2020 Annual Report

Cloud-Based Construction Management Software (SaaS)

Zutec Holding AB
Annual Financial Report for the Year Ended 30 June 2020

Empire, Melbourne

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Briefly about Zutec

Not a Start-up

Founded in 1999- Operations in Dublin, London, Melbourne and Abu Dhabi.

Listed in March 2018 on First North Nasdaq Stockholm

Sales of SEK27m in 2020

Cloud-Based Software (SaaS)

Cloud-based construction management software.

Sells exclusively to construction sector.

Large & Fast Growing Market

Market of SEK20bn expected to grow+10% p.a.

Construction is the least digitized industry and Covid-19 has triggered acceleration.

Proven Products

Zutec Cloud (Web App) for document management, CDE and handover.

Zutec Field and Zutec BIM Mobile Apps for Inspections, Defects and H&S.

Top Tier Customer Base

Tier 1 customers including Multiplex, Wates & Mirvac

Top class refences projects including the Shard & Wembley Stadium

Strong Financial Profile

Sales growth of 30% in the last quarter.

Normalized EBITDA break-even in last quarter.

No Interest-bearing debt and strong cash balance as of September 2020.

What our Customers Say…

"We found Zutec a very easy system to use that keeps all documents in the one place, from a user point of view it provided a seamless way to work with all parties on the project to ensure we were getting the documentation we needed for project completion."

- David Mercieca, Walker Corporation, Australia

"It's been a pleasure working with Zutec, in essence, the Team is meticulous, prompt and always one step ahead!"

- Jolita Suchodimcevaite, Development Coordinator, Marlet, Ireland

"Zutec has made a significant difference to our daily tasks by moving from paper to our cloud-based online management database. With full traceability, Zutec is easy on the eye and easy to use and has achieved full buy-in from design consultants to subcontractors. The in-depth training and support from Zutec have given us the confidence to build the system to our project requirements."

- Patricia Brady, BM Durkan, Ireland

"Zutec was understanding of our requirements and provided us with a customised solution to suit. An important component was the bespoke reporting tools Zutec developed which enabled the entire team to understand the status of activities in real time. The most powerful example was the ability for us to instantly distinguish between completed work flagged by the sub- contractor and work completed to Probuilds quality standards. This changed our culture on site from simply meeting the program to delivering a finished product that did not require rework"

- James Grant, Probuild, Project Manager, Empire, Melbourne

Highlights for financial year ending 30th June 2020

2020 was a strong year for Zutec involving a lot of change and meaningful growth. Our growth for the year was 25%. The ongoing pandemic has had and will continue to have a profound impact on our business and accelerate the digitization of the construction industry.

Financial Highlights

- Net sales of SEK 26.7 million, corresponding to a 24.6% increase compared with the same period in 2019 (SEK 21.5 million).
- Net loss was SEK (36.7) million compared with the same period in 2019 (SEK (28.9) million).
- Cash flow from operations of SEK (7.5) million compared with the same period in 2019 (SEK(30.5) million).
- Earnings per share was a loss of SEK 4.67 compared to a loss of SEK 4.04 last year.
- Completed SEK 42.2m rights issue in June 2020 and subsequently repaid all interest-bearing debt in July 2020.

24.6%

Sales Growth in FY 2020

Operational Highlights

- Gustave Geisendorf appointed new CEO in March 2020 and interim CEO/CFO left the company.
- New chairman and board of directors.
- Acquired a 34% stake in Zutec Australia.
- Initiated efficiency and cost saving program.

42.2m

SEK raised in equity issue

New business

In 2020, Zutec secured agreements with a number of new customers such as Wates, Mitchellsons, Cairn Homes, Richmond Homes, SCS JV (Skanska, Costain, Strabag), Marlet Property Group, Sisk, McLaren Group. We also secured agreements for a number of key construction projects such HS2, Midfield Terminal, National Children's Hospital and Chelsea Barracks.

Key Figures

(SEK million other than ratio, Financial Year Ending June 30)

Net sales and earnings	**2019/2020**	**2018/2019**	**2017/2018**
Net sales	26.7	21.5	32.8
Operating profit before depreciation (EBITDA)	-28.0	-24.0	6.3
Depreciation	-7.5	-5.1	-3.9
Operating profit (EBIT)	-35.5	-29.1	2.3
Profit/loss for the year	-36.7	-28.9	2.1
Cash Flow			
Cash flow from current operations	4.2	-24.9	-1.8
Cash flow from investment activities	-5.7	-7.3	-4.9
Cash flow for the year	42.5	-32.2	46.9
Cash	57.6	15.1	47.3
Capital employed and financing			
Total assets	86.9	47.4	78.1
Net debt/(cash)	-47.1	-15.1	-47.3
Equity	39.5	35.2	64.2
Key ratios			
Operating margin (EBITDA), %	neg	neg	19.2
Operating margin (EBIT), %	neg	neg	7.1
Equity ratio, %	45.4	74.3	82.1

Comments from Our CEO

A Year with a Turbulent Start and a Strong Finish with Growth of 30%.

I was appointed CEO of Zutec in March 2020 and what a great privilege it has been to work with all the people and customers of this company. Our focus now is on growth by capturing market share in our home markets.

The initial period since my appointment was characterized by turning the company around and I am pleased with the progress. During the last quarter we worked hard on launching the new Zutec, which I called "Zutec 1.1". This included forming a new board of directors, a new focused strategy, making cost and working capital improvements, raising capital, appointing and hiring a new leadership team, reorganizing the group, consolidating the group structure and winning new deals and customers. I am very pleased that the whole company has come together behind all these initiatives working as a team and we have come out strong and better. I am proud of what we have achieved on a financial level as well in a short period of time:

- Net sales increased by 24.6% during the year.
- Our efficiency and cost saving program initiated at the end of the third quarter started having an impact in the fourth quarter .
- Our capital structure is strong following the successful completion of the oversubscribed directed and rights issues where we raised SEK 42.2 million of new equity.

Impact from Covid-19

The pandemic has had a profound impact on the world we are living in. There is a new normal. For Zutec, we have been working remotely since March and we will continue doing so until its entirely safe to return to an office environment. The construction industry has historically been slow to adopt technology and remains the least digitized industry in the world. Covid-19 has been a clear wake up call for the industry and technology has gone from a nice to have to a must have. We have seen this positively impacting Zutec in the last quarter resulting in sales increasing with 30% and winning a number of new meaningful contracts from new clients which we have successfully onboarded. We believe the industry is now ripe for growth and acceleration of digitization in the construction industry.

Cost cutting and working capital improvements

In March we embarked on a meaningful cost cutting program to realign our cost base, however still cognitive of the fact that growth is our main objective. We therefore could not cut too hard as we are anticipating growth. We have however meaningfully reduced our personnel costs and overheads. The impact from this will come through during the next financial year. We have further almost entirely reduced our reliance on consultants as we need to have the core knowledge inhouse. We have also improved our working capital policies and procedures. This has included revising our payment terms and ensuring timely payments from customers as well as reaching settlements with some of the legacy debtors. As a result, our working capital development has improved.

Focused growth strategy

Zutec provides cloud-based software to the construction industry. We operate in the SaaS industry and provide web-based applications and mobile applications. The two most important assets at Zutec is our product and our people. I believe Zutec has a fundamentally good and relevant product and we provide a value-add cloud-based software for the construction industry. We work exclusively with the construction industry and that means we can focus. We also have a strong list of existing customers, but we have too few customers and that is what we need to address. Our strategy is therefore reasonably simple; sell what we are already selling but to new customers whilst simultaneously retaining our existing customer base. We are winning new clients which is proof that it works, now we need to step up the pace.

New organization and leadership

We launched a new organization with the intention of making sure that we better serve our existing customers and organized so that we can scale and grow the business. We have done that by creating centers of excellence throughout the organisation which all need to function in tandem. This "Ecosystem" has been organized into market facing functions and sales support functions. The market facing functions include our sales and services organization. Within sales we are now organized into prospecting/lead generation, sales, key account and customer success. Our services organization includes our implementation and training teams in addition to our customer care functions. The customer journey when a customer comes to Zutec has to be flawless and that is what I believe this "Ecosystem" approach delivers. Our development function has also been recut to be more customer focused and process driven. We also have new leadership in finance and we will be working further towards professionalizing our finance function including quicker and better reporting and improved transparency. As part of this we have also appointed new auditors so that we get a fresh pair of eyes.

We have a new board of directors. Mikael Näsström is our new chairman and he brings a wealth of experience in B2B sales and marketing. He is working alongside Stefan Charette, from our main shareholder Athanase; Brian McGuire, the original founder of Zutec; Erik Gabrielsson, an experienced board professional as well as Per Åkerman, who has a long career and leadership positions in Skanska. With this board of directors together with the new leadership team I believe we can succeed.

Strong momentum on new contracts

We have a clear focus and emphasis on making sure that we get recurring and sticky revenues. This includes going from a selling software on a project basis to selling Enterprise Agreements which are multi-year and multi-project contracts. To further streamline sales, we split our sales organization into Enterprise and Infrastructure. Within our Enterprise business, where we target residential and commercial new construction, we have during the year secured our first Enterprise Agreement with Cairn Homes but also a number of other similar contracts for Mitchellson, Marlet Property Group and Homeland. Within our Infrastructure business we have secured meaningful contracts with SCS JV for the construction of HS2 (the largest infrastructure project in Europe), ADAC for the construction of the Midfield terminal in Abu Dhabi and Linesight for the National Children Hospital in Dublin.

Successfully completed an oversubscribed rights issue

Having an adequate capital structure for growth is imperative. In June we successfully raised SEK 42.2m from existing and new shareholders. As part of that I am pleased to see that a large number of new shareholders have believed in Zutec and we are grateful for the confidence you have stowed on us. We will do our best to deliver. We are equally pleased that our core group of shareholders also invested in the issue. Given that our focus is rapid growth we should not have a leveraged capital structure and we have therefore repaid Athanase's loan in July 2020 and we now have no interest-bearing debt in the business.

Where do we go from here? From "Zutec 1.1" to "Zutec 2.0"

I believe that we have well ahead of time completed "Zutec 1.1". We are now embarking on "Zutec 2.0". Zutec 2.0 is all about growth and disrupting the digitization of the construction industry. I am very excited about this new "release". Our primary objective is to deeper and wider penetrate our home markets in the U.K., Ireland, Australia and Middle East. We are focusing on our home markets to reduce the risk of right now entering new markets. There is enough to go for in our home markets where we already have a presence. The market for construction is expected to grow by 10% and we grew our business with 25% in this last year. We need to invest in that growth by having an even better product offering, making sure that new customers understand the benefits of our products, hire the best talent and be even more agile and disruptive.

I believe we are in a strong position to capitalize not only on the compelling dynamics in the market but also to leverage on the great momentum we have in our business. I am very proud of what the team has accomplished up to now, but even more excited about what comes next. You will be the first to know…..stay tuned.

Warm regards,

Gustave Geisendorf, Chief Executive Officer

Comments from Our Chairman

Dear Shareholder,

The past year can be defined with one word. Change. The world has changed in many ways. The Covid-19 pandemic has been a challenge for the world that we live in and our thoughts are with all the people that have been influenced by the Corona virus.

The construction industry that we operate in is the least digitalized industry in the world. The digital transformation has been accelerated by several years due to the Covid pandemic. The requirement for digital tools to aid the construction industry is growing. Zutec is taking the role as a disruptor in this changing environment, building on its long legacy of many high profile projects and strong portfolio of software tools for the construction industry. We believe that Zutec is well positioned to serve our customers well by combining our leading position within digitizing both large and small projects and user-friendly software

Zutec is a business in change. The changes made are targeted to fuel growth and maximize shareholder value. In the past year we have re-structured the Board of Directors. The election of Stefan Charette, Per Åkerman, Erik Gabrielson and Brian Mcguire has created a good mix of construction industry, and software domain, expertise coupled with proven experience in creating shareholder value. Our board are very excited with the appointment of Gustave Geisendorf as the new CEO. Gustave brings the energy and competence to lead Zutec in our next chapter as a growth focused software company. Gustave has been instrumental in setting up the company and building a strong foundation for growth. His senior management team brings a wealth of experience and competence within both the software and construction industry.

We are encouraged to see the first signs of these efforts being translated into organic growth of 24.6% and are confident that the changes being made will further drive growth and shareholder value.

Thank you for your continued support and we look forward to further positive change

Mikael Näsström
Chairman of the Board

Industry Overview and Trends

Introduction

Zutec is a provider of cloud-based construction management software, and are helping transform one of the oldest, largest, and least digitized industries in the world. Zutec focuses exclusively on construction, encompassing all the industry's key stakeholders, such as owners, general contractors, specialty contractors, architects, and engineers, to collaborate from any location, on any Internet-connected device.

Zutec operates in the cloud-based construction software market in general and in particular within software as a service ("SaaS") data management and collaboration tools within the building and construction segment. The construction market is quickly adapting to new services and is aiming to help enterprises become more effective and cost efficient.

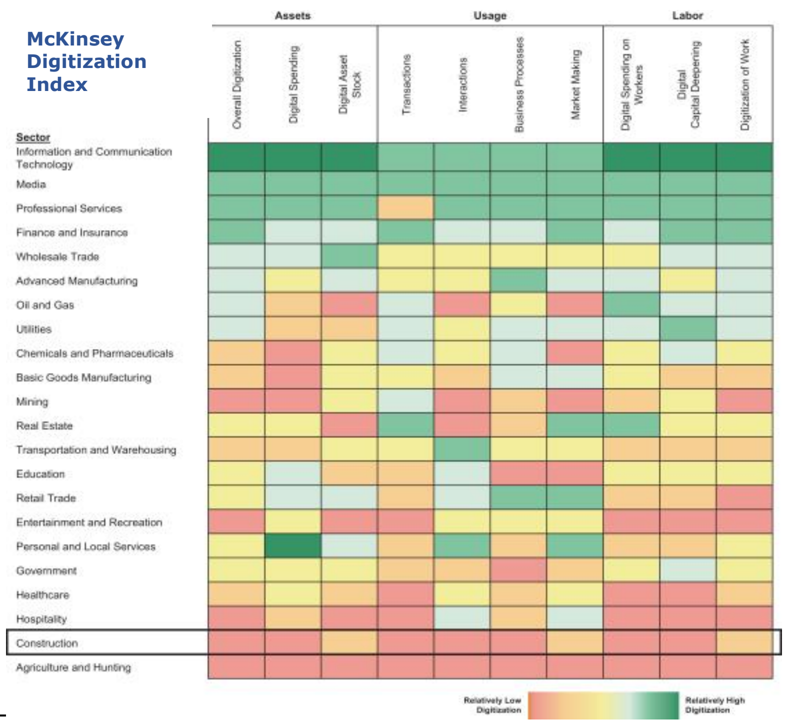
The construction industry and technology

Annual worldwide construction spends in the construction industry, which includes new construction and maintenance and modifications, is expected to grow 2.0 per cent yearly from approximately USD 10 trillion in 2017 to approximately USD 14 trillion by 2025, according to McKinsey.[1] Despite that the construction industry is one of the largest in the world, it has historically lagged behind nearly every other industry in digitization. According to McKinsey's "Industry Digitization Index", construction ranks second from last in digitization across all major sectors, ahead of only agriculture and hunting.

The Company believe that a principal reason for this is that, prior to the proliferation of the Internet, Wi-Fi, and mobile devices, this field-based industry faced technology adoption barriers that other industries did not have to overcome.

Investments in technology within the construction sector are expected to increase significantly. In a survey from 2018 on the subject of digital strategy and readiness of the construction industry, over 98 per cent of the respondents agree that digital solutions will be critical to the future viability of their company. Of the companies surveyed, 28 per cent of respondents have a digital strategy and agenda in place, while 56 per cent are in the process of designing their strategy.[2] As a SaaS solution provider in the segment, the Company believes that Zutec's tools are apt to capture this market.

Boston Consulting Group also estimates that, within ten years from 2017, full scale digitization in commercial construction will globally save between USD 0.7 and 1.2 trillion in the construction phase and USD 0.3 to 0.5 trillion in the operations phase.[3] Accordingly, industry actors need to increase their efforts within digitization to exploit the potential that can fundamentally revolutionize the sector. Those who fail to do so risk being outpaced by their competitors.



[1] McKinsey & Company, McKinsey Global Institute, Reinventing Construction, Februari 2017
[2] EY, "*How are engineering and construction companies adapting digital to their businesses?*", https://www.ey.com/Publication/vwLUAssets/EY-Digital-survey/$File/EY-Digital-survey.pdf
[3] Boston Consulting Group, "*Shaping the Future of Construction: Inspiring Innovators Redefine the Industry*", March 2017

About cloud-computing and SaaS

The cloud model itself, according to the National Institute of Standards and Technology, is composed of

- Five essential characteristics; measured service, on-demand service, resource pooling, rapid elasticity and broad network access,
- Four deployment models; private cloud, public cloud, community cloud and hybrid cloud, and
- Three service models; Infrastructure-as-a-Service ("IaaS"), Platform-as-a-Service ("PaaS") and Software-as-a-Service ("SaaS").

