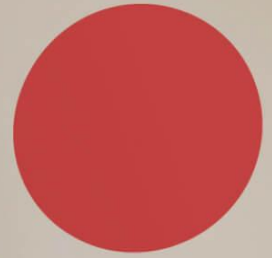




wirtek
Committed. Involved. Proficient.



1 July – 30 September 2022

Q3 2022

Interim Report

New clients contribute to continued strong organic growth

We are looking back on yet another quarter with strong revenue growth of 21% compared to Q3 2021. The Q3 revenue growth was purely organic. For Q1-Q3 2022, Wirtek achieved revenue growth of 55% and a corresponding EBITDA growth of 56% compared to Q1-Q3 2021.

During the past 6 months Wirtek gained 3 new clients that already contribute with 9% of Wirtek's monthly revenue. Wirtek's business model is based on building long-term and growing partnerships with our clients. We establish dedicated teams of skilled IT employees that augment our clients' internal development and test organisations. Once a client starts working with Wirtek, the client almost always stays with us for the long run. The average client partnership has lasted more than 6 years, although we regularly gain new clients.



Becoming a best-in-class workplace is key to sustainable growth

The talent bottlenecks in the IT industry persist and we have lost opportunities for even stronger growth during 2022. As part of our Accelerate25XL strategy, we aim to achieve a retention rate of 85% from 2024. One of the strategic tracks to getting there is for Wirtek to be recognized by our existing and future colleagues as a best-in-class workplace.

We are in the process of designing a hybrid workplace that will support the new ways of working, which is why we have decided to move into new offices in both Cluj-Napoca and Bucharest during 2023 and we are also introducing an improved employee benefits package.

As one of our initiatives and key differentiators compared to the majority of IT companies in Romania, Wirtek launched a warrants program in Q3 2022 that broadly target existing colleagues below Director-level. A portion of this warrants program is established as part of a comprehensive compensation package for the recruitment of key talent. We truly believe that allowing our colleagues to be future owners in Wirtek, not just employees, will increase their sense of belonging and the feeling of being an integral part of our future success.

Operational efficiency is key

In the IT outsourcing industry size matters, and profitability is positively impacted by economies of scale.

The percentage of billable colleagues in Wirtek was 82% end of 2019. After experiencing high growth rates the last couple of years, this percentage had increased to 88% by the end of 2021 and we have maintained this level in Q3 2022 despite major investments in professionalizing the entire organization. As we continue our growth, we expect the efficiency percentage will increase even further.

Our investments in a new group-wide ERP-system is expected to allow us to benefit further from economics of scale.

Wirtek maintains expectations for the full year 2022

Growth through acquisitions is part of our growth strategy, and in Q3 2022 we spent time thoroughly assessing an acquisition candidate but eventually chose not to proceed with this acquisition. We see a lot of M&A possibilities in our industry, and we are constantly keeping an eye out for attractive candidates.

Thus, we still expect 2022 to be a year of organic growth and, based on the first three quarters of 2022, we maintain our expectations for the full year.

As always, I wish to thank all our hardworking colleagues, our business partners, and our loyal shareholders. We are looking forward to keeping you updated.

Michael Aaen, CEO

Q3 2022 Summary

The Board of Directors has today approved the interim report for the third quarter of 2022. Given investments in IFRS and digital transformation with significant Q3 impact, the Board is satisfied with the results.

