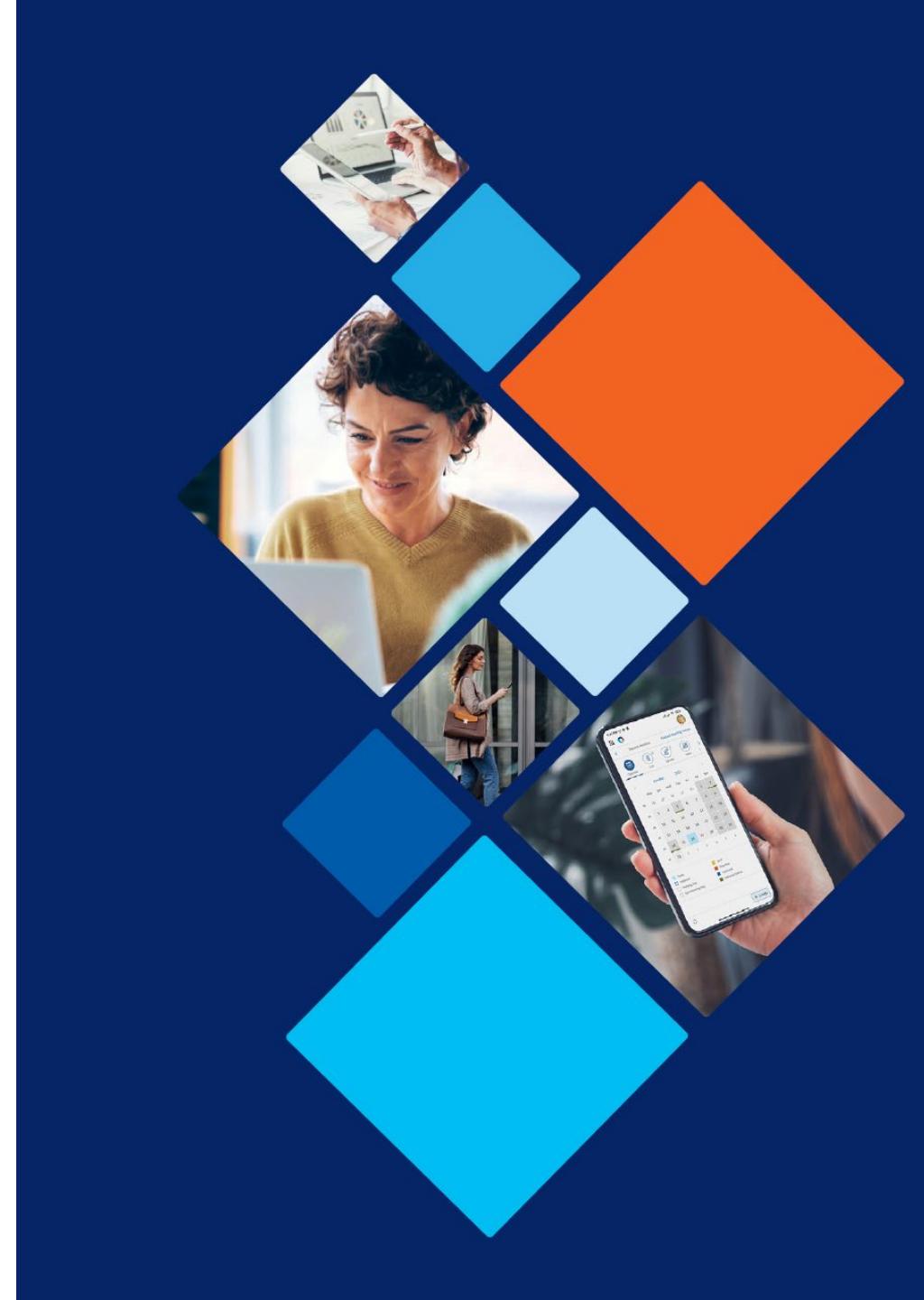


26 October 2023

Presentation of financial results Q3 2023



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Agenda

- Highlights
- Company in brief
- Financial review
- Outlook
- Q&A

Today's presenters



Hans-Petter Mellerud
CEO and Founder



Gunnar Manum
CFO

Highlights



Simplify work life.
Achieve more.



Q3 2023 Highlights – delivering all time high EBIT

- ✓ **Strong growth:** Revenue increased **24% YoY** to **NOK 277 million** with **Net Revenue Retention of 106%**
- ✓ **EBIT improvement program on track:** **all time high adj. EBIT of NOK 25.6 million (9.4%)**, excluding investments in building APAC, up from NOK 11.4 (5.2%) last year
- ✓ **Market success continues** with additional approx. **NOK 20 million annual contract value of signings** and **YTD delivery of 124% of 2023 sales budget needed to continue target growth rate**
- ✓ **Increased cash flow:** Operating cash flow, before interest, of **NOK 25 million**

Market success continues with new signings in Q3

- ✓ New signings of ~NOK 20m during the quarter
- ✓ Pipeline of Multi-Country PeopleHub new name and upsell opportunities grew 27% YoY to NOK 810 million ACV

Notable Wins

German pharma



5-year agreement with **German pharmaceutical** for **PeopleHub** based payroll solution supporting **4,500+ employees**

Nordic customer



5-year **PeopleHub SaaS** agreement with existing Nordic customer for new country serving **10,000+ employees**.

