



wirtek
Committed. Involved. Proficient.

1 April – 30 June 2022

Q2 2022

Interim Report

Another solid quarter with strong growth

We are looking back on yet another quarter with strong revenue growth of 59% and EBITDA growth of 190% during Q2 2022 compared to Q2 2021. For H1 2022, Wirtek achieved revenue growth of 82% and EBITDA growth of 109%.

One of Wirtek's strategic goals is further internationalization. In Q2 2022 clients from outside Denmark accounted for 50% of Wirtek's total revenue, up from 43% during Q2 2021. Wirtek will keep the focus on international sales expansion - a key element in the Accelerate25XL strategy.

Organic growth of 27% in Q2 2022

Although Wirtek has a significant growth effect from the 2021 CoreBuild acquisition, Wirtek still achieved organic growth of 27% during Q2 2022, driven by increased demand from existing clients in both Software Engineering Services and Electronic Equipment Services.

Wirtek has gained several new clients in Denmark and internationally during the past 12 months, accounting for 9% of the total revenue generated during Q2 2022. We see a potential for further growth from all these clients.

Wirtek signs a non-binding acquisition agreement

Last year's acquisition of CoreBuild shows Wirtek's ability to successfully acquire and integrate another IT outsourcing company with quick positive results on both revenue and profitability.

As the integration of CoreBuild progresses as planned, Wirtek is now ready to do another acquisition. Wirtek has signed a comprehensive non-binding agreement to acquire a profitable, growth-oriented software company providing IT outsourcing services that further complement and build-out Wirtek's existing service offerings. The final closing of the acquisition is planned for late August 2022 and is conditioned upon a satisfactory due-diligence result.

The expected acquisition is closely aligned with our Accelerate25XL strategy and will strengthen Wirtek's services offerings while also supporting Wirtek's international sales expansion.

Investments in strengthening the organisation

Wirtek is investing significant human and financial resources in building an organisation that will support the rapid and sustainable growth required to achieve our long-term goals. Investments are currently being made in organisational development, implementing a new ERP system, and introducing IFRS. These investments will negatively impact EBITDA in the short-term but will contribute to streamlining operations and strengthen Wirtek's competences in the longer term.

Adjusting to future employee needs

Wirtek has an ongoing need to recruit new talent and retain our great colleagues, our most important asset as an IT outsourcing company. The current job market is very challenging, as companies experience widespread IT-talent bottlenecks worldwide. The bottleneck combined with a high rate of inflation has led to significant increases in salary levels and salary expectations. We are working closely with our clients to find ways to best deal with this situation.

Building a best-in-class workplace is an important part of our Accelerate25XL strategy – ensuring that our existing and future colleagues find that Wirtek is a company they really enjoy working for. We are currently designing a future hybrid workplace that will support the new ways of working as well as introducing an improved employee benefits package.

Confidence in the future

With continued solid financial performance, Wirtek is well-prepared to face a market situation that is currently challenged by geopolitical uncertainty, a challenging IT job market, high rates of inflation, and potential recession in EU and USA. Based on a risk assessment, the Board of Directors maintain Wirtek's raised expectations for 2022, with revenue growth of 41% - 52% and EBITDA growth of 39% - 54%.

I wish to thank all our hard-working colleagues, our business partners, and our loyal shareholders. We are looking forward to keeping you updated.



Michael Aen, CEO

Q2 2022 Summary

The Board of Directors for Wirtek A/S has today approved the interim report for the second quarter of 2022. The Board is very satisfied with the results of the first half of the year and maintains expectations for 2022.

