

ZUTEC

Year End Report



Year ended 30th June 2018

Who are Zutech



Zutech develops and markets cloud-based software solutions, primarily directed to companies within the building and construction industry. The Company's products help clients to increase their productivity and cost efficiency. Zutech provides solutions within project management, data and document collaboration tools, data enriched 3D-models, defect management, project handover and the operations and maintenance of buildings.

To find out more, please visit www.zutech.com

The company is listed on Nasdaq First North and Mangold Fondkommission AB is the Company's acting Certified Adviser, tel. + 46 8 5030 1550, www.mangold.se

Calendar for Financial Information

September 26th 2018
October 17th 2018
November 21st 2018

Annual Report (To include Statutory Financials)
Annual General Meeting
Interim Report July - September 2018

The Year in Brief

- Sales for the year SEK 35,231,000
- 40% fiscal year on year turnover growth
- Contracted sales of SEK 66,077,060 up to 2021 (an increase of 6% since Q4)
- EBITDA (Before IPO costs) SEK 6,289,000 for 2017/18
- 32% increase in client deployments
- Company Certified for ISO27001
- Global Construction Industry growing at 3% per annum
- Key hires in Management, Sales and Development
- Recurring annual software revenue 15% of revenues
- Recurring annual software revenue 27% of overall software revenues
- Clear Product Development strategy
- Inbound sales system being implemented

Table of Contents

6. Sustainability Report	Page 27
7. Financials	Page 32
7.1 Income Statement (Group)	Page 33
7.2 Statement of Other Income (Group)	Page 34
7.3 Balance Sheet Net Assets (Group)	Page 35
7.4 Balance Sheet Equity and Liabilities (Group)	Page 36
7.5 Equity attributable to Parent company (Schedule)	Page 37
7.6 Cash Flow (Group)	Page 38
7.7 Income Statement (Parent Company)	Page 39
7.8 Balance Sheet (Parent Company)	Page 40
7.9 Cash Flow (Parent Company)	Page 41
8. Charity	Page 42

1. Message from the CEO



Brendan O'Riordan - CEO

The year ending June 30th 2018 was a remarkable one for Zutech. In March we completed our IPO under tight guidelines, marking a new era for our company. During the same period, we also managed to increase revenues by 40% over the previous year. What's more, we're moving towards a SaaS model, with recurring revenues accounting for 15% of the overall revenue.

"I'm so proud of what we've achieved. But I know we're just getting started."

Ringling in the changes

Once we made the decision to go public, we acted quickly and floated the company within 8 months. Now that we've rung that bell, we're focused on using that capital to fuel higher rates of growth and to change our business model. The IPO process demanded a lot of time and incredible effort from our key executives. In fact, we may have seen a larger growth in revenues had we not taken on the challenge. However, I believe that our decision has future-proofed our business – and inspired our people.

Transforming our business

We need a solid foundation for this future. Moving from the traditional licence sales to a SaaS model means stable revenues. It also gives our management team more robust data to inform decision-making, and make trouble-shooting easier. This transition will affect profitability margins in the short term, but it will bring sustainable growth and cost-savings in the medium term.

Unlocking new opportunity

Now that we've completed IPO, I have been able to take a step back and look at the 'bigger picture.' It's clear that we're in a thriving industry and I believe we have what it takes for exponential growth. In fact, we're poised to transform the construction industry, and the working lives of those within it.

We're working on a new product offering which will revolutionize communication between design, construction and facilities. This platform will act as the central source of truth for decision-making, reporting, and communication between co-workers. Through open APIs, this platform will harness all solutions used in the building lifecycle, from design tools right through to smart devices and building management systems.

A solution for today's world

We're seeing a move away from email communications to instant messaging with products like WhatsApp and Slack. Our product will respond to this, by allowing quick and synchronous messaging between everyone from project managers, to onsite operatives.

We envisage this product as the first (and last) port of call for everyone involved in a project. All project changes and events will be captured and communicated within the tool.

The next steps

We're currently focusing on the first feature: person-to-person messaging. Then we'll move on to the other layers over the next 12 months. Our aim is to go to market at the end of this financial year.

There are many more traditional, single-use solutions out there. Zutec can stand out from the crowd, with a digital solution that fits the needs of the industry – and its people.

2. Our Market

Our Market

Zutec operates in the market for SaaS data management and collaboration tools, primarily within the building and construction segment. The Company has seen a huge increase in SaaS services during the past few years. The market is quickly adapting to new services and is aiming to help enterprises become more effective and cost efficient. Among our current customers are some of the world's largest construction companies working on projects such as airports, ports, commercial buildings, residential developments and hospitals across Ireland, the UK, Qatar, the UAE, Australia and Italy.

Investments in technology within the sector are expected to increase significantly. The KPMG CIO Survey indicated that 56% of construction and engineering companies expect to significantly increase investments in cloud services in the near future. Executives at infrastructure companies overwhelmingly agree that technology will transform their business over the next five years. 87% of companies plan to change their technology investments and a majority are exploring better ways of managing and utilizing big data.

Boston Consulting Group also estimates that, within ten years, 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. Accordingly, it is clear that 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 outcompeted by their peers.

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.

