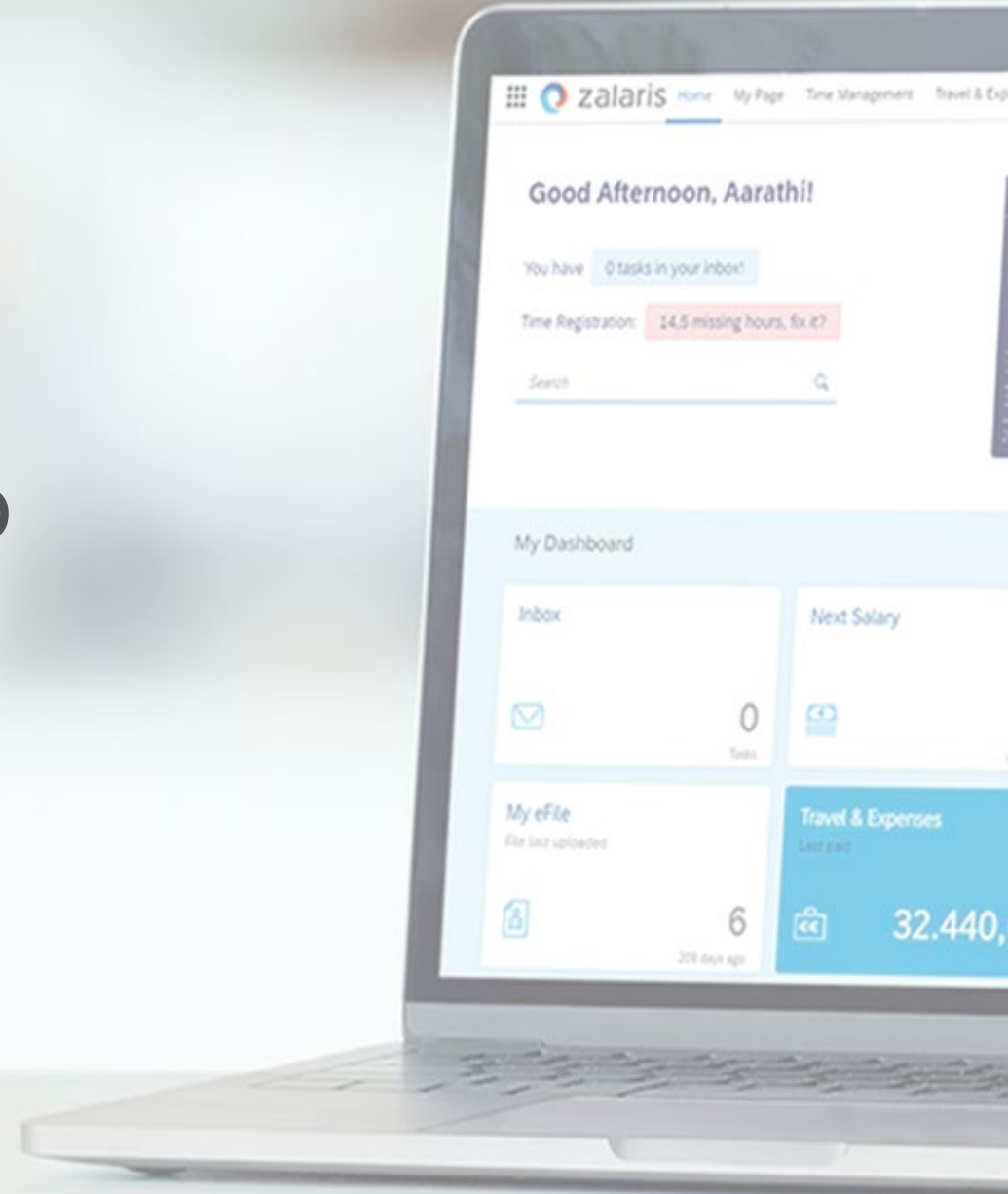


24 October 2024

Presentation of financial results Q3 2024

PeopleHub BY ZALARIS

Your one-stop HR platform



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Agenda

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

Today's presenters



Hans-Petter Mellerud
CEO and Founder



Gunnar Manum
CFO

Highlights



Simplify work life.
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All time high revenue and adj. EBIT in Q3 2024

- ✓ **Strong growth:** Revenue increased **22.1% YoY** to **NOK 340 million** with **Net Revenue Retention in Managed Services of 108%**
- ✓ **High EBIT:** adj. EBIT of **NOK 37.0 million (10.9%)**, up from NOK 23.7 (8.5%) last year
- ✓ **Strong sales pipeline** in both Managed Services and Professional Services securing continued growth
- ✓ **Improved cash flow:** Operating cash flow of **NOK 48 million**, up from NOK 15 million last year
- ✓ The **strategic review process** announced in April is **still ongoing**

Q3 sales securing growth and continued low churn

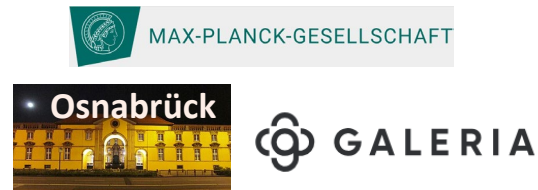
- ✓ Expanded and renewed services with existing customers in Managed Services
- ✓ Started implementation project for two large German Managed Services customers
- ✓ Significant pipeline of Multi-Country PeopleHub new name and upsell opportunities
- ✓ Securing large long term Professional Services engagements with both public and private clients

Nordic



Renewed agreements with Tryg Insurance and Entercard for new long terms and expanded service coverage with Telenor to cover 1,800 employees in Finland, and SAS to cover UK.

