



# 2014 Annual Report

*Maximizing the value of Human Capital  
through Excellence in HR processes*



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## A Leading Provider of Outsourced HR, People and Payroll Processes

Zalaris ASA's mission is to help our clients maximize the value of their human capital through excellence in Human Resources (HR) processes.

We deliver a full range of services organized as three Business Units: HR Outsourcing, Cloud Services and Consulting.

We enable human resources departments to focus on strategic HR processes through outsourcing of transactional HR processes as payroll and employee data maintenance. At the same time we implement cloud based IT support for our customers' strategic HR processes. These support business execution with functionality covering the whole employee life cycle including recruiting, goal- and performance management and learning. Zalaris' services utilize web-based solutions from SAP and SuccessFactors.

We have more than ten years' experience with over 40+ different large-scale customers and payroll processes for 170,000+ people each month. Zalaris' customers include some of the world's most respected brands such as Statoil, Nordea, Hydro, Codan/Trygg-Hansa, Statoil Fuel & Retail, Telenor, TeliaSonera, Ringnes, Elkjøp/Elgiganten/Gigantti, Finnair, Yara and Storebrand.

Our services are delivered out of local language service centres by approximately 450 employees covering Denmark, Finland, Norway, Sweden, Latvia, Lithuania, Estonia, Poland and India.

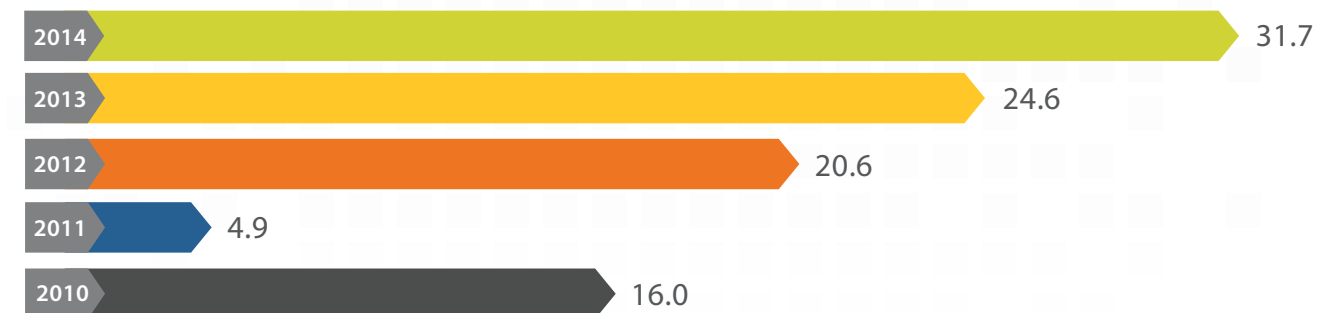
Headquartered in Oslo, Zalaris achieved record sales of NOK 326 million in 2014, and the company expects continued strong growth in the years ahead.



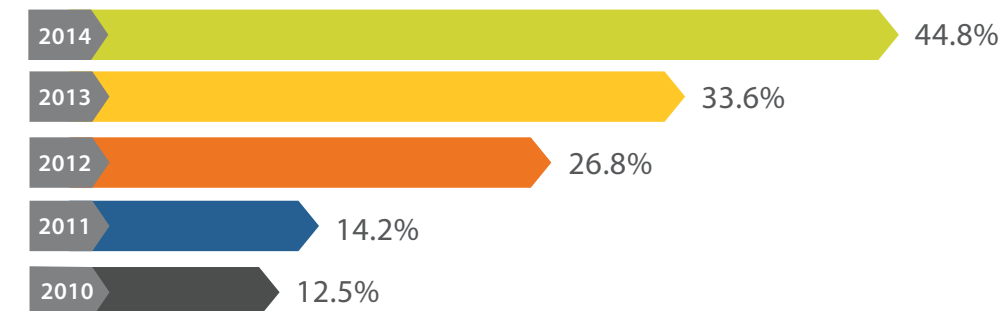
## Revenue Million NOK



## Operating Profit Before one-off costs in Million NOK



## Equity Equity Ratio



### Revenue Growth

**24%**  
INCREASE

NOK 262.2 Million

2013

NOK 326.1 Million

2014

### Zalaris Share Price Growth

**19%**  
INCREASE

NOK 23.00

IPO Price

NOK 27.30

Closing Price 30.12.2014



## Services and Strategy

Zalaris' mission is to help our clients maximize the value of their human capital through excellence in HR processes.