APAC



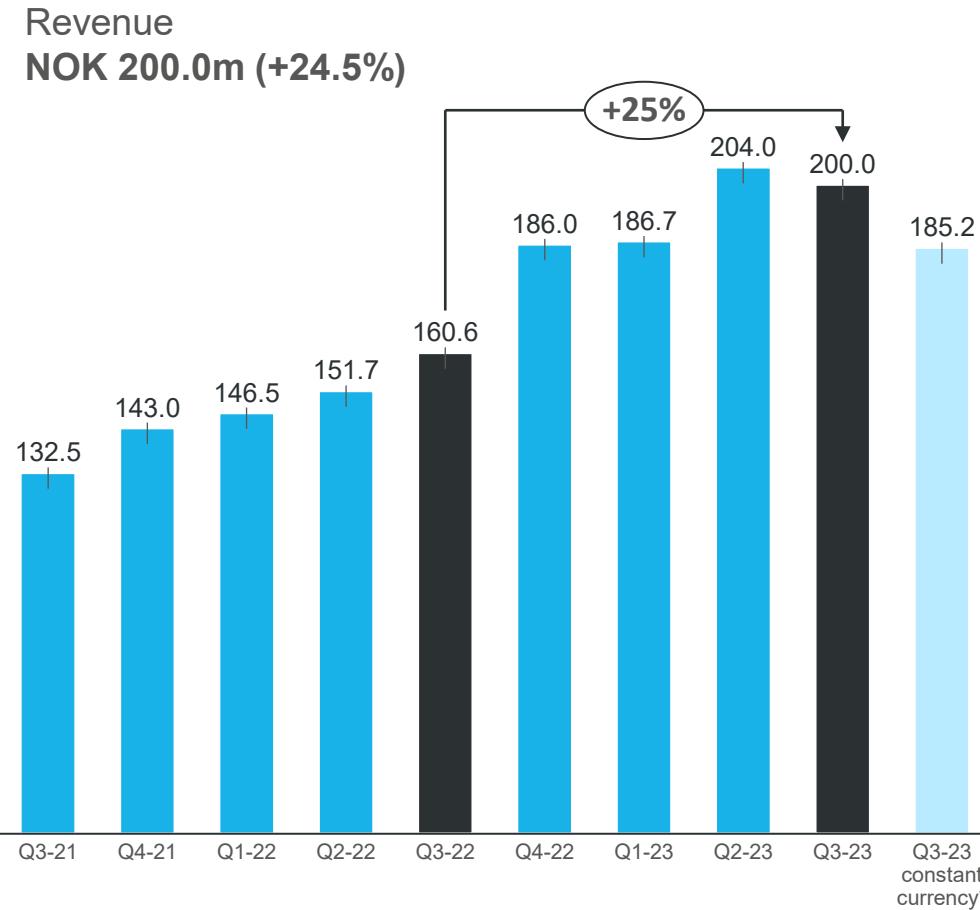
All time high sales closing 18 contracts with EUR 1.2 mill Total Contract Value and **EUR 0.5 mill Annual Contract Value**

German Public



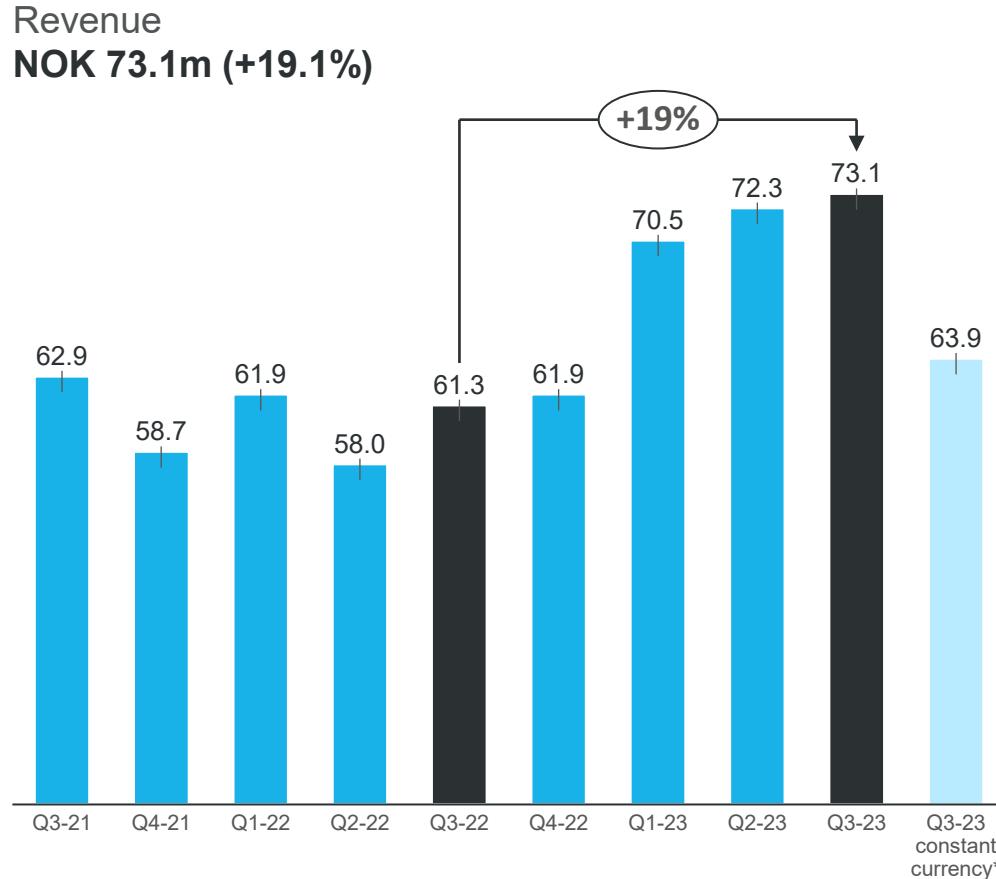
New 4-year agreement with large public customer with more than **EUR 2 Million Annual Contract Value** for Application Maintenance Services serving ~700,000 employees awarded after quarter end

Managed Services grew 25% YoY to NOK 200 million and 72% of total revenue.



- Revenue in Managed Services grew by 24.5% YoY (+15.3% growth YoY when adj. for positive currency effects)
 - 58% of growth came from customers that were customers in Q3 last year
 - 42% of growth came from new names
- 106% Net Revenue Retention YoY in constant currency as existing customers expand their geographic footprint and functionalities
- Most regions with above target (15%) growth in local currency.
 - Northern Europe: 6%
 - DACH: 40%
 - UKI: 54%
 - Eastern Europe: 54%

Professional Services grew 19% and continued being strong contributor to Zalaris' overall success and Managed Services growth