Financial highlights for the period 1 January – 30 September 2022

TDKK	Q3 2022	Q3 2021	Change	Q1-Q3 2022	Q1-Q3 2021	Change
Revenue	16,502	13,658	21%	48,290	31,105	55%
EBITDA	2,027	1,987	2%	6,349	4,060	56%
EBITDA-margin (%)	12.3%	14.5%	-15%	13.1%	13.1%	1%
Pre-tax profits (EBT)	1,669	1,653	1%	5,114	3,481	47%
Cash holdings	3,264	0	-	3,264	0	-

Revenue growth of 21% during Q3 2022 and organic revenue growth of 27% year-to-date

- **Revenue** grew by 21% to TDKK 16,502 during Q3 2022 compared to revenue of TDKK 13,658 during Q3 2021. Revenue growth during Q1-Q3 2022 was 55% compared to Q1-Q3 2021. Revenue grew organically by 27% during Q1-Q3 2022.
- **EBITDA** was TDKK 2,027 in Q3 2022 compared to TDKK 1,987 for the same period last year, a growth of 2%. High inflation has led to rising costs, and significant investments in a new ERP system and IFRS implementation have also had a negative impact on EBITDA during Q3. During Q1-Q3 2022 EBITDA was TDKK 6,349, a growth of 56% compared to Q1-Q3 2021.
- The **EBITDA-margin** for Q3 2022 was 12.3% compared to 14.5% during same period in 2021, a decrease of 15%. For Q1-Q3 2022 the EBITDA-margin was 13.1%, an increase of 1% compared to Q1-Q3 2021.
- **Pre-tax profits (EBT)** were TDKK 1,669 in Q3 2022 compared to TDKK 1,653 during Q3 2021, a growth of 1%. EBT for Q1-Q3 2022 grew by 47% compared to Q1-Q3 2021.
- **Cash holdings** were TDKK 3,264 end of Q3 2022. Part of the cash-position is offset by a credit facility. A negative cash flow of TDKK 853 was generated during Q3 2022. The cash flow from operating activities was negative TDKK 722 during Q3 2022 and positive TDKK 1,500 during Q1-Q3 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 \(DK0060040913\)](#)

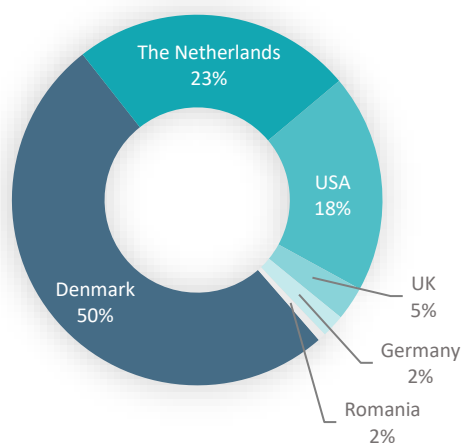
Management's Review

Revenue growth of 21% during Q3 2022

Wirtek posted Q3 2022 revenue of TDKK 16,502, a growth of 21% compared to Q3 2021. For Q1-Q3 2022 revenue grew 55% to TDKK 48,290.

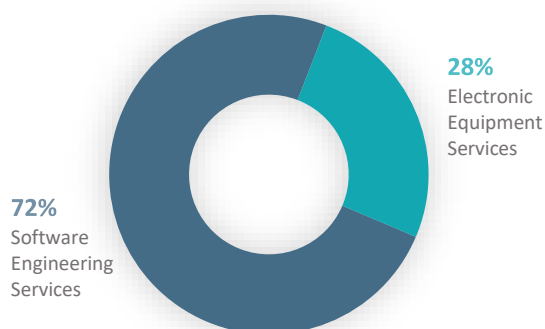
Organic growth was 21% during Q3 2022 and for Q1-Q3 2022 the organic growth was 27%. The organic growth was driven by both increasing demand from existing clients as well as growth from new clients. Wirtek has partnered with 3 new clients during the past 6 months that currently contribute with 9% of the monthly revenue.

Geographical revenue distribution Q3 2022



Clients in Denmark accounted for 50% of Wirtek's revenue during Q3 2022, up from 46% during Q3 2021. Wirtek has recently gained new clients in Denmark and experienced significant growth with existing Danish clients. Clients from USA and The Netherlands accounted for 41% of the total revenue during Q3 2022 while Wirtek also had 9% of its revenue from clients in UK, Germany, and Romania.

