



Q3 Interim Report FY 2021

1 January – 31 March 2021

Summary of Zutec for the Financial Year 2021 Q3

Financial Highlights

- Net sales in Q3 were SEK 8.5m, corresponding to a 63.2% increase compared with the same period in 2020 (SEK 5.2m). Sales growth in Q3 based on constant currency was 70.0% compared with the same period in 2020. Sales for the rolling twelve months period was SEK 36.3m.
- EBITDA of SEK 3.1m (SEK -13.7m) corresponding to an EBITDA margin of 36.3% compared to -261.3% for the comparative period. EBITDA before FX-translation was SEK 0.7m (SEK -16.0m) which is a more accurate reflection of underlying earnings.
- Net profit was SEK 0.9m compared with a loss in the same period in 2020 (SEK -16.1m).
- Basic earnings per share amounted to SEK 0.02 (-2.26).
- Operating cashflow in Q3 was SEK 2.4m which was driven by more stable collections and regularisation of tax payments as COVID delay payment supports are ended.

Operational Highlights

- 59 new agreements were signed in FY 2021 Q3.
- First to the market to be awarded a new BSI Kitemark™ certification for Building Information Modelling (BIM) software.
- New customer wins with leading contractors and developers including McGarrell Reilly, Durkan Enterprises and Quintain Ireland.
- Continued expansion of our executive leadership team with new hire of COO to streamline processes and bring best in market operational processes.
- New marketing investment and initiatives to promote new certifications and promoting recent changes in Zutec.
- We changed our certified advisor to Redeye during the quarter.
- SEB initiated coverage of Zutec.

Significant Events after the Period

- Createmaster Limited which had revenues of SEK 43m for the 12 month period ending 31 December 2020 was acquired on the 19th of April 2021
- Brian McGuire resigned from the board of directors on the 22nd of April 2021.

Key Figures

SEK m	Q3		YTD		FY	LTM
	Jan-Mar 21	Jan-Mar 20	Mar-21	Mar-20	Jul-Jun 20	Apr 20-Mar 21
Net sales	8.5	5.2	27.8	18.3	26.7	36.3
EBITDA	3.1	(13.7)	3.4	(24.6)	(28.0)	0.1
Operating profit/(loss)	0.9	(15.9)	(2.9)	(30.1)	(35.5)	(8.2)
Net profit/(loss)	0.9	(16.1)	(3.0)	(30.9)	(36.7)	(8.8)
Operating cashflow	2.4	(0.7)	(7.7)	(9.0)	4.2	5.9
Cash	37.7	5.8	37.7	5.8	57.6	37.7
Net cash/(debt)	37.7	(0.5)	37.7	(0.5)	47.1	37.7
Earnings per share before Dilution	0.02	(2.26)	(0.07)	(4.31)	(4.67)	(0.19)

Comments from Our CEO

Organic Sales Growth of 63.2%, EBITDA margin of 36.3% and Positive Operating Cashflow

[A robust quarter with strong financial performance](#)

Our quest for growth continues and we have put in another strong quarter of growth. Our net sales increased with 63.2% in the quarter adding another successful quarter of growth for Zutec.

We are also pleased with the quality of this growth. In this last quarter, we yet again onboarded a lot of new customers on the Zutec platform. In a number of the regions where we are operating entered a stage of new lockdown restrictions which has hampered our growth. Construction in Ireland was closed for a meaningful period during the quarter and in light of that I am particularly satisfied with the growth we experienced.

We are highly focused on executing on our growth goals. I am particularly pleased that our recurring revenues keeps on climbing up. I am equally pleased with that we are signing more Enterprise Agreements than ever before, which is a key piece of our growth strategy. Prior to 2021 we had a total of two signed Enterprise Agreement and in this last quarter alone we signed a total of 7 new Enterprise Agreements. These are long-term contracts, 3 to 5 years, whereby customers commit to using Zutec on all of their projects for a fixed software license fee. This is recurring revenue but more than that it is quite likely to renew at the end of contract given the amount of data that will exist on our platform. Above all, we feel like these Enterprise Agreements brings the most amount of value to our customers since our fantastic customer success and services teams work collaboratively with these customers to extract value in their digitization journeys.