Financial highlights for the period 1 January – 30 June 2022

| TDKK | Q2 2022 | Q2 2021 | Change | H1 2022 | H1 2021 | Change |
|-----------------------|---------|---------|--------|---------|---------|--------|
| Revenue | 15,447 | 9,699 | 59% | 31,788 | 17,446 | 82% |
| EBITDA | 1,724 | 594 | 190% | 4,322 | 2,072 | 109% |
| EBITDA-margin (%) | 11.2% | 6.1% | 84% | 13.6% | 11.9% | 14% |
| Pre-tax profits (EBT) | 1,300 | 336 | 287% | 3,445 | 1,827 | 143% |
| Cash holdings | 6,492 | (1,329) | NA | 6,492 | (1,329) | NA |

Revenue growth of 59% and EBITDA growth of 190% during Q2 2022

- **Revenue** grew by 59% to TDKK 15,447 during Q2 2022 compared to revenue of TDKK 9,699 during Q2 2021. Revenue growth during H1 2022 was 82% compared to H1 2021. Revenue grew organically by 32% during H1 2022.
- **EBITDA** was TDKK 1,724 in Q2 2022 compared to TDKK 594 for the same period last year, a growth of 190%. During H1 2022 EBITDA was TDKK 4,322, a growth of 109% compared to H1 2021.
- **The EBITDA-margin** for Q2 2022 was 11.2% compared to 6.1% during same period in 2021, up by 84%. For H1 2022 the EBITDA-margin was 13.6% compared to 11.9% during H1 2021.
- **Pre-tax profits (EBT)** were TDKK 1,300 in Q2 2022 compared to TDKK 336 during Q2 2021, a growth of 287%. EBT for H1 2022 grew by 143% compared to H1 2021.
- **Cash holdings** were TDKK 6,492 end of Q2 2022. Part of the cash-position is offset by a credit facility of TDKK 5,369. A negative cash flow of TDKK 1,430 was generated during Q2 2022, impacted significantly by an earn-out payment for the CoreBuild acquisition. The cash flow from operating activities was thus TDKK 177 during Q2 2022 and TDKK 2,920 during H1 2022.

Maintaining expectations for 2022

After raising expectations in March 2022 (see [company announcement no. 3/2022](#)), Wirtek has the following revenue and EBITDA expectations for 2022:

- **Revenue** expectations for 2022 are DKK 64.0m – 69.0m, a growth of 41% – 52% compared to 2021.
- **EBITDA** expectations for 2022 are DKK 8.6m – 9.6m, a growth of 39% – 54% compared to 2021.

Wirtek in brief

Wirtek is an international IT outsourcing company teaming up with companies to help them create great software solutions and electronic equipment products. Several clients have been with Wirtek for 10+ years. Wirtek has offices in Denmark (HQ + sales) and four development and test centres in Romania. Wirtek was established in 2001 and the staff counts 180+ talents. Wirtek was listed at Nasdaq First North Growth Market Denmark in 2006.

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

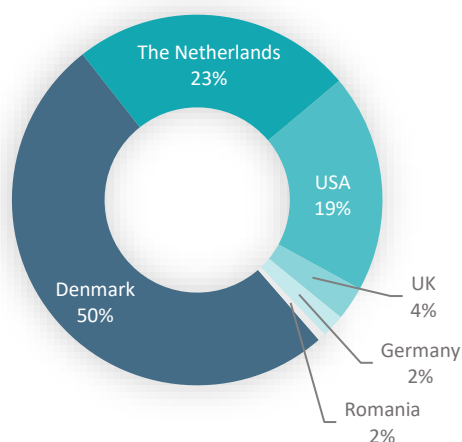
Management's Review

Revenue growth of 59% during Q2 2022

Wirtek posted Q2 2022 revenue of TDKK 15,447, a growth of 59% compared to Q2 2021. New clients gained during the past year accounted for 9% of total revenue during Q2 2022. For H1 2022 revenue grew 82% to TDKK 31,788.

Organic growth was 27% during Q2 2022 and for H1 2022 the organic growth was 32%. The organic growth was driven by increasing demand from existing clients in both business units.

