises deferred tax on contract work in progress, inventory and intangible and tangible fixed assets.

	Group		Parent Company	
	2021 DKK	2020 TDKK	2021 DKK	2020 TDKK
Deferred tax, beginning of year	2,800,000	800	2,800,000	800
Deferred tax of the year, income statement	49,252	2,000	0	2,000
Exchange adjustment	-285	0	0	0
Deferred tax assets 31 December 2020	**2,848,967**	**2,800**	**2,800,000**	**2,800**

Based on expectations of a positive operating profit before tax in the parent company in the next 4-5 years, the company's management has assessed a value of the company's tax asset at TDKK 2,800 thousand.

9 Long-term liabilities

	Group			
	31/12 2021 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2020 total liabilities
Other liabilities	66,116	0	66,116	60,847
	66,116	**0**	**66,116**	**60,847**

	Parent Company			
	31/12 2021 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2020 total liabilities
Other liabilities	66,116	0	66,116	60,847
	66,116	**0**	**66,116**	**60,847**

10 Contingencies etc.

Joint liabilities

The Danish companies of the group is jointly and severally liable for tax on the group's jointly taxed income and for certain possible withholding taxes such as dividend tax and royalty tax, and for the joint registration of VAT.

Tax payable of the group's jointly taxed income amounts to TDKK 112 at the balance sheet date.

11 Charges and securities

As security for the credit facility of DKK 4.016 thousand, the company has granted a mortgage of DKK 2,000 thousand. The mortgage comprises the following assets, the carrying amount of which as of 31 December is:

	Group	Parent Company
Trade receiveables	8,134,194 DKK	4,807,454 DKK

Accounting Policies

The Annual Report of Wirtek A/S for 2021 has been presented in accordance with the provisions of the Reg true Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to true reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year.

Consolidated Financial Statements

The consolidated financial statements include the parent company Wirtek A/S and its subsidiaries in which Wirtek A/S directly or indirectly holds more than 50% of the voting rights or in any other way has a controlling influence. Enterprises in which the group holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are considered associates, see the group structure.

The consolidated financial statements consolidate the financial statements of the parent company and the subsidiaries by combining uniform accounts items. Intercompany income and expenses, shareholdings, internal balances and dividend, and realised and unrealised gains and losses arising from transactions between the consolidated enterprises are fully eliminated in the consolidation.

New acquired or established enterprises are recognised in the consolidated financial statements from the time of acquisition. Sold or wound up enterprises are recognised in the consolidated income statement up to the time of disposal. Comparative figures are not adjusted for new acquired, sold or wound up enterprises.

The date of acquisition is the date at which the Group gains actual control over the acquired business.

Acquired enterprises are recognised in the consolidated financial statements under the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date. The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation methods. Upon calculation of the fair value of properties used in the business a discounted cash flow model is applied based on discounted cash flow of future earnings. Operating equipment is recognised at fair value based on an assessor's opinion, built on an overall assessment of the production equipment.

Positive differences (goodwill) between acquisition value and market value of acquired and identified assets and liabilities are recognised in intangible assets as goodwill and amortised systematically in the Income Statement under an individual assessment of the useful life. Negative differences are recognised in the Income Statement upon takeover.

Investments in subsidiary enterprises are set off by the proportional share of the subsidiaries' market value of net assets and liabilities at the acquisition date

Income statement

Net Revenue

Net revenue from sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Where products with a high degree of individual adjustments are delivered, recognition in net revenue is made as and when the production progresses, the net revenue being equal to the sales value of the work performed for the year (the production method). This method is applied when the total costs and expenses regarding the contract and the degree of completion at the balance sheet date can be reliably assessed, and it is likely that the financial benefits will flow to the company.

Other operating income

Other operating income includes items of a secondary nature in relation to the Group's and the Company's activities, including profit from sale of intangible and tangible fixed assets. In addition, profit from sale of intangible and tangible fixed assets as well as business interruption and conflict compensations are included.

Compensations are recognised when the income is deemed to be realisable.

Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operational lease expenses, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

Income from investments in subsidiaries

The income statement of the parent company recognises the proportional share of the results of each subsidiary after full elimination of intercompany profits/losses and deduction of amortisation of goodwill.