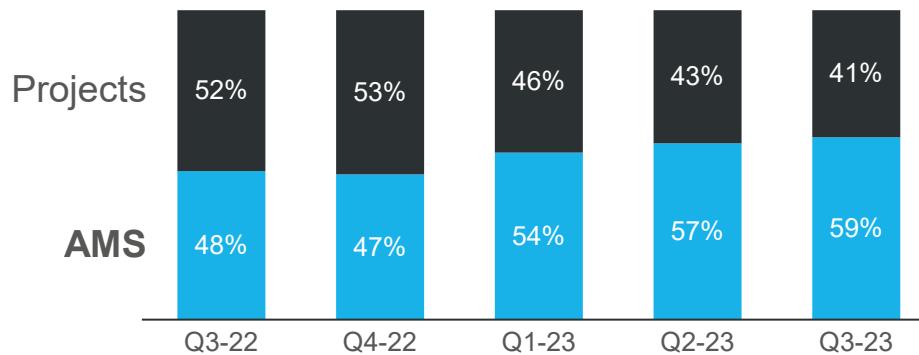


- Revenue in Professional Services grew by 19% YoY (+4.1% when adjusted for positive currency effects)
- In local currency, revenue in UK grew by 87%, from consulting work from new clients, including a large airline, while Germany had revenue approx. in line with last year
- Significant PS capacity being utilized to support Managed Services in implementing new customers (transformation projects) or delivering change orders. Particularly in Germany

*Revenue in local currency converted to NOK using the avg. currency rate from the quarter last year. See the interim financial report for definitions of APMs

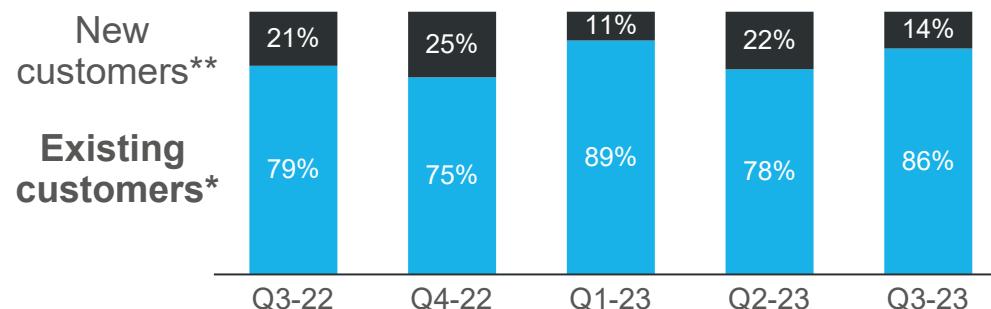
Majority of Professional Services revenue is recurring and supports a continuous presence with customers

Distribution of Projects vs long term AMS based revenue



- ~59 % of Professional Services revenue is recurring, or recurring like, and based on long term agreements and relationships

Revenue customer split

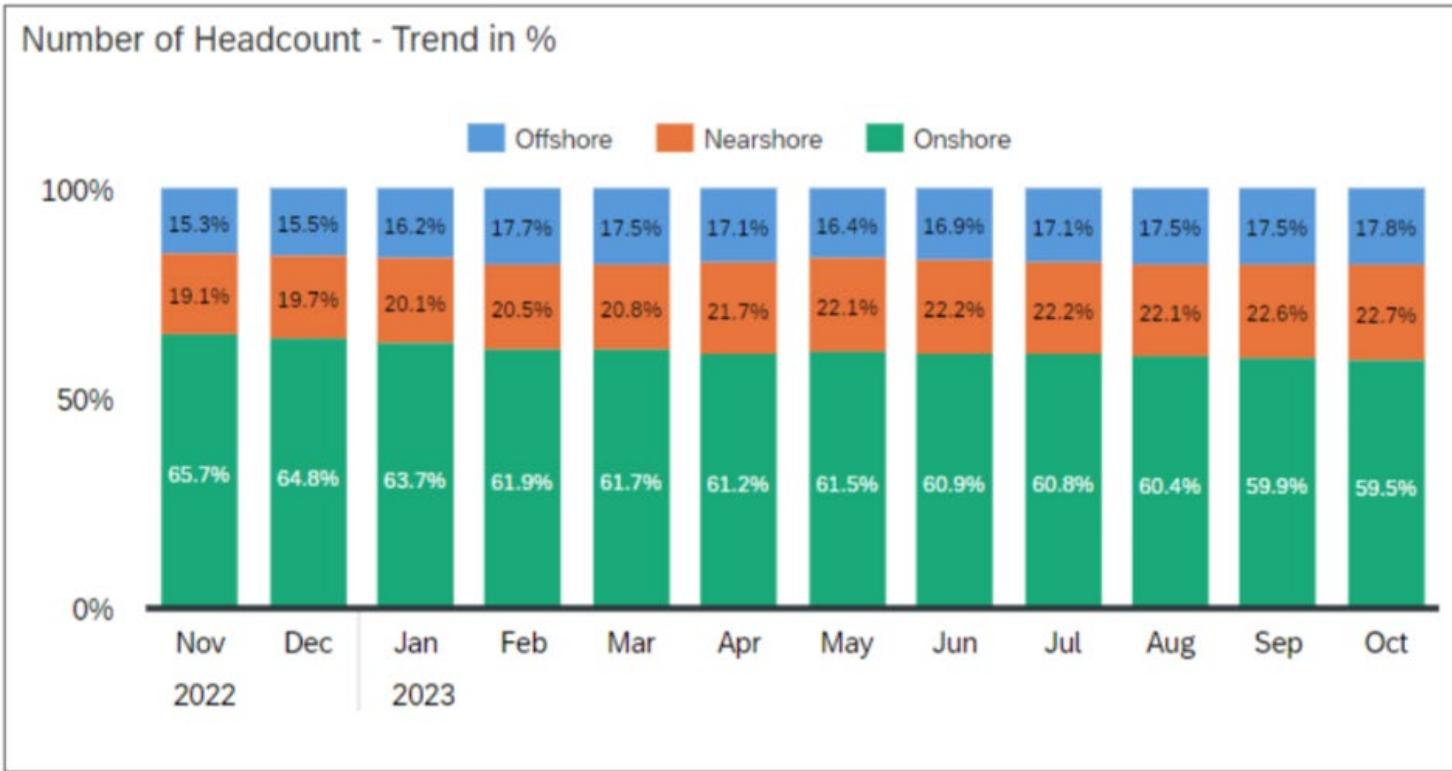


- ~86 % of Professional Services revenue is from customers that were customers 12 months prior

* Customers that were invoiced in the same quarter previous year

** New customers since the end of the same quarter previous year

Right shoring continue to develop in the right direction



- Use of near-/offshore resources as % of total headcount improved with 1% since Q2
- Trend expected to continue towards Zalaris 4.0 target of 50%.

Company in brief



Simplify work life.
Achieve more.