DACH



Signed agreements for delivery of Peoplehub HR powered by SAP SuccessFactors and Peoplehub Payroll supporting Gallerias 11'000 employees, the implementation of a new SAP SuccessFactors solution for the City of Osnabrück's 3200 employees, and long-term AMS services to Max-Planck Institute

UKI



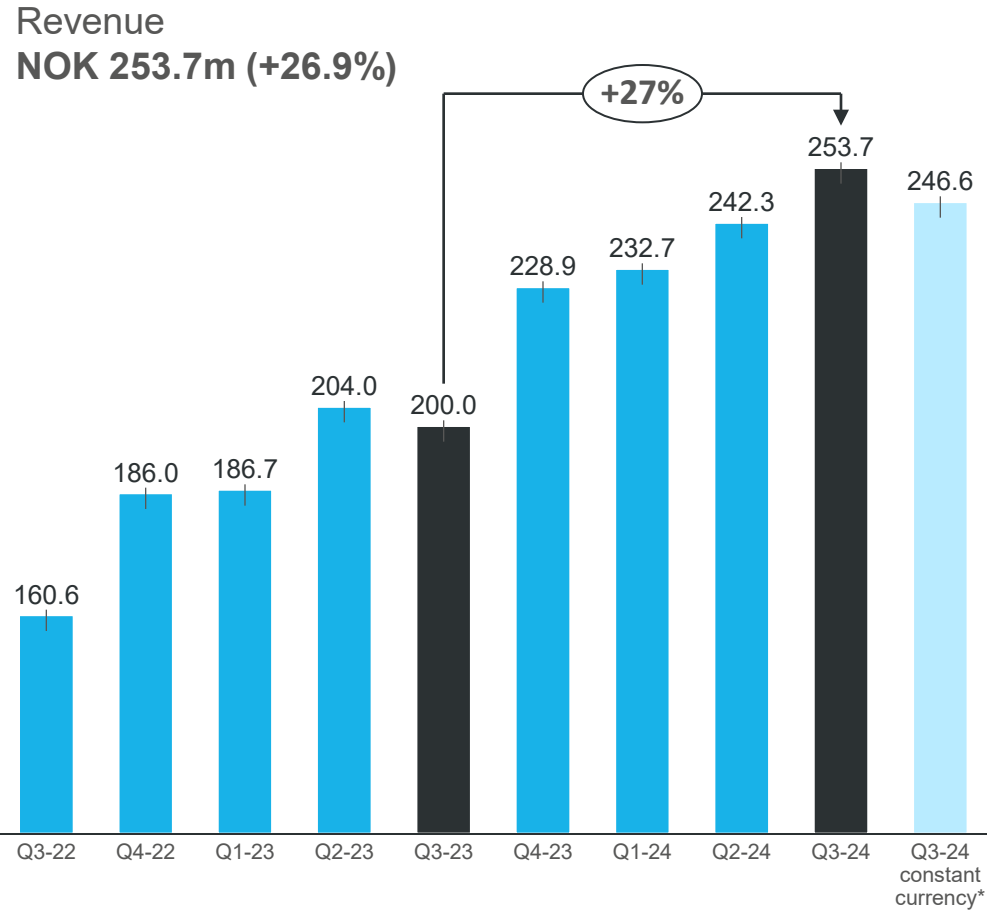
Signed LOI and started implementation of Peoplehub to 2'500 employees of multi-national oil & gas company. Expanded relationship with Low-Cost airline for further roll-out of multi-country payroll after successful go-live in France during the quarter

APAC



Continued sales streak to support first overall quarter with positive EBIT supporting customers implement SAP SuccessFactors HR, performance management, time and attendance and payroll functionality.

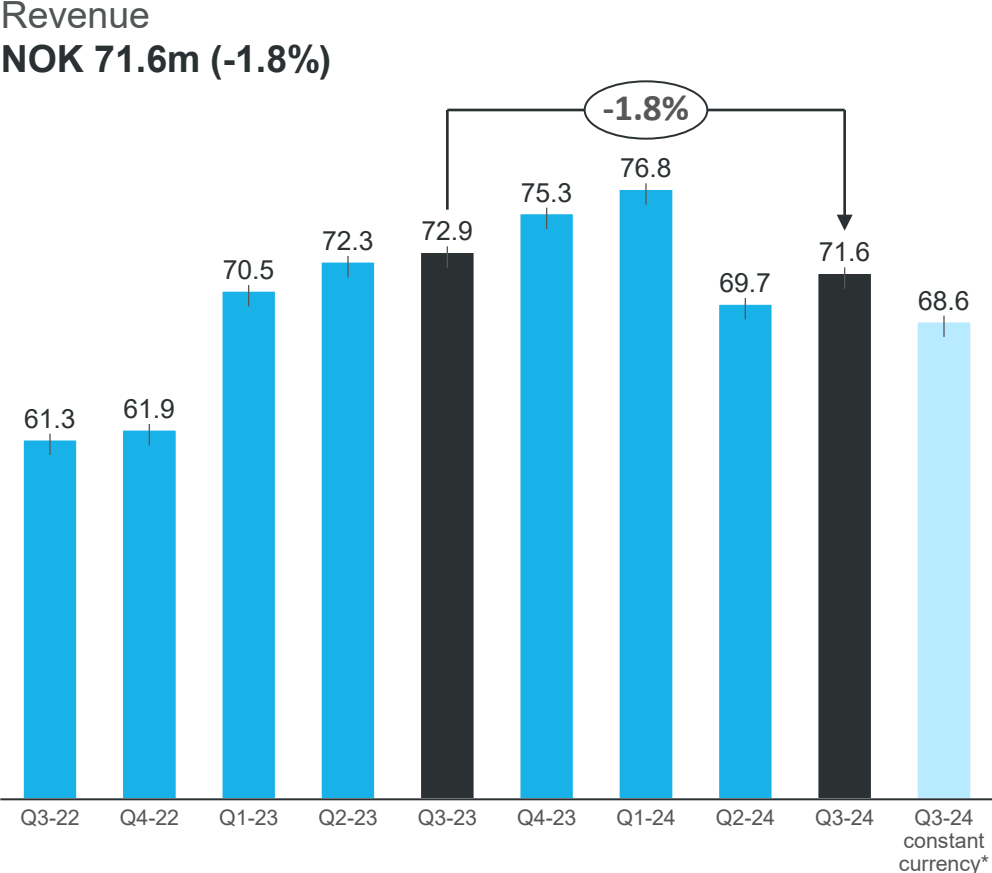
Managed Services grew 27% YoY to NOK 254 million and 75% of total revenue.