Essentially, SaaS is a subset of cloud computing. However, it is important to note that not all SaaS models are built-in the cloud. SaaS products or applications can be built on a local terminal and deployed to a cloud-based server. The applications are accessible from various client devices through either a thin client interface, such as a web browser (e.g., web-based email), or a program interface. The consumer does not manage or control the underlying cloud infrastructure including network, servers, operating systems, storage, or even individual application capabilities, with the possible exception of limited user- specific application configuration settings. Zutec's product is cloud-based and is accessed and utilized through a web browser or mobile application.

The idea of cloud-based SaaS is for providers to deliver software which is centrally hosted and accessible from anywhere with Internet connection. The service is often licensed on a subscription basis and has grown popular during recent years as an alternative to traditional local service software. SaaS offers organizations tangible benefits; they can efficiently collaborate and share workflow and content no matter the size or location of it. As the service is hosted through the provider, clients benefit from lower hardware and IT support costs. Updates can easily be pushed out to all users simultaneously to keep up with their need, which improves the stickiness of the software. Due to connectivity, work within SaaS platforms can be monitored in real-time.

The market for SaaS amounted to USD 99.5 billion globally in 2019. It is estimated to reach a market value of USD 151.1 billion in 2022, growing at a compound annual growth rate ("CAGR") of 17.3 per cent.[4]

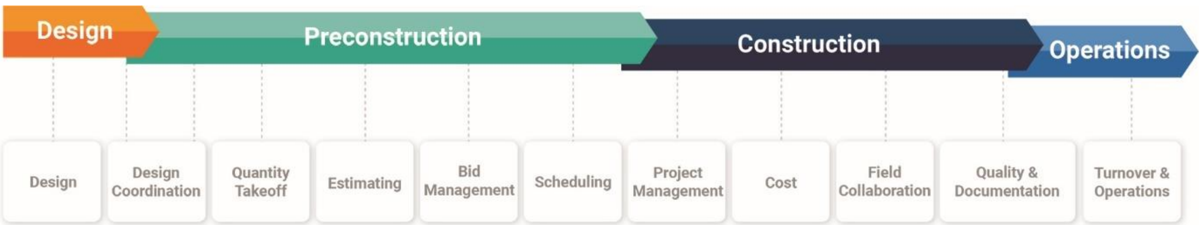
[4] Pressmeddelande från Gartner, Inc., (www.)gartner.com/en/newsroom/press-releases/2019-11-13-gartner-forecasts-worldwide-public-cloud-revenue-to-grow-17-percent-in-2020, november 2019

The market for construction software

Construction software refers to the segment of collaboration solutions that is tailored towards the building and construction industry, which is the field Zutec serves. The market for the construction software segment, as defined by the Company, encompasses the entire construction cycle from design to operations.

Whereas Zutec's product can technically be included in every stage of the construction cycle, Zutec is specifically focused on the later stages of the Construction Phase which includes applications around Field Collaboration and Quality and Safety (commonly also referred to as Handover) whereby the contractor returns the building back to the property owner after the completion of the construction phase. Zutec also to a lesser extent provides a BIM application which technically serves the entire construction cycle from Design to Operations.

The market value can vary depending on the estimation method. The Company estimates the market value of the construction software sector was SEK 18 billion in 2019, and the market will grow by 10 per cent annually. The Company notes that is is hard to estimate the growth in the short-term given the prevailing market conditions.



Significant industry trends and drivers

The Company believes that this generation's greatest technological advancement is the Internet. The driving forces behind digitization are many. This section presents the Company's view of significant trends related to the software market in the construction sector.

1. Technology in the construction sector has gone from a nice to have to a must have

The Company believes that the information technology paradigm shift, which includes the Internet, the Internet of things ("IoT") and digital technology, is the largest and most important in recent time in terms of digitization, but the building and construction industry is yet in the early stages of adopting these technologies.

2. Increasing digitization within building and construction

The Company believes that the information technology paradigm shift, which includes the Internet, the Internet of things ("IoT") and digital technology, is the largest and most important in recent time in terms of digitization, but the building and construction industry is yet in the early stages of adopting these technologies.

There are different project management methods used in a building and construction process depending on where in the building lifecycle the asset is. While pen and paper have been the most prevalent way of documenting snags and defects, project management is today often handled through spreadsheets and physical files. Even if the sector is under-digitized there are positive developments. Deloitte published a report on the engineering and construction industry outlook for 2020 and suggests that building a solid digital roadmap can help with operational challenges in the industry while also delivering competitive advantage for the early adopters. While the industry still trails broader digital adoption maturity, the continued adoption of digital technologies could alleviate some of these issues. It can also present additional hurdles in terms of successful implementations and upskilling the workforce to absorb the technologies. [5]

Investments in technology within the sector are expected to increase significantly. The KPMG CIO Survey indicated that 90 per cent of the top 20 per cent of the participants in survey have a technology vision and a road map. Executives at infrastructure companies overwhelmingly agree that technology will transform their business over the next five years. 83 per cent of all participants in the survey feel organizations will be data-driven, including routine use of data analytics and predictive modelling for project planning and monitoring. [6]

3. Increasing use of Building Information Modelling ("BIM") Technology

BIM is the production and management of digital representations of buildings and related objects. The digital models are infused with data and can be utilized by all stakeholders throughout the entire building life cycle. BIM solutions help in detecting and averting potential interferences in buildings while optimizing the constructability. There are major issues with today's building processes as project teams struggle to keep information up to date among different groups in a construction project. With BIM, teams can collect, share and review data and models. All parties, such as suppliers; subcontractors and on-site crew can update data and work at the right time and place. Due to increased mobility and connectivity, cloud solutions allow all this to be shared among parties in real time.

As populations and economies grow, so too does the need for housing and infrastructure, fuelling growth forecasts in the global construction industry of up to 85 per cent – or USD 15.5 trillion – by 2030. [7] More construction means a greater need for efficient ways of working, which is why the 3D model-based approach of BIM in delivering construction projects is gaining traction worldwide.

4. Continued regulation and standards will promote the use of technology in the construction

There is an emergence of more and increasingly stringent regulation and standards in the construction industry, in particular driven by fire regulations. This trend the Company believes will further drive the construction industry to digitalize and create additional demand for Zutec's products given that Zutec's offering is particularly attractive within data and documentation management.
A selection of important regulations include:

- BIM standards: The first truly global Building Information Modeling ("BIM") standard ISO 19650 was published in January 2019. A new standard, ISO 23386, was published in February 2020, which replaces a previous French

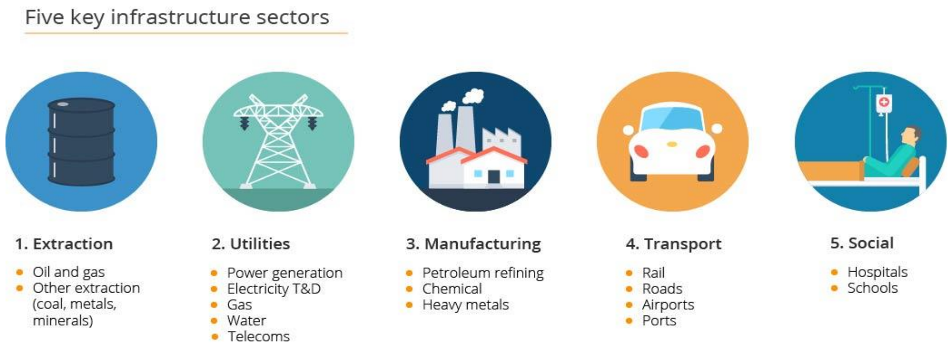
[5] *Deloitte, "2020 engineering and construction industry outlook", 2019*
[6] *Global Construction Survey 2019, Building a technology advantage, KPMG*
[7] PwC, "*Global Construction 2030: A global forecast for the construction industry to 2030*"

standard PPBIM (XP P07-150). The main objective of ISO 23386 is to allow quality exchange of construction data between industry players for multiple uses within different digital tools.

- Fire regulations: With fire and life safety regulations there are multiple differing standards and regulatory bodies globally. In e.g. the UK, all fire and life safety standards3 and various approved codes of practice require field or desktop inspections and ongoing tests to maintain certification and therefore all will need to be considered for digitisation through construction into operations. The Company believe there will be more fire regulations that impose additional harmonization of data requirements and data quality.

5. Continued public sector infrastructure spend[8]

Global spending on infrastructure was severely depressed over the years following the financial crisis. Many countries ended up with backlogs of needed investments that were not made. However, most parts of the world have recovered, and infrastructure spending is accelerating. PWC estimates that global spending will amount to USD 9 trillion by 2025, which represents an increase of 125 per cent from the 2012 level. The main drivers are an overall positive economic environment and growth in emerging markets. PwC lists a number of key sectors within infrastructure, these are presented below.[9] Within Zutec's business area, Zutec has worked on several projects that relate to these sectors, especially within the transport and social sectors.



6. Improved connectivity and remote working

Due to the rapid development and proliferation of smartphones and mobile bandwidth, clients expect to access all the information they need wherever they are located. This development also can also be discerned in the otherwise lagging construction sector. Zutec's solution that uses data, rather than documents, along with increased bandwidth enables the Company to fulfil the expectations of the clients and win additional market shares. This is expected to be a powerful driving force behind the potential for digitization that exists within the sector.

[8] *Capital project and infrastructure spending: Outlook to 2025 PwC and Oxford Economics, 2014*

[9] *Capital project and infrastructure spending: Outlook to 2025 PwC and Oxford Economics, 2014*

Competitors in the construction software market

Even if paper and pencil often are the most prevalent substitute – which are gradually phased out due to digitization – there are competitors who offer products that overlap with Zutec's products in functionality. In addition, a large amount of projects in the construction sector also rely on document sharing tools such as DropBox, especially in smaller construction projects.

Zutec's competitors in the construction software market include large, global, publicly traded companies; small, geographically focused firms; startup firms; and solutions produced in-house by their users. The construction software sector has been characterized by meaningful consolidation which has resulted in a number of large and global companies with a portfolio of construction software brands serving different stages of the construction cycle and different geographical markets. A large number of construction software companies are based or originated in the U.S.

Selected publicly listed competitors

- **Trimble:** Trimble Inc., is a provider of technology solutions that enable professionals and field mobile workers to improve or transform their work processes. In 2018, Trimble acquired Viewpoint, a provider of scalable construction management software, which integrates a contractor's financial and resource management to their project operations and to their jobsite and field, for USD 1.2 billion. Trimble expected Viewpoint to contribute approximately USD 200 million of non-GAAP revenue in 2019.
- **Autodesk:** Autodesk Inc., is a global leader in 3D design, engineering and entertainment software and services, offering customers productive business solutions through powerful technology products and services. Autodesk has a large array of brands in the construction software sector including PlanGrid, BIM360, Forge etc. In 2018, Autodesk acquired PlanGrid, a construction productivity software for field use, for USD 875 million.
- **Nemetscheck:** Nemetschek SE, headquartered in Munich, is a strategic holding company with 16 brands operating in four segments in the construction software sector and adjacent industries. In 2014, Nemetscheck acquired Bluebeam, a software provider for collaboration tools for designing, editing and sharing PDF documents, for USD 100 million. In 2013 Bluebeam generated revenues of approx. USD 22.4 million.
- **Oracle:** Aconex is an Australian construction software company founded in 2000. Aconex focuses on document management and is a system to which externally created modules can be connected. Aconex was listed on the Australian Securities Exchange (ASX) and turned over AUD 161 million in the full financial year of 2017. In December 2017, Oracle Corporation announced a public takeover offer of AUD 1.56 billion for Aconex, which the shareholders approved in March 2018.

Selected private competitors

- **Procore:** Procore was founded in California in 2003 and began by launching software for construction project management. The company has also developed solutions for the sharing of documentation, planning and data. In 2019 Procore generated revenues of approx. USD 289 million and in 2020 Procore announced it was planning to go public.
- **Bentley Systems:** Bentley Systems was founded in 1984 is a global provider of software solutions to engineers, architects, geospatial professionals, constructors, and owner-operators for the design, construction, and operations of infrastructure. Bentley has revenues of approx. USD 700 million.
- **Fieldwire:** Fieldwire, a construction field management software, is based in San Francisco and was founded in 2013. Fieldwire had approximately 65 employees in 2019. In September 2019, Fieldwire raised USD 33.5 million in a series C funding.

Company Overview

Introduction

Zutec is a provider of cloud-based construction management software, and are helping transform one of the oldest, largest, and least digitized industries in the world. Zutec focuses exclusively on construction, connecting and empowering the industry's key stakeholders, such as owners, general contractors, specialty contractors, architects, and engineers, to collaborate from any location, on any internet-connected device. The Zutec cloud-based platform is modernizing and digitizing construction management by enabling real-time access to critical project information, simplifying complex workflows, and facilitating seamless communication among key stakeholders. Adoption of the Company's platform helps customers increase productivity and efficiency, reduce rework and costly delays, improve safety and compliance, and enhance transparency and accountability.

The Company's products have applications for the entire life cycle of a construction process; from design to planning to construction and operations. The clients of the Company are some of the world's largest construction firms. Zutec's solutions have helped these firms with a large number of construction projects in eight countries across three continents.

Zutec Inc. (Ireland) Ltd. was founded in Ireland in 1999 by Brian McGuire, whose experience with designing and managing multi-million projects gave him an unrivalled understanding of the challenges the sector faced. This allowed Zutec and its team to develop solutions that solved real problems, and to win the confidence of their clients. The original vision was to eliminate paper from the construction handover process by storing the operations and maintenance manuals on CDs. Today, this process is entirely digital through Zutec's cloud-based software, which also allows contractors to coordinate processes and share data with builders, architects, project owners and other stakeholders through web and mobile interfaces.

Vision

The aim of the Company is to pave the way for the construction industry to finally embrace the digital age by providing leading niche cloud-based construction software, a wide field of industry knowledge and a willingness to grow and learn at all times. By connecting all stakeholders and enabling a collaborative work environment in an otherwise traditionally siloed industry, Zutec can become a leader in its niche segments.

Business Model and Products

Zutec generates revenue from subscriptions to access our products and the Company have a user model that is designed to facilitate adoption and maximize usage of our platform by all project stakeholders. The Company principally sell products on a subscription basis for a monthly fee with pricing generally based on the number users and mix of products as well as the annual construction volume contracted to run on the platform. As the customers subscribe to additional products or increase the annual construction volume contracted to run on the platform, it generates more revenue.

Zutec's operates its business according to two business areas, Enterprise and Infrastructure Solutions.

- **Enterprise**: The Enterprise business area includes commercial and residential development projects and any similar construction project that has the need for a cloud-based software management tool. Zutec configures the system according to the customer specifications followed by training. Thereafter Zutec provides ongoing software support as part of the license fee during the duration of the project period.

  Enterprise construction projects range from 9 up to 24 months. Enterprise projects have a wide range of users per project ranging from 10 to 400 with most projects having 30 to 75 users. The Company sell software products based on either per user pricing or unlimited users combined with implementation and configuration related services at the start of the project. On some projects the Company provided ongoing dedicated customer support when the customer requests that which could include working with both Office and Field teams onsite for training and efficiency purposes.

  Example of some Zutec Enterprise projects that have changed the London skyline are buildings such as the Shard, DAMAC Tower and 22 Bishopsgate.

- **Infrastructure Solutions:** Infrastructure Solutions includes infrastructure projects and any large building projects that involves a meaningful element of bespoke configuration and in some instances bespoke development. Zutec has defined Infrastructure Solutions as large construction projects with a total design value between USD 250 million up to several billion for the entire project.

  Infrastructure Solutions projects range from 24 months up to 5 years, sometimes longer. The number of users of the Company’s software on one of these projects can be in excess of 1,500 users with data in excess of 15 TB saved on the cloud at the end of the project. Zutec has historically had individual contracts and the Company continues to focus on individual contracts that can generate more than EUR 0.25 million in average annual revenues under multi-year agreements, where a significant portion of the revenues under the agreement are generated in the start-up phase, which affects the Company's short-term revenue and results. In Infrastructure Solutions Zutec typically sell software products based on unlimited users combined with implementation and configuration related services at the start of the project. In addition, since the Infrastructure projects are normally complex and bespoke, the Company provide continuous both off- and onsite support for either portions or the entirety of the construction project which are charged based on time allocated.