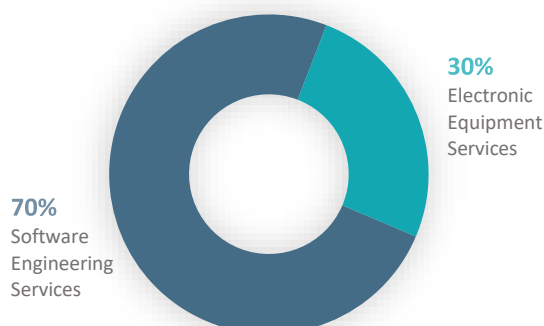
Geographical revenue distribution Q2 2022



Clients outside Denmark accounted for 50% of Wirtek's revenue during Q2 2022, up from 43% during Q2 2021. Clients from USA and The Netherlands accounted for 42% of the total revenue during Q2 2022 while Wirtek also had 8% of its revenue from clients in UK, Germany, and Romania.

With international sales expansion as a key element in Wirtek's Accelerate25XL strategy, this is in line with our efforts to expand into more international markets - primarily in North-Western Europe.

Business unit revenue distribution Q2 2022



The business unit Software Engineering Services accounts for 70% of total revenue during Q2 2022, up from 68% during Q2 2021. The quarterly revenue growth in this business unit was 56% compared to Q2 2021. The growth is positively affected by a significant part of the revenue from the CoreBuild acquisition being allocated to the Software Engineering Services business unit.

Revenue from Electronic Equipment Services accounts for 30% of total revenue during Q2 2022 and grew by 73% compared to Q2 2021. The revenue growth in this business unit is purely organic growth.

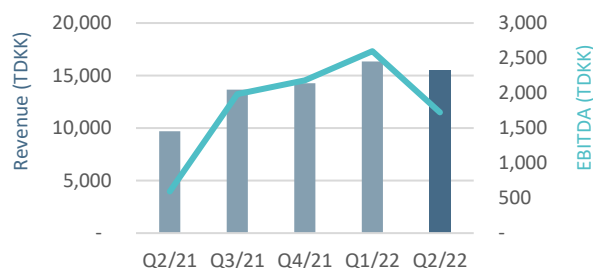
EBITDA growth of 190% during Q2 2022

EBITDA for Q2 2022 was TDKK 1,724, an increase of 190% compared to Q2 2021. The EBITDA-margin for Q2 2022 was 11,2%, up from 6.1% during Q2 2021.

For H1 2022 the EBITDA was TDKK 4,322, a growth of 109% compared to H1 2021. The EBITDA-margin for H1 2022 was 13,6%, up from 11.9% during H1 2021.

The recent development in EBITDA and revenue is as visualised below:

Revenue and EBITDA development



Significant budgeted investments in organisational development to support rapid and sustainable growth, implementing a new ERP system, and introducing IFRS will negatively impact the EBITDA from Q2 2022 and the coming 9 – 12 months. We also start seeing a negative impact of the high inflation rate combined with a challenging job market for IT people increasing salary levels.

Pre-tax profitability

Wirtek achieved pre-tax profits (EBT) of TDKK 1,300 during Q2 2022 compared to TDKK 336 during Q2 2021, a growth of 287%.

For H1 2022 pre-tax profits grew by 143% to TDKK 3,445.

Cash flow

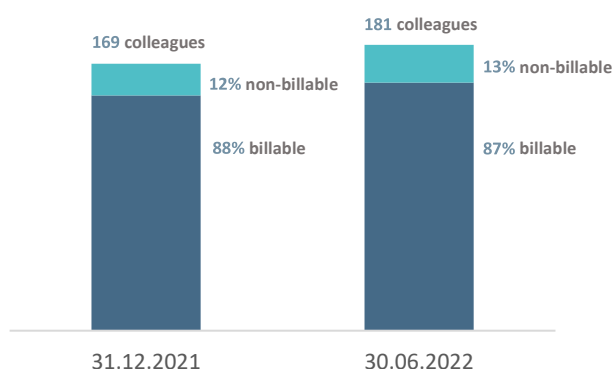
Wirtek achieved a positive cash flow from operating activities of TDKK 177 during Q2 2022 and TDKK 2,920 for H1 2022.