- ✓ Revenue in Managed Services grew by **26.9% YoY** (+23.3% growth YoY when adj. for currency effects)
- ✓ **108% Net Revenue Retention** YoY in constant currency as existing customers expand their geographic footprint and functionalities
- ✓ **Significant growth in most regions in local currency.**
 - ✓ Northern Europe: +19%
 - ✓ DACH: +40%
 - ✓ UK&I: -2%

*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

Professional Services revenue was 2% lower YoY mainly due to less consulting projects in UK



- ✓ Revenue in Professional Services was 1.8% lower YoY (-6.1 when adjusted for currency effects). Revenue reduction is mainly due to the partial completion of a large consulting project in UK.
- ✓ 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

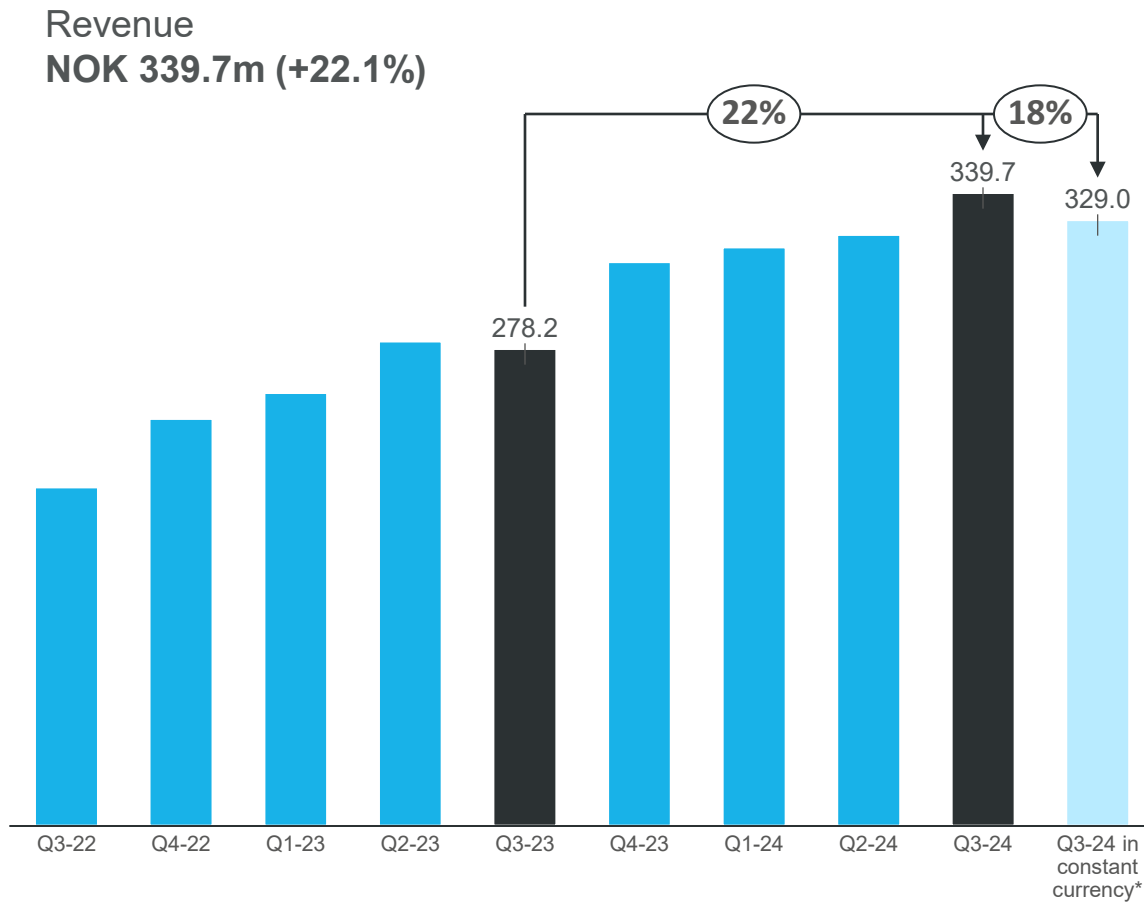
Financial Review



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Revenue increased by 18% for the quarter YoY in constant currency