Many Infrastructure Solutions projects also come with bespoke development requires which the Company scope and work with customers to support their specific needs. It has always been central to Zutec's offering that the products can be customized beyond their inbuilt customisation tools for larger projects and clients. While working on large projects it is essential to deliver a product that is suitable for that project's particular needs because no two projects are the same. Infrastructure Solutions typically includes all products; Zutec Cloud, Zutec Field and Zutec BIM, since the technical requirements of customers specify that.

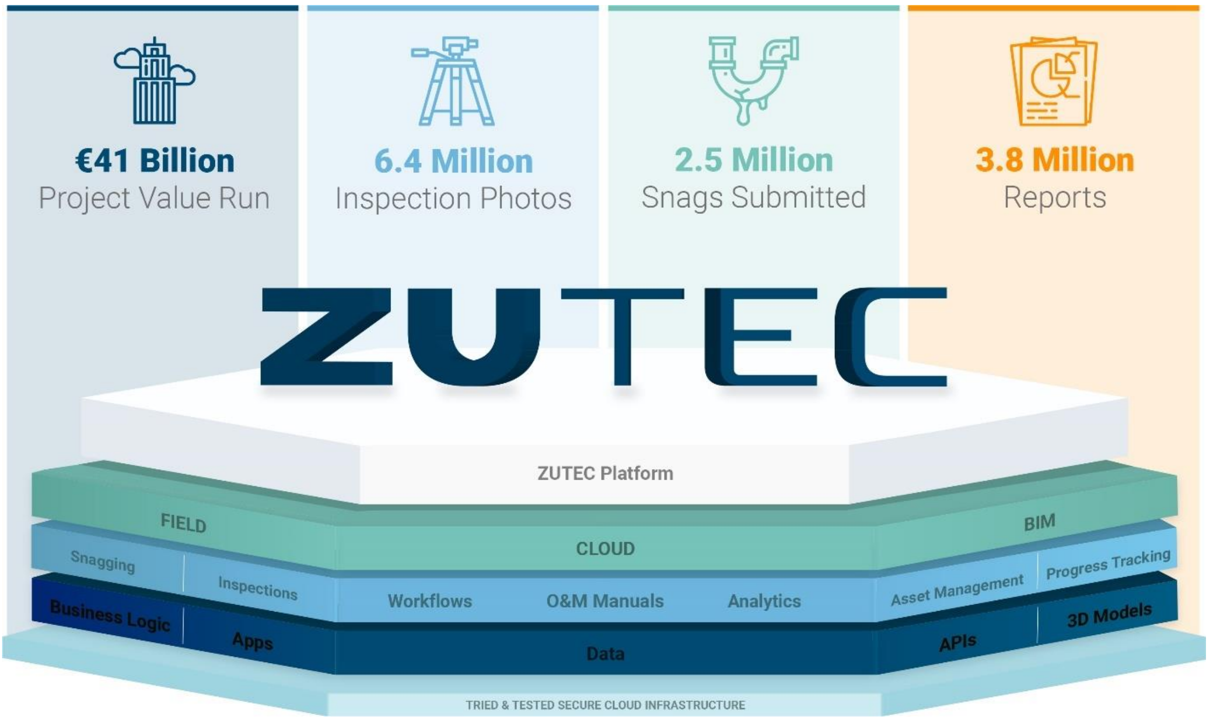
Example of projects where Infrastructure Solutions has been used is the National Children Hospital in Dublin, Midfield Terminal at the airport in UAE and HS2 in the U.K..

Zutec provides customers with tangible benefits such as increased efficiency, greater project control, reduced cost, fewer errors and easier access and sharing of project data amongst all stakeholders. Zutec provides audit trails, automated updates and the handover of fully commissioned projects online. It also allows for cost savings in terms of physical storage as most project data is cloud based and accessible remotely on the Zutec platform. It was estimated that by using Zutec's software for the Shard in London, 50,000,000 sheets of A4 pages were not printed, these would otherwise have required approximately 550 trees to produce.

Zutec's Products

The Company aims to provide products that become so necessary for the clients that they will continue to employ them on future projects. Zutec offers the following three key products.

- **Zutec Cloud** is the Company's core product. It is a web-based database with various functions. The functionality can be extended through the various modules that the Company offers. All the data and documents related to a project or building are stored on the platform, from where they can be managed and distributed. Zutec Cloud is focused on the following areas; Handover, Document Management and CDE (Common Data Environment). Currently the most commonly used function is Handover
- **Zutec Field** is the Company's onsite mobile application that allows users to collect and review data while onsite. Information is synchronized with the Zutec platform where reports can be automatically generated and distributed. Zutec Field can be used throughout the construction, handover and facilities management phases of a building.
- **Zutec BIM** is the Company's 3D model viewer and data enrichment tool that allows users to view their project or building in a 3D environment on their mobile device and desktop. It links directly to the Zutec web-based platform allowing any information in the database to be linked to the model. As the 3D model does not hold any data it is quick to load, easy to use and has small file sizes.
- **Zutec Analytics** is the Company's analytics tool that allows users to gather and analyse data and information by generating or creating reports.



Zutec Cloud - Handover

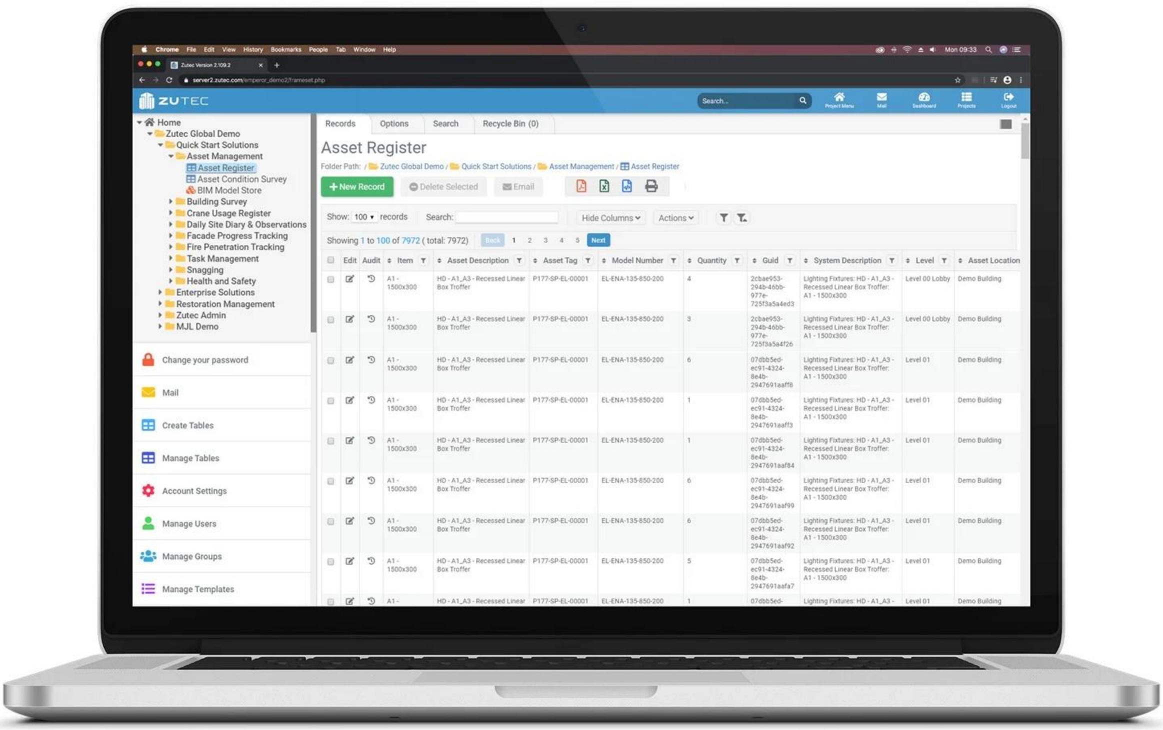
Feature

- Digitise and store all handover materials in a single, unified, cloud-based platform – simplify the collation of handover deliverables by discipline, system or work package
- Seamless access and sharing of reports and operation and maintenance manuals
- Powerful data visualizations to bring your data to life and gain insights quickly
- Customisable review process, notifications and folder structures to cater for your project's needs

Benefits

- Increased efficiency and collaboration – reducing administrative tasks, which means more time on site
- Record and store information more effectively, leading to cost savings and improved customer satisfaction
- Enhanced clarity and transparency reduces problematic and expensive delays
- Reduce paperwork and save time spent managing your health and safety file
- Cloud-based portal allows multiple stakeholders to upload, share and access information, regardless of location, in real-time
- Meet your contractual handover conditions by building a bespoke folder structure that mirrors the requirements

ZUTEC CLOUD



Case Study – Parramatta Square Precinct

Currently under construction, the Parramatta Square Precinct is part of one of the largest urban renewal projects in Australia. The precinct contains a mix of office space, retail and civic facilities which will become part of a second CBD for Sydney, revitalising the suburb of Parramatta and Western Sydney.

Zutec's Handover and Document Management modules are being utilised to collaborate and manage the upload of all handover documentation across the buildings, including tenancies and retail areas. Through the bespoke workflow, subcontractors upload the required information, where Built and the relevant consultants review before final acceptance by Walker Corporation. Zutec's Digital Operations & Maintenance Manuals tool provides detailed reports to track the progress of uploads throughout the project. This smooth process ensures that Walker Corporation have the critical information they require to successfully operate the facility going forward.

"We found Zutec a very easy system to use that keeps all documents in the one place, from user point of view it provided a seamless way to work with all parties on the project to ensure we were getting the documentation we needed for project completion."

- David Mercieca, Operations Manager, Walker Corporation

Zutec Field – Inspections

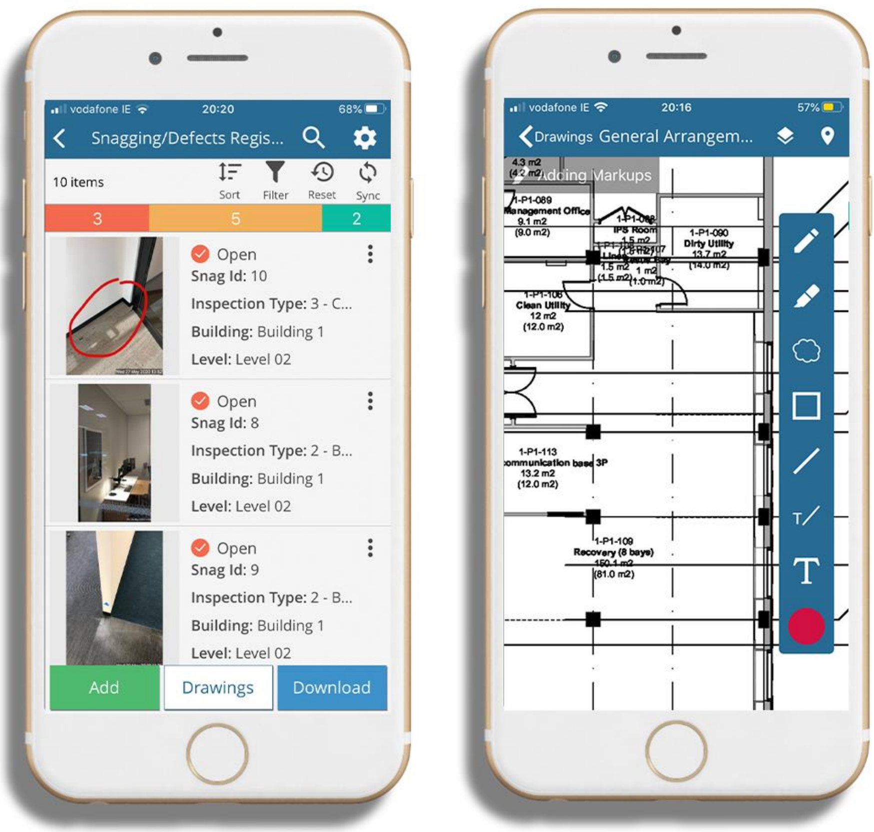
Feature

- Customisable notifications and workflows ensure that QA & QC inspections are completed efficiently
- Complete and submit QA/QC inspection reports in the field
- Inspect, mark up, annotate and share 2D & 3D drawings in the office or in the field - in real time
- Instant access to site diaries and data on snagging and defects
- Keep track of QA/QC and health and safety inspections in real time
- Cloud storage keeps all documentation safe in one place
- Control access so that stakeholders only see what is relevant to them
- Use online and offline where no Wi-Fi or 4G coverage is available

Benefits

- Provide a fully digitised inspection process that allows you to keep track of all activities
- Enable your field teams to adapt and respond to new regulations or quality specifications in real-time
- Achieve better quality outcomes and maintain compliance for contractual commitments and sustainability
- Easily manage thousands of asset records with a customised and structured asset register

ZUTEC FIELD



Case Study – 99 Franklin St.

One of many Scape Student Living projects Zutec has been involved in, 99 Franklin St will stand 61 storeys high and have 740 student beds. With a mix of one, two and six-bed rooms, this facility provides the perfect space for students to attend nearby university campuses. A range of Zutec Field modules are being used, including Firewall Stopping/Penetration, Snagging & Defect Management, QA/QC Inspections and Construction Activity Progress Tracking. This enables the project team to gain an accurate, current and detailed view of all critical construction elements, to ensure the project is completed safely and smoothly. The Firewall Stopping/Penetration module has enabled services trades to easily log and manage firewall penetrations across the project, generating detailed registers for Scape Student Living to conduct future safety and compliance inspections.

As part of the Snagging & Defect Management module, Built, consultants and Scape Student Living have efficiently logged outstanding works, defects and observations against relevant subcontractors. After rectifying works on site, subcontractors then mark the item as complete via the bespoke workflow. Built then verifies the work and closes the item out. Relevant consultants and the client are given the ability to finalise the defect where relevant. Bespoke reporting has enabled the project team to ensure every room has been defected and closed out in a timely fashion, in line with key milestones. Critical pre-sheeting activities are tracked for each room as part of the QA/QC Inspections module. Using Zutec Field, placeholders allow subcontractors to simply mark their activities as complete. Built then verify the works and the activity is finalised. This data feeds into the live wall chart report to provide an instant snapshot of progress.

The Construction Activity Progress Tracking module has provided real value to the project team by giving a more detailed snapshot of overall project progress. By tracking nearly 50 critical-path activities throughout all phases of construction on weekly inspection walks, pain-points and delays can be quickly identified with the wall chart report.

Zutec BIM – Field BIM

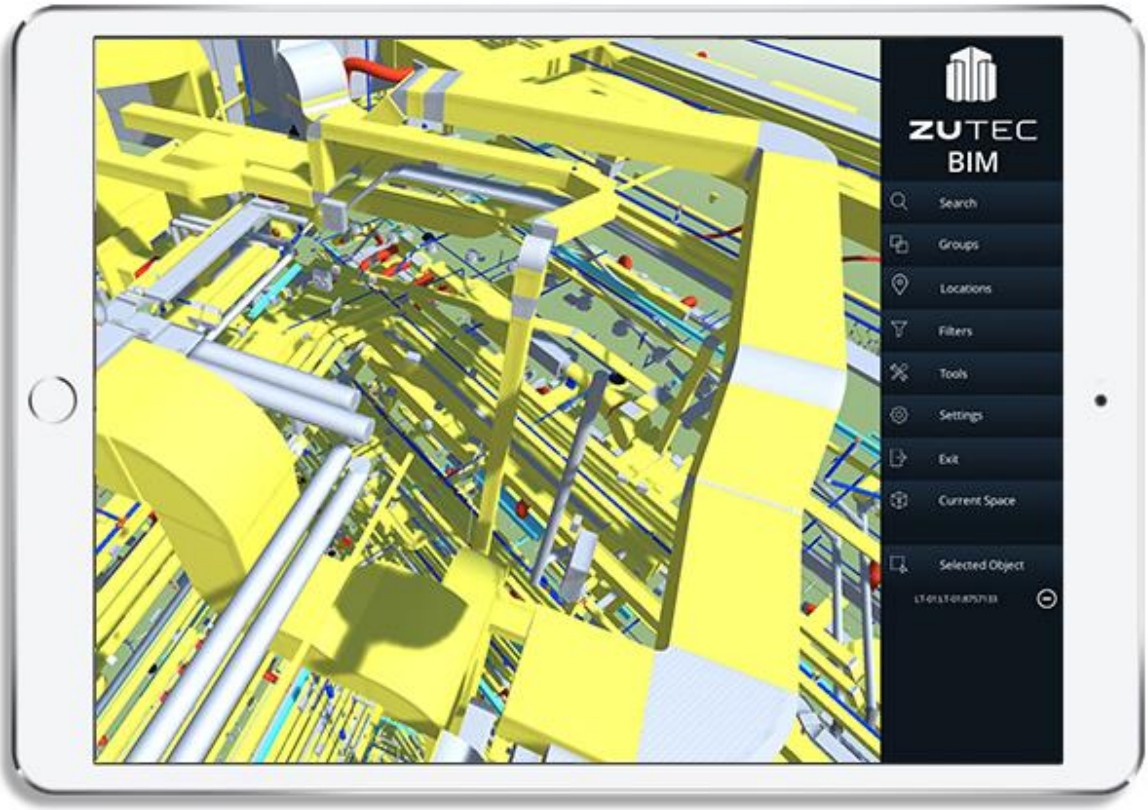
Feature

- Update BIM Data in the field
- Save Locations, Object Groups and Sections to give a better picture of the issues.
- Mark up and share screenshots of the 3D model.
- Supports Autodesk Revit and IFC file formats

Benefits

- Lowers the project cost by reducing the need for expensive BIM model licensing
- No need to to print BIM models and make edits straight into the model
- Better quality outcomes and maintains compliance for contractual commitments and sustainability
- Smarter asset management as the full library of asset information is available in the 3D model

ZUTEC BIM



Case Study – SCSJV (HS2)

SCS Railways is a joint venture company compromising Skanska Costain Strabag (SCSJV) who are the main civil works contractors for the London end of the High Speed 2 rail line project. The project is aimed to provide rail capacity and better transport infrastructure across the country and is helping rebalance the UK Economy.