Business unit revenue distribution Q3 2022



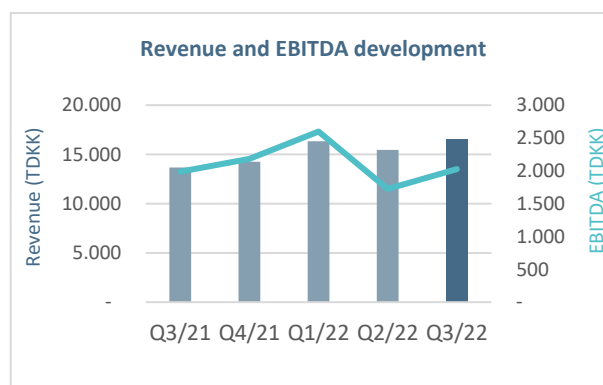
The business unit Software Engineering Services accounts for 72% of total revenue during Q3 2022, down from 74% during Q3 2021. The quarterly revenue growth in this business unit was 16% compared to Q3 2021.

Revenue from Electronic Equipment Services accounts for 28% of total revenue during Q3 2022 and grew by 33% compared to Q3 2021. The revenue growth in this business unit is purely organic growth.

EBITDA growth of 2% during Q3 2022

EBITDA for Q3 2022 was TDKK 2,027, an increase of 2% compared to Q3 2021. The EBITDA-margin for Q3 2022 was 12.3%, down from 14.5% during Q3 2021. For Q1-Q3 2022 the EBITDA was TDKK 6,349, a growth of 56% compared to Q1-Q3 2021. The EBITDA-margin for Q1-Q3 2022 was 13.1%, the same level as during Q1-Q3 2021.

Significant planned investments in strengthening of the organisation, implementing a new ERP system, and introducing IFRS negatively impacts EBITDA in Q3 2022, and these investments are expected to continue for the coming quarters. We also now see a negative impact from the very high inflation rate combined with a challenging job market with increasing IT salary levels.



Pre-tax profitability

Wirtek achieved pre-tax profits (EBT) of TDKK 1,669 during Q3 2022 compared to TDKK 1,653 during Q3 2021, a growth of 1%.

For Q1-Q3 2022 pre-tax profits grew by 47% to TDKK 5,114.

Cash flow

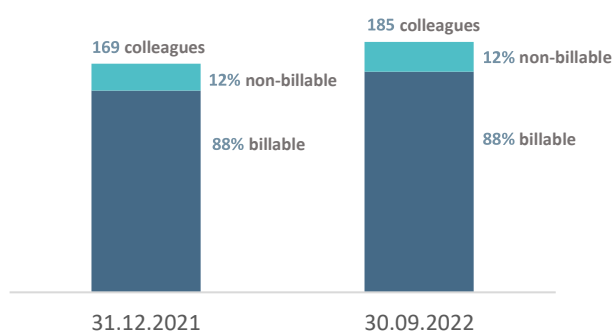
Wirtek had a negative cash flow from operating activities of TDKK 722 and a total negative cash flow of TDKK 853 during Q3 2022. The negative cash flow from operating activities during Q3 is primarily due to late payments from clients with 30-day payment terms and is expected to be back on track during Q4. The operating cash flow during Q1-Q3 2022 was TDKK 1,500.

Cash holdings were TDKK 3,264 at the end of Q3, 2022.

Operational efficiency

The number of colleagues increased by 9% during Q1-Q3 2022 compared to end of 2021 to a total of 185.

The percentage of billable colleagues is 88% end of Q3 2022, the same level as end of 2021 and up from the 87% billable colleagues in Q2 2022.



The majority of new colleagues planned to be added in Q4 2022 will be billable.

Significant events after the balance date

On 14 July 2022 Wirtek announced the signing of a non-binding acquisition agreement ([see company announcement no. 11/2022](#)). After finalising the due diligence process the Board of Directors have decided not to continue the acquisition process ([see company announcement no. 14/2022](#)).