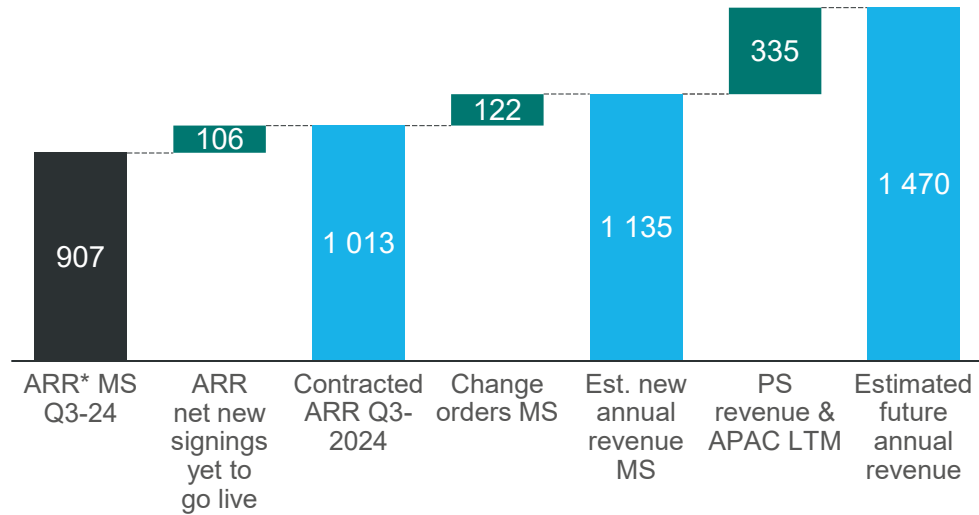


- ✓ Revenue growth (as reported) for the quarter YoY: **+22.1%**
- ✓ Revenue growth **+18.3%** YoY in constant currency*
- ✓ **MS +26.9%** to NOK 254m
 - Net retention of 108%
- ✓ **PS -1.8%** to NOK 72m
- ✓ **Net new SaaS/BPaaS contracts signed**, but yet to go live, has **annual recurring revenue*** of **~NOK 106m**

*See the interim financial report for definitions of APMS

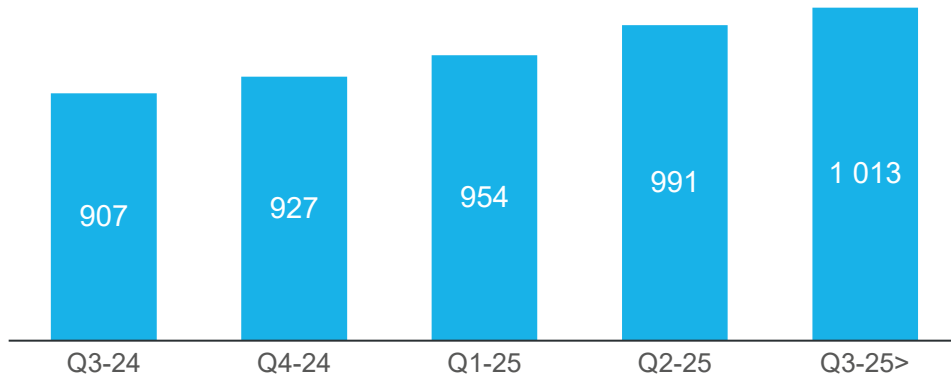
Strong revenue visibility through 2024/25 - new BPO customers to go live should result in >13% revenue increase compared to revenue LTM

Revenue development based on signed MS contracts (NOKm)



- ✓ Total annual revenue expected to increase by ~NOK 173m (+13%) vs. LTM Q3'24, based on already signed contracts (assuming no material churn and based on avg. currency rates for Q3 2024)
- ✓ The new contracts will normally generate full monthly recurring revenue when the customer has gone live on the PeopleHub platform
 - All current contracts expected to be fully implemented by Q1-2026
- ✓ Estimated future annual revenue assumes MS change order level at historical ~12% of recurring revenue, and revenue from PS & APAC LTM Q3'24

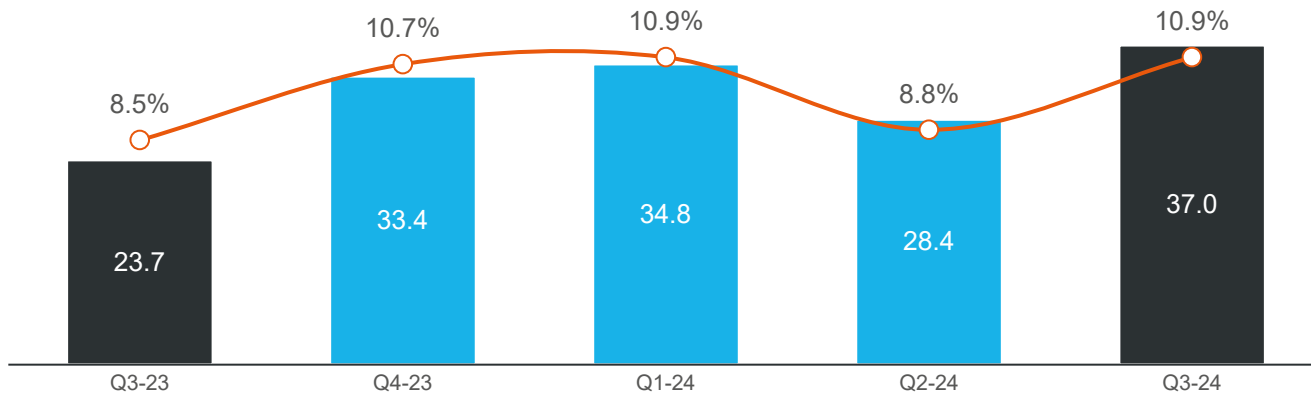
Contracted ARR* development over time based on signed contracts (NOKm)



*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.