3. Sales and Marketing

Inbound Sales Strategy

Zutec has invested in an inbound sales and marketing strategy that focuses on customer-centric selling and account-based marketing techniques. Inbound marketing is the primary marketing approach for the majority of businesses worldwide. As a global methodology, inbound marketing will allow us to target customers in new markets with campaigns and lead generation tactics designed to attract active buyers. We are confident that our marketing strategy will see higher ROI as a result of our inbound marketing practices, coupled with a sales system that is optimised for the efficient processing of leads to paying customers. Using company data and data from the internet organised in a central hub so that every potential customer is tracked and processed by our team, Zutec will be in a better position to grow and scale operations globally. According to 'The State of Inbound 2018', published by Hubspot, Sales is usually focused on closing more, but prospecting is getting harder and harder. Salespeople say they source the most leads themselves, showing a potential rift between marketing and sales, who should generate the most leads for sales teams to work. We have invested in Hubspot, which provides a complete platform for CRM, Marketing, Sales and Customer Success in one place, and streamlines data entry and CRM admin for salespeople so they're selling more and using our valuable data in sales. Our salespeople are also being trained in using an educational and consultative methodology with our customers.

We have partnered with Sales Hub Pro to ensure the rapid and streamlined delivery of these systems in a strategic way. Over the coming year, we will continue to test, iterate and improve our sales system based on measurable key performance indicators at every stage of our sales funnel. By investing in our sales system we are aligning our sales and marketing teams and enabling our salespeople to find active, warm leads interested in our products.

The Year Ahead

Location	Event	Involvement
Dublin	Building & Architect of the Year Award – 4th October 2018	Sponsoring
London	Digital Construction Week – 17th & 18th October 2018	Exhibiting
London	London Build – 23rd & 24th October 2018	Exhibiting
Dublin	CitA Tech Live – 8th & 9th November	Exhibiting
Chicago	Greenbuild – 14th- 16th November	Attending
Toronto	Construct Canada – The Buildings Show – 28th -30th November	Attending
London	Student Accommodation Event – December	Attending

Marketing Report: June 2017 - June 2018

The following report outlines the marketing activities that Zutech were involved in from June 2017 to June 2018. It will give an overview of the wide and varied events that Zutech include in the yearly marketing calendar.

National Construction Summit 2017 – June 14th 2018

Zutech exhibited at the 3rd Annual National Construction Summit in the Citywest, Dublin. The aim of the conference was to provide a forum for discussion, learning and networking among key stakeholders that are interested in the Irish construction industry. The conference allowed attendees to stimulate debate and identify the areas in need of investment, to connect the industry to investors and projects, to identify key technologies that can assist in meeting Ireland's construction need and to equip delegates with the knowledge and clear vision of where their organisation should be aiming in the coming years and how to get there and stay there.

Zutech were one of the main sponsors at the event and sponsored the Building BIM stage on the day.

Digital Construction Week – 18th-19th October 2017

October saw Zutech's 3rd year exhibiting at Digital Construction Week. As this was also the 3rd year of the event, popularity has increased among the industry and the event organisers had to move to a bigger venue in the Excel in London. The 2 day event saw record attendance at the bigger venue and Zutech made lots of new and interesting contacts throughout the event.

Brendan O'Riordan, Zutech CEO delivered a presentation to a packed tech stage audience. The presentation topic was 'Digital Transformation of Construction QA Processes at Midfield Terminal, Abu Dhabi Airport Project', which drew a large crowd to attend and raised some very interesting questions about the project, which Brendan handled easily.

Legion Launch – November 2nd 2017 (Zutec's 100th Release)

November 2017 saw the launch of 'Legion' – which was the 100th release of the Zutec platform. To date this is the biggest event in Zutec's history and to mark this very momentous occasion, the company decided to have a big release event inviting global clients, dignitaries, colleagues and friends to attend and take part in the celebrations.

The event took place in the magnificent surrounds of Croke Park and we were delighted on the evening to welcome the then, Tánaiste Frances Fitzgerald to introduce proceedings. Followed by Brendan O'Riordan and Mike White taking to the stage to outline the company history and vision and also to showcase what 'Legion' was all about.

CitA BIM Gathering 2017 – November 23rd & 24th

November 2017 saw the 3rd CitA BIM Gathering following the success of the previous 2 events in 2013 and 2015. The CitA BIM Gathering is Ireland's leading academic forum in BIM and digital construction processes and Zutec once again exhibited at the 2 day event in Croke Park, Dublin. On Day 2, our Business Development Manager Daniel Da Silva, gave a detailed presentation on 'Digital Transformation of Construction QA Processes at Midfield Terminal, Abu Dhabi Airport Project' to the attendees which was received very well with lots of interesting questions raised.

Student Accommodation Event – Dec 2017

In December Zutec exhibited at the Student Accommodation Event in Birmingham. The Student Accommodation Event is a premier student housing event that combines an industry leading conference and evening awards, and brings together more than 700 university developers, operators, investors and agents for unrivalled networking and business opportunities.

The agenda on the day explored key issues across the UK and overseas, from planning, investment and development, to innovation and affordability. Leading practitioners and experts in the field analysed student wellbeing, the role of pastoral care and overall student experience.

Nasdaq Launch – March 2018

Thursday March 15th 2018 saw Zutec Holdings shares begin trading on Nasdaq First North Market in Stockholm – making history in doing so as Zutec is the first Irish company to list on the market. On the day, Adam Kostyal, Head of European Listings for Nasdaq opened proceedings by welcoming Zutec to the market and offering support to the company as it grows in visibility on the market.