In connection with transfers, potential profits are recognised when the economic rights related to the sold equity interests are transferred, however, at the earliest when the profit has been realised or is regarded as realisable. Moreover, realised losses other than impairments are included where identified.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

Balance sheet

Intangible fixed assets

Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated to 10 years. The period of amortisation is determined based on an assessment of the acquired company's position in the market and earnings profile, and the industry-specific conditions.

Development costs comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the company's development activities and which fulfil the criteria for recognition.

Capitalised development costs are measured at the lower of cost less accumulated amortisation or recoverable amount.

Capitalised development costs are amortised on a straight-line basis over the estimated useful life after completion of the development work. The amortisation period is normally 5 years.

Intangible fixed assets are generally written down to the lower of recoverable value and carrying amount.

Tangible fixed assets

Land and buildings, production plant and machinery, other plants, fixtures and equipment are measured at cost less accumulated depreciation and write-down. Land is not depreciated.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Other plant, fixtures and equipment	2-5 years	0 %

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Fixed asset investments

Investments in subsidiaries are measured in the company's balance sheet under the equity method.

Investments in subsidiaries are measured in the balance sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the parent company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill

The acquisition method is used when acquiring enterprises, reassessing all identified assets and liabilities to fair value at the acquisition date. The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation methods.

Consolidated goodwill is amortised over the expected useful life, which is determined on the basis of Management's experience within the individual lines of business. Consolidated goodwill is amortised on a straight-line basis over the period of amortisation, which is 10 years. The period of amortisation is determined on the basis on an assessment of the acquired entity's position in the market and earnings profile, and industry-specific conditions.

Net revaluation of investments in subsidiaries and associates is transferred under the equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value.

Subsidiaries with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down by the company's share of the negative equity to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds receivables, the residual amount is recognised under provision for liabilities to the extent that the company's has a legal or actual liability to cover the subsidiaries deficit.

Impairment of fixed assets

The carrying amount of intangible and tangible fixed assets together with investments, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, write-down is provided to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by write down to meet expected losses.

Contract work in progress

Work in progress on contract is measured at the sales value of the work performed. The sales value is measured on the basis of the degree of completion on the balance sheet date and the total anticipated revenue related to the specific piece of work in progress.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Treasure shares

The company owns treasury shares. Acquisitions and disposals of treasury shares are recognised under the company's retained profit.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the on account tax scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date would be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity..

Liabilities

Amortized cost for current liabilities usually corresponds to nominal value.

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

Cash flow statement

The cash flow statement shows the company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

Cash flows from operating activities:

Cash flows from operating activities are computed as the results for the year adjusted for non cash operating items, changes in net working capital and corporation tax paid.

Cash flows from investing activities:

Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Cash flows from financing activities:

Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest bearing debt and payment of dividend to shareholders.

Cash and cash equivalents:

Cash and cash equivalents include bank overdraft and cash in hand.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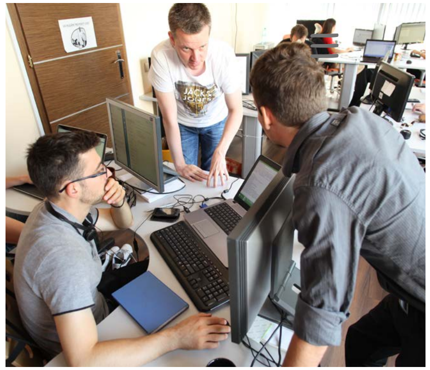

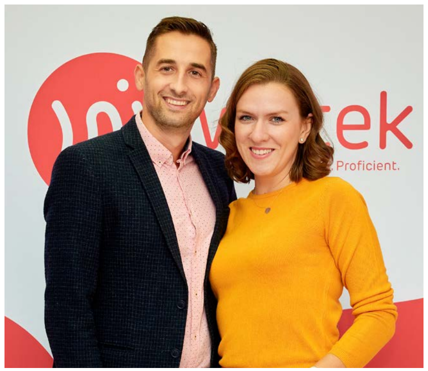
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