With the HS2 Client being a government authority, BIM has been mandated to be used across the entire project, ensuring that data both geographic and non-geographic is updatable, searchable and available to all stakeholders throughout the project and into the operations and maintenance phase. With this BIM mandate in mind and with the SCSJV's team vision to reach new heights in digital construction delivery, Zutec was chosen as a technology partner and procured as a Digital Construction Solution (DCS).

"Zutec BIM" works both offline and online such that the 3D model can be accessed in areas with no internet connectivity. The tool is fully integrated with the "Zutec Field" application so any object or component within the model can be associated with related Inspection forms and associated workflows. This integration between QA/QC processes and the 3D model then allows for visual progress tracking in real-time with users being able to use the model to navigate to the next task. With the disconnection between new and experienced construction professionals being involved on the project, the ability to superimpose 2D drawings (PDF) directly onto the 3D model allows for the rapid uptake of the App. This functionality, in turn, helps in overlaying details like grid references and construction equipment locations such as to integrate the intelligence from 2D into the 3D world.

Adding to this, "Zutec Cloud" also has built-in processes to enrich the Non-Graphical data by subcontractors with controlled access. The entire application suite of Zutec Cloud, Zutec Field and Zutec BIM are continuing to provide the SCSJV team with the ability to enrich data throughout the construction project lifecycle. The platform helps SCS teams to receive real-time dashboard reporting across a myriad of construction processes, whilst also achieving the HS2 Client's ambitions for a truly digital and BIM collaborative project.

Zutec Analytics – Business Intelligence

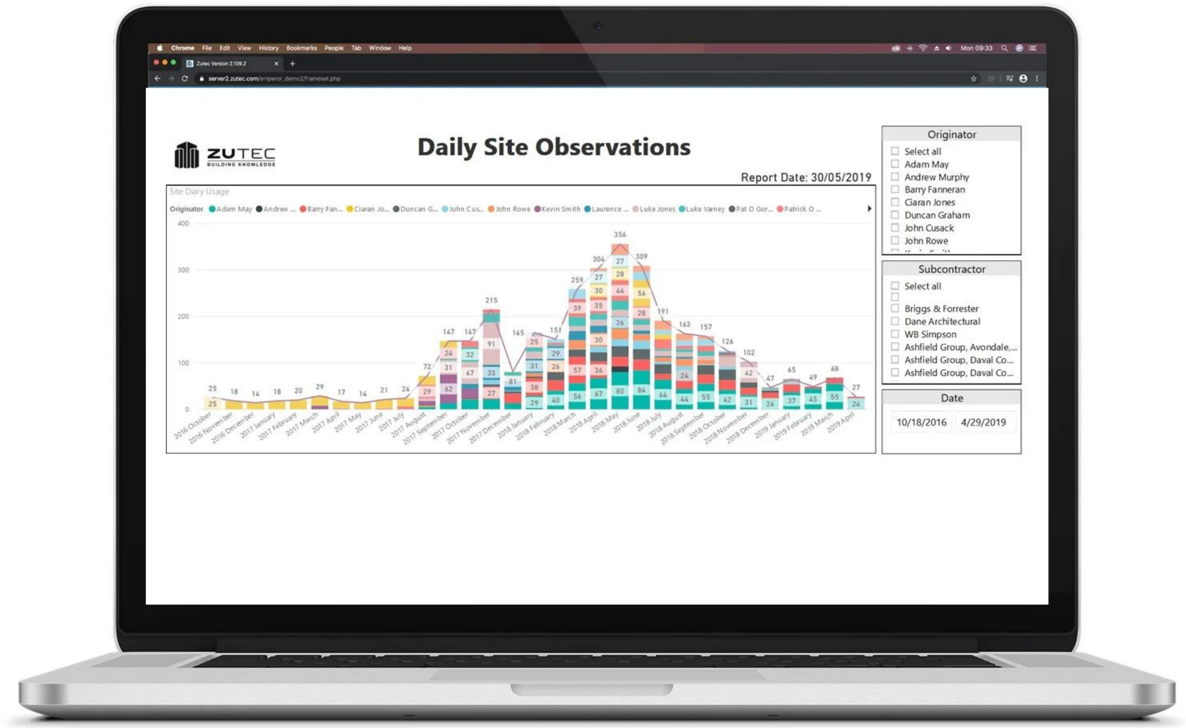
Feature

- Captures real-time data from the construction project
- Full integration with Cloud, Field and BIM allows for all the analytics in one analytics tool
- Customized reporting depending on the specific nature of the construction project

Benefits

- Make decision on real-time data and reduce errors
- Complete overview of projects allowing to manage time and reduce overruns or delays
- Overview of all aspects of the construction project in one integrated analytics system

ZUTEC ANALYTICS



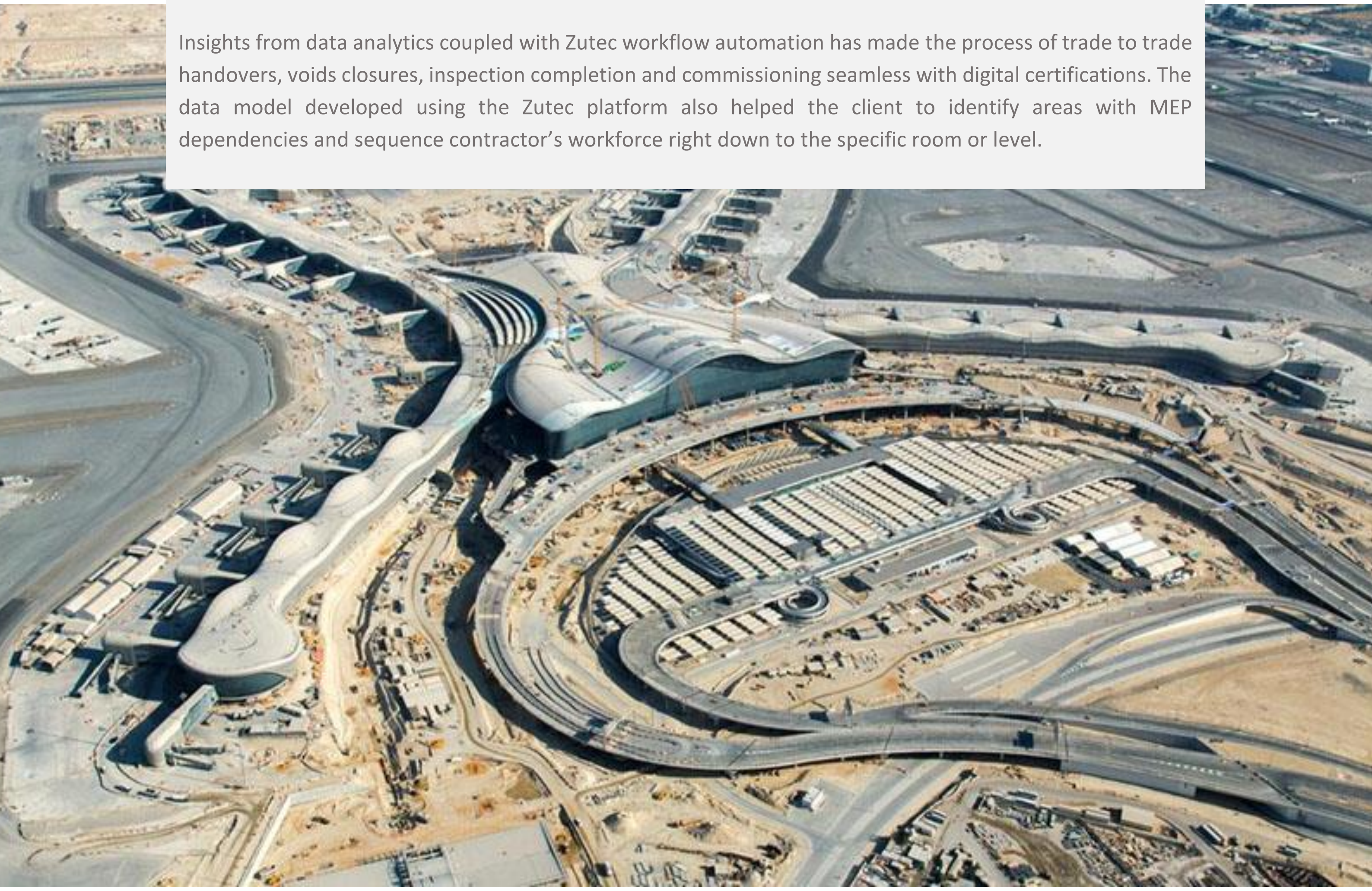
Case Study – Abu Dhabi Midfield Terminal Building

Abu Dhabi Midfield Terminal Building is a new 700,000 square metre Airport Terminal Project in UAE. The project was conceptualised in 2005 and construction commenced in 2012. The project has a peak workforce of 19,000 personnel from across the globe, working to deliver a common objective. At completion, the terminal is planned to cater to over 35 million passengers annually. Currently, the project is in its completion phase.

Based on the nature of the project, its complexities and the number of stakeholders involved, the client identified the need for a specialist solution to streamline Area Close-out and Handover Management. The Zutec platform was procured with the objective to optimise several construction procedures. With a focus on digitising data, core processes such as work inspections, commissioning inspections and room closeouts were tracked and monitored using the Zutec workflow tools.

With Zutec being a data-driven platform, a data model was developed through the digitisation of construction processes and was used to track around half a million activities across all trade contractors, consultants, and employers' representatives. This enabled real-time measurement of construction site productivity, and in turn, enabled the client to predict completion of areas/zones of strategic interest. Accurate prediction of area completions has been crucial to schedule employers fit-out contractors, ORAT teams and AHJ certifications to mitigate delays. Weekly progress reports from Zutec are integrated with the contractor's delivery program on primavera to ensure contractors compliance to delivery schedule and is also used as a measure to approve the contractor's payment application.

Insights from data analytics coupled with Zutec workflow automation has made the process of trade to trade handovers, voids closures, inspection completion and commissioning seamless with digital certifications. The data model developed using the Zutec platform also helped the client to identify areas with MEP dependencies and sequence contractor's workforce right down to the specific room or level.



Sales and Marketing

Depending on the product and project, Zutec mainly targets key decision makers and gatekeepers at the following types of organizations:

- **General contractors**: General contractors coordinate the construction project and fulfill the demands of owners while simultaneously maintaining oversight and responsibility for specialty contractors and other vendors.
- **Owners**: Owners initiate construction projects, secure financing, work with architects, engineers, and consultants on building design, hire general contractors to manage the construction process, and are the ultimate decision-makers throughout a project. Owners include corporations, universities, government entities, and commercial and residential real estate developers.
- **Subcontractors**: Subcontractors are hired by general contractors for their specialized skills, such as mechanical, electrical, plumbing, roofing, or concrete trades, and perform the vast majority of construction work.
- **Architects and engineers**: Architects and engineers work together to develop building plans and designs, collaborating directly with owners and general contractors. Typically architects are responsible for designing the aesthetic look and feel of a structure, while engineers focus on safety and functionality, materials, and structural design.

Zutec normally enters into software license agreements with Contractors and also to a lesser extent with owners. However, the procurement process is often handled by architects, engineers or other consultants. Zutec does therefore have to maintain good relationship with all stakeholders on a construction project. The Company's strategy is to leverage its current high-profile projects to acquire new clients. Zutec will consider establishing partnerships for sales and marketing in certain regions and will continue to focus on large infrastructure projects such as hospitals, ports, airports and large commercial developments in new regions as this is where the Company's experience lies. The Company will also increasingly target smaller projects and clients, especially with the Company's Cloud and Field products.

Zutec's salesforce is currently under expansion. The majority of the sales personnel has worked as client consultants and thereby know the product well. Zutec also has dual roles where client consultants assist the sales process by performing demonstrations and client meetings. Our growth strategy is formed around the following pillars:

- Maintain and advance our technology leadership;
- Acquire new customers;
- Focus on profitable contracts and projects;
- Acquire new customers;
- Increase spend within our customer base;
- Introduction of new products and features;
- Expand regionally in the countries where we have an established presence; and
- Make top talent hires to increase sales productivity.

Zutec normally uses traditional digital marketing methods to sell its products. The Company's goal is to enter into the building life cycle as early as possible to convert the entire project and ongoing facilities management to Zutec solutions. The Company's software is licensed to one entity for each project, the facilities manager can opt to continue hosting their data with Zutec and to use the Company's products.

Direct sales and partnership model

Zutec's sales are primarily made through two different channels; direct sales conducted by the Company, and through partnerships with select partners. The vast majority of sales is through direct sales although the Company will in future more proactively evaluate partnerships depending on the appropriate circumstances.

Partnerships are generally engaged in specific countries or regions. The Company currently carries out direct sales in Ireland, the U.K. and Australia through employees in majority owned entities, while partnerships are used in Italy and the Middle East. Two key factors in deciding whether to engage partnerships are:

1. Geographical obstacles, which inhibit the Company from carrying out sales directly, and/or
2. Language barriers, where the Company is more prone to use partners in markets in which English is not a business standard.

Partnerships provide income in two ways:

1. A royalty for the use of the Zutec name and brand, and/or
2. A percentage of the software licenses sold by the partner.

Zutec will provide the partners with technical support, along with information and material for sales and marketing and training. Partners will be important for Zutec to rapidly scale in new regions. The partners bring a local expertise that is essential when opening new markets. The Company is working with partners who are currently resellers or partners with other systems, such as energy performance systems or building management systems.

Summary 3 Year Growth Plan

The below charts summarises the Company's growth strategy. Zutec's plan is to continue growing the business. It will primarily do that by focusing on it home markets where it has less than 1% market share in each of the markets it operates in. Zutec also aims at winning long-term deals allow for more recurring revenues. The vast majority of revenues is expected to come from Handover and Inspections although there is a formulated plan for how to diversify that product focus.

1. Increase Share in Home Markets	New Customers; all geographies and Enterprise and Infrastructure	Longer+ sticky agreements: Projects → Enterprise	Increase renewal rates: Snapshots → Hosting	Reduce churn rates -> Improve customer retention	Broaden product portfolio: Handover/ Inspections → CDE
2. Enter New Geographic Markets	Selected English speaking countries	Direct or through reseller/ partner			
3. Sub-Vertical Expansion	Res/Com New Builds and Infrastructure Construction → Adjacent markets	Expand Customer Focus: Contractors → Developers, Homebuilders			
4. Selective M&A	Technological Add-ons	New Market Access	Customer Access		

ANNUAL REPORT

01/07/2019 – 30/06/2020

DIRECTORS' REPORT

The Board of Directors and CEO of Zutec Holding AB hereby issue the Annual Report and consolidated financial statements for the financial year 01/07/2019 – 30/06/2020.

About Zutec

Zutec Holding AB (publ) is a Swedish public limited company which was registered with the Swedish Companies Registration Office (Sw. Bolagsverket) on 29 November 2017. The company's form of association is regulated by the Swedish Companies Act (2005:551), and the business is conducted in accordance with Swedish law. The board has its seat in Stockholm in the municipality of Stockholm. Operations are conducted through subsidiaries, in Ireland, UK and Australia.

Zutec is a cloud-based software company exclusively targeting the construction industry. This also entails cost savings, reduction in errors and helps the construction companies to avoid delays, which are otherwise common in the construction industry.