Payroll & HR solutions that enable digital organizations

One global IT platform with local presence

Zalaris is a leading European provider of **global payroll and human capital management solutions** delivered through software as a service, outsourcing, or consulting delivery models

Supporting **fully digital processes** for payroll and human capital management targeting 20-30% cost savings

One common multi-country solution satisfying GDPR requirements combined with competent resources serving complex customers with local competence and language

Market leader within mid-size companies with cross-border need and a strong customer portfolio of some of the largest corporations in the Nordics, DACH, UKI and APAC regions

1,500,000

Employees served monthly by Zalaris supported HR solutions

~1,100

Zalaris employees across the world

300,000+

Employees served monthly through payroll services

~EUR 100m

Annual run rate revenues Q2'2023

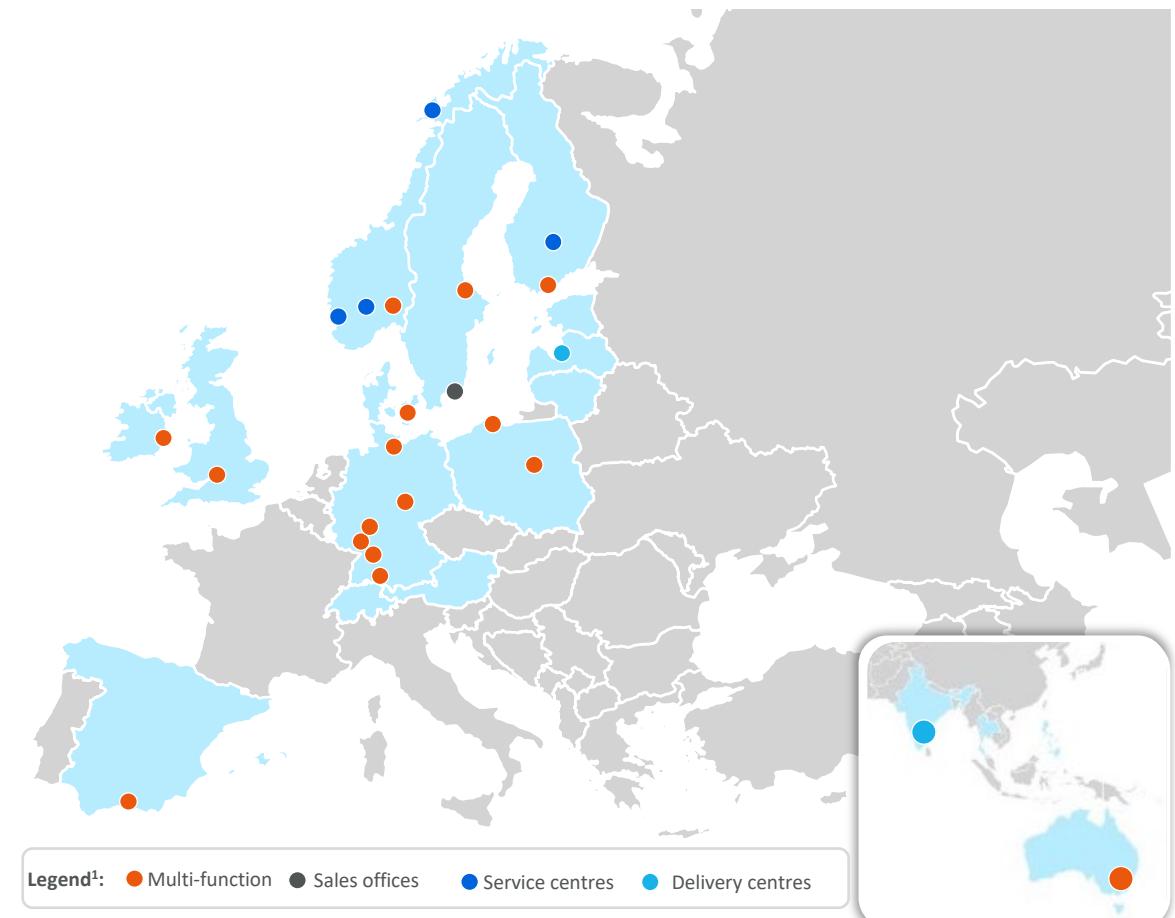
17 countries

With own service centers and expertise in local laws and regulations

150+ countries

With expertise in local laws and regulations, together with partners

Geographical footprint

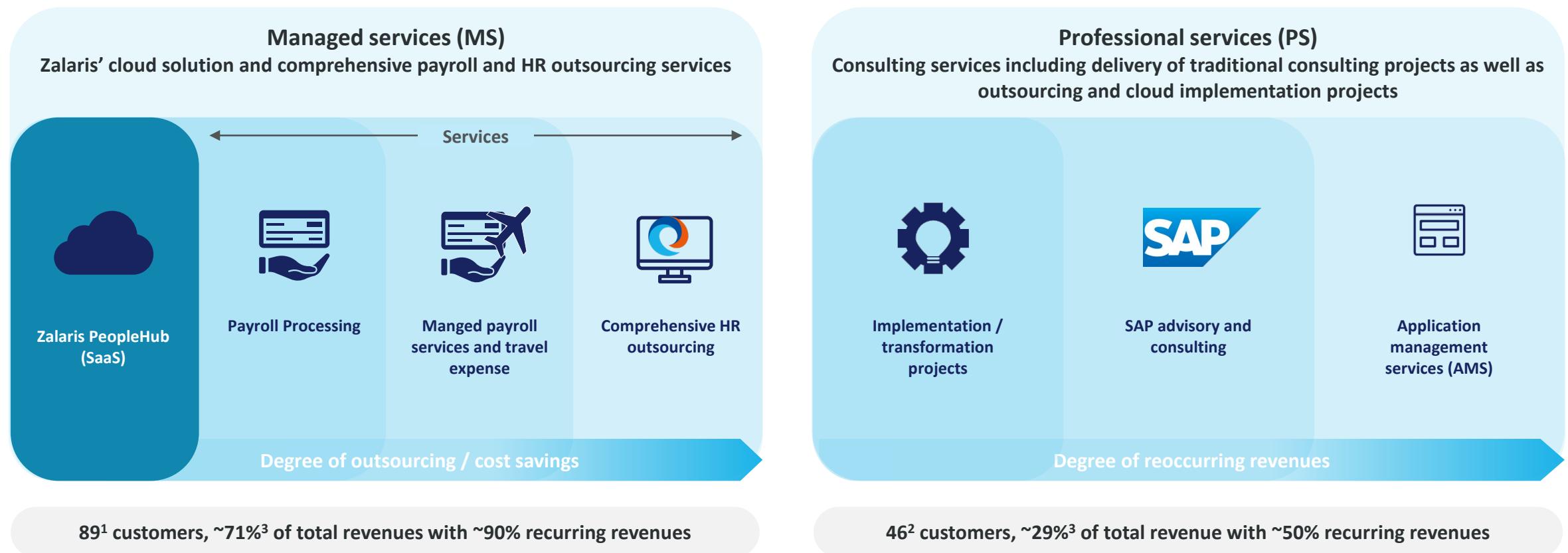


1) Type of office

Zalaris' Product offering covering the full employee life cycle



Services delivered by two integrated business units with the majority of revenues being recurring of nature