[Operational excellence](#)

Our team is doing a fantastic job. Working is supposed to be fun and I believe we are having fun. The energy in the organization is great, which in turn is nurturing an ingrained urge for our staff to walk the extra mile for our customers and that is exactly what they are doing. We are providing best in class service, we are innovating to keep our product at the top end of the market and we are hungry.

We have always been proud of our product and we are pleased that the wider market is starting to experience what Zutec can do for them. Our customers are choosing their “strategic technology partners” as they embark on the technology revolution that the construction industry is going through. We are proud that some of our customers are publicly recognizing our efforts. Cairn Homes, Ireland’s largest housebuilder, is a customer we started working with in 2020 and Zutec featured in their annual report *“Zutec’s configurability has allowed for a bespoke construction management system to be tailored to our unique requirements and has allowed us to modernise our methods of construction through on-site inspections. This is a vital resource as we scale our business.”*

Not only customers recognize the benefits of our system. We were the first software company to be awarded with a BIM Software Kitemark by BSI (British Standards Institute). We have our ISO certifications from before but this accreditation is a true testament to the quality of our platform.

In the quarter, we also launched a new website and corporate branding and the team has done a great job there too. I think it’s now clearer that Zutec is a ConTech company.

[Acquisition of Createmaster](#)

In 2020 we laid out a strategy to further accelerate our growth through acquisitions. We recently announced the transformational acquisition of Createmaster which brings together two best of breed platforms. Createmaster has a really strong market position in the U.K. and holds a market share of c 10%. However, if you look at Createmaster's addressable market their market share gets closer to 20%. Createmaster has a similar cloud-based platform to Zutec called DocumentPark, which is particularly strong in the handover phase. In addition, Createmaster has a product called Resi-sense which caters for "your home in your pocket" by offering digitized home user guides. This is a product that Zutec has been exploring developing ourselves and highly complementary to our current offering.

With the acquisition of Createmaster, we substantially increased the size of our U.K. business and that went up by around 3x. We now have combined platforms that caters to the majority of the largest contractors in the U.K.. Further, we are looking to partner with entrepreneurs and that is exactly what Createmaster is. Brian and his team has over the past 15 years built a great business and strong brand name in the U.K. market and we are now looking forwards to growing Createmaster by providing more resources and skills. We are super

excited to have the whole Createmaster team onboard and to share in our joint mission of "digitizing the construction industry in partnership with leading construction companies".

[Progressing into Zutec 3.0](#)

Zutec 2.0 has been challenging and equally rewarding. We are now progressing into Zutec 3.0 and that includes to organically growing both Zutec and Createmaster as well as making value-add acquisitions. Our M&A strategy is focused on our homemarkets in the U.K., Ireland, Australia and Middle East. We would like to partner with technology driven entrepreneurial companies with established market positions and led by strong management teams. We believe we have a well-defined M&A strategy that will allow us to target companies that will hopefully see the benefits of joining the Zutec EcoSystem.

At Zutec we are very excited about what the future holds. I invite you to join our journey.

Yours faithfully,

Gustave Geisendorf

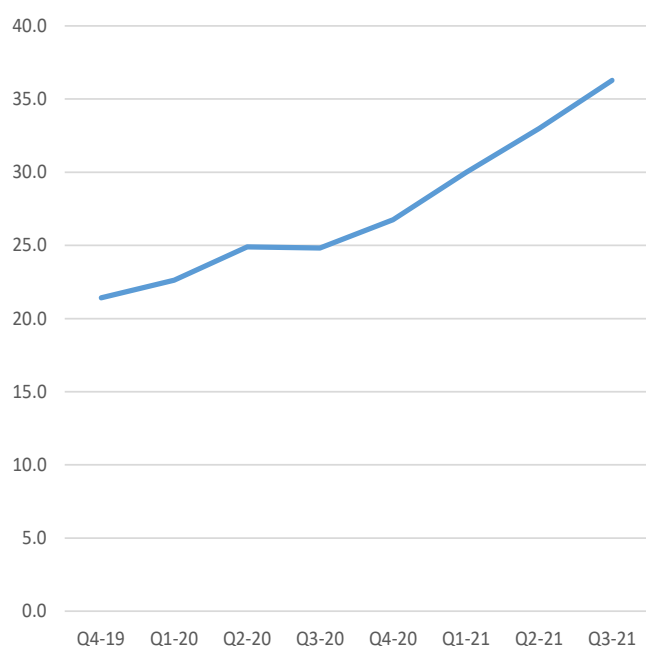
Commentary on Financial Year 2021 Q3

Net sales

Net sales in the quarter were SEK 8.5m, corresponding to a 63.2% increase compared with the same period last year (SEK 5.2m). Net sales growth based on constant currency was 70.0%. The revenue increase was predominantly driven by strong customer inflows as well as high renewal rates. Net sales for the Rolling 12 Months period ending March 2020 were SEK 36.3m.