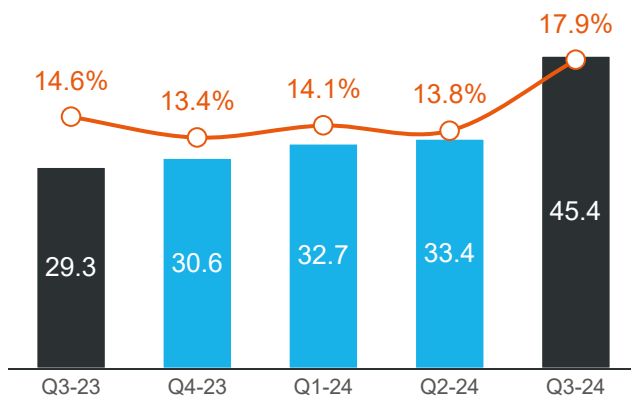
All time high adj. EBIT for the quarter

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

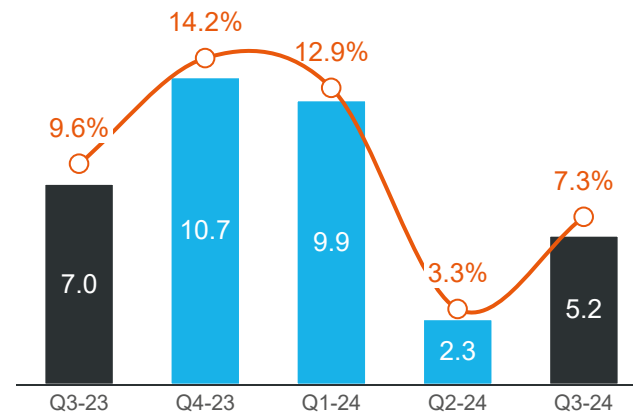


- ✓ **Adj. EBIT NOK 37.0** (NOK 23.7m) +56%
- ✓ **Adj. EBIT margin 10.9%** (+2.4pp)
 - ✓ EBIT and margin improvements from increased revenue (lower unit cost) and operational improvements in NE and Germany (e.g. larger share of services in MS delivery from near-shore and offshore locations)
 - ✓ **APAC** contributing with a **positive EBIT** for the quarter

MS – adj. EBIT* (NOKm) and margin (%)



PS – adj. EBIT* (NOKm) and margin (%)



- ✓ **MS: Adj EBIT NOK 45.4m** (NOK 29.3m) +55%
 - ✓ Positively impacted by operational improvements in NE and Germany (ref. above)
- ✓ **PS: Adj. EBIT NOK 5.1m** (7.0m) -27%
 - ✓ Adversely impacted by reduced revenue, however **increased utilisation** vs. Q2'24 had a positive impact on margins and the **trend is expected to continue** in Q4

*See the interim financial report for definitions of APMs

Condensed Profit and Loss

	2024	2023	2024	2023	2023 *
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
(NOK 1 000)					
Revenue	339 682	278 157	981 406	820 761	1 133 971
License costs	27 113	24 644	79 363	76 733	103 231
% of revenue	8,0 %	8,9 %	8,1 %	9,3 %	9,1 %
Personnel expenses	165 156	139 862	500 233	436 195	589 845
% of revenue	48,6 %	50,3 %	51,0 %	53,1 %	52,0 %
Other operating expenses	87 169	74 298	255 535	205 839	287 068
% of revenue	25,7 %	26,7 %	26,0 %	25,1 %	25,3 %
(Gain)/loss on sale of assets	-	-	(10 503)	-	-
Amortisation implementation costs customer projects	12 670	8 959	34 039	23 850	33 765
Depreciation, amortisation and impairments	16 523	15 008	46 805	44 221	59 940
EBIT	31 051	15 387	75 934	33 922	60 122
Adjustment items**	5 981	8 278	24 304	28 447	35 647
Adjusted EBIT	37 032	23 665	100 238	62 368	95 768
Adjusted EBIT margin %	10,9 %	8,5 %	10,2 %	7,6 %	8,4 %
Net financial income/(expense)	(21 086)	1 009	(51 203)	(58 937)	(74 630)
Profit/(loss) for the period	8 292	13 370	20 042	(23 843)	(18 980)
Total comprehensive income	19 125	(1 684)	40 898	4 325	26 798