Dividend payment as well as earn-out payment to CoreBuild sellers during Q2 2022 negatively impacts the cash flow. Total cash flow during Q2 2022 was a negative TDKK 1,430. Total cash flow for H1 2022 was TDKK 306.

Operational efficiency

The number of colleagues increased with 7% during H1 2022 compared to end of 2021 to a total of 181.

The percentage of billable colleagues decreased from 88% end of 2021 to 87% end of Q2 2022. This is due to investment in building a strong organisation to support future growth.



The majority of new colleagues planned to be added in H2 2022 will be billable and is therefore expected to have a positive impact on both revenue and EBITDA.

Revised Accelerate25XL strategy launched

On 19 April 2022 Wirtek announced a revised Accelerate25XL strategy ([see company announcement no. 7/2022](#)) with a significant increase in financial long-term goals as well as adding a new operational goal of listing on Nasdaq Copenhagen Main Market before the end of 2025. The revised strategy is focused on

achieving Wirtek's long-term goals and does not impact the short-term expectations for 2022 of DKK 64.0m – 69.0m in revenue and DKK 8.6m – 9.6m in EBITDA.

Significant events after the balance date

On 14 July 2022 Wirtek announced the signing of a non-binding acquisition agreement to acquire a profitable, growth-oriented software company providing IT outsourcing services that further complement and build-out Wirtek's service offerings ([see company announcement no. 11/2022](#)).

Additional remarks to the financial reporting for Q2 2022

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

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

Financial Calendar

Interim Report Q3 2022: 9 November 2022

Annual Report 2022: 22 March 2023

Annual General Meeting: 19 April 2023

Further Information

- Michael Aaen, CEO, Wirtek A/S, Phone: +45 2529 7575, E-mail: ir@wirtek.com
- Kent Moustén Sørensen, Chairman, Wirtek A/S, Phone: +45 2125 9001
- Per Vestergaard, Certified Advisor, CDI Global, Phone: +45 2176 4317

Profit & loss statement for the period 1 April – 30 June 2022

| TDKK | Q2 2022 | Q2 2021 | Change Q2 | H1 2022 | H1 2021 | Change H1 |
|--------------------------------|---------------|--------------|-------------|---------------|---------------|-------------|
| Revenue | 15,447 | 9,699 | 59% | 31,788 | 17,446 | 82% |
| Other external costs | (1,697) | (1,730) | -2% | (3,480) | (2,658) | 31% |
| Gross profit | 13,750 | 7,969 | 73% | 28,308 | 14,788 | 91% |
| Personnel costs | (12,026) | (7,375) | 63% | (23,986) | (12,715) | 62% |
| EBITDA | 1,724 | 594 | 190% | 4,322 | 2,072 | 109% |
| Depreciation | (336) | (135) | 149% | (709) | (163) | 335% |
| Operating profit (EBIT) | 1,388 | 459 | 202% | 3,613 | 1,910 | 89% |
| Financial income / expenses | (88) | (123) | -28% | (167) | (82) | 104% |
| Pre-tax Profit (EBT) | 1,300 | 336 | 287% | 3,445 | 1,827 | 89% |
| Taxes | (196) | (14) | 1,300% | (417) | (69) | 504% |
| Net profit | 1,104 | 322 | 243% | 3,028 | 1,758 | 72% |