The Parent Company is a limited liability company based in Stockholm Stockholm municipality and is registered in Sweden with corporate identity number 559136-0317. The address of the head office is Zutec Inc. (IRL) Ltd level 3 Adelphi Plaza George's Street Upper Dun Laoghaire Co Dublin A94 T927.

The Chief Executive is Gustave Geisendorf who was appointed 2nd March 2020.

Business model

Zutec focuses exclusively on construction industry, connecting and empowering the industry's key stakeholders, such as owners, general contractors, architects and engineers to collaborate from any location, on any internet connected device. The Zutec cloud-based platform is modernising and digitalising construction management by enabling real-time access to critical project information, simplifying complex workflows, and facilitating seamless communication amongst key stakeholders.

Adoption of the company's platform helps customers increase productivity and efficiency, reduce rework and costly delays, improve safety, compliance and enhance transparency and accountability.

The Company's products are primarily towards the construction phase of the construction cycle although it has applications for the entire life cycle of a construction process from design to planning to construction and operations. The clients of the company are some of the world's largest construction firms. Zutec have helped these firms with a large number of construction projects in eight countries across three continents.

The vision of the company is to pave the way for the construction industry to finally embrace the digital age by providing leading cloud-based construction software by connecting all stakeholders and enabling a collaborative work environment in an otherwise siloed industry.

Zutec operates its business according to two business areas. Enterprise and Infrastructure Solutions.

- **Enterprise.** The Enterprise business area includes commercial and residential development projects and any similar construction project that has the need for a cloud-based software management tool. Zutec configures the system according to the customer specifications followed by training. Thereafter Zutec provides ongoing software support as part of the licence fee during the duration of the project period. Enterprise construction projects range from 9 to approximately 24 months and can have a wide range of users per project.

  Examples of some Zutec Enterprise projects which have changed the London Skyline are buildings such as Broadgate 22 and the Shard.

- **Infrastructure Solutions:** includes infrastructure projects and any large building projects that involves a meaningful element of bespoke configuration and in some instances bespoke development. Zutec has defined Infrastructure Solutions as large construction projects with a total design value between USD 250 million and up to several billion for the entire project.

  Infrastructure Solutions projects range from 2 to up to 5 years and potentially longer. In this category Zutec typically sells software products based on unlimited users combined with implementation and configuration related services at the start of the project. In addition, since the Infrastructure projects are normally complex and bespoke, the Company provides continuous on and offsite support.

  An example of infrastructure solution projects we have won during the year are HS2 in UK (largest Infrastructure project in Europe), National Children's Hospital in Dublin and Midfield Terminal in UAE.

Zutec offers three core products

- **Zutec Cloud.** This is a cloud-based web database with various functions. The functionality can be extended through various modules which the company offers. All data and documents related to a project or building are stored on the platform where they can be managed and distributed.

- **Zutec Field.** This is the onsite mobile application which allows users to collect and review data whilst onsite. Information is synchronised with the Zutec platform where reports can be automatically generated and distributed. Zutec Field can be used throughout the construction, handover and facilities management phases of a building.

- **Zutec BIM.** This is the 3D model view and data enrichment tool which allows users to view their project or building in a 3D environment either on a mobile device or desktop. It links directly to the Zutec web-based platform allowing information to be linked to the model.

Market

The Group's markets consist primarily of the UK, Ireland Australia and the Middle East.

Our primary objective is to have deeper and wider penetration of our home markets in the U.K., Ireland, Australia and Middle East. We are focusing on our home markets to reduce the risk of right now entering new markets

Future development

Zutec provides cloud-based software to the construction industry. We operate in the SaaS industry and provide web-based applications and mobile applications. The two most important assets at Zutec is our product and our people. Zutec has a fundamentally good and relevant product and provides a value-add cloud-based software for the construction industry. In working exclusively with the construction industry we can focus. In the coming years the Group will continue to focus on investments in sales and marketing and scale up its current offering as well as developing new products to take advantage of the well-documented inefficiencies in the construction sector and the unstoppable trend towards digitisation with the overall goal of enhancing the Group's position in the market.

Financial risk management

For a description of the Group's financial risk management we refer you to the additional disclosures section.

Uncertainties and risks in general

Covid-19

In December 2019, a new coronavirus was identified in people who had fallen ill with pneumonia in the city of Wuhan, Hubei province, China. Coronavirus is a large family of viruses which in humans can cause mild flu-like symptoms as well as more serious illnesses. The new virus has been named Covid-19. On 11 March 2020 the world health organisation (WHO) declared Covid-19 a global pandemic. In an attempt to slow down the spread of Covid-19, a large number of countries have restricted travelling and gathering of crowds and are encouraging or demanding people to work from home.

During the financial year, we benefitted through higher than expected revenue as the client's employees worked remotely and completion times for projects increased which increased the need for our products. Whilst we expect there to be higher levels of digitalisation and demand for our products, this trend can only be assessed over the longer term when it will become apparent if clients are holding off new and existing developments.

Covid-19 could affect the company's ability to sell and market their product to the building and construction market which would in turn lead to lower revenue for the company. Additionally, there is a risk to the company should a significant number of employees fall ill or require quarantine causing delays in development of current and new projects.

Macroeconomics factors and dependence on the construction industry

The company's core business is focuses on the construction industry. The construction industry can be adversely affected by general economic, financial and political conditions, which may have a negative impact on the company's operations by reducing the number of new projects being implemented where the company's services are used or can be used. A significant downturn in the construction industry may have a material adverse effect on the company's future earnings.

Competition & Development

In cloud-based SaaS services segment in the construction industry, there is increasing competition from large global software companies in addition to local companies in more specific markets where Zutec operates. Some competitors may hold larger market share and have greater financial and other resources to adapt quickly to changes in the market place.
If Zutec fails to respond to new technological developments or to identify and respond to the new market opportunities products or services being offered by competitors this could have a significant adverse effect on the company's business operations earnings and financial position. The company's business operations call for continuous research and development (R&D).

Dependency on Key employees and qualified personnel.

Zutec is dependent on qualified staff in a variety of positions particularly staff involved in developing and maintaining the company's software products and services. Retaining key staff always presents exposure to all companies and Zutec is no exception. It is the company's policy to reward employees with market-based salaries and performance bonuses. On 22 May 2020 the board approved share-based incentive program to mitigate the risk. This will be rolled out in 2020/2021.

Research and development

Zutec invested SEK 5.7 (6.6) million in capitalised development costs in the form of surveys software development and testing over the course of the year. The capitalisation principle is stated in the accounting principles.

Liquidity and ownership

Having an adequate capital structure for growth is imperative. In June we successfully raised SEK 42.2 million from existing and new shareholders. Given that our focus is rapid growth we should not have a leveraged capital structure and we have therefore repaid Athanase's loan in July 2020 and we now have no interest-bearing debt in the business.

The 10 largest owners as at 30th June 2020	**Number of shares**	**Share of capital and votes**
BNY Mellon SA	2,418,848	5,69%
Brian McGuire	1 328 130	3,13%
Forsakringskassan	282,875	0,67%
Banque International	102,000	0,24%
Societe Generale, Securities Services	100,000	0,24%
Ann-Margret Maria Scott	86,000	0,14%
Postemballage Sweden AB	59,209	0,14%
City Bank Hong Kong-Bell Potter SL	57,500	0,14%
Dominic James Thomas Eliasson	48,798	0,11%
Other	1,653,802	3,89%
Shares in transit	35,416,670	83,32%
Total	**42,500,004**	**100.00 %**

As of 30 June 2020, the shares to be issued as part of the directed and right issue had not been allocated and has hence been referred to as “shares in transit”

Significant events after the end of the financial year

- In July 2020 we repaid in full the Athanase loan of € 1.0 million and accrued interest
- In August 2020 we signed a 3-year enterprise agreement with Cairn Homes and incremental agreement with Linesight on the National Childrens hospital in Dublin.
- In August 2020 we announced a new Sales organisation and leadership and in September we appointed a new Head of Finance.
- EGM on 17th July 2020 elected BDO as new auditors.
- The total number of outstanding shares at June 30 2020 was 42,500,004 (7,083,333). All shares carry an equal share of votes and capital. A further 1,754,385 shares were issued in July as part of funding of the directed share issue corresponding to a total number of outstanding shares of 44,254,839.
- The shares allocated amongst the 10 largest owners (direct and indirect) as at the 30th of September is as follows:

The 10 largest owners as at 30th September 2020	Number of shares	Share of capital and votes
Athanase Industrial Partners	21,533,160	48.66%
Brian McGuire	4,177,160	9.44%
BNY Mellon SA	4,068,258	9.19%
Forsakringskassan	2,809,848	6.35%
Nordea Livförsäkring Sverige Ab	2,657,756	6.01%
Per Åkerman	875,000	1.98%
Six Sis Ag	866,620	1.96%
Societe Generale, Securities Services	600,000	1.36%
Ann-Margret Maria Scott	516,000	1.17%
Cayjay Holding Ab	400,000	0.90%
Other	5,750,587	12.99%
Total	**44,254,389**	**100.00%**

The Board of Directors has considered the prospects for the Group over the next 12 months from the presentation of this annual report taking into account the current business climate, the underlying risks the business faces and the Group’s internal business plan.

Zutec has a focused growth strategy, realigned cost base, implemented in March 2020, improving working capital management and underpinned by a successful rights issue raising SEK 42.2 million from existing and new shareholders in June 2020.

The Board of Directors therefore considers it appropriate to apply the concept of "going concern" when it comes to reporting the Group’s financial position.

Proposed income statement (SEK) million
The following profit is at the disposal of the AGM:

premium reserve	191.3
Retained earnings	3.1
profit/loss for the year	-1.5
	192.9

The Board proposes that the profit be allocated as follows:

retained in new account	192.9
	192.9

KEY FIGURES FOR THE GROUP (million SEK other than ratios)

Net sales and earnings	**2019/2020**	**2018/2019**	**2017/2018**
Net sales	26.7	21.5	32.8
Operating profit before depreciation (EBITDA)	-28.0	-24.0	6.3
Depreciation	-7.5	-5.1	-3.9
Operating profit (EBIT)	-35.5	-29.1	2.3
Profit/loss for the year	-36.7	-28.9	2.1
Cash Flow			
Cash flow from current operations	4.2	-24.9	-1.8
Cash flow from investment activities	-5.7	-7.3	-4.9
Cash flow for the year	42.5	-32.2	46.9
Cash	57.6	15.1	47.3
Capital employed and financing			
Total assets	86.9	47.4	78.1
Net debt	-47.1	-15.1	-47.3
Equity	39.5	35.2	64.2
Key ratios			
Operating margin (EBITDA), %	neg	neg	19.2
Operating margin (EBIT), %	neg	neg	7.1
Equity ratio, %	45.4	74.3	82.1

The group implemented IFRS 16 at the start of the last financial year. The change will impact the balance sheet and income statement as well as a number of key figures. The Group depreciation increased by SEK 1.9 million for the 2019/2020 financial year while financial expenses increased by SEK .6 million.

Definitions of key figures

Operating profit before depreciation (EBITDA)
The operating profit consists of earnings before planned depreciation and amortisation (EBITDA).

Operating profit (EBIT)
Operating profit consists of earnings before financial items and taxes (EBIT).

Operating margin (EBITDA)
The operating margin has been calculated as profit before planned amortisation and before depreciation (EBITDA) as a percentage of net sales for the year.

Operating margin (EBIT)
The operating margin has been calculated as profit before financial items and taxes (EBIT) as a percentage of net sales for the year.

Equity ratio
The equity ratio has been calculated as equity as a percentage of total assets at the balance sheet date according to the balance sheet.

Net debt
Net debt has been calculated as interest-bearing liabilities less cash.

INCOME STATEMENTS (SEK million)	Note	Group 2019/2020	Group 2018/2019
Operating income			
Net sales		26.7	21.4
Other income	6	2.6	1.1
Total operating income		**29.3**	**22.5**
Operating expenses			
Other external expenses	7	-24.9	-24.7
Personnel costs	8	-27.6	-21.6
Share based payments		-4.7	0
Other operating expenses		0	0.2
Operating profit before depreciation (EBITDA)		**-28.0**	**-24.0**
Amortisation of intangible assets and property plant and equipment		-7.5	-5.1
Operating profit/loss		**-35.5**	**-29.1**
Profit/loss from financial items			
Financial income		0	0
Financial expenses		-1.3	-0.1
Profit/loss after financial items		**-36.7**	**-29.1**
Income tax	9	0	0.2
PROFIT/LOSS FOR THE YEAR		**-36.7**	**-28.9**
Of which attributable to:			
Parent Company shareholders		-36.3	-28.6
Holding with non-controlling interest		-0.4	-0.3
TOTAL		**-36.7**	**-28.9**

Profit/loss per share in SEK		
Profit/loss per share before dilution	-4.67	-4.04
Total weighted average number of shares	7,859,590	7,083,334
Number of shares at year-end	42,500,004	7,083,334

COMPREHENSIVE INCOME STATEMENT		
Profit/loss for the year	**-36.7**	**-28.9**
Items that can be reclassified later in the income statement:		
Translation differences	0.8	0
Other comprehensive income for the year	**-35.9**	**-28.9**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-35.9**	**-28.9**
Of which attributable to:		
Parent Company shareholders	-35.6	-28.6
Holding with non-controlling interest	-0.4	-0.3
TOTAL	**-35.9**	**-28.9**

BALANCE SHEETS	(SEK million)	Note	Group 30/06/2020	Group 30/06/2019
Intangible assets		10	11.5	10.8
Tangible assets		11	0.6	1.0
Right of use assets		12	6.8	0
Deferred tax asset		9	0	0.3
Total non-current assets			**18.9**	**12.2**
Accounts receivable		15	5.6	15.0
Other receivables			3.7	3.7
Prepayments and accrued income		16	1.1	1.4
Liquid funds			57.6	15.1
Total current assets			**68.0**	**35.3**
TOTAL ASSETS			**86.9**	**47.4**
EQUITY AND LIABILITIES				
Equity				
Share capital		17	8.5	1.4
Other contributed capital		18	76.4	42.8
Reserves			0.5	0.2
Retained earnings including profit for the year			-44.6	-8.3
Total equity attributable to the Parent Company's shareholders			**40.7**	**36.2**
Holding with non-controlling interest			-1.3	-0.9
Total equity			**39.5**	**35.2**
LIABILITIES				
Long-term liabilities				
Lease liabilities		12	4.1	0
Other liabilities			1.5	0
Total long-term liabilities			**5.6**	**0**
Short-term liabilities				
Lease liabilities		12	1.5	0
Accounts payable			3.2	1.8
Tax liabilities			3.4	0
Interest bearing loan			10.5	0
Other liabilities			3.5	4.4
Accrued expenses and prepaid income		12,19	19.7	6.0
Total short-term liabilities			**41.8**	**12.2**
Total liabilities			**47.4**	**12.2**
TOTAL EQUITY AND LIABILITIES			**86.9**	**47.4**

THE GROUP'S STATEMENT OF CHANGES IN EQUITY

SEK million	Share capital	Other contributed capital	Reserves	Retained earnings	Total	Holding with non-controlling interest	Total equity
	Equity attributable to the Parent Company's shareholders						
Opening balance 1 July 2019	**1.4**	**42.8**	**0.2**	**20.3**	**64.8**	**-.6**	**64.2**
Overall profit							
Profit for the period				-28.6	-28.6	-0.3	-28.9
Other comprehensive income items			0	-	0	0	0
Total comprehensive income			**0**	**-28.6**	**-28.6**	**-0.3**	**-28.9**
Shareholders' equity 30 June 2019	**1.4**	**42.8**	**0.2**	**-8.3**	**36.2**	**-1.0**	**-35.2**
Opening balance 1 July 2019	**1.4**	**42.8**	**0.2**	**-8.3**	**36.2**	**-1.0**	**-35.2**
Overall profit							
Profit for the period				-36.3	-36.3	-0.4	-36.7
Other comprehensive income items			0.8		0.8	0	0.8
Transactions with shareholders							
Rights issue	7.1	33.3			40.4		40.4
Issue costs		-4.4			-4.4		-4.4
Share warrants		4.7			4.6		4.6
Transactions with non-controlling interest			-0.5		-0.5		-0.5
Total transactions with shareholders	**7.1**	**33.6**	**-0.5**		**40.1**		**40.1**
Shareholders' equity 30 June 2020	**8.5**	**76.4**	**0.5**	**-44.6**	**40.1**	**-1.3**	**39.5**