1) 89 customers paying Zalaris NOK >1m, with a long-tail of 100 smaller customers

2) 46 customers paying Zalaris NOK >1m, with a long-tail of 189 smaller customers

3) Based on LTM Sep '22 revenues

Diversified customer base across a wide range of industries

Customer traits	Bank, Insurance & Financial services	Health & Life Science	Infrastructure & Transportation
Managed services	Danske Bank Santander TRYGG HANSA IB.SH storebrand DNB DZ HYP Nordea Gjensidige Tryg eiaka.	aspen Boehringer Ingelheim CSL Behring NOVARTIS Roche	SAS RYANAIR FINNAIR
>1,000 employees			sporveien
>2 countries			Eurowings
Software agnostic			
Professional services	SIEMENS Sony Interactive Entertainment telenor	ABB AkerBP eew Statkraft	brose Hydro SEAT
>1,000 employees	gamesys group Telefónica OneCo	Hitachi Energy GASSCO	KONGSBERG
Private and public sector	YUNEX TRAFFIC		YARA
SAP integration			Metsä StoraEnso
	IT, Technology & Telecom	Offshore & Energy	Product & Industrials
	SIEMENS Sony Interactive Entertainment telenor	ABB AkerBP eew Statkraft	brose Hydro SEAT
	gamesys group Telefónica OneCo	Hitachi Energy GASSCO	KONGSBERG
	YUNEX TRAFFIC		YARA
	Public Services & Other Institutions	Retail	Service Industries
	HESSEN University of Salford MANCHESTER Kent Police Die Landesregierung Nordrhein-Westfalen	Carlsberg INTERSPORT VOSWINKEL MARSTON'S CIRCLE K	LINDORFF del av Intrum entra
	UNIVERSITY OF WESTMINSTER	müller RINGNES Thalia Bücher & mehr	BILFINGER
		KaDeWe DOUGLAS ELKJØP	COMPASS GROUP

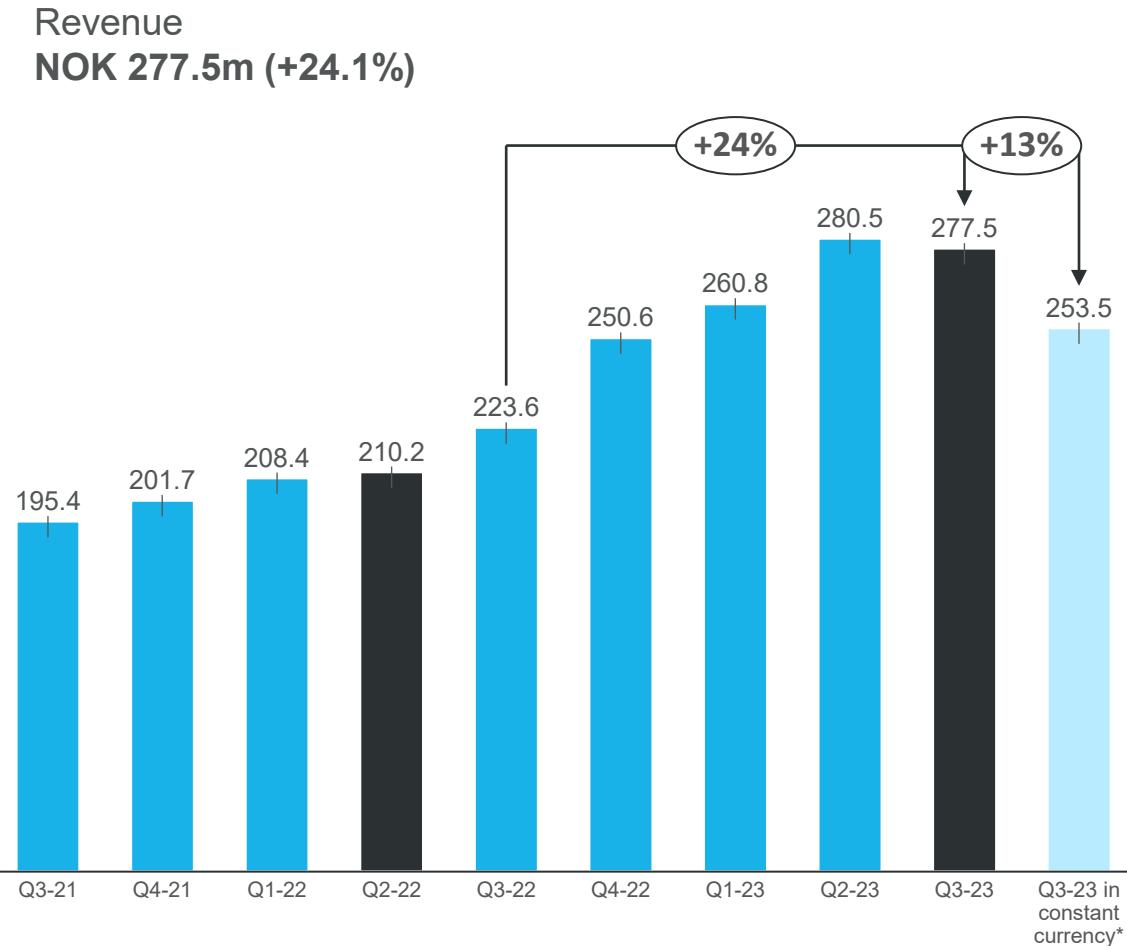
Financial Review



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Revenue increased by 13% for the quarter YoY in local currency