Cash flow statement for the period 1 January – 30 June 2022

| TDKK | Q2 2022 | Q2 2021 | H1 2022 | H1 2021 |
|--|----------------|----------------|----------------|----------------|
| EBITDA | 1,723 | 594 | 4,322 | 2,072 |
| Financial income / expenses | (88) | (123) | (167) | (82) |
| Payment of corporation tax | (197) | (14) | (417) | (69) |
| Exchange rate adjustments etc. | (4) | (4) | - | (65) |
| Change in trade receivables | 365 | (2,543) | (1,132) | (2,123) |
| Change in work in progress | - | - | - | - |
| Change in other receivables | 553 | 287 | (656) | 131 |
| Change in short term debt | (2,183) | 1,911 | 944 | 1,648 |
| Cash flow from operating activities | 177 | 8 | 2,920 | 1,512 |
| Purchase of intangible assets | (2,838) | - | (3,550) | - |
| Purchase of fixed assets | (51) | (4,239) | (346) | (4,252) |
| Other investments | - | - | - | - |
| Cash flow from investing activities | (2,889) | (4,239) | (3,896) | (4,252) |
| Sale/purchase of own shares | 2,689 | (2,629) | 2,689 | (2,629) |
| Capital increase/warrants exercise | 1,244 | 1,330 | 1,244 | 1,330 |
| Dividend paid | (2,681) | (1,171) | (2,681) | (1,171) |
| Other cash flows from financing activities | 30 | - | 30 | - |
| Cash flow from financing activities | 1,282 | (2,470) | 1,282 | (2,470) |
| Total cash flow | (1,430) | (6,702) | 306 | (5,210) |
| Cash holdings (less draw on credit facility), beginning of period | 2,551 | 5,374 | 815 | 3,882 |
| Cash holdings (less draw on credit facility), end of period | 1,121 | (1,328) | 1,121 | (1,328) |

Balance sheet as of 30 June 2022

| TDKK | 30.06.2022 | 30.06.2021 | 31.12.2021 |
|--|---------------|---------------|---------------|
| ASSETS | | | |
| Intangible assets | | | |
| Goodwill | 8,764 | 7,434 | 9,260 |
| Software | 2 | 2 | 2 |
| Property, plants and equipment | | | |
| Fixtures and fittings, tools and equipment | 895 | 287 | 803 |
| Investments | | | |
| Securities and deposits | 125 | 126 | 125 |
| Total fixed assets | 9,786 | 7,849 | 10,190 |
| Receivables | | | |
| Trade receivables | 9,324 | 6,155 | 8,134 |
| Work in progress | - | - | 27 |
| Other receivables | 1,346 | 713 | 492 |
| Advances for inventories | 16 | 100 | 182 |
| Deferred tax | 2,800 | 2,800 | 2,849 |
| Cash holdings | 6,492 | - | 4,803 |
| Total current assets | 19,977 | 9,768 | 16,489 |
| TOTAL ASSETS | 29,764 | 17,617 | 26,679 |
| LIABILITIES | | | |
| Share capital | 1,119 | 1,087 | 1,087 |
| Own shares | - | (2,629) | - |
| Share premium account | 2,490 | 1,278 | - |
| Currency exchange provision | (66) | (53) | - |
| Retained earnings + proposed dividend | 10,178 | 6,837 | 8,324 |
| Total equity | 13,721 | 6,520 | 9,411 |
| Long term liabilities | | | |
| Acquisition, Earn-out | - | 756 | - |
| Other long-term payables | 66 | - | 66 |
| Short term liabilities | | | |
| Short-term debt | 7,627 | 1,329 | 3,988 |
| Trade payables | 2,556 | 1,936 | 1,859 |
| Other liabilities | 5,794 | 7,076 | 11,355 |
| Total liabilities other than provisions | 16,043 | 10,341 | 17,268 |
| TOTAL LIABILITIES | 29,764 | 17,617 | 26,679 |

Equity explanation for the period 1 January – 30 June 2022

| TDKK | 30.06.2022 | 30.06.2021 |
|--------------------------------|---------------|--------------|
| Equity, beginning of year | 9,410 | 7,449 |
| Dividend distribution | (2,650) | (1,380) |
| Exchange rate adjustments etc. | - | 44 |
| Sale/purchase of own shares | 2,689 | (2,629) |
| Share premium account | 1,244 | 1,278 |
| Profit/Loss for H1 | 3,028 | 1,758 |
| EQUITY | 13,721 | 6,520 |

Outstanding shares

| | H1 2022 | H1 2021 |
|---|-----------|-----------|
| Outstanding shares (beginning of period) | 7,245,912 | 6,902,412 |
| Exercise of Warrants (Company announcement no. 10/2022) | 216,300 | 343,500 |
| Outstanding shares (end of period) | 7,462,212 | 7,245,912 |
| Average number of outstanding shares | 7,354,062 | 7,074,162 |