Also present on the day enjoying the ceremony was the Minister for Culture, Heritage & Gaeltacht Josepha Madigan, the Irish

Ambassador to Sweden Dymrna Hayes as well as several Enterprise Ireland personnel, Zutec personnel and lots of well-wishers. The ringing of the bell was carried out by Zutec's Conor O'Brien CFO and Mike White CTO.

IPO Boothcamp – April 2018

Nasdaq held an IPO bootcamp in April 2018, at which Zutec were invited to share their experience of the journey to becoming a listed company on the Nasdaq First North. Brendan O'Riordan, Zutec CEO was part of a panel on discussions talking about the experience for Zutec and answering any questions with relation to the challenges along the way.

Dublin Chamber – Technology Forum Talk – May 2018

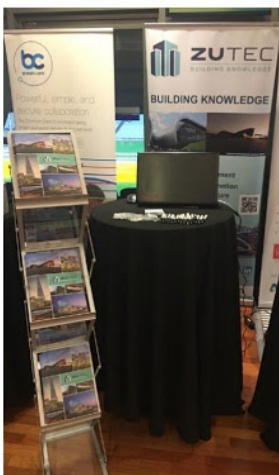
Dublin Chamber held a Technology Forum which brings together business minds with a shared interest in technology to network and hear from speakers on topics relevant to the tech sector. In May 2018, Dublin Chamber invited Zutec CEO Brendan O'Riordan to speak about Zutec's successful IPO on the Nasdaq First North and the experience of being the first Irish company to do so. Brendan was interviewed by Graeme McQueen, Head of Public Affairs at Dublin Chamber, where he gave an insightful and honest view into the journey that Zutec completed in

becoming a publicly listed company and also highlighting the bumps along the way.

CitA – 2017/2018

The Construction IT Alliance; CitA was established to keep the industry up to date with the latest information on technology trends through monthly events and annual conferences with experts in key areas whilst providing networking opportunities with peers. Zutec have been one of their main sponsors for several years. In 2017 we were one of the main sponsors at CitA's flagship event called the Smarter Cooperative Building Series and in 2018 we continued this sponsorship through their Technology Trend Events.

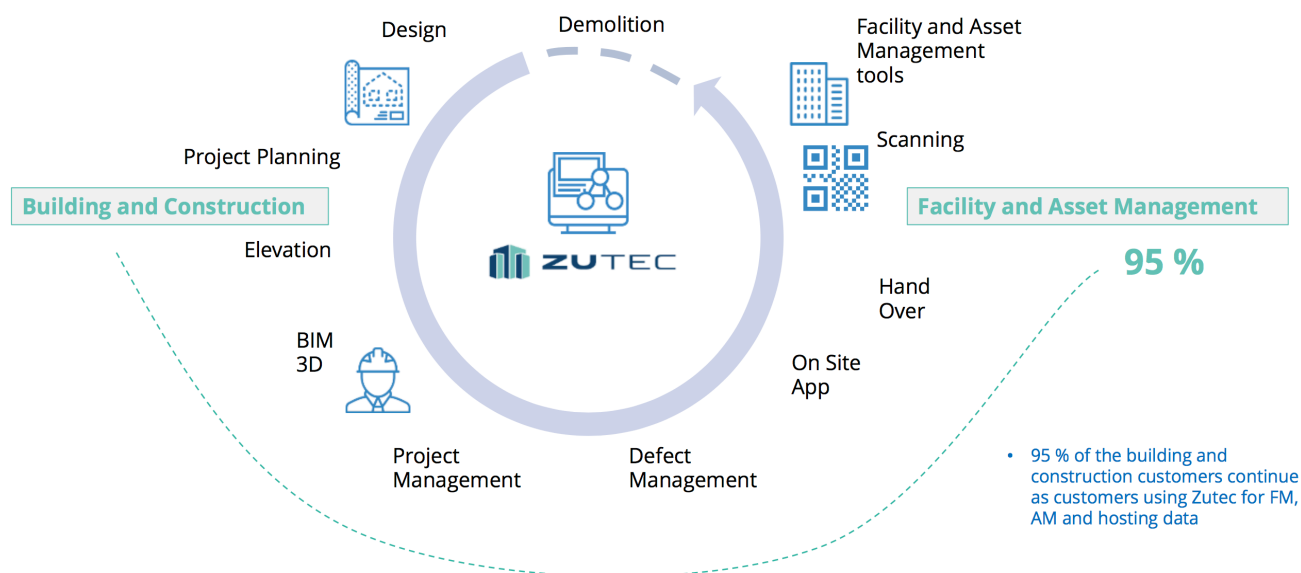
Throughout the year both Brendan O'Riordan and Daniel Da Silva have had several presentation speaker slots at different events on Zutec projects or topic relating to the agenda on the day of the event.





The Product Life Cycle

The Product Life Cycle



Zutech is in the enviable position of having multiple entry points into the market. As Zutech is used for a number of individual processes throughout the building lifecycle it can be deployed at concept stage or even after construction is completed. Zutech has been deployed on buildings decades after construction.