CASH FLOW STATEMENT	(SEK million)	Note	Group 30/06/2020	30/06/2019
Ongoing activities				
The business				
Operating profit			-35.5	-29.1
Adjustments for items not included in cash flow:				
Depreciation			7.5	5.1
Currency adjustment for internal dealings			0.8	-0.2
Realisation results of property plant and equipment			0	0.2
Share Based payment Scheme			4.6	0
Operating profit after adjustments (as above)			**-22.6**	**-24.0**
Interest received			0	0
Interest paid			-1.3	-0.1
Refund/paid tax			0	0.9
Change in working capital				
Increase (-) / decrease (+) of operating receivables			10.0	0.2
Increase (+) / decrease (-) of operating liabilities			18.0	-1.9
Change in working capital			**28.0**	**-1.7**
Cash flow from current operations			**4.2**	**-24.9**
Investment activities				
Investments in intangible fixed assets			-5.7	-6.6
Investments in property plant and equipment			0	-0.8
Acquisitions of net assets through issue for non-cash consideration			0	0
Cash flow from investment activities			**-5.7**	**-7.3**
Financing activities				
Rights issue			36.0	0
Investment subsidiary			-0.5	0
Loans			10.5	0
Repaid finance liabilities			-2.0	0
Cash flow from financial activities			**44.0**	**0**
Cash flow for the year			**42.5**	**-32.3**
Change of liquid funds				
Cash and cash equivalents at the beginning of the year			15.1	47.3
Change of liquid funds			42.5	-32.2
Exchange rate difference in cash			0	0
Closing liquid funds			**57.6**	**15.1**

INCOME STATEMENTS	(SEK million)	Note	Parent Company 2019/2020	2018/2019
Operating income				
Net sales			0	0
Total operating income			**0**	**0**
Operating expenses				
Other external expenses			-0.8	-1.5
Total operating expenses			**-0.8**	**-1.5**
			-	-
Operating loss			**-0.8**	**-1.5**
Profit/loss from financial items				
Financial expenses			-0.6	0
Profit/loss after financial items			**-1.5**	**0**
Tax on profit/loss for the year		9	0	0
PROFIT/LOSS FOR THE YEAR			**-1.5**	**-1.5**

COMPREHENSIVE INCOME STATEMENT		
Profit/loss for the year	**-1.5**	**-1.5**
Other comprehensive income	0	0
Other comprehensive income for the year	**0**	**0**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-1.5**	**-1.5**

BALANCE SHEETS	(SEK million)	Note	Parent Company 30/06/2020	30/06/2019
ASSETS				
Non-current assets				
Financial assets		14		
Shares in Group companies			124.7	120.0
			124.7	**120.0**
Total non-current assets			**124.7**	**120.0**
Current assets				
Short-term receivables				
Receivables from Group companies			52.3	31.1
Other receivables			0	0.1
Total short-term receivables			**52.3**	**31.1**
Cash and bank balances			**40.4**	**11.8**
Total current assets			**92.7**	**43.0**
TOTAL ASSETS			**217.4**	**163.0**

BALANCE SHEETS	(SEK million)	Note	Parent Company 30/06/2020	30/06/2019
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		17	8.5	1.4
Total restricted equity			**8.5**	**1.4**
Unrestricted equity				
Premium reserve			191.3	162.4
Retained earnings		18	3.1	-0
Profit/loss for the year			-1.5	-1.5
Total unrestricted equity			**193.0**	**160.9**
Total equity			**201.5**	**162.3**
Current liabilities				
Accounts payable			0.3	0
Other liabilities			10.5	0
Accrued expenses			5.1	0.7
Total current liabilities			**15.9**	**0.7**
TOTAL EQUITY AND LIABILITIES			**217.4**	**163.0**

THE PARENT COMPANY'S STATEMENT OF CHANGES IN EQUITY

	Share capital	Premium reserve	Retained earnings	Profit/loss or the year	Total
Opening balance at 1 July 2018	1.4	162.4		-0	163.7
Allocation of profits			-0	**0**	0
Profit/loss for the year				-1.5	-1.5
Closing balance as at 30 June 2019	**1.4**	**162.4**	**-0**	**-1.5**	**162.3**
Opening balance at 1 July 2019	1.4	162.4	-0	-1.5	162.3
Profit/loss brought forward			-1.5	1.5	
Rights issue	7.1	33.3			40.4
Share warrant			4.7		4.7
Issue costs		-4.4			-4.4
Profit/loss for the year				-1.5	-1.5
Closing balance as at 30 June 2020	**8.5**	**191.3**	**3.1**	**-1.5**	**201.5**

CASH FLOW STATEMENT	(SEK million)	Note	Parent Company 30/06/2020	30/06/2019
Ongoing activities				
The business				
Operating profit			-0.8	-1.5
Adjustment items not included in cash flow			-0.2	
Interest received			0	0
Interest paid			-0.6	0
Refund/paid tax			0	0
Operating flow			**-1.6**	**-1.5**
Change in working capital				
Increase (-) / decrease (+) of operating receivables			-21.2	-29.7
Increase (+) / decrease (-) of operating liabilities			15.4	.7
Change in working capital			**-5.8**	**-29.0**
Cash flow from current operations			**-7.5**	**-30.5**
Financing activities				
Rights issue			36.0	0
Cash flow from financial activities			**36.0**	**0**
Cash flow for the year			**28.6**	**-30.5**
Change of liquid funds				
Cash and cash equivalents at the beginning of the year			11.8	42.3
Change of liquid funds			28.6	-30.5
Closing liquid funds			**40.4**	**11.8**

Note 1 General information

Zutec Holding AB (Parent Company) and its subsidiaries (collectively the Group) develop and market data and project management software in the construction and property sector. The Group's operations are conducted in Ireland with subsidiaries in the UK Australia and Hong Kong.

The Parent Company is a limited liability company based in Stockholm Stockholm municipality and is registered in Sweden with corporate identity number 559136-0317. The address of the head office is Zutec Inc. (Irl) Ltd. level 3 Adelphi Plaza George's Street Upper Dun Laoghaire Co Dublin A94 T927. The Parent Company's operations consist of the management of shares in subsidiaries.

The Parent Company is listed on NASDAQ First North Stockholm. On October 27, 2020 the Board approved this consolidated financial statement for publication on October 28, 2020.

Note 2 Accounting Principles for the Group

GENERAL ACCOUNTING PRINCIPLES

The consolidated financial statements are prepared in line with the Annual Accounts Act RFR 1 Supplementary Accounting Rules for Groups International Financial Reporting Standards (IFRS) and the interpretations of the IFRS Interpretations Committee (IFRS IC) as adopted by the EU.

Zutec Inc. (Ireland) Ltd became a wholly-owned subsidiary of Zutec Holding AB through a share issue in February 2018. The transaction was made between companies under the same controlling influence which is why IFRS 3 Business Combinations does not apply. No revaluation of assets or liabilities has occurred in connection with the acquisition. The consolidated income statement for the financial year 2019/2020 includes the full Zutec Holding AB and the Zutec Inc. Group. (Ireland) Ltd's financial year. The effect on the Group's equity which is termed Acquisition through an issue for non-cash consideration consists of the equity of the Group's subsidiaries at the beginning of the financial year adjusted for transactions with shareholders that took place before the Zutec Group was formed.

The Parent Company's Annual Report has been prepared in line with the Annual Accounts Act and RFR 2 Accounting for Legal Entities. The recommendation implies that the Parent Company applies the same accounting principles as the Group except in cases where the Annual Accounts Act or current tax rules restrict the possibility of applying IFRS. Differences between the accounting policies of the Parent Company and Group are disclosed in the Parent Company's accounting policies below.

Basis for accounting

The consolidated financial statements have been prepared in line with the acquisition value method. The balance sheet items that are classified as current assets and current liabilities are expected to be recovered and paid within 12 months. All other balance sheet items are expected to be recovered or paid at a later date. The Group's functional accounting currency is Swedish kronor. The consolidated financial statements are stated in Swedish kronor (SEK million) unless otherwise specified.

The preparation of the statements in line with IFRS calls for the use of some important estimates for accounting purposes. Additionally management requires certain assessments when applying the Group's accounting principles. The areas that involve a high degree of assessment that are complex or areas where assumptions and estimates are essential for the consolidated financial statements are listed in Note 4.

New and amended standards applied by the Group

As of 1 January 2019 IFRS 16 Leasing Agreements replaces the current standard IAS 17 Leasing Agreements and associated interpretations. From 1 July 2019 Zutec is be applying IFRS 16 and the simplified transition method which means that comparative information in previous periods will not be recalculated. The lease liability consists of the discounted remaining lease fees as of 30th June 2020. The right to use asset equates to an amount corresponding to the lease liability. The transition to IFRS 16 will have no effect on equity. Zutec will be applying the relief rules regarding leasing agreements where the underlying asset has a low value as well as short-term leasing agreements which also includes agreements concluded during the 2019/2020 financial year.

The most significant leasing agreements consist of agreements regarding leases for office space. As a result of the introduction of IFRS 16 the Group's total assets will increase through the inclusion of rights of use and leasing liabilities. Leasing fees that have been recognised as other external costs in the income statement under IAS 17 have been replaced by the depreciation of the rights of use assets which are recognised as an expense in operating profit and interest on the lease liability which is recognised as a financial expense. The lease fee is divided between amortisation of the lease liability and the payment of interest. For the transition to IFRS 16 all remaining leasing fees have been calculated at present value using Zutec's marginal loan interest rate. The average loan interest rate as of 1 July 2019 was 7%.

On 30 June 2020 the rights of use asset and liability were calculated at SEK 6.8 million and SEK 5.6 million. The change will impact the balance sheet and income statement as well as a number of key figures. The Group estimates that depreciation did increase SEK 2.0 million for the 2019/2020 financial year while financial expenses did increase by SEK .6 million.

As of 1 July 2018 IFRS 9 Financial Instruments and IFRS 15 Revenue from agreements with customers are applied. IFRS 15 is a comprehensive framework for determining whether at what amount and at what time an income item should be recognised. The standard replaces IAS 18 for contracts for goods and services. The Group applies IFRS 15 with full retrospectivity but without any differences identified which means no adjustment has been made to the comparative figures.

IFRS 9 replaces those parts of IAS 39 that deal with the classification and valuation of financial instruments and introduces a new impairment model for credit losses. The Group currently only has financial assets and liabilities where the business model is to collect or pay contractual cash flows. This means that there is no change in valuation compared to IAS 39 but that the category designation has changed. The Group applies the simplified method for calculating credit losses but as the Group's historical credit losses have been limited the changed method has had no effect on the comparative figures.

New standards changes and interpretations yet to be applied by the Group
There are no new IFRS or IFRIC interpretations that have not yet entered into force are expected to have any significant impact on the Group

CONSOLIDATED ACCOUNTING PRINCIPLES

Consolidated financial statements
Subsidiaries are all companies over which the Group has a controlling influence. The Group controls a company once it is exposed or is entitled to variable returns from its holding in the Company and is able to influence this return through its influence on the Company. Subsidiaries are included in the consolidated financial statements from the date on which the controlling influence is transferred to the Group. They are excluded from the consolidated financial statements from the date on which the controlling influence ceases.

The acquisition method is used to account for the Group's business combinations. The purchase price for the acquisition of a subsidiary consists of the fair value of transferred assets and liabilities attributable to the former owner of the acquired company and the shares issued by the Group. The purchase price also includes the fair value of all assets or liabilities that arise as a result of a conditional purchase agreement. Identifiable acquired assets and liabilities assumed in a business combination are initially measured at fair value on the date of acquisition. Acquisition-related costs are expensed when incurred. For each acquisition the Group decides whether a non-controlling interest in the acquired company is recognised at fair value or at the proportionate share of the holding in the recognised amount of the acquired company's identifiable net assets.

Holdings with a non-controlling interest in the earnings and shareholders' equity of subsidiaries are recognised separately in the consolidated income statement statement of comprehensive income statement of changes in equity and the balance sheet.

Acquisition-related costs are expensed when incurred.

If the business combination is implemented in multiple stages the previous equity interests of the acquired company are revalued to their fair value at the date of acquisition. Any resulting profit or loss is recognised in the income statement.

Each conditional purchase price to be transferred by the Group is recognised at fair value at the date of acquisition. Subsequent changes to the fair value of a conditional purchase consideration classified as an asset or liability are recognised either in the income statement or in other comprehensive income. A conditional purchase consideration classified as equity is not revalued and subsequent regulation is recognised in equity.

Intra-Group transactions balance sheet items and unrealised gains and losses on transactions between Group companies are eliminated. The accounting principles for subsidiaries have been amended wherever necessary to ensure the consistent application of the Group's principles.

Translation of foreign currencies
Items included in the financial statements for the various entities in the Group are measured in the currency used in the financial environment in which each company is primarily active (functional currency). The consolidated financial statements are prepared in Swedish kronor (SEK) which is both the Parent Company's functional and reporting currency.

Transactions in foreign currency are translated into the functional currency at the exchange rates prevailing on the transaction date or on the date on which the items are revalued. Exchange rate gains and losses arising from the payment of such transactions and the translation of monetary assets and liabilities in foreign currencies at the closing date are recognised in the income statement.
Foreign exchange gains and losses relating to loans and cash and cash equivalents are reported in the income statement as financial income or expenses. Translation differences for non-monetary financial assets and liabilities are recognised as part of fair value gains or losses.

Income and the financial status of all Group companies that have a different functional currency than the reporting currency are translated into the Group's reporting currency as follows:

- assets and liabilities for each of the balance sheet are translated at the balance sheet date
- Income and expenses for each of the income statements are translated at the average exchange rate (unless this average rate is not a reasonable approximation of the cumulative effect of the rates applying on the transaction date in which case revenues and expenses are translated at the exchange rate date)
- All exchange differences that arise are recognised in other comprehensive income.

When consolidating any exchange rate differences arising from the translation of net investments in foreign operations are recognised in other comprehensive income. Upon disposal of a foreign operation in whole or in part the exchange rate differences recognised in other comprehensive income are recognised in the income statement and recognised as part of the capital gain or loss.

Goodwill and adjustments of fair value arising from the acquisition of a foreign operation are treated as the assets and liabilities of this operation and are translated at the closing date.

The following exchange rates have been applied for the preparation of the consolidated financial statements and annual accounts.

	Average July-June		Balance sheet June 30	
Exchange rates relating in SEK	**2019/2020**	**2018/2019**	**2019/2020**	**2018/2019**
EUR	10,6586	10,439	10,4948	10,563
GBP	12,147	11,840	11,502	11,782
AUD	6,464	6,544	6,421	6,503
HKD	1,236	1,167	1,209	1,189

Holding with non-controlling interest
Transactions with a non-controlling interests that do not result in any loss of control are recognised as in-house capital transactions i.e. as transactions with the owners in their role as owners. A change in ownership is recognised by adjusting the recognised values of holdings with and without any controlling influence to ensure that they reflect the changes in their relative holdings in the subsidiary.

In the case of acquisitions from non-controlling interests the difference between the fair value of the purchase price paid and the actual acquired share of the recognised amount of the subsidiary's net assets is recognised in equity. Gains and losses relating to divestments to holdings without a controlling interest are also recognised in equity.

Once the Group no longer has a controlling influence any remaining holdings are revalued at fair value and the change in the recognised value is presented in the consolidated income statement. The fair value is applied as the first recognised amount and forms the basis for the continued accounting.

Intangible assets

Proprietary software
Software maintenance costs are expensed as and when they occur. Development costs that are directly attributable to the development and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets once the following criteria are met:

- It is technically possible to make the software ready so that it can be used
- the Company's intention is to make the software ready and to use or sell it
- There are conditions set for using or selling the software
- It can be shown how the software generates likely future financial benefits
- adequate technical financial and other resources to complete the development and to
- use or sell the software are available and
- the expenses that are attributable to the software during its development can be reliably calculated.

Directly attributable expenses that are retained as part of the software include employee expenses and a reasonable share of the indirect costs. Other development costs which do not satisfy these criteria are expensed as and when they are incurred.

Development costs previously expensed are not recognised as assets in subsequent periods. Development costs for software that are recognised as assets are amortised over their estimated useful life (3-7 years).

Right of use assets
The most significant leasing agreements consist of agreements regarding leases for office space in Zutec Ireland Limited. The office is located at Adelphi Plaza, George's Street, Dún Laoghaire, Co. Dublin, A96 T927, Ireland. The lease runs from 01/12/2018 to 30/11/2023 for 5 years. The average loan interest rate as of 1 July 2019 was 7%. The depreciation is over 4.5 years over the remaining time of the lease from 1st of July 2019.

Property plant and equipment
Property plant and equipment are recognised at cost of acquisition less depreciation. The acquisition value includes expenses directly attributable to the acquisition of the asset.

Expenditure on the improvement of property plant and equipment consisting of equipment tools and installations and improvements to third party properties performance beyond the original level increases the recognised amount of the asset. Depreciation is based on acquisition values which following the deduction of any residual value are distributed over the estimated useful lives of the acquisitions. Depreciation has been based on an assessment of the asset's useful life.