Our U.K. business and our Irish business continues to perform well. Our Irish business saw a very strong quarter but it would have been even stronger hadn't it been for that construction in Ireland was closed during the quarter as a result of the lock-down measurements. This quarter also saw Australia improve on the previous quarter and narrowly miss target.

Rolling 12 Months Net Sales, SEK m



Earnings

EBITDA was SEK 3.1m, compared to the same period last year of (SEK -13.7m) and the EBITDA margin was 36.3%. EBITDA excluding foreign exchange translation was SEK 0.7M (SEK -16.0M). Operating loss (EBIT) was SEK -0.9m compared to same period last year of (SEK -15.9m).

Personnel costs were reduced from SEK 6.7m in the same quarter last year to SEK 5.5m this quarter. This quarter we continued to invest in the future hiring sales staff in the UK and Australia.

Other external costs were reduced from SEK 15.1m in the same quarter last year to SEK 2.4m this quarter. We are continuing our investment in marketing and expect renewed engagement with the respective markets.

As we continue investing in both sales and marketing as well as product development, we expect personnel and other external costs to increase.

	FY19	FY19	FY20	FY20	FY20	FY20	FY21	FY21	FY21
	J-M '19	A-J '19	J-S '19	O-D '19	J-M '20	A-J '20	J-S '20	O-D '20	J-M '21
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Net sales	5.3	6.6	6.8	6.2	5.2	8.5	10.1	9.2	8.5
EBITDA	(7.1)	(8.1)	(3.7)	(7.3)	(13.7)	(3.3)	2.0	(1.7)	3.1
Operating profit/(loss)	(8.3)	(9.7)	(5.3)	(8.9)	(15.9)	(5.4)	0.2	(3.9)	0.9
Cash	24.2	15.1	10.4	6.2	5.8	57.6	40.5	36.6	37.7

Financial position

Equity was SEK 39.4m (SEK 3.0m) at the end of the period. The equity/assets ratio was 65.4 (7.8) percent at 31 March 2021. Total assets were SEK 60.2m (SEK 37.7m). Equity has increased as a result of the directed and right issues. The cash position is strong at SEK 37.7m (SEK 5.8m).

Cashflows and investments

Cash flow for Q3 2021 was SEK 1.1m (SEK -0.4m). Cash flow from operating activities was SEK 2.4m (SEK -0.7m). This quarters cashflow was driven by more stable collections and regularisation of tax payments.

Cash flow from investing activities was SEK -1.3m (SEK -2.2m). Cash and cash equivalents were SEK 37.7m (SEK 5.8m) at the end of the period.

Personnel

There have been no material changes in the last quarter. We have hired a new COO and Accountant in the quarter. The number of employees at 31 March 2021 was 28 (37).

The share

Earnings per share (EPS) for Q3 amounted to SEK 0.02 (SEK – 2.26). After dilution EPS amounted to SEK 0.01 (SEK –2.26).

The total number of outstanding shares at the end of the quarter was 44,254,389 (7,083,333). All shares carry an equal share of votes and capital.

The table below shows the top 10 shareholders (direct and indirect ownership) as at the 31st March.

The 10 largest owners as at 31st March 2021	Number of shares	Share of capital and votes
Athanase Industrial Partners	21,561,960	48.7%
Brian McGuire	4,177,160	9.4%
BNY Mellon SA	3,454,000	7.8%
Nordea Livförsäkring Sverige Ab	2,799,109	6.3%
Forsakringskassan	2,268,793	5.1%
Per Åkerman	875,000	2.0%
Six Sis Ag	866,620	2.0%
Magnus Oppenstam	700,000	1.6%
Marcus Schiller	652,595	1.5%
Societe Generale, Securities Services	600,000	1.4%
Other	6,299,152	14.2%
Total	44,254,389	100%