Company Roadmap



4. Platform Statistics



Growth in **Client Deployments**
June 30th 2017 - 2018

↑ 32%



Growth in **Users**
June 30th 2017 - 2018

↑ 38%



Growth in **Document Reviews**
June 30th 2017 - 2018

↑ 34%



Growth in **File Uploads**
June 30th 2017 - 2018

↑ **47%**



Growth in **Mobile Activity**
June 30th 2017 - 2018

↑ **108%**



Growth in **BIM Uploads**
June 30th 2017 - 2018

↑ **34%**

5. Management Report

5.1 Group Structure

Zutec Holding AB (publ) is a publicly owned company registered in Sweden and quoted on the Nasdaq First North Stock exchange. It commenced trading on 15th March 2018. The Swedish entity owns 100% of the share capital of Zutec Inc (Ireland) Limited which in turn owns 100% of Zutec Inc (UK) Limited, 100% of Zutec Asia Limited (Hong Kong) and 56% of Zutec Australia (pty).

5.2 About Zutec

Zutec develops and markets cloud-based SaaS solutions for the construction and facilities management services sector. The company's products help customers to increase productivity and cost efficiency. Zutec offers solutions for project management, data and document collaboration, 3D-BIM, defect management, project handover and the operations and maintenance of buildings. The company's main product is the Zutec Platform, which is a cloud-based data base. The company markets several modules which can be connected to the platform to increase its functionality according to the needs of the customer.

Among the company's clients are some of the world's largest construction firms, which have used Zutec's solutions on projects and sites such as Wembley Stadium, The Shard and Doha Airport. Other projects include ports, hospitals, universities and large commercial builds in Ireland, the UK, the Middle East, Australia, Asia and continental Europe.

5.3 Significant Events During the Year

The launch on the Nasdaq was the most significant event not alone during the year but probably in the history of the company. Initial steps were taken in July 2017 with a reconnaissance visit to Stockholm to visit prospective advisors. The process did not begin properly until October 2017 and was completed within the time line. The launch date was 15th March 2018. The due diligence in all key areas was intense consuming significant management time in the intervening period. The process enabled the company to improve its internal controls and other key management processes and policies. The Irish government state support agency Enterprise Ireland who previously had loan capital in the company converted their shares to Equity as part of the IPO and now hold an interest of 3.07% in the holding company. Enterprise Ireland continue to support us in penetrating new foreign markets.

Post IPO, the company appointed a sales and marketing consultant who is reorienting Zutech's sales approach to one of inbound marketing essentially attracting and enabling the customer to purchase user licenses online. Zutech will of course continue to pursue the more traditional larger projects alongside the new approach.

The company has also appointed a training consultant who is tasked with revamping our training programmes for both staff and customers. This will enable the product to be sold online along with suitable web based training seminars.

5.4 Comments on the Statement of Financial Position

5.4.1 Change in Accounting Policies and the capitalisation of Software R&D. (Zutech Ireland)

With the advent of the IPO, the Zutech group had to adopt IFRS reporting standards. This included a re-statement of the costs of the software and the related amortisation. In the financial statements of Zutech Inc (Ireland) Limited where the R&D expenditure was originally incurred, all R&D expenditure was written off as revenue in the year in which it was incurred. This was the treatment applied up to 30th June 2017 and amounted to a cumulative write off of €1.867M over the preceding six years 2012- 2017. The relevant figures were quantified for the purpose of a research and development tax credit Irish government scheme, whereby 25% of certified qualifiable expenditure is allocated against your ongoing corporation, payroll and Vat liabilities.

Under IFRS reporting standards, we have restated the expenditure over the 4 year period commencing 1st July 2013 and restated the cumulative comparatives for the YE30.06.17 in the latest financial statements for the group. In summary the new accounting policy and the restated figures are as follows:

1. Research and Development costs for the period 01.07.13 – 30.06.16 were quantified in the sum of €1,006,309 and shown as a comparative opening balance in Software Development costs.
2. Capitalised costs were quantified on the basis of an allocation of Direct Labour costs and a portion of absorbed overheads less any external direct grant aid received. The amount is on the same basis and on the same rate as applies to the government grant related tax credit scheme.
3. Amortisation of R&D software costs is at a rate of 20% straight line over 5 years.
4. On this basis the tabulations for the current and comparative years are as follows:

July 2017 Capitalisation of Software Development Costs

YE30.06.17	Capitalised cost	Accumulated Amortisation	Net Book Book Value
	€uro	€uro	€uro
At 1st July 2016	1,006,309	<397,914>	608,395
Additions/ charge	451,365	<291,535>	
Disposal	0		
At 30 June 2017	1,457,674	<689,449>	768,225

July 2018

YE30.06.18	Capitalised cost	Accumulated Amortisation	Net Book Book Value
	€uro	€uro	€uro
At 1st July 2017	1,457,674	<689,449>	768,225
Additions/ charge	463,504	<384,236>	
Disposal	0		
At 30 June 2018	1,921,178	<1,073,684>	847,494

5.4.2 Financial Position and Liquidity

Balance sheet extract as at 30/06/2018

	SEK000
Current assets (SEK000)	
Current receivables	
Trade receivables	14,502
Other receivables	4,351
Prepaid costs and accrued income	2,139
	20,992
Cash and cash equivalents	47,320
Total current assets	68,312

At the date of the Balance Sheet, the group had cash reserves of SEK 47.3M having raised SEK 50.0M before IPO costs from the IPO. The cash flow generated from operating activities of SEK 6.3M was negated by an increase in receivables leaving the net cash position at the year end mainly due to the IPO funding.

5.5 Comment on profitability within companies

5.5.1 Australia

Gross Profit as % of sales (June 30th) Zutec Australia Pty	2018 A\$	2017 A\$
	YE30.06.18	YE30.06.17
Sales	802,972	440,770
Direct Costs (Cost of sales)	158,581	52,372
Gross Profit	644,391	388,398
	80%	88%

Australian sales have experienced an 82% increase year on year mainly due to better traction in the market and a greater awareness of what the product has to offer. The gross margin in 2018 results from an agreed cost of sale charge for head office support of 20%.

