

Wirtek Announces 2025 Strategy – Accelerated Profitable Growth of Average 30% Annually

After a strong finish to our 2018 – 2020 strategy, with 2020 expectations raised three times during the ongoing COVID-19 pandemic, the Board of Wirtek A/S is pleased to announce our 2025 strategy.

Wirtek targets annual revenue of DKK 100 million with pre-tax earnings of DKK 10 million by Fiscal Year 2025. Wirtek expects to grow profitably each year with a minimum EBITDA margin of 6% each year in the entire strategic period.

To reach the financial goals, Wirtek will continue to build-out an already efficient service delivery organisation by further strengthening our Romanian presence and additionally expanding our sourcing capabilities outside Romania.

Another key factor to delivering strong financial results is ensuring a high employee retention rate of at least 90% by 2023.

A Strong Foundation for Growth

Wirtek has grown profitably at double-digit growth rates since 2012, with an average annual revenue growth of approx. 24% during the previous 3-year strategic period. For Fiscal Year 2020 the Board expects the revenue to be in the interval of DKK 27,3 – 27,7 million, with pre-tax earnings of DKK 2,9 – 3,1 million (cf. Company Announcement no. 127 of Dec. 7, 2020). Actual 2020 results will be published on March 4, 2021.

During Q4 of 2020, Wirtek launched a major rebranding of our company to create a strong brand awareness and differentiate our services in the market.

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.

Strategic Goals for 2025

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

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

To reach a revenue goal of **DKK 100 million** 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 10 million** 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 organisation 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 of **>90%** by 2023.

Four Strategic Tracks Supporting Annual Growth of 30%

Wirtek's strategic direction towards meeting the goals of our 2025 strategy is dictated by the following four strategic tracks:



Accelerated profitable growth

through a combination of organic growth and acquisitions.

Wirtek will 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 2027.¹

Wirtek currently has less than 30% 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 employee 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.

¹ Source: <https://www.grandviewresearch.com/industry-analysis/it-services-outsourcing-market>



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.

Commitment to Reaching the Strategic Goals

The Board proposes a warrants-based Long-Term Incentive Program (LTIP) to commit the Board and upper management towards the 2025 strategic goals.

The Board, C-level executives and Directors will be eligible for participation in the LTIP. As part of the commitment towards the strategic goals, participants in the LTIP will forego any increases in board fees/fixed salary/personal bonus during a 3-year period (2021 - 2023) to decrease overhead cost thereby increasing profitability.

The planned LTIP program is structured to incentivise both towards short-term goals (size of actual warrants granted will be based on reaching revenue and EBITDA goals during 2021 - 2023) as well as long-term strategy fulfilment (actual value of warrants at the time of vesting).

The strike price for warrants granted during this LTIP will be established as the weighted average price of Wirtek shares traded during the week (five trading days) prior to publication of the 2025 strategy.

The Board plans to present the Long-Term Incentive Program for approval at the Annual General Meeting on April 4, 2021.

The Annual Report for 2020 Will be Released on March 4, 2021

When we publish our 2020 annual report on March 4, 2021, we will further detail the impact of our new strategy towards our expectations for 2021 and beyond.

Further information

- Michael Aaen, CEO, Wirtek A/S, Phone: +45 2529 7575, E-mail: ir@wirtek.com
Niels Jernes Vej 10, 9220 Aalborg Ø, www.wirtek.com
- Kent Moustén Sørensen, Chairman, Wirtek A/S, Phone: +45 2125 9001
- Per Vestergaard, Certified Advisor, CDI Global, Phone: +45 2176 4317

About Wirtek

Wirtek is a Danish IT outsourcing company. Since 2001, we have been teaming up with companies to help them create great software solutions and electronic equipment products.

Several clients have been with us for 10+ years, so we can confidently say that in outsourcing, the quality of the relationship matters just as much as the quality of the delivered software. Our clients get state-of-the-art technical solutions and a committed team that works with them as if it were their own.

Wirtek has offices in Denmark (HQ + sales) and three development and test centres in Romania, and we are 100+ colleagues. Wirtek was listed at Nasdaq First North Growth Market Denmark in 2006.

Ticker Code: [WIRTEK \(DK0060040913\)](https://www.nasdaq.com/quote/WIRTEK)