Financials

Group Financials

Income Statement SEK m	Q3		YTD		FY
	Jan-Mar 21	Jan-Mar 20	Mar-21	Mar-20	Jul-Jun 20
Operating Income					
Net sales	8.5	5.2	27.8	18.3	26.7
Other income	0.2	0.5	0.7	1.2	2.6
Total Operating Income	8.7	5.8	28.5	19.5	29.3
Operating expenses					
Other external costs	(2.4)	(15.1)	(8.1)	(26.2)	(23.9)
Personnel costs	(5.5)	(6.7)	(17.0)	(20.4)	(32.3)
Share Based Payments	(0.1)	0.0	(0.1)	0.0	0.0
Foreign Exchange	2.4	2.3	0.1	2.4	(1.1)
EBITDA	3.1	(13.7)	3.4	(24.6)	(28.0)
Depreciation and Amortisation	(2.2)	(2.2)	(6.2)	(5.4)	(7.5)
Operating Profit/(Loss)	0.9	(15.9)	(2.9)	(30.1)	(35.5)
Interest income & similar credits	(0.0)	(0.3)	(0.2)	(0.9)	(1.3)
Profit/(Loss) after financial items	0.9	(16.1)	(3.0)	(30.9)	(36.7)
Income taxes	0.0	0.0	0.0	0.0	0.0
Net Profit/(Loss) Income	0.9	(16.1)	(3.0)	(30.9)	(36.7)
Attributable to:					
Equity holders of the parent company	0.9	(16.0)	(3.0)	(30.5)	(36.3)
Non-controlling interests	(0.0)	(0.1)	(0.0)	(0.4)	(0.4)
Total	0.9	(16.1)	(3.0)	(30.9)	(36.7)
Earnings per share, basic	0.02	-2.26	-0.07	-4.31	-4.67
<i>Average number of shares during the period</i>	<i>59,504,389</i>	<i>7,083,333</i>	<i>59,671,056</i>	<i>7,083,333</i>	<i>7,859,590</i>
<i>Shares outstanding at the end of the period</i>	<i>44,254,389</i>	<i>7,083,333</i>	<i>44,254,389</i>	<i>7,083,333</i>	<i>42,500,004</i>

Group Cashflow SEK m	Q3		YTD		FY
	Jan-Mar 21	Jan-Mar 20	Mar-21	Mar-20	Jun-20
<u>Cash flow from operating activities</u>					
Operating profit/(loss) for period	0.9	(15.9)	(2.9)	(30.1)	(35.5)
<u>Adjustments for non-cash items</u>					
Depreciation & Amortisation	2.2	0.7	6.2	4.0	7.5
Shared Based Payment	0.2	0.0	0.4	0.0	4.6
Other non-cash items	(1.5)	0.0	0.8	0.0	0.8
Capital gains/losses on tangible fixed asset	0.0	0.0	0.0	0.0	0.0
Adjustments for non-cash items	0.9	0.7	7.5	4.0	12.9
Paid taxes	0.0	0.0	0.0	0.0	0.0
Interest received	0.0	(0.1)	0.0	(0.0)	0.0
Interest paid	(0.0)	(0.2)	(0.2)	(0.8)	(1.3)
<u>Changes in working capital</u>					
Movement in current receivables	0.5	9.6	(0.5)	10.0	9.4
Movement in current liabilities	(0.2)	0.0	(1.6)	0.2	1.4
Changes in other working capital	0.4	5.1	(10.0)	7.8	17.1
Cash flow from operating activities	2.4	(0.7)	(7.7)	(9.0)	4.2
<u>Cash flow from investing activities</u>					
Investments in intangible assets	(1.3)	(2.2)	(3.7)	(5.1)	(5.7)
Investments in tangible assets	0.0	0.0	(0.0)	0.0	0.0
Cash flow from investing activities	(1.3)	(2.2)	(3.7)	(5.1)	(5.7)
<u>Financing activities</u>					
Financing activities	0.0	3.2	(10.5)	6.3	10.5
Rights Issue	0.0	0.0	2.0	0.0	36.0
Investment in NCI	0.0	0.0	0.0	0.0	(0.5)
Repaid finance liabilities	0.0	(0.7)	0.0	(1.5)	(2.0)
Cash flow from financing activities	0.0	2.4	(8.5)	4.8	44.0
Cashflow for the period	1.1	(0.4)	(19.9)	(9.3)	42.5
<u>Change in cash and cash equivalents</u>					
Cash and cash equivalents, at the beginning of the period	36.6	6.2	57.6	15.1	15.1
Translation differences on cash and cash equivalents	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalents, at the end of the period	37.7	5.8	37.7	5.8	57.6