Profit and Loss account Key costs as % of sales Zutec Australia Pty	2018 A\$	2017 A\$
	YE30.06.18	YE30.06.17
Sales	802,972	440,770
Key Management Personnel (KPM)	172,627	47,818
As % of Sales	21%	11%
Full time Employee costs	283,412	195,863
As % of Sales	35%	44%
No of employees on payroll (over year)		
Allocation of staff by Department	Operations	Sales & Mkt
Staffing over the Year ended 30th June 2018	2	1
Staffing over the Year ended 30th June 2017	2	1

The increase in payroll costs is due to the appointment of an operations engineer toward the end of the preceding year. Increase staffing has lead to the expansion in sales. The group will fund a working capital programme in order to further increase sales in the forthcoming year. It is the intention to acquire the remaining 34% of the company prior to any funding input. This share acquisition process is underway and it is planned to complete same before the end of the current financial year.

5.5.2 United Kingdom

Gross Profit as % of sales (June 30th) Zutec Inc (UK) Limited	2018 Stg£	2017 Stg£
	YE30.06.18	YE30.06.17
Sales	212,212	81,588
Direct Costs (Cost of sales)	78,216	45,679
Gross Profit	133,996	35,909
	63%	44%

Profit and Loss account Zutec Inc (UK) Limited Key costs as % of sales	2018 Stg£	2017 Stg£
	YE30.06.18	YE30.06.17
Sales	802,972	440,770
Full time Employee Costs	115,199	37,900
As % of Sales	14%	9%

The increase in the gross margin is paralleled with an increase in Full time employee costs. There was a policy decision to move direct cost contractors in to full time employees.

	2018	2017
No of employees on payroll (over year)		
Allocation of staff by Department	Operations	Sales & Mkt
Staffing over the Year ended 30th June 2018	5	1
Staffing over the Year ended 30th June 2017	3	0

5.5.3 Ireland

Profit and Loss Zutec Inc (Ireland) Limited	2018 €	2017 €
	YE30.06.18	YE30.06.17
Sales	2,656,275	2,444,301
Cost of sales	(237,742)	(337,054)
Gross Profit	2,418,534	2,107,247
	91%	86%

Sales Revenue from the Irish operation increased in the year to 30th of June 2018 by €212,000 representing a 9% increase. The gross margin showed an improvement from 86% to 91% which was mainly due to the transfer of some direct costs associated with our project in the U.A.E to a local partner. In addition, the cost of computer equipment used for our R&D department was treated as a direct cost of sale is now being capitalised.

Analysis of Labour Costs	Zutec Ire €	Restated Zutec Ire €			
	YE30.06.18	YE30.06.17			
Analysis of Labour Costs					
Directors' Fees	15,000	20,000			
Gross Pay (IRL) restated	902,523	585,452			
Gross Pay Incurred costs	1,191,729	702,347			
Employers PRSI charges	134,622	95,510			
Pension costs/ superannuation	58,869	-			
	1,385,220	797,857			
Less: Capitalised R&D Labour	(289,206)	(116,895)			
Net Costs to revenue	1,096,014	680,962			
No of employees on payroll (over year)	28	22			
Average Unit Labour cost (Gross)	49,472.15	36,266.23			
Allocation of staff by Department	CEO	CFO Finance	Tech Staff	Operations	Sales & Mkt
Staffing over the Year ended 30th June 2018	1	2	15	6	4
Staffing over the Year ended 30th June 2017	1	2	9	7	3

5.6 Six Year Tabulation

Profit and Loss Extracts Zutec Inc (Ireland) Ltd (2013-2017)	1	2	3	4	5	6
Six Year Historical Summary (Audited)	2018	2017	2016	2015	2014	2013
Year Ended 30th June	Group	IRL	IRL	IRL	IRL	IRL
	€	€	€	€	€	€
Turnover	3,298,162	2,444,301	1,561,316	1,380,583	2,245,517	2,206,785
Gross Profit	2,972,165	2,057,784	1,086,803	781,404	1,240,153	1,355,950
EBIT	634,609	644,599	-260,759	-186,979	257,714	471,863
R&D Write off in the financials	Capitalised	397,481	327,051	375,255	200,465	269,949

5.7 Significant risks and uncertainties

Operating in both Ireland and the UK simultaneously up to now has been a seamless operation with many of our operational staff travelling to the UK Monday to Thursday and reporting to head office in Ireland on Fridays. With Brexit looming and the possibility of Britain falling out of the E.U. without a deal, such a scenario presents obvious uncertainties and risks. At the time of writing, there is a back-stop deal whereby in such a scenario, Northern Ireland would remain part of the customs union, effectively remaining within the European Union.

Britain outside the customs union will present logistical difficulties by way of Vat and possible customs duty for any EU operatives including companies tax resident in Ireland. Planning around Brexit for Zutec began in earnest with the formation of a separate UK trading entity. This company is fully registered for all UK taxes and should be in a position to trade internally within the UK once we migrate any UK based contracts from Zutec Ireland to Zutec UK. As such, we feel we are well prepared for a no deal scenario.