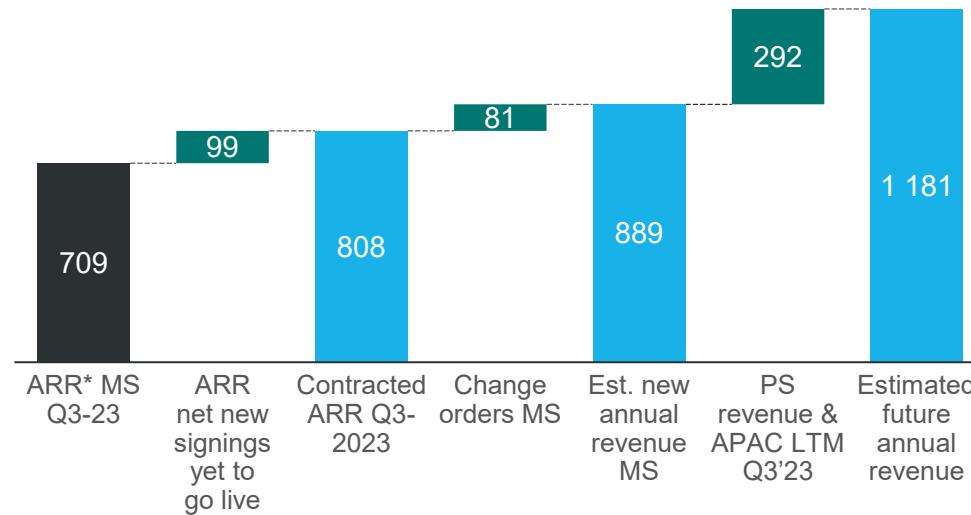


- Revenue growth (as reported) for the quarter YoY: **+24.1%**
- Revenue growth **+13.4% YoY in constant currency**
- MS +24.5% to NOK 200m**
 - 58% of growth came from customers that were customers in Q3 last year
 - 42% of growth came from new names
- PS +19.1% to NOK 73m**
- Signed new **SaaS/BPaaS contracts** with annual recurring revenue of ~NOK 20m during the quarter
- Net new SaaS/BPaaS contracts signed**, but yet to go live, has annual recurring revenue of ~NOK 99m

*See the interim financial report for definitions of APMs

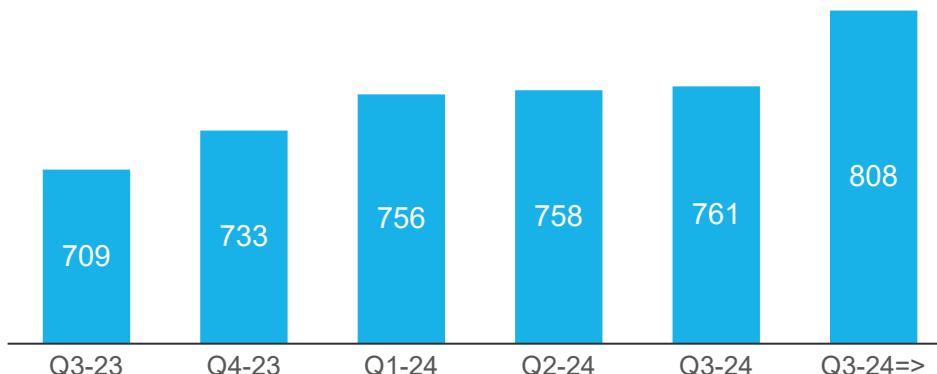
Strong revenue visibility through 2024 - newly signed BPO contracts will result in significant revenue increase

Revenue development based on signed MS contracts (NOKm)



- >Total annual revenue expected to increase by ~NOK 112m (+10%) vs. LTM Q3'23, based on already signed contracts (assuming no material churn and based on avg. currency rates for Q3 2023)
- The new contracts will generally generate full monthly recurring revenue when the customer has gone live on the PeopleHub platform
 - All current contracts will be fully implemented by end-2024
- Estimated future annual revenue assumes MS change order level at historical ~10% of recurring revenue, and PS & APAC revenue at LTM Q3'23 level
- ~NOK 12m in churn, effective Q1 2024, included in net new signings

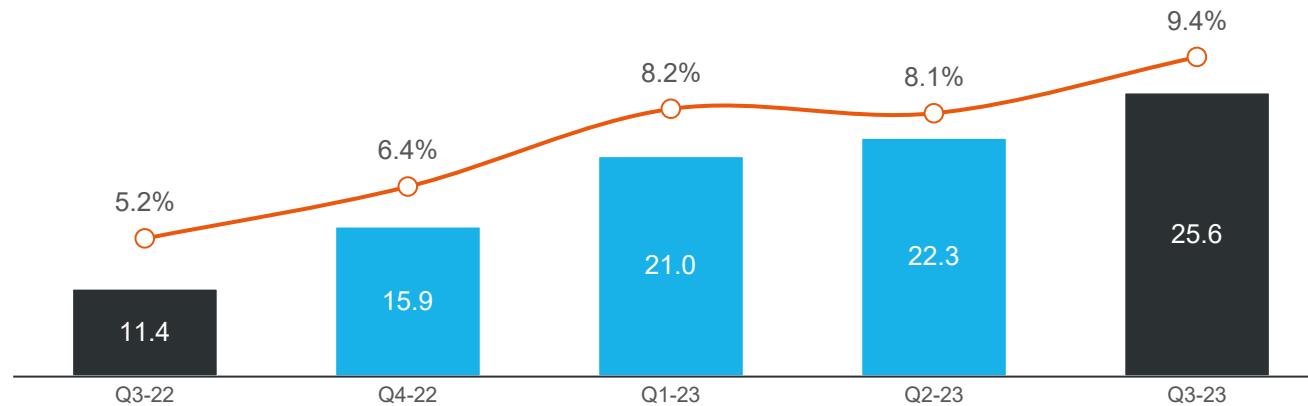
Contracted ARR* development over time based on signed contracts (NOKm)



*The ARR for the quarter is an estimate calculated by annualising the actual recurring revenue (according to contract revenue and additional services) for the quarter, for customers at the end of the quarter. Please refer to the APMs section of the interim financial report for further details.