Group Balance Sheet SEK m	31-Mar 2021	31-Mar 2020	Full year Jun-20
ASSETS			
<i>Non-current assets</i>			
Intangible assets	10.6	12.3	11.5
Tangible assets	0.4	0.8	0.6
Other long-term receivables	0.1	7.9	6.8
Total non-current assets	11.1	21.0	18.9
<i>Current assets</i>			
Trade receivables	6.1	5.1	5.6
Other receivables	4.4	4.3	3.7
Prepaid costs & other income	0.9	1.5	1.1
Cash & cash equivalents	37.7	5.8	57.6
Total current assets	49.1	16.7	68.0
TOTAL ASSETS	60.2	37.7	86.9
EQUITY AND LIABILITIES			
<i>Liabilities</i>			
Trade payables	1.6	2.0	3.2
Other liabilities	19.2	26.5	33.7
Interest bearing debt	0.0	6.3	10.5
Total liabilities	20.8	34.8	47.4
<i>Equity</i>			
Equity	39.4	4.3	40.8
Non-controlling interest	0.0	(1.4)	(1.3)
Total equity	39.4	3.0	39.5
TOTAL EQUITY & LIABILITIES	60.2	37.7	86.9

Statement of changes in Equity SEK m							
	Share Capital	Other Contributed Capital	Reserves	Retained Earnings	Total	Minority Interest	Total Equity
Balance at 1 July 2020	8.5	76.4	0.5	(44.6)	40.8	(1.3)	39.5
Rights Issue	0.4	1.6	0.0	0.0	2.0	0.0	2.0
Share Warrant	0.0	0.4	0.0	0.0	0.4	0.0	0.4
NCI	0.0	0.0	0.0	(1.0)	(1.0)	1.3	0.3
Translation	0.0	(0.1)	0.4	0.0	0.3	(0.0)	0.2
Results for period	0.0	0.0	0.0	(3.1)	(3.1)	0.0	(3.0)
Movement in year	0.4	2.0	0.4	(4.1)	(1.4)	1.3	(0.1)
Balance at 31 Mar 2021	8.9	78.4	0.8	(48.7)	39.4	0.0	39.4

Parent Financials

Parent Income Statement	Q3		YTD		FY
	Jan-Mar 21	Jan-Mar 20	Mar-21	Mar-20	Jul-Jun 20
SEK m					
Operating expenses					
Other external costs	(0.2)	(0.1)	(1.0)	(0.6)	(0.2)
Personnel costs	(0.2)	0.0	(0.6)	0.0	(0.6)
EBITDA	(0.4)	(0.1)	(1.6)	(0.6)	(0.8)
Interest income & similar credits	0.0	(0.4)	(0.1)	(0.4)	(0.7)
Net Profit/(Loss) Income for the period	(0.4)	(0.4)	(1.7)	(0.9)	(1.4)

Parent Cash Flow	Q3		YTD		FY
	Jan-Mar 21	Jan-Mar 20	Mar-21	Mar-20	Jul-Jun 20
SEK m					
<u>Cash flow from operating activities</u>					
Operating loss for period	(0.4)	(0.4)	(1.7)	(0.9)	(1.4)
<u>Cash flow from operating activities</u>	(0.4)	(0.4)	(1.7)	(0.9)	(1.4)
Adjustment for items not included in net cash	0.0	0.0	0.0	0.0	(0.2)
<u>Changes in working capital</u>					
Movement in current receivables	(0.1)	(3.2)	(2.2)	(17.1)	(21.2)
Movement in current liabilities	(0.1)	2.9	(14.9)	6.3	15.4
Movement in long term receivables	0.0	0.0	0.0	0.0	0.0
<u>Cash flow from investing activities</u>	(0.2)	(0.3)	(17.1)	(10.8)	(5.8)
<u>Financing activities</u>					
Rights share issue	0.0	0.0	2.0	0.0	36.0
<u>Cash flow from financing activities</u>	0.0	0.0	2.0	0.0	36.0
<u>Cashflow for the period</u>	(0.6)	(0.8)	(16.8)	(11.8)	28.5
<u>Change in cash and cash equivalents</u>					
Cash and cash equivalents, at the beginning of the period	24.2	0.8	40.4	11.8	11.8
<u>Cashflow for the period</u>	(0.6)	(0.8)	(16.8)	(11.8)	28.5
<u>Cash and cash equivalents, at the end of the period</u>	23.6	0.0	23.6	0.0	40.4