There is further uncertainty in the international money markets. The value of the Sek ranged from 9.6 to 10.7 over the course of the last 12 months against the Euro. It has not been the policy of the company to engage in currency hedging, but given the evident weaknesses, this should be reviewed.

The group has gained in relation to the US\$, as our larger contracts are denominated in dollar based currencies.

Retention of key staff always presents exposure to any company and Zutech is no different. It is company policy to pay the going commercial rates and to nurture staff with regular training programmes in technology and management.

5.8 Guidelines for the Remuneration of Senior Executives

The annual general meeting is tasked with the approval of the proposal for the establishment of a remuneration committee which will in turn will be responsible for the levels of remuneration paid to the senior executives.

The company must offer market related remuneration packages in order to attract and retain key personnel. Such packages shall consist of basic salary, variable remuneration, a long term incentive programme, pension entitlements, severance terms and customary benefits. The basic salary is reviewed once a year and will take into account the quality of the individual's performance. The company intends to introduce a share option scheme for staff and it is the intention that senior executives may also benefit from this. Such a programme is being finalised by Mazars at present and it is planned to present the proposals before an EGM prior to Christmas.

6. Sustainability Report

This is Zutech's statutory sustainability report for the 2017 financial year. The report comprises the Parent Company Zutech Software AB and its subsidiaries.

Business

Zutech Software AB (publ) is the Parent Company in a corporate group with 3 wholly owned subsidiaries and one subsidiary owned at 56 per cent. The Group conducts operations in six different countries. In addition to the main markets of Ireland and UK, the company is also in the Middle East, Far East, Italy and Australia.

Zutech develops and provides high quality data management software and solutions for the AEC Industry.

Zutech's Role in a Long-Term Sustainable Society

Zutech's operations aim to build long-term sustainable communities and administrations. Zutech has the ambition to be a driving factor in the digitisation of public administrations and private organisations. Through Zutech's offerings, the long-term conditions are improved for our customers, our customers customers (citizens) and the environment. By utilising modern information technology, working life and the day-to-day are made more efficient and easier. Time is freed up for individuals, which in the long term provides a higher quality of life. Monotonous work is replaced by machinery. The environmental footprint decreases as a result of less travel and lower resource utilisation in the form of paper,

printing, storage, transports, etc. Zutech's operations are run from a long-term sustainable perspective where all of the company's stakeholders' needs are met.

Core Values

Zutech's core values are of major significance to the entire organisation and permeate our way of acting, interacting, making decisions and managing the work in the future. The five core values together form the basis of Zutech's Code of Conduct and is a guide from both the short and long term perspective.

Pride

We are proud of our company, our products and our work. We are proud of delivering quality in everything we do.

Respect

We act respectfully in our cooperation with each other and with our customers. We respect different views and handle conflicts with openness and understanding.

Trust

We are reliable and honest; those who work with us will be able to rely on us keeping our promises. This applies to both external and internal stakeholders.

Teamwork

We have an open and direct communication to create understanding and teamwork. We actively work to both provide and seek information to help each other.

Enjoyment

We strive to make every workday a rewarding experience for ourselves, our colleagues and our customers. It should be enjoyable to work at and with Zutec.

Sustainability Objectives

Zutec's operations are conducted based on three objectives related to long-term sustainability.

1. Minimise negative environmental impact

2. Be a role model from social and ethical perspectives

3. Generate value for the company's stakeholders

It is Zutec's conviction that long-term value creation builds on an aggressive and successful approach to these points.

Area	Policy	Target	Result
Energy use	In our work to safeguard the environment, we shall make deliberate choices and strive to reduce electricity consumption by, for example: <ul style="list-style-type: none">– Use suppliers who offer green electricity.– Turn off computers, screens and lighting when not used.– Use premises of the right size.	-	-
Sustainable IT	By maintaining the IT equipment, we increase its lifespan and reduce the need for replacements. All electronic waste is collected and source sorted to be recycled in the best way. Centralised operations with virtual servers reduce the energy use and save resources.	-	-
Travel	We strive to travel as little as possible and use web meetings, webinars, etc. We mainly provide support remotely, which further reduces our need to travel and means that we can be even faster and more efficient when we find solutions for our customers. In the cases we nonetheless need to travel, these journeys shall take place in an environmentally friendly and cost-effective manner.	-	-
Materials and Recycling	Zutec has a deliberate environmental thinking with regard to the purchase of office materials, food and other products. The company strives to purchase energy-saving office machines and otherwise, products that are environmentally labelled, organic, locally produced and recyclable. Zutec works for greater recycling of materials and source sorting, such as e.g. paper and glass. Copying/printing takes place on double-sided sheets and in black and white to the furthest possible extent. The company strives to choose environmentally adapted packaging and to not use disposable items.	-	-

Steering Documents

Guidance and control functions for compliance to sustainability objectives are in the company's policies regarding: Corporate Social Responsibility (CSR), the Personnel Handbook, Salaries, Equality Plan, Sexual harassment preparedness plan, Information Security, IT Security, Quality Assurance.

Environmental Impact

Zutec shall safeguard a sustainable environment for current and future generations by limiting negative environmental and climate impact to the furthest extent possible in our operations. In addition to this, Zutec's products shall make it easier for the customer and the customer's stakeholders to in turn minimise environmental impact.

Personal and Social Conditions

A socially sustainable society is an equal and fair society where people live a good life with good health, without unjust differences. A tolerant society where people's equal worth is in focus, which requires that people feel trust and confidence in each other and are involved in the development of society.