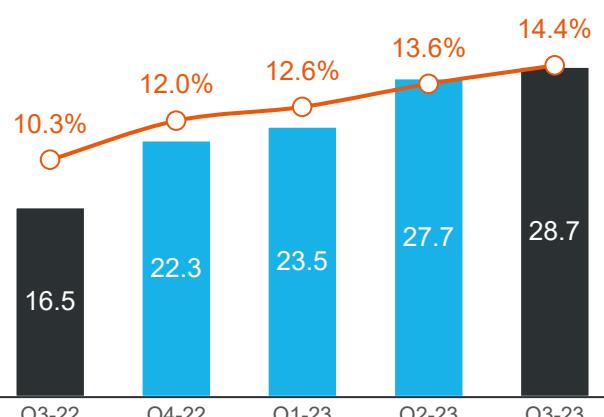
Significant increase in adj. EBIT (ex. APAC) for the quarter, year-on-year

Adj. EBIT* excluding APAC (NOKm) and margin (%)

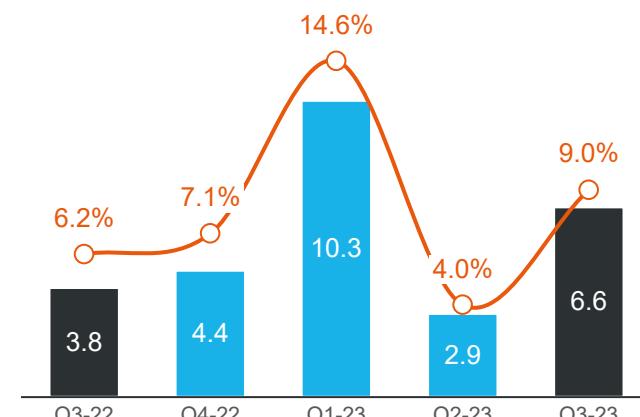


- Adj. EBIT (ex APAC) NOK 25.6 (NOK 11.4m) +125%
- Adj. EBIT (ex APAC) margin 9.4% (+4.2pp)
- EBIT improvement program to increase annual EBIT by NOK 40 – 50m by end-23 on track (Q3'22 as base line)
 - Cost improvements by moving work to near-/offshore locations ongoing – mainly completed in NE and in progress in Germany
 - Improved allocation of resources and focus on improvement in customer margins after initial rapid growth since 2021, which necessitated large increase in FTEs
 - Contribution from new signed contracts
 - Reduced used of external consultants through recruitment of own personnel

MS – EBIT (NOKm) and margin (%)



PS – EBIT (NOKm) and margin (%)



*See the interim financial report for definitions of APMs

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Condensed Profit and Loss

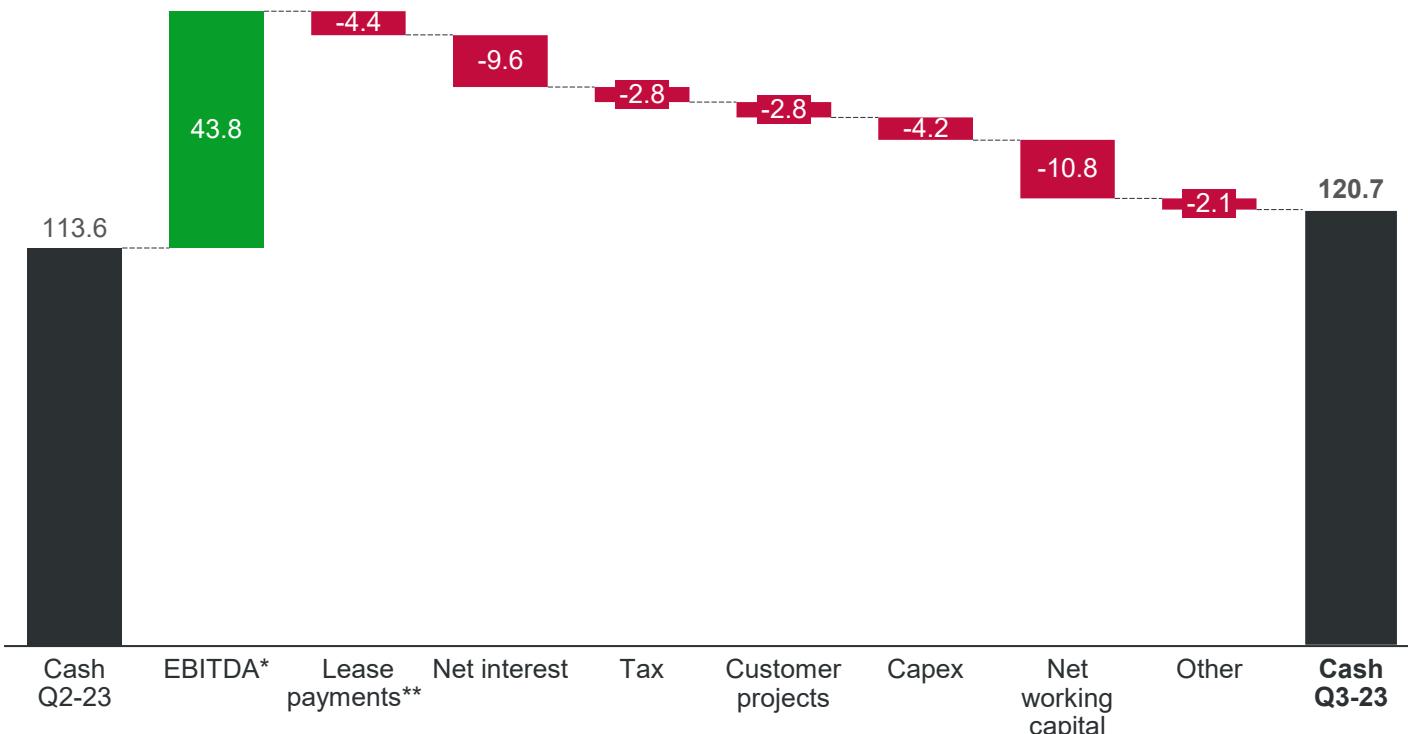
(NOK 1 000)	2023	2022	2023	2022	2022
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Revenue	277 459	223 564	818 788	642 191	892 743
License costs	23 482	20 704	73 348	61 120	80 198
% of revenue	8,5 %	9,3 %	9,0 %	9,5 %	9,0 %
Personnel expenses	138 853	120 179	431 558	354 988	483 824
% of revenue	50,0 %	53,8 %	52,7 %	55,3 %	54,2 %
Other operating expenses	73 919	58 392	203 620	152 246	222 537
% of revenue	26,6 %	26,1 %	24,9 %	23,7 %	24,9 %
Amortisation implementation costs customer projects	8 959	7 316	23 850	22 807	31 638
Depreciation, amortisation and impairments	14 608	12 617	43 029	37 033	50 852
EBIT	17 638	4 356	43 383	13 998	23 694
Adjustment items*	6 027	5 393	18 985	16 953	22 548
Adjusted EBIT	23 665	9 749	62 368	30 951	46 241
Adjusted EBIT margin %	8,5%	4,4%	7,6%	4,8%	5,2%
Net financial income/(expense)	1 113	(13 776)	(58 642)	(34 884)	(40 102)
Profit/(loss) for the period	13 371	(11 100)	(23 842)	(26 622)	(38 721)