The following depreciation times are normally applied:
- 1-7 years for equipment tools and installations
- 3 years for computing assets
- 5 years for motor vehicles
- 5-10 years for improvement expenses on the property of third parties

Impairment of non-financial assets
Intangible assets that have an indeterminate useful life or intangible assets that are not ready for use are not impaired but are evaluated on an annual basis or in the case of an indication of a loss in value regarding a possible impairment requirement. Assets written off are assessed for impairment whenever events or changes in circumstances indicate that the recognised value may not be recoverable. An impairment loss is made by the amount at which the asset's recognised amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less any selling costs and its useful life value. When assessing impairment requirements assets are grouped at the lowest levels which have separately identifiable cash flows (cash-generating units). For assets that have previously been impaired a review of whether reversals should be implemented per each balance sheet date is made.

Leases
IFRS 16 Leasing Agreements are applied on all leases. See New and amended standards applied by the Group.The leasing fee for short-term leases and leases of low-value is expensed linearly over the period of the lease.

Financial assets
The Group classifies and measures its financial assets based on the business model that manages the asset's contracted cash flows and the nature of the asset. Financial assets are classified in one of the following categories: financial assets measured at amortised cost financial assets at fair value through other comprehensive income and financial assets at fair value through the income statement.

Financial assets measured at amortised cost

At present the Group only has financial assets that are not normally sold outside the Group and where the purpose of the holding is to generate contractual cash flows. All financial assets are classified as financial assets that are measured at amortised cost by applying the effective interest method.

Liquid funds
Cash and cash equivalents include in the balance sheet as well as in the statement of cash flows cash bank balances and other short-term investments with due dates within three months from the date of acquisition.

When acquiring financial assets the expected credit losses are recognised on an ongoing basis over the holding period normally taking into account the credit risk within the next 12 months. In the event that the credit risk has significantly risen the credit losses that are expected to arise over the entire maturity of the asset are reserved. Zutec applies the simplified method for calculating credit losses based on historical data in terms of payment patterns and the ability to pay of the counterparty. Based on historical data the expected loan losses are assessed to be limited.

Equity
Share capital
Stock shares are classified as share capital.

Issue costs
Transaction costs directly attributable to the issue of new common shares are recognised net of tax in equity as a deduction from the emission liquidity allowance.

Financial liabilities
Financial liabilities are measured at amortised cost
The Group only has financial liabilities that are classified and measured at amortised cost by applying the effective interest method. Recognition is initially made at fair value net of transaction costs

Current and deferred income tax
The recognition of income tax includes the current tax and deferred tax. The tax is recognised in the income statement except in cases where it refers to items recognised in other comprehensive income or directly in equity. In cases like this tax is also recognised in other comprehensive income and equity.

The current tax expense is calculated on the basis of the tax rules that were determined in practice in the countries where the Parent Company's subsidiaries are active and generate taxable income. Management regularly evaluates the claims made in tax returns in terms of situations where the applicable tax rules are subject to interpretation. Provisions are made for amounts that are likely to be paid to the tax authorities when this is deemed appropriate.

Deferred tax is recognised on all temporary differences. A temporary difference exists when the book value of an asset or liability differs from the tax value. Deferred tax is calculated using the tax rate that has been determined or announced at the balance sheet date and is expected to apply when the relevant tax asset is realised or the tax liability is adjusted.

Deferred tax assets are recognised to the extent that any future tax surpluses will be disposable against which any temporary differences can be utilised.

Deferred tax liabilities are calculated on temporary differences arising from participations in subsidiaries and associated companies except where the timing of the reversal of the temporary difference can be controlled by the Group and it is likely that the temporary difference will not be reversed in the foreseeable future.

From our conservative point of view, we do not book any amounts to deferred tax except where local regulations requires it. This is based on historical losses in the group.

Net financial items
Net financial items consist of interest income and interest expenses. The receivables and liabilities included in the financial net liability also include any currency gains and losses in net interest income. This also includes transaction costs for any assets and liabilities that are covered by the financial net debt. Interest income and interest expenses are spread over the maturity period by applying the effective interest rate method.

Employee benefits
Liabilities for salaries and remuneration and paid absenteeism which are expected to be settled within 12 months following the end of the financial year are recognised as current liabilities at the amount expected to be paid once the liabilities are settled regardless of discounting applied. The cost is recognised as and when the services are performed by the employees.

The Group has defined contribution plans. A defined contribution plan is a pension plan according to which the Group pays fixed fees to a separate legal entity. The Group has no legal or informal obligations to pay any additional fees if this legal entity does not possess sufficient assets to cover all of the employee benefits related to employee service over the current or previous periods.

Revenue recognition
The Group develops and sells software. Most of the Group's revenues consist of the sale of license rights subscription revenues and consulting revenues.

Revenue is recognised excluding VAT returns and discounts and after elimination of intra-group sales. The accounting principles applied by the Group to these performance commitments are presented below.

Subscription revenue (Software as a Service)
The Group sells software as a service by giving customers the right to access it. This service which includes licensing support and maintenance and in certain cases service is provided to the customer on an ongoing basis over the contract period and it is recognised on a straight-line basis over the contract period once control has been transferred to the customer on an ongoing basis over the contract period.

Consulting revenue
The Group sells consulting and training services which are provided for the most part on a cost plus basis but also as fixed-price agreements. Revenue from cost plus basis contracts is recognised at the contracted prices as and when the worked hours are delivered. Sales revenues from fixed-price contracts for services are recognised over time in line with the time spent based on the same principles as described above. Sales revenues from fixed-price service contracts are usually recognised in the period in which the services are delivered.

If any circumstances arise that change the initial estimate of revenue the costs or degree of completion these estimates will need to be re-evaluated. These re-evaluations can result in increases or decreases in estimated income or expenses and have an impact on revenue during the period when the circumstances that caused the change have come to the attention of management.

Interest income
Interest income and interest expenses are spread over the maturity period by applying the effective interest rate method.

Contractual assets and contractual liabilities
The time of revenue recognition invoicing and payments leads to invoiced accounts receivable uninvoiced accounts receivable (contractual assets) and advance payments from customers (contractual liabilities) in the consolidated balance sheet. The payment terms vary from contract to contract and depend on what has been agreed with the customer.

Share-Based Payments
The company has recognised share warrants issued during the year in the financial statements to the for a directed Issue and Share related incentive program. In the group accounts the transaction is recognised as a share-based payment that is equity settled.

Government grants & Tax credit
Government grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and that the grants will be received towards staff re-training costs are recognised as income over the periods necessary to match them with the related costs and are presented as a credit in the Income Statement as 'other income'.

Zutec Ireland is entitled to claim tax deductions for investments in qualifying assets or in relation to qualifying expenditure. (eg the Research and Development Tax). This is recognised on a cash basis.

Cash Flow Statement
The cash flow statement is prepared using the indirect method which means that the net profit is adjusted for transactions that did not result in receipts or payments during the period as well as any income and expenses attributable to the cash flow of investment or financing operations.

PARENT COMPANY'S ACCOUNTING PRINCIPLES

In the following cases the Parent Company's accounting principles do not comply with the Group:

Income tax
In the Parent Company due to the connection between recognition and taxation the deferred tax liability is recognised on any untaxed reserves as part of the untaxed reserves

Shares in Group companies
Shares in subsidiaries are recognised at cost of acquisition less any impairment losses. The acquisition value includes any costs related to the acquisition along with any additional purchase price. An estimate of the recoverable amount is calculated in the event of any indication that participations in subsidiaries have decreased in value. If the recoverable amount is lower than the recognised amount impairments are made. Impairments are recognised in the Profit item from participations in Group companies.

Financial instruments
IFRS 9 is not applied in the Parent Company except when calculating any impairment or loss risk provision when the same principles as those used in the Group are applied. Financial assets are measured in the Parent Company at cost of acquisition

less any impairment losses and financial current assets at the cost of acquisition and fair value less selling costs whichever is lowest.

Presentation of the Balance Sheet
The Parent Company adheres to the Annual Accounts Act's presentation of the income statement and balance sheet which involves among other things an alternative presentation of equity.

Note 3 Financial risk management and capital risk

FINANCIAL RISK MANAGEMENT

The Group is exposed to financial risks through its operations such as market risk (including currency risk interest rate risk and price risk) credit risk and liquidity risk. The Group's overall risk management policy as determined by the Board is to strive for minimal adverse effects in terms of financial performance and financial status.

Market risk

Currency risks
The Group operates internationally and is subject to currency risks arising from different currency exposures primarily with respect to EUR but also to some extent AUD HKD and USD. Currency risks arise from future business transactions recognised assets and liabilities and net investments in foreign operations.

As the Group's operations are predominantly conducted in Ireland the currency flow is mainly in EUR and the assessment is that there is currently no need to implement any currency hedging.

The Group has holdings in foreign operations whose net assets are exposed to currency risks. Currency exposure arising from net assets in the Group's foreign operations is not considered to be significant.

Should the Swedish krona weaken or strengthen by 10 % in relation to the accounting currencies of the Group's foreign subsidiaries with all other variables constant the profit for the year would be affected by SEK +/- 3.5 (2.8) million. This is preferably as a result of any gains/losses on the translation of short-term receivables and liabilities.

Interest rate risk relating to cash flows and fair values
The interest rate risk is the risk that the value of financial assets and liabilities will vary depending on the changes in the market interest rates. The Group currently only possesses interest-bearing financial assets in the form of bank balances.

Calculated on the basis of financial interest-bearing assets including liquid funds running at the floating rate as at 30 June 2020 a percentage change in the market interest rate would affect the Group's earnings by SEK .6(.2) million.

Price risk
The Group is not exposed to any price risk relating to shares that are classified as financial instruments measured at fair value through profit or loss or available-for-sale financial assets.

Credit risk
A credit risk applies when a party in a transaction with a financial instrument cannot meet its commitment. The maximum exposure to credit risks related to financial assets at 30 June 2020 totalled SEK 58.9 (33.9) million. There is no significant concentration of credit risks otherwise geographically or in terms of a particular customer segment. There are no mortgages in place for surety in relation to receivables.

For information on accounts receivable broken down by maturities refer to Note 15.

Liquidity risk
Liquidity risk is managed by the Group currently holding sufficient liquid funds for its operations. Management also observes carefully rolling forecasts for the Group's liquidity based on expected cash flows. The Group has borrowed SEK 10.5 million from Athanese Industrial Partners. Given that our focus is rapid growth we should not have a leveraged capital structure and we have therefore repaid Athanase's loan in July 2020 and we now have no interest-bearing debt in the business. The total financial liabilities are SEK 47.4 (12.2) million where SEK 35.4 million will expire within 30-90 days, SEK 4.6 million within one year and SEK 7.5 million is due within 2-5 years of the balance sheet date.

Management of capital risk
Capital is defined as total equity. The Group’s objective when it comes to capital structure is to ensure the Group’s ability to continue its operations in order to generate returns to shareholders and benefit other stakeholders as well as to maintain an optimal capital structure based on the cost of capital.

In order to maintain or adjust the capital structure the Group could either alter the dividend paid to shareholders repay capital to shareholders issue new shares or sell assets to reduce liabilities. In the event that the Group makes acquisitions this could impact on the Group’s indebtedness which could change.

The Board of Directors and management evaluate ongoing future payment commitments and make a determination based on the overall assessment of how the Group’s funds are to be managed.

Group debt/equity ratio	**30/06/2020**	**30/06/2019**
Total interest-bearing liabilities (SEK million)	-10.5	0
Deduction: interest-bearing assets including liquid funds(SEK million)	57.6	15.1
Net debt	-47.1	-15.1
Total equity (SEK millions)	39.5	35.2
Net debt equity ratio	**119 %**	**43 %**

Fair values
The recognised amount coincides with the fair value for all of the Group’s and Parent Company’s financial assets and liabilities. The financial assets in the Group as well as the Parent Company belong to the categories accounts receivable and loan receivables.

Note 4 IMPORTANT TAXES AND ASSESSMENTS FOR RECOGNITION PURPOSES

Estimates and assessments are continuously evaluated and are based on historical experience along with other factors including any expectations of future events that are considered reasonable under the prevailing conditions.
The Group makes estimates and assumptions about the future. The estimates for recognition purposes resulting from these will by definition rarely correspond to the actual results. The estimates and assumptions that could pose a risk of significant adjustments to the recognised values of assets and liabilities in the next financial year are set out as below.

Proprietary software
Development expenses are retained based on what is described in the “Intangible assets” section under Note 2. The Group has assessed its useful live periods which impacts the recognised cost of depreciation in the income statement and the valuation of assets in the balance sheet.

Revenue accruals
The Group has analysed and evaluated IFRS 15 as a regulatory framework and made judgements concerning the point in time when the control is transferred to the customer on an ongoing basis over the agreement period or at a certain time. Revenue recognition is based on this assessment.

The Group also has agreements where the underlying fair value of different types of revenue does not always correspond to the design of the agreement which will require assessments. Cases like these could arise in connection with procurements where the procurement documents are designed in such a way that the terms and breakdowns of the agreement differ from the fair value of each type revenue. In cases like these the Group reviews the agreements pricing delivery dates and delivery approvals. The actual fair value per revenue type can then be estimated and the agreed sales price is distributed over the term of the agreement.

Note 5 SEGMENT INFORMATION

The Group does not recognise any segments as the entire Group constitutes the internal reporting that is submitted to the highest executive decision maker. The Company's products and services are designed for major international projects and customers. There are currently three subsidiaries but all subsidiaries act on behalf of the Irish company from where the lion's share of the operations are conducted.

The table below shows the Group's sales per country:

2019/2020 Company name	Registered office	Net sales	Elimination	The Group's net sales
Zutec Holding AB	Sweden	0	0	0
Zutec Inc. (Ireland) Ltd.	Ireland	15.4	-0.7	14.7
Zutec Inc. (UK) Ltd.	UK	8.4	0	8.4
Zutec (Asia) Ltd.	Hong Kong	0	0	0
Zutec (Australia) Pty Ltd.	Australia	3.7	0	3.7
Total		**27.5**	**-0.7**	**26.7**

2018/2019 Company name	Registered office	Net sales	Elimination	The Group's net sales
Zutec Holding AB	Sweden	0	0	0
Zutec Inc. (Ireland) Ltd.	Ireland	13.5	-0.9	12.7
Zutec Inc. (UK) Ltd.	UK	4.4	0	4.4
Zutec (Asia) Ltd.	Hong Kong	0	0	0
Zutec (Australia) Pty Ltd.	Australia	4.4	0	4.4
Total		**22.4**	**-0.9**	**21.4**

Note 6 Other income

	Group 2019/2020	2018/2019
Tax reduction for research and development	2.4	1.1
Development grant	.2	0
Other income	0	0
Total	**2.6**	**1.1**

Note 7 External expenses

Fees to the auditor	Group 2019/2020	2018/2019
BDO		
Auditing services	0.6	0.7
Audit operations outside the auditing service	0	0
Tax advice	0	0
Other assignments	0	0
	0.6	**0.7**
Other		
Auditing services	0	0.1
Audit operations outside the auditing service	0	0
Tax advice	0	0
Other assignments	0	0
	0	**0.1**
Total	**0.6**	**0.8**

Lease fees	Group 2019/2020	2018/2019
Lease including rental for premises		
Lease fees annual cost	0	1.9
Remaining lease fees fall due as follows:		
Within 1 year	0	1.9
Within 2 – 5 years	0	6.4
Later than 5 years	0	0

For 2019/2020, we adopted IFRS16. Refer to note 12.