Key figures and ratios for the period 1 January – 30 June 2022

| | H1 2022 | H1 2021 |
|---------------------------------|----------|----------|
| EBITDA-margin | 13.6% | 11,9% |
| Operating profit margin (EBIT) | 10.8% | 10,9% |
| Liquidity ratio | 125% | 94% |
| Equity ratio | 46.1% | 37% |
| Earnings per share (EPS) | 0.41 DKK | 0.24 DKK |
| Operational cash flow per share | 0.39 DKK | 0.21 DKK |
| Share price, end of period | 16.0 DKK | 20.5 DKK |

The key figures and financial ratios above have been calculated in accordance with Danish Finance Society's "Recommendation & Financial Ratios".

Management and Board shareholdings (direct or indirect) in Wirtek A/S as of 10 August 2022

Michael Aaen, CEO: 2,393,778 shares
Kent M. Sørensen, Chairman: 958,818 shares
Jens Uggerhøj, Board member: 357,858 shares

Certified Advisor and associates' shareholdings in Wirtek A/S as of 10 August 2022

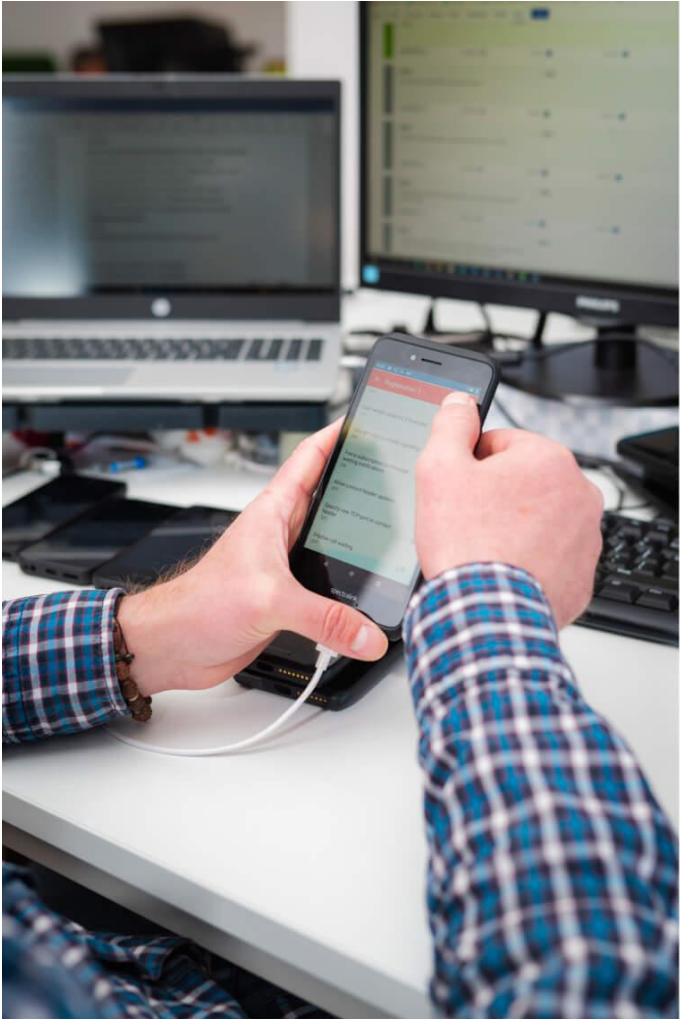
Per Vestergaard, CDI Global ApS, 1,650 shares

Auditor

BDO Statsautoriseret revisionsaktieselskab, Visionsvej 51, 9200 Aalborg, Denmark

Disclaimer

Forward-looking statements, especially such relating to future sales and operating profit, are subject to risks and uncertainties. Various factors, many of which are outside Wirtek's control, may cause the actual development of the company to differ materially from the expectations contained in this financial report.



Sign up for our investor newsletter [here](#).

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