- ✓ **Personnel expenses:** Increased number of FTEs YoY (+89) and negative currency movements of (+9%). Revenue per employee in constant currency increased by ~4%
- ✓ **License costs and other operating exp.:** Increase mainly due to currency movements
- ✓ **Other op. exp.:** Additional externals (+NOK 5.8m, but marginally lower as a % of revenue), external payroll partners (+NOK 1.1m), currency movements (approx. +NOK 6m)
- ✓ **Financial expense:** Includes unrealised currency gain of NOK 12.6m mainly relating to the EUR denominated bond loan

*Items excluded from adjusted EBIT Q3 2023: share-based payments (NOK 2.6m) and amortization of excess values on acquisitions (NOK 3.4m) - see definition of adj. EBIT under APMs in the interim financial report)

Strong cash position

Development in cash balance (NOKm)



- Positive cash flow from operating activities before interest of NOK 24.8m
- Capex relates mainly to internal system development including projects partly financed through SkatteFunn
- Cash balance at 30 Sep. NOK 121m
- Net interest-bearing debt of NOK 333.3m vs. NOK 356.3m at the end of previous quarter

* Before share based payment costs

** Relates mainly to rental costs for office premises

Outlook

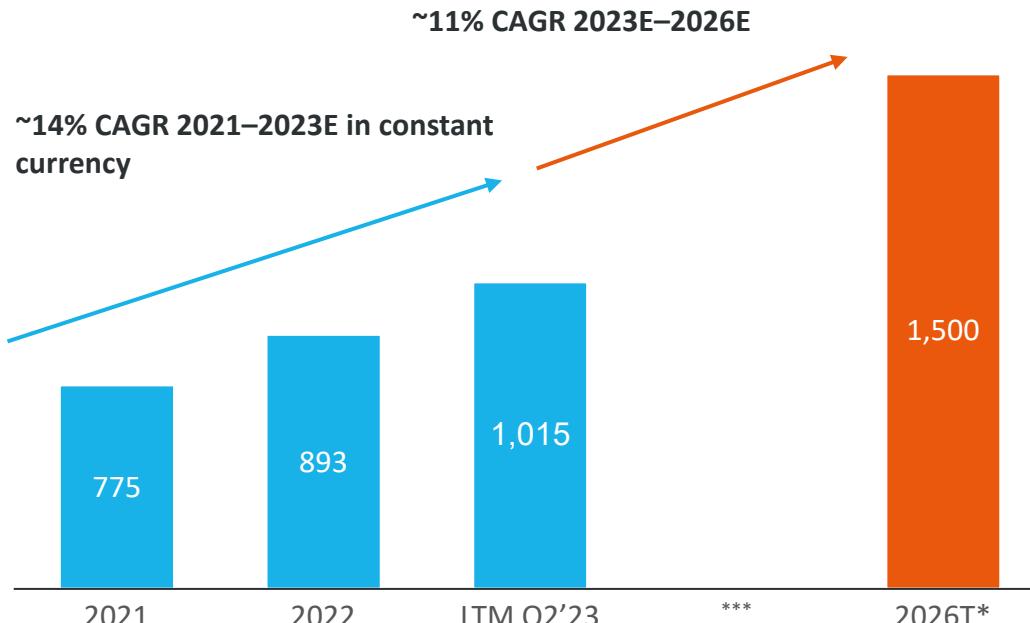


Simplify work life.
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Solid revenue growth last 2 years and ambition to grow to NOK 1.5 billion by 2026 (+10% p.a.)

Development in revenue

NOKm



>10% annual organic revenue growth driven by:

- Growing HR and payroll market
- New large multi-country/global long-term contracts
- Expansion with existing customers – products and geography (i.e. positive net retention)
- Higher than targeted growth in APAC
- M&A as a potential upside

Growth target per segment:

- Managed Services 15% growth
- Professional Services 5% growth
- Growing share of recurring revenue from Managed Services with long-term contracts of 5 – 7 years

* Based on current EUR/NOK rate

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Increased focus on growing operating cash flow conversion and prudent capital allocation

- ✓ Targeted long-term operating cash flow conversion* of 70%
- ✓ Achieved mainly through:
 - ✓ Working capital improvements
 - ✓ Transformation projects for new customers to be minimum cash neutral



*Operating cash flow conversion is calculated as cash from operating activities before interest over EBITDA

Twenty-three years of continued growth combined with scalable solutions deliver value short - and medium-term value

- 1) **Zalaris PeopleHub is increasingly in favour by mid-market and large customers** seeking to digitalize their Payroll & HR processes resulting in 24% reported growth in Q3. We are now a **100 MEUR annualized revenue company** and expect to **continue delivering above our 10% growth target over the next 36 months.**
- 2) **Zalaris PeopleHub is a scalable solution** supporting our Zalaris 4.0 industrialized approach to HR & Payroll and is starting to show with an all-time high adjusted EBIT in the quarter. We are **on track delivering on our 10% EBIT target and next milestone of becoming a NOK 100 mill EBIT company.** We are now aiming higher and are **targeting 12-15% EBIT over the next 36 months.**
- 3) **Focus on capital allocation starting to show effect in Q3 with NOK 25 million in operating cash flow** and in combination with increased profitability will drive free cash flow toward our target level of **>70% of EBITDA.**

Q&A



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“

We simplify HR and payroll administration, and empower you with useful information so that you can invest more in people.

Thank you!

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