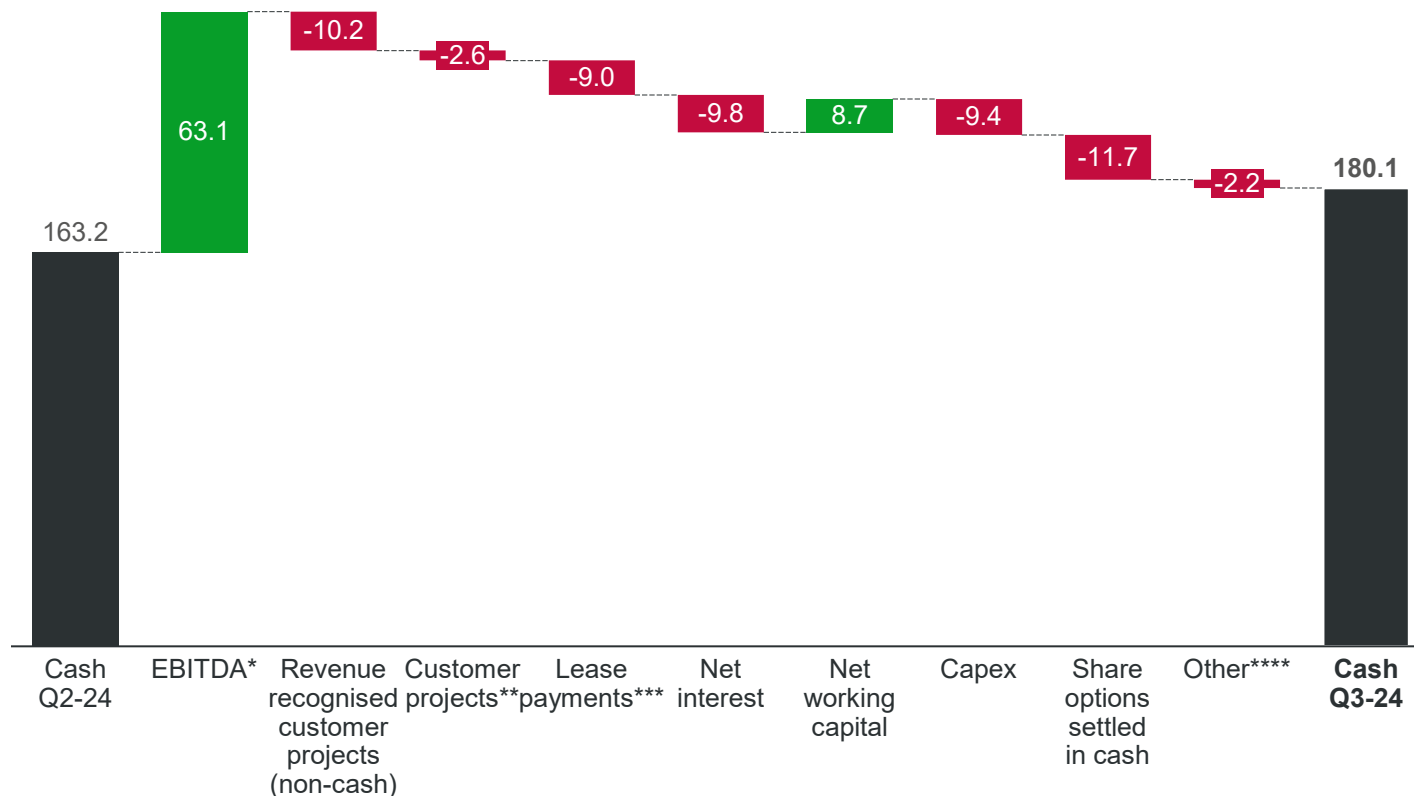
* 2023 accounts are reclassified

- ✓ **License costs:** Increased due to higher revenue from Payroll/HR solutions that incurs license costs
- ✓ **Personnel expenses: Revenue per FTE** in constant currency **increased by ~10%**. Cost increase mainly due to increased number of FTEs YoY (+55) and currency impact. Lower option costs offset by higher bonus accruals
- ✓ **Other op. exp.: Reduced as a % of revenue (-1.0pp)**. Higher expenses mainly from use of external payroll providers for global payroll, external hosting, and costs related to the strategic project
- ✓ **Financial expense:** Includes **NOK 8.0m in unrealised currency loss** on EUR bond loan

**Items excluded in adjusted EBIT Q3 2024: share-based payments (NOK -0.8m), amortization of excess values on acquisitions (NOK 3.5m), strategic process costs (NOK 2.5m) and negative EBIT vlyle (NOK 0.8m) - see definition of adj. EBIT under APMs in the interim financial report) Page 13

Operating cash flow increased by NOK 33m YoY to NOK 48m

Development in cash balance (NOKm)



- ✓ Cash flow from operating activities of NOK 48.4m vs. NOK 15.3m last year
- ✓ Cash balance at 30 September NOK 180.1m (+NOK 16.9m from Q2)
- ✓ Net interest-bearing debt of NOK 286.4m vs. NOK 286.5m at the end of previous quarter

* Before share based payment costs (ex. payroll taxes)