Note 8 Personnel costs etc. Average number of employees	2019/2020 Men	 Women	 Total	2018/2019 Men	 Women	 Total
Parent Company	0	0	0	0	0	0
Subsidiary						
Ireland	18	6	24	16	7	23
UK	4	5	9	4	4	8
Australia	2	2	4	1	3	4
Hong Kong	0	0	0	0	0	0
The Group in total	**24**	**13**	**37**	**21**	**14**	**35**
Gender distribution of senior executives						
Parent Company						
Board of Directors	5	0	5	5	0	5
Management Team	7	0	7	5	0	5
Group						
Board of Directors	5	0	5	5	0	5
CEO/Management Team	7	0	7	5	0	5

Salaries and benefits	2019/2020 Board of Directors and CEO	 Other employees	 Total	2018/2019 Board of Directors and CEO	 Other employees	 Total
Parent Company	0.5	0	0.5	1.0	0	1.0
Subsidiary	5.6	23.1	28.7	3.8	17.1	20.9
The Group in total	**6.1**	**23.1**	**29.2**	**4.8**	**17.1**	**21.9**
Social security contributions						
Parent Company	0	0	0	0.3	0	.3
Of which pension costs	0	0	0	0	0	0
Subsidiary	0	3.0	3.0	0	0.7	0.7
Of which pension costs	0	0.6	0.6	0	0.7	0.7
Total personnel costs	**6.2**	**26.2**	**32.3**	**5.1**	**17.7**	**22.9**

The CEO has been issued warrants of 11,800,000

Specification of salaries and remuneration to the Board and senior executives 2019/2020	Group Salary/fees	 Pension	Parent Company Salary/fees	 Pension
Gustave Geisendorf	5.6	0	0	0
Mikael Näsström	0.1	0	0.1	0
Brian McGuire	0	0	0	0
Stefan Charette	0.1	0	0.1	0
Per Åkerman	0	0	0	0
Erik Gabrielson	0	0	0	0
Total	**5.8**	**0**	**0.2**	**0**

Specification of salaries and remuneration to the Board and senior executives 2018/2019	Group		Parent Company	
	Salary/fees	Pension	Salary/fees	Pension
Brian McGuire	0.9	0	-	-
Brendan O'Riordan	1.8	0	-	-
Conor O'Brien	1.1	0	-	-
Gerry Jones	0.1	0	-	-
Hans Schedin	0.1	0	-	-
Daniel Nyhrén	0.1	0		
Cliona Farrelly	0.4	0	-	-
Total	**4.5**	**0**	**-**	**-**

Note 9 Taxes	Group 2019/2020	Group 2018/2019	Parent Company 2019/2020	Parent Company 2018/2019
Total current tax expense	0	0	0	0
Deferred tax	0	.2	0	0
Total	**0**	**.2**	**0**	**0**

Deferred tax expense/income for the year	Group 2019/2020	Group 2018/2019	Parent Company 2019/2020	Parent Company 2018/2019
Tax revenue relating to temporary differences	0	0.2	-	-
Tax expenses relating to temporary differences	0	0	-	-
Total	**0**	**0.2**	**-**	**-**
Tax on profit/loss for the year				
Profit before tax according to income statement	-36.7	-29.1	-1.5	-1.5
Tax according to applicable tax rates (12.5 – 30.0 %)	**5.4**	**4.2**	**0.3**	**0.3**
Reconciliation of recognised tax				
Non-deductible costs	0	-0.1	-	0
Impact of unrecognised costs	0	0	-	0
Temporary differences in accrued costs	0	0	-	-
Tax attributable to previous years	0	0	-	-
Unrecognised loss carry forwards	0	0	-	-
Unrecognised loss carry forwards	-5.4	-3.9	-0.3	-0.3
Recognised current tax expense	**0**	**.2**	**0**	**0**

Temporary differences	Deferred tax asset 2019/2020	Deferred tax asset 2018/2019
Accrued expenses	0	0
Unrecognised loss carry forwards	0	0.2
Total	**0**	**0.2**

Reconciliation of deferred tax asset	Group 2019/2020	Group 2018/2019
At the beginning of the year	0.3	0.1
Recognised in addition to the income statement	0	0.2
Exchange rate differences	0	-0
Re-classification	-0.3	0
Deferred net tax liability/net tax receivable	**0**	**0.3**

Note 10 Intangible assets	Proprietary software	Total
1 July 2018 – 30 June 2019		
Accumulated cost of acquisition		
At the beginning of the year	20.1	20.1
Acquisitions for the year	6.6	6.6
Sales and disposals	0	0
Exchange rate differences	0.3	0.3
At the end of the year	**26.9**	**26.9**
Accumulated depreciation		
At the beginning of the year	-11.2	-11.2
Depreciation for the year	-4.7	-4.7
Sales and disposals	0	0
Exchange rate differences	-0.2	-0.2
At the end of the year	**-16.1**	**-16.1**
Value according to balance sheet at year-end	**10.9**	**10.9**
1 July 2019 – 30 June 2020		
Accumulated cost of acquisition		
At the beginning of the year	26.9	26.9
Acquisitions for the year	5.7	5.7
Sales and disposals	0	0
Exchange rate differences	-0.2	-0.2
At the end of the year	**32.4**	**32.4**
Accumulated depreciation		
At the beginning of the year	-16.1	-16.1
Depreciation for the year	-5.1	-5.1
Sales and disposals	0	0
Exchange rate differences	0.2	0.2
At the end of the year	**-21.0**	**-21.0**
Value according to balance sheet at year-end	**11.5**	**11.5**

Note 11 Property plant and equipment	Equipment tools and installations	Improvement fees for third party property	Total
1 July 2018 – 30 June 2019			
Accumulated cost of acquisition			
At the beginning of the year	1.6	0.3	1.9
Acquisitions for the year	0.4	0.4	0.8
Divestments and disposals of the year	0	-0.3	-0.3
Exchange rate differences	0	0	0
At the end of the year	**2.0**	**0.4**	**2.4**
Accumulated depreciation			
At the beginning of the year	-1.0	-0.1	-1.1
Depreciation for the year	-0.3	-0	-0.4
Divestments and disposals of the year	0	0,1	0,1
Exchange rate differences	-0	0	-0
At the end of the year	**-1.4**	**-0.1**	**-1.4**
Value according to balance sheet at year-end	**0.7**	**0.3**	**1.0**
1 July 2019 – 30 June 2020			
Accumulated cost of acquisition			
At the beginning of the year	2.0	0.4	2.4
Acquisitions for the year	0	0	0
Divestments and disposals of the year	0	0	0
Exchange rate differences	-0	-0	-0
At the end of the year	**2.0**	**0.4**	**2.4**
Accumulated depreciation			
At the beginning of the year	-1.4	-.0	-1.4
Depreciation for the year	-0.3	-0.1	-0.4
Divestments and disposals of the year	0	0	0
Exchange rate differences	.1	0	0
At the end of the year	**-1.7**	**-.1**	**-1.8**
Value according to balance sheet at year-end	**0.4**	**0.3**	**0.6**

Note 12 Right of use assets

Properties	Group 2019/2020	2018/2019	Total
Accumulated cost of acquisition			
At the beginning of the year	7.1	0	**7.1**
Acquisitions for the year	1.7	0	**1.7**
At the end of the year	8.8	0	**8.8**
Accumulated depreciation			
At the beginning of the year	0	0	**0**
Depreciation for the year	1.9	0	**1.9**
At the end of the year	1.9	0	**1.9**
Value according to balance sheet at year-end	**6.8**	**0**	**6.8**

Lease liabilities			
At beginning at the year	0	0	0
Acquired	7.1	0	7.1
Payments during the year	-1.9	0	-1.9
Interest	0.5	0	0.5
At the end of the year	5.6	0	5.6
Value according to balance sheet at year-end	**5.6**	**0**	**5.6**

Due within 1 year	1.5	0	1.5
Due within 2-5 years	4.1	0	4.1
Due later than 5 years	0	0	0
Total	**5.6**	**0**	**5.6**

Note 13 Long-term liabilities	**2019/2020**	**2018/2019**	**Total**
Due later than 5 years	0	0	0

Note 14 Financial assets

	Parent Company	
Shares in Group companies	**2019/2020**	**2018/2019**
Opening book value	120.0	120.0
Share Warrants	4.6	0
Recognised value	**124.6**	**120.0**

Specification shares in Group companies	**Equity stake**		**Number of shares**	**Book value**
Zutec Inc. (Ireland) Limited	100 %		104,545	124.6
Zutec (Australia) Pty Limited	0 %	(90 %)	100	-
Zutec Asia Limited	0 %	(100 %)	100	-
Zutec Inc (UK) Limited	0 %	(100 %)	100	-
Total				**124.6**

For all companies the voting share is the same as the equity stake. On the 22nd of June 2020, Zutec Holdings increased its' percentage ownership from 56% to 90% of Zutec (Australia) Pty Ltd.

The Group's total shareholding in the relevant subsidiaries is stated in parentheses after the Parent Company's equity stake.

Information about Group companies	**Corporate Identity Number**	**Registered office**
Zutec Inc. (Ireland) Limited	313471	Ireland
Zutec (Australia) Pty Ltd.	ABN 54 129 531 531	Australia
Zutec Asia Ltd.	1257208	Hong Kong
Zutec Inc (UK) Ltd	09335281	UK

Note 15	Accounts receivable and contractual assets	Group 2019/2020	2018/2019
Accounts receivable		6.6	19.8
Contractual assets		0	0
Reservation for impairment		-1.0	-4.8
Recognised value		**5.6**	**15.0**

Age analysis accounts receivable and contractual assets		Group 2019/2020	2018/2019
Unaccrued accounts receivable and contractual assets		5.6	5.0
Accrued accounts receivable	31-90 days	0.3	1.6
Accrued accounts receivable	91-180 days	0.3	0.5
Accrued accounts receivable	181-360 days	0.3	3.4
Accrued accounts receivable	More than 360 days	0.2	9.3
Total		**6.7**	**19.8**
Reservation for impairment	31-90 days	-0.1	0
Reservation for impairment	91-180 days	-0.2	0
Reservation for impairment	181-360 days	-0.4	0
Reservation for impairment	more than 360 days	-0.4	0
Total		**-1.1**	**0**

Provision for doubtful accounts receivable and contractual assets		
Opening balance	-4.8	0
New provisions	-6.7	-4.8
Losses detected	10.4	0
Total	**-1.1**	**-4.8**
Recognised value	**5.6**	**15.0**

Note 16	Prepayments and accrued income	Group 2019/2020	2018/2019
Local rents		0.5	0.6
Insurance		0	0
Accrued income (Contractual assets)		0	0
Other items		0.6	0.8
Recognised value		**1.1**	**1.4**

Note 17	Share capital development and number of shares	Quotient	Number of shares	Change in share capital (MSEK)	Total share capital (MSEK)
2017	Incorporation	0.20	2,500,000	0.5	0.5
2018	Issue for non-cash consideration	0.20	2,500,000	0.5	1.0
2018	Rights issue	0.20	1,931,339	0.4	1.4
2018	Rights issue	0.20	150,995	0	1.4
2020	Directed and rights issue	0 20	35,416,670	7.1	8.5
By year end		**0.20**	**42 500 004**	**8.5**	**8.5**

Note 18 Share based payments	Group 2019/2020		Total cost
	Directed issue	Incentive program	
Opening warrants	0	0	0
Warrants issued on 22-05-2020	8,850,000	2,950,000	
Subscription price warrants	0.52	0.52	
Fair value of warrants provided to CEO	4.6	0.1	4.7
Total equity capital contributed	**4.6**	**0.1**	**4.7**

	Parent company 2019/2020		Total cost
	Directed issued	Incentive program	
Opening warrants	0	0	0
Warrants issued on 22-05-2020	8,850,000	2,950,000	
Subscription price warrants	0.52	0.52	
Fair value of warrants provided to CEO	4.6	0.1	4.7
Total equity capital contributed	**4.6**	**0.1**	**4.7**

Note 19 Accrued expenses and prepaid income	Group 2019/2020	Group 2018/2019
Salary related expenses	0.4	0.2
Prepaid income (contractual liabilities)	7.2	1.4
Athanese Loan Guarantee and interest	3.3	0
Right issue fees	1.3	0
Other items	7.6	4.4
Total	**19.8**	**6.0**

Note 20 Financial assets and liabilities	Group 2019/2020	Group 2018/2019
Financial assets		
Accounts receivable	5.6	15.0
Other receivables	3.7	3.7
Accrued income (Contractual assets)	0	0
Prepayments and accrued income	1.1	1.4
Liquid funds	57.6	15.1
Total	**68.0**	**35.3**
Financial liabilities		
Accounts payable	3.2	1.8
Other liabilities	18.8	4.4
Accrued expenses	19.8	6.0
Total	**41.8**	**12.2**

Note 21 Commitments	Group 2019/2020	Group 2018/2019	Parent company 2019/2020	Parent company 2018/2019
Capital Commitments				
Significant capital expenditure contracted far at the end of reporting period but not recognised as liabilities:				
Net assets	0	0	124.6	0

Note 22 Transactions with related parties

For information concerning transactions with senior executives refer to Note 8.

Zutec Holdings has provided loans to Zutec Inc. (Ireland) limited SEK 48.2 million and Zutec Inc. (UK) limited SEK 4.2 million on which 0% interest is applied.

The year has seen sales between Ireland and Australia. In addition a minority owner in Australia has invoiced compensation for his discontinued work as sole remuneration from the Company. Zutec Inc. (Ireland) limited charged Zutec (Australia) Pty Ltd SEK .7 million in the financial year 2019/2020. This fee is based on 20% of Revenue generated by the Australian entity.

Apart from the above stated information there are no transactions with related parties.

Note 23 Significant events after the year end

There have been several events since the 30th of June 2020.

- New sales organization and leadership announced.
- New finance leadership announced.
- Signed 3-year enterprise agreement of SEK 4.3 million with Cairn Homes and agreements with National Children Hospital of SEK 3.2 million.
- Repayment of Athanase loan of EUR 1 million plus accrued interest.
- EGM on July 17, 2020 elected BDO as new auditors.

The agreement was reached to terminate the lease for the Zutec Ireland office in April 2021 and not in November 2023.

Note 24 Impact of Covid 19

It is our belief that Covid 19 will increase the digitisation of the Construction Software industry. We have noticed that our firm is benefiting from this emerging trend. However, this trend can only be assessed over the longer term when it will become apparent if clients are holding off new and existing developments. There is still a risk to the company should a significant number of employees fall ill or require quarantine causing delays in development of current and new projects.

Page 31 - 60 of this English version of the Annual Report is a translation of the Swedish version of the Annual Report. The Swedish Annual Report consists in its entirety of page 31 – 60 as described in this English version and as such excludes page 1 – 30 which is only available in this English version. The Auditor’s report is based on pages 31-60 in this English version.

Annual Reports Signatures

The Board of Directors ensures that the consolidated financial statements have been prepared in line with International Financial Reporting Standards IFRS as adopted by the EU and present a true and fair view of the Group's status and results. The Annual Report has been prepared in line with generally accepted accounting principles and provides a true and fair view of the Parent Company's status and results.

The management report for the Group and the Parent Company provides a true and fair view of the development of the Group's and the Parent Company's operations status and results and describes the significant risks and uncertainties facing the Parent Company along with the companies included in the Group.

On October 27, 2020 the Board approved this consolidated financial statement for publication on October 28, 2020.

Stockholm on October 27, 2020.

Mikael Näsström
Chairman

Stefan Charette

Brian Mcguire (Oct 27, 2020 21:47 GMT)
Brian McGuire

Per Åkerman (Oct 27, 2020 20:35 GMT+1)
Per Åkerman

Erik Gabrielson (Oct 27, 2020 21:57 GMT+1)

Gustav Geisnedorf
CEO

Erik Gabrielson

Our audit report has been issued on October 27, 2020.

BDO Sweden AB

Johan Pharmanson
Johan Pharmanson (Oct 27, 2020 23:10 GMT+1)

Johan Pharmanson
Auktoriserad revisor

TRANSLATION OF THE SWEDISH SIGNED AUDIT REPORT

AUDITOR'S REPORT

To the general meeting of the shareholders of Zutec Holding AB
Corporate identity number 559136-0317

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Zutec Holding AB for the financial year 01-07-2019 – 30-06-2020.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 30th of June 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 30th of June 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other matter

The audit of the annual accounts and consolidated accounts for the financial year 01-07-2018 – 30-06-2019 was performed by another auditor who's engagement was prematurely terminated and who submitted an auditor's report dated 24-09-2019, with unmodified opinions in the Report on the annual accounts and consolidated accounts.

The following documents are attached to the audit report:

– Copy of the former auditor's report according to Chapter 9 § 23 of the Companies Act.

– Copies of notifications according to Chapter 9. 23 a § of the Companies Act.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden 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 annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, 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 opinions. 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 the company's internal control relevant to our 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 company's internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.

• Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group'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 annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. 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 a company and a group to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

• Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Zutec Holding AB for the financial year 01-07-2019 – 30-06-2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

• has undertaken any action or been guilty of any omission which can give rise to liability to the company, or

• in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Stockholm ____ of October 2020

BDO Sweden AB

Johan Pharmanson

Authorized Public Accountant

Auditor's reporting on "other information"
To the shareholders of Zutec Holding AB (Org. nr 559136-0317)

Information other than the Financial Statements

Management is responsible for other information. The other information comprises of information included on the pages 2-30.

Our opinion on the financial statements do not cover other information and we do not express any form of assurance conclusion thereon.

In connection with out audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

Other Matter

We have issued this report, on request of Zutec Holding AB since the original financial statements on which we issued our auditor's report did not include this other information and due to this fact, our auditor's report did not have any statement on other information.

____ October 2020

BDO Sweden AB

Johan Pharmanson
Authorized public accountant