Social sustainability is of crucial importance for democratic society and is absolutely necessary from a socio-economic perspective. A socially sustainable society withstands strains, is adaptable and inclined to change. At Zutec, we safeguard each other and live according to our core value: pride, respect, teamwork, trust and enjoyment. We know that if our employees thrive and have fun together, we will deliver good products and our customers will be satisfied. This will also ultimately lead to us achieving better financial results and Zutec will remain in the market as the high-quality supplier we are.

Area	Policy/Guidelines	Target	Result
Gender distribution, diversity and non-discrimination	<p>Both managers and employees have a responsibility to contribute to creating a good working climate at Zutech and resolving any situations that may arise. Zutech's basic philosophy regarding diversity and equality is that we shall employ qualified employees and promote equal rights and opportunities regardless of:</p> <ul style="list-style-type: none"> - gender, - transgender identity or expression, - ethnic background, - religion or other faith, - disability, - sexual orientation or - age. <p>This approach permeates the entire company and affects the entire organisation.</p>	The goal is to always be better than the IT industry in general and Zutech permits no kinds of discrimination, whether direct or indirect.	Gender distribution: 32% women. 29% in the industry Source: IT&Tele- kom-företagen.
Diversity on the Board	Zutech strives to meet the guidelines set in the Swedish Corporate Governance Code, which is administered by the Swedish Corporate Governance Board (SCGB), with regard to the Board of Director's composition.	<p>An even gender distribution should be strived for.</p> <p>The goal of the SCGB is for listed companies to achieve 40 percent women by 2020.</p>	-

Business Ethics

With customers in various industries, extensive requirements are set on good business ethics. Zutech takes this extremely seriously and finds support in our core values: Pride, Respect, Trust, Teamwork and Enjoyment.

Area	Policy/Guidelines	Target	Result
IT security and data integrity	Zutech's customer set extensive requirements on IT security and data integrity, which means that this area is a critical success factor for the company. Zutech is and has been successful in this area and works continuously with IT and information security based on recognised guidelines, such as ISO 27001.	-	-
Customer satisfaction and product quality	Good customer satisfaction and product quality are a prerequisite for being the customers' first choice and a long-term actor in a competitive market. Zutech annually conducts a customer survey and reacts to deviations that may indicate some form of dissatisfaction. In the customer surveys, space is also provided for future-oriented suggestions from customers on product improvements or product development. Besides customer surveys, there are active user associations for the larger products that provide collective input to the products' development plan.	The respective business units formulate and conduct their customer surveys based on their respective needs.	-
Corruption, bribes and money laundering	Zutech does not offer, does not request and does not accept bribes or other illegal payments to win or keep business. Zutech strives to only do business with business partners who conduct business that is consistent with legislation and whose business is financed in a legal manner. Zutech does not promote money laundering and in accordance with the spirit of the core values follows the general guidelines on combating money laundering that exist in applicable laws and conventions against corruption and money laundering.	-	-
Human rights	Zutech supports and respects human rights regardless of where we work and we follow the UN Guiding Principles on Business and Human Rights and the UN framework for reporting guiding principles.	-	-

7.Financials

Zutec Holding AB (Publ)

Group Year End Financial Report (Section 7)

7.1 Income Statement (Group)

7.2 Statement of Other Income (Group)

7.3 Balance Sheet Net Assets (Group)

7.4 Balance Sheet Equity and Liabilities (Group)

7.5 Equity attributable to Parent company (Schedule)

7.6 Cash Flow Group (Group)

7.7 Income Statement (Parent Company)

7.8 Balance Sheet (Parent Company)

7.9 Cash Flow (Parent Company)

7.1 Income Statement (Group)

	YE Jun 30 2017/2018
Operating income	SEK000
Net Sales	32,846
Other Income	2,475
Gross Income	35,321
Operating expenses	
Other external costs	-14,876
Personnel costs	-14,156
Operating Profit before Depreciation and Amortisation (EBITDA)	6,289
Depreciation and amortisation of intangible and tangible assets	-3,950
Operating income	2,339
Interest income and similar credits	3
Income after financial items	2,342
Income taxes	-187
INCOME FOR THE PERIOD	2,155
Attributable to:	
Equity holders of the parent company	1,970
Minority interests	185
TOTAL	2,155

7.2 Other Comprehensive Income (Group)

	YE Jun 30
	SEK000
Income for the period	2,155
Items that may be reclassified subsequently to income statement	
Exchange differences on translation of foreign operations	168
	168
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAXES	2,323
Attributable to:	
Equity holders of the parent company	2,146
Minority interests	177
TOTAL	2,323

7.3 Balance Sheet (Group)

	30/06/2018
	SEK000
Assets	
NON-CURRENT ASSETS	
Intangible assets	
Capitalised expenditure	8,859
	<u>8,859</u>
Tangible assets	
Equipment, tools, fixtures and fittings	594
Improvement leased properties	205
	<u>799</u>
Financial assets	
Other non-current receivables	50
	<u>50</u>
Deferred tax assets	106
Total non-current assets	9,814
Current assets	
Current receivables	
Trade receivables	14,502
Other receivables	4,351
Prepaid costs and accrued income	2,139
	<u>20,992</u>
Cash and cash equivalents	47,320
Total current assets	68,312
TOTAL ASSETS	78126