** Revenue deferred less project costs capitalised

*** Relates mainly to rental costs for office premises

**** Including currency movements

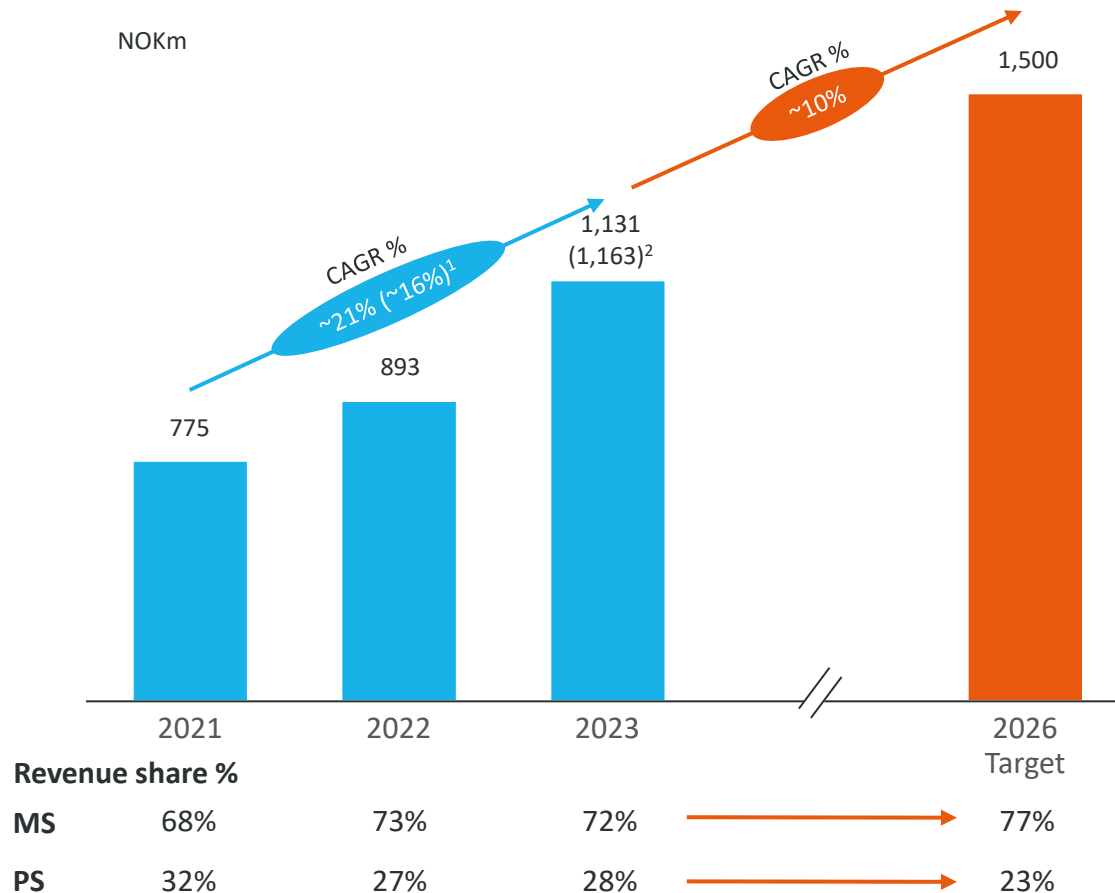
Outlook



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Zalaris target NOK 1.5bn in 2026 revenues with 12-15% adj. EBIT through operational excellence and scale

Development in revenue



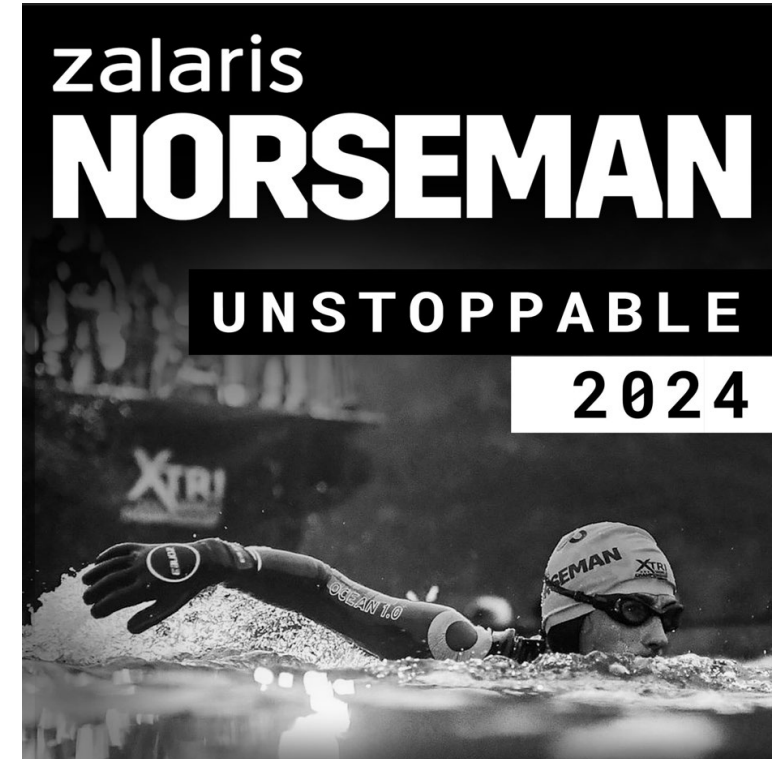
Key growth and margin initiatives

- 1 Drive revenue growth through continued new customers and upsell of existing customers targeting **run rate of NOK 1,5 billion by 2026**
- 2 German improvement program, standardized solutions and targeting right shoring will **improve EBIT to 12-15%**
- 3 **Retool the organisation with AI tools** for increased productivity and improved customer offerings

1) Numbers in parenthesis in constat currency based on 31.12.23 currency rates 2) 2023 Q4 run rate of EUR 100m based on currency rate of 11.22 per 31.12.23

#teamZalaris is UNSTOPPABLE: another all-time high revenue quarter delivered and significant uptick in EBIT as improvements in Germany start materialize

- **Solid Q3 with growth of 22% to annualized revenue of almost NOK 1.4 billion with 10,9% EBIT**
- **Growth to continue as annual revenue expected to increase by ~NOK 173m (+13%) vs. LTM Q3'24, based on already signed contracts over the next 12 months to bring us close to our target for 2026 of being a 1.5 billion company**
- **Margins expected to continue improving toward target of 12-15% as German EBIT improvement programme progresses combined with incremental margin from contract backlog being realized**
- **Strategic Review well underway after initial planning period to explore options for the future**



Zalaris is the proud title sponsor of the Zalaris Norseman Xtreme Triathlon – perceived as one of the toughest triathlons in the world. As part of our engagement our #teamZalarisNorseman raised about NOK 1 million to support cancer fighting charities. You can watch the 2024 film “Unstoppable” on Youtube.