Additional remarks to the financial reporting for Q3 2022

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

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

Financial Calendar

Annual Report 2022: 22 March 2023

Annual General Meeting: 19 April 2023

Interim Report Q1 2023: 10 May 2023

Interim Report Q2 2023: 9 August 2023

Interim Report Q3 2023: 8 November 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 January – 30 September 2022

TDKK	Q3 2022	Q3 2021	Change	Q1-Q3 2022	Q1-Q3 2021	Change
Revenue	16,502	13,658	20.8%	48,280	31,105	55.2%
Other external costs	1,617	1,539	5.1%	5,097	4,198	21.4%
Gross profit	14,885	12,119	22.8%	43,193	26,907	60.5%
Personnel costs	12,858	10,132	26.9%	36,844	22,847	61.3%
EBITDA	2,027	1,987	2.0%	6,349	4,060	56.4%
Depreciation	358	303	18.2%	1,066	466	128.8%
Operating profit (EBIT)	1,669	1,684	-0.9%	5,283	3,594	47.0%
Financial income / expenses	1	31	-96.8%	169	113	49.6%
Pre-tax Profit (EBT)	1,669	1,653	0.9%	5,114	3,481	46.9%
Taxes	197	43	358.1%	615	112	449.1%
Net profit	1,471	1,610	-8.6%	4,499	3,369	33.6%

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

TDKK	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021
EBITDA	2,027	1,987	6,348	4,060
Financial income / expenses	(1)	(31)	(169)	(113)
Payment of corporation tax	(197)	(43)	(615)	(112)
Exchange rate adjustments etc.	-	(17)	2	(81)
Change in trade receivables	(3,436)	(1,448)	(4,569)	(3,571)
Change in work in progress	-	-	27	-
Change in other receivables	(99)	(1,432)	(738)	(1,302)
Change in short term debt	983	1,806	1,212	3,454
Cash flow from operating activities	(722)	822	1,500	2,335
Purchase of intangible assets	-	-	(2,836)	-
Purchase of fixed assets	(131)	(206)	(479)	(4,459)
Other investments	-	-	-	-
Cash flow from investing activities	(131)	(206)	(3,315)	(4,459)
Sale/purchase of own shares	-	-	2,689	(2,629)
Capital increase/warrants exercise	-	-	1,244	1,330
Dividend paid	-	(209)	(2,651)	(1,380)
Other cash flows from financing activities	-	-	-	-
Cash flow from financing activities	-	(209)	1,282	(2,679)
Total cash flow	(853)	407	(533)	(4,803)
Cash holdings (less draw on credit facility), beginning of period	1,134	(1,328)	814	3,882
Cash holdings (less draw on credit facility), end of period	281	(921)	281	(921)

Balance sheet as of 30 September 2022

TDKK	30.09.2022	30.09.2021	31.12.2021
ASSETS			
Intangible assets			
Goodwill	8,504	7,148	9,260
Software	2	2	2
Property, plants and equipment			
Fixtures and fittings, tools and equipment	917	476	803
Investments			
Securities and deposits	136	126	125
Total fixed assets	9,559	7,752	10,190
Receivables			
Trade receivables	12,760	7,603	8,134
Work in progress	-	-	27
Other receivables	1,436	2,175	492
Advances for inventories	24	71	182
Deferred tax	2,800	2,800	2,849
Cash holdings	3,264	-	4,803
Total current assets	20,283	12,649	16,489
TOTAL ASSETS	29,842	20,401	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)	(69)	-
Retained earnings + proposed dividend	11,649	8,447	8,324
Total equity	15,192	8,115	9,411
Long term liabilities			
Acquisition, Earn-out	-	378	-
Other long-term payables	66	-	66
Short term liabilities			
Short-term debt	5,251	922	3,988
Trade payables	3,253	6,882	1,859
Other liabilities	6,080	4,103	11,355
Total liabilities other than provisions	14,650	12,286	17,268
TOTAL LIABILITIES	29,842	20,401	26,679