Parent Balance Sheet SEK m	31-Mar 2021	31-Mar 2020	Full year Jun-20
ASSETS			
<i>Non-Current assets</i>			
Investments in subsidiaries	125.1	120.0	124.7
Total Non-current assets	125.1	120.0	124.7
<i>Current assets</i>			
Receivables on group companies	54.3	48.3	52.3
Other receivables	0.2	0.00	0.0
Cash & cash equivalents	23.6	0.0	40.4
Total current asset	78.1	48.3	92.7
TOTAL ASSETS	203.2	168.3	217.4
EQUITY AND LIABILITIES			
<i>Liabilities</i>			
Other liabilities	1.0	7.0	5.4
Interest bearing debt	0.0		10.5
Total liabilities	1.0	7.0	15.9
<i>Equity</i>			
Share capital	8.9	1.4	8.5
Share premium reserve	192.9	162.4	191.3
Share Warrants	5.1	0.0	4.7
Retained earnings	(3.0)	(1.5)	(3.0)
Loss for the year	(1.7)	(0.9)	0.0
Total Equity	202.3	161.3	201.5
TOTAL EQUITY & LIABILITIES	203.2	168.3	217.4

About Zutec

Zutec Holding AB (publ) (Parent Company) and its subsidiaries (collectively the “Group” or the “Company”) is a cloud-based construction management software company. The Group’s operations are conducted in Ireland with operations in the UK, Australia and the Middle East.

The Parent Company is a limited liability company based in Stockholm. The address of the head office is Zutec Inc (Irl) Ltd., No. 9 Charlotte Quay, The Anchorage, Grand Canal Dock, Ringsend, Dublin 4, Ireland, D04 HW61. The Parent Company’s operations consist of the management of shares in subsidiaries.

About this report

This report contains forward-looking statements which reflects management’s current expectations, estimates and projections about its operations. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, some of which are beyond our control and are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements.

Group structure

Zutec Holding AB (publ) is a publicly owned company registered in Sweden and quoted on the Nasdaq First North Growth Market Stock Exchange. It commenced trading on 15th March 2018. The Company owns 100% of the share capital of Zutec Inc (Irl) Limited which in turn owns 100% of Zutec Inc (UK) Limited, 100% of Zutec Asia Limited (Hong Kong) and 100% of Zutec Australia (pty). As of April 19, 2021 Createmaster Limited is a 100% owned entity by the Company.

Accounting policies

Zutec Holding AB (publ) The consolidated financial statements as of Zutec Holding AB (publ) for the three month period ended March 30, 2021, have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and are unchanged since the latest published annual report.

Warrants

An EGM on May 22, 2020 resolved, in accordance with the Board’s proposal, to implement a share-based incentive program. The incentive program comprises of 5,900,000 warrants. Subsequent to this EGM, 1,000,000 warrants from the incentive program have been cancelled. The meeting also resolved, in accordance with the Board’s proposal, on a directed issue of warrants to the CEO. The number of warrants amounts to 8,850,000.

An EGM on November 12, 2020 resolved, in accordance with the Board’s proposal, to implement a share-based incentive program of an additional 1,500,000 warrants. This program is to date unallocated.

Upcoming reports

The next interim report for Q4 2021 (April – June 2021) is due to be published on the 13th of September 2021.

Auditors review

The interim report has not been reviewed by the Company’s auditor.

Webcast of this report

Analysts, investors and the media are invited to participate in the presentation at 8.00 CET on 22nd April 2021:

<https://us02web.zoom.us/j/88024106703>

Or Telephone:

Dial (for higher quality, dial a number based on your current location): Ireland: +353 1 653 3897 or Sweden: +46 8 5050 0829

Certified Adviser

Zutec is listed on Nasdaq First North Growth Market and Redeye AB is the Company’s acting Certified Adviser (Tel. +46 8 121 576 90, certifiedadviser@redeye.se, www.redeye.se)

For more information

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