Q&A



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Appendix:

Company in brief



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Payroll & HR solutions that enable digital organizations



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

A market leader within mid-size companies with cross-border needs and a strong customer portfolio of some of the largest corporations in the Nordics, DACH, UK&I and APAC regions

1,500,000

Employees served monthly by Zalaris supported HR solutions

~1,100

Zalaris employees across the world

340,000+

Employees served monthly through payroll services

NOK 1.13bn / 8%

2023 revenues / adj. EBIT-margin

17 countries

With service centres and expertise in local regulations

150+ countries

With expertise in local regulations with partners

Zalaris' Product offering covering the full employee life cycle

HR system

- Benefits management
- Country specific locations
- Employee self services
- Organizational structures
- Employee Co2 footprint
- Document archive

Payroll

- Cloud payroll
- Global payroll
- Payroll hr-automation
- Payroll HR-transformation

Workforce management

- Time attendance
- Absence management
- Scheduling planning
- Sick leave monitoring

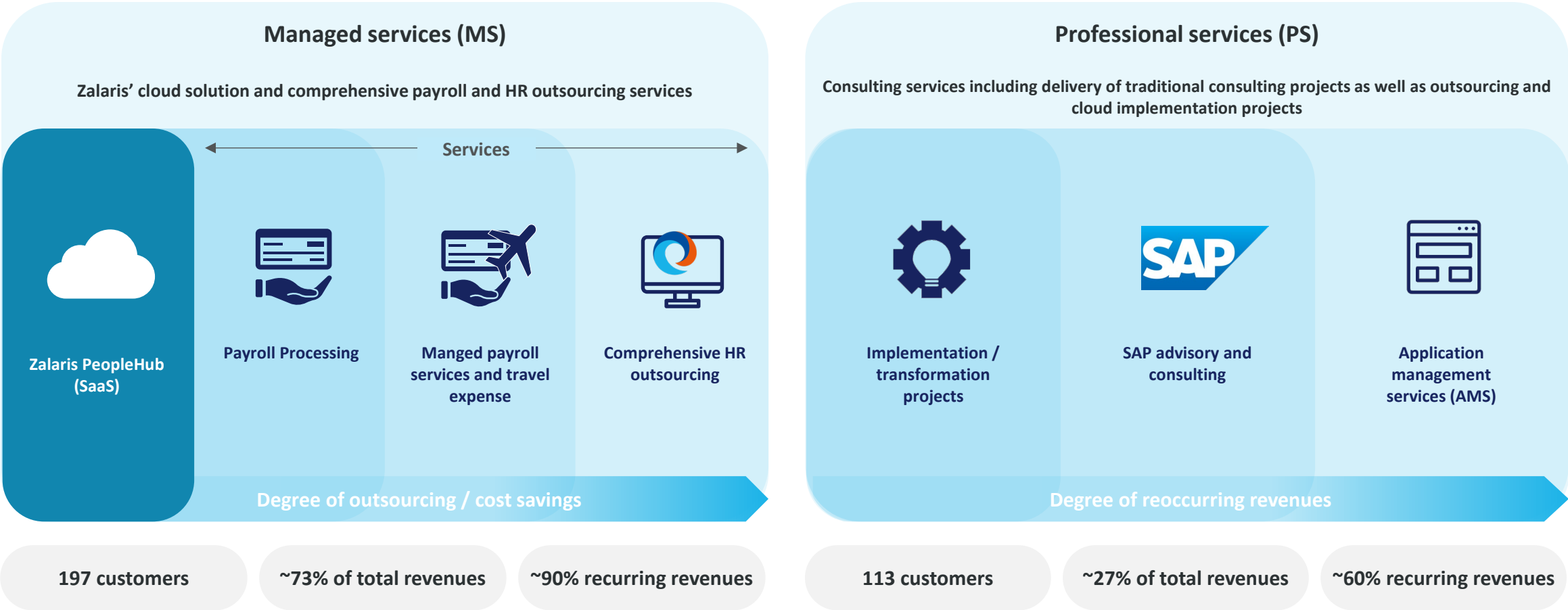
Talent management

- Recruiting
- Onboarding
- Performance goals
- Compensation
- Learning
- Succession development

Travel and expense

- Trip request
- Travel expense
- Business expense
- Credit card integration
- Co2 footprint tracking

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



Diversified and large customer base comprising blue-chips across multiple industries

Managed Services

>1,000 employees
 >2 countries
 Software agnostic



Bank, Insurance & Financial services

Health & Life Science

IT, Technology & Telecom

Offshore & Energy

Professional Services

>1,000 employees
 Private and public sector
 SAP integration



Infrastructure & Transportation

Services & Other Institutions

Product & Industrials

Retail

“

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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