Equity explanation for the period 1 January – 30 September 2022

TDKK	30.09.2022	30.09.2021
Equity, beginning of year	9,410	7,449
Dividend distribution	(2,651)	(1,380)
Exchange rate adjustments etc.	-	28
Sale/purchase of own shares	2,689	(2,629)
Share premium account	1,245	1,278
Profit/Loss, year-to-date	4,499	3,368
EQUITY	15,192	8,114

Outstanding shares

	Q1-Q3 2022	Q1-Q3 2021
Outstanding shares (beginning of period)	7,245,912	6,902,412
Exercise of Warrants	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
Number of issued warrants	1,690,200	1,556,500
Adjusted number of issued warrants (less out-of-the-money warrants)	440,200	1,556,500
Dilution – All issued warrants fully exercised	18,5%	17,7%
Dilution – adjusted number of warrants	5.6%	17.7%

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

	Q1-Q3 2022	Q1-Q3 2021
EBITDA-margin	13.1%	13.1%
Operating profit margin (EBIT)	10.9%	11.6%
Liquidity ratio	139%	106%
Equity ratio	51%	40%
Earnings per share (EPS)	0.60 DKK	0.47 DKK
Earnings per share (EPS) – fully diluted	0.37 DKK	0.38 DKK
Earnings per share (EPS) – fully diluted – adjusted warrants	0.43 DKK	0.38 DKK
Cash flow per share	(0.07) DKK	(0.66) DKK
Share price, end of period	15.75 DKK	19.0 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 9 November 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 9 November 2022

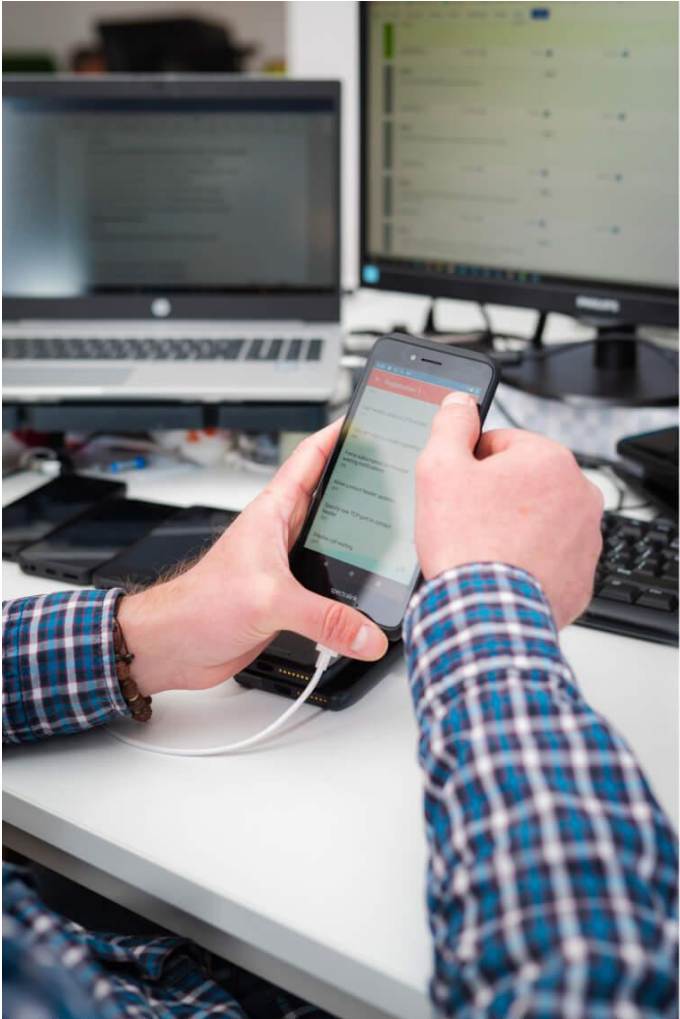
Per Vestergaard, CDI Global ApS, 1,650 shares

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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