7.4 Balance Sheet Equity and Liabilities (Group)

	30/06/2018
	SEK000
EQUITY AND LIABILITIES	
Equity	
Share capital	1,417
Other contributed capital	42,369
Translation reserve	176
Retained earnings	20,847
Equity attributable to the equity holder of the parent company	64,809
Minority interests	-652
Total equity	64,157
Current liabilities	
Trade payables	2,833
Tax liabilities	188
Other liabilities	2,837
Accrued costs and prepaid income	8,111
Total current assets	13,969
TOTAL EQUITY AND LIABILITIES	78,126

7.5 Equity attributable to the equity holder of the parent company (Schedule)

	Share Capital	Other contributed capital	Translation reserve	Retained earnings	Total	Minority interests	Total equity
	SEK000	SEK000	SEK000	SEK000	SEK000	SEK000	SEK000
Transactions with shareholders							
Formation of the company	500	-	-	-	500	-	500
Acquisition through non-cash issue		-	-	18,877	18,877	-829	18,048
New share issue	417	49,583	-	-	50,000	-	50,000
Issue expenses	-	-6,714	-	-	-6,714	-	-6,714
Total transactions with shareholders	1,417	42,369	-	18,877	62,663	-829	61,834
Other comprehensive income for the period							
Income for the period	-	-	-	1970	1,970	185	2,155
Other comprehensive income for the period	-	-	176	-	176	-8	168
Total comprehensive income for period	-	-	176	1,970	2,146	177	2,323
Balance as June 30, 2018	1,417	42,369	176	20,847	64,809	-652	64,157

7.6 Cash Flow Statement (Group)

	30/06/2018
	SEK000
Operating activities	
Operating income	2,339
Adjustment for non-cash items:	
Depreciation and amortisation	3951
Currency adjustment intra-group holdings	-39
	6,251
Interest income	3
Interest costs	0
Paid/repaid income taxes	9
Cash flow from operating activities	6,263
Movement in current receivables	-7,921
Movement in current liabilities	-29
Changes in working capital	-7,950
Cash flow from operating activities	-1,867
Investing activities	
Investments in intangible assets	-4,593
Investments in tangible assets	-685
Investments in net assets through non-cash issue	10,388
Changes in current receivables	-50
Cash flow from investing activities	5,060
Financing activities	
New share issue	43,786
Change in bank overdraft	-83
Cash flow from financial activities	43,703
Cash flow for the year	46,896
Change in cash and cash equivalents	
Cash and cash equivalents, beginning of the year	0
Changes in cash and cash equivalents during the year	46,896
Translation difference on cash and cash equivalents	424
Change in cash and cash equivalents, end of year	47,320

7.7 Income Statement (Parent Company)

	YE Jun 30th 2018
	SEK000
Operating income	
Net sales	0
Gross income	0
Operating expenses	
Other external costs	-44
Income taxes	0
INCOME FOR PERIOD	-44

7.8 Balance Sheet (Parent Company)

Zutec Holding AB	30/06/2018
	SEK000
ASSETS	
Non current assets	0
	0
Financial assets	
Other non-current receivables	120,000
	120,000
TOTAL NON CURRENT ASSETS	120,000
Currents assets	
Current receivables	
Receivables on group companies	1,397
Other receivables	53
	1,450
Cash and cash equivalent s	42,292
Total currents assets	43,742
TOTAL ASSETS	163,742

Zutec Holding AB	30/06/2018
	SEK000
EQUITY AND LIABILITIES	
Equity	
<i>Restricted equity</i>	
Share capital	1,417
Total restricted equity	1,417
Non-restricted equity	
Share premium reserve	162,369
Income for the year	-44
Total non-restricted equity	162,325
Total equity	163,742
TOTAL EQUITY AND LIABILITIES	163,742

7.9 Cash Flow Statement (Parent Company)

Zutec Holding AB	YE 30/06/2018
	SEK000
Operating activities	
Operating income	-44
Interest income	0
Interest costs	0
Paid/repaid income taxes	0
Cash flow from operating activities	-44
Movement in current receivables	-1,400
Förändring av rörelsekapital	-1,400
Changes in working capital	-1,444
Investing activities	
Changes in current receivables	-50
Cash flow from investing activities	-50
Financing activities	
New share issue	43,786
Cash flow from financial activities	43,786
Cash flow for the year	42,292
Change in cash and cash equivalents	
Cash and cash equivalents, beginning of the year	0
Changes in cash and cash equivalents during the year	42,292
Change in cash and cash equivalents, end of year	42,292

8.Charity

LauraLynn Foundation

Zutec are delighted to announce that they are now a corporate partner with the LauraLynn foundation in Ireland. LauraLynn is Ireland's ONLY Children's Hospice and provides palliative care for children with life limiting conditions and supports for their families. From our Hospice in Dublin, we provide short stays in the hospice to give a family a break; nursing care and therapeutic activities in the home; family supports such as music & play therapy, family and sibling camps; end-of-life care and bereavement supports.

Our holistic approach enables us to support the whole family, allowing parents to be just "Mum & Dad" rather than full-time carers, and give families precious time together. We offer support for children from birth to age 18. Our care is free for families, and children can be referred from anywhere in the Republic of Ireland.

"We are delighted that Zutec have chosen to partner with us for the year ahead. Corporate partnerships such as this are hugely important to us and help to ensure we can continue to provide our vital services to the children and families who need us. We look forward to working with the staff team and sharing the difference their support will make"

Orla O'Brian - CEO LauraLynn Irelands Children's Hospice



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