We enable our customers to operate common comprehensive people and payroll processes across the geographies that our customer operate. We have global capability and our geographic coverage strategy centers on Nordic and CEE nations as a base, to grow with our customers to selected countries covered by SAP's payroll solution. We currently operate in the Nordic countries, Poland, and the Baltics through our wholly owned subsidiaries. Zalaris delivers on its promise of one common system/solution for customers – with comprehensive, harmonized high-quality service levels – through an overarching objective encompassing all respective geographies and our own local-language centers.

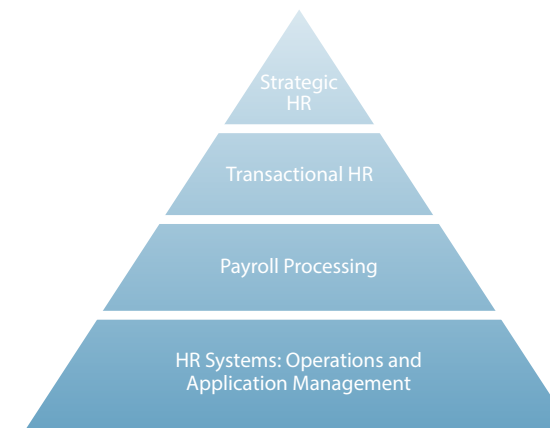
Our processes are based on industry-wide best practices, supported by SAP's web-based Employee Self Service (ESS) and Manager Self Service (MSS) capabilities. We successfully reduce and variabilize our clients' transactional HR process costs. At the same time, we strive to increase quality of service and assist our clients in becoming preferred employers through world-class services and innovative solutions. Key elements include web and mobile technologies, enabling us to capture relevant payroll data at

the source or origin, with process standardization across client operations.

We derive many advantages from leveraging a proven SAP HCM platform in all countries we serve, such as consistent interfaces for payroll and HR processes as well as seamless integration with other systems: accounting, data warehouse/ analytics solutions, directory services, recruiting, internal HR solutions, etc.

Our operating strategy is based on achieving economies of scale and reduced unit costs through multi-client local-language service centers. Near- and off-shore operations in Riga (Latvia) and Chennai (India) handle pure transactional work, facilitating economies of scale in conjunction with centralized in-country services routinely delivered for multiple clients.

Due to the high level of competence required in processing payroll, with ever-changing tax laws and regulations, the value we provide also extends to our clients' employees. They are able to interface with our support desk in local languages, which remains instrumental in effective payroll processing and management.



Recruitment and compensation strategies
Supporting line management in executing HR responsibility
Defining human capital measures and balanced scorecards
Establishing links between business and HR strategy
Employee data management
Payroll functions
Time and attendance
Travel expenses
Expatriates
Recruiting administration

**Client focuses on:**  
Strategy  
Control  
Principles

**Zalaris focuses on:**  
Deliverables  
Operational/functional performance  
Planning and resource allocation

Zalaris' vision is to become a leading European provider of outsourced payroll, HR and consulting services. To achieve market leadership our strategy centers on five fundamental principles:

- Cost leadership
- Service leadership
- Quality leadership
- Innovation
- Attracting the best people

### Comprehensive Service Offering

- Full-service provider of outsourced HR, personnel and payroll services
- Cloud-based solutions supporting business execution with full range of goal- and performance-management functionality
- Low-cost automated delivery solutions complemented by local language support
- SAP Partner since 2001 – currently the only SAP BPO partner in the Nordic region
- More than 170'000 employees served on a monthly basis across the Nordics, Baltics and Poland

### Proven Business Model with Recurring Revenue

- 40+ long-term BPO customers in the Nordics and CEE
- Outsourcing contracts typically signed for minimum of 5 years
- Historic low churn in the range of 1.5-3%

### Zalaris' Unique Value Proposition

1. Local presence and language service center concept – 100% owned and controlled

by Zalaris, operating on one common methodology and structure, combined with selected near- and off-shoring of certain standardized back-office processes. If potential countries are in scope but not yet directly supported by Zalaris' local operations, we have demonstrated the ability to establish new service centers, based on demand levels, such as in Poland and Estonia, for example.

2. Ability to deliver one common integrated solution covering all Nordic and Central Eastern European countries, with an option to expand services to a number of other countries supported by SAP in Central Europe and the UK, for example. This gives our clients one common interface and process for all HR transactions and strategic HR. In addition, as the system is integrated while utilizing one common database, all master data changes are immediately reflected in all modules – eliminating the need for batch updating between modules.
3. 100% focus on helping our clients maximize the value of their human capital through excellence in HR processes. We do not perform services unrelated to HR, such as accounting or procurement that will divert attention from our core mission.
4. Full-service solution covering end-to-end processes, including payroll accounting/ banking solution that enables clients to focus on more strategic HR matters instead of payroll accounting, reconciliation and legal/tax reporting.
5. Proven Nordic and European delivery concept with large productive customers consisting of more than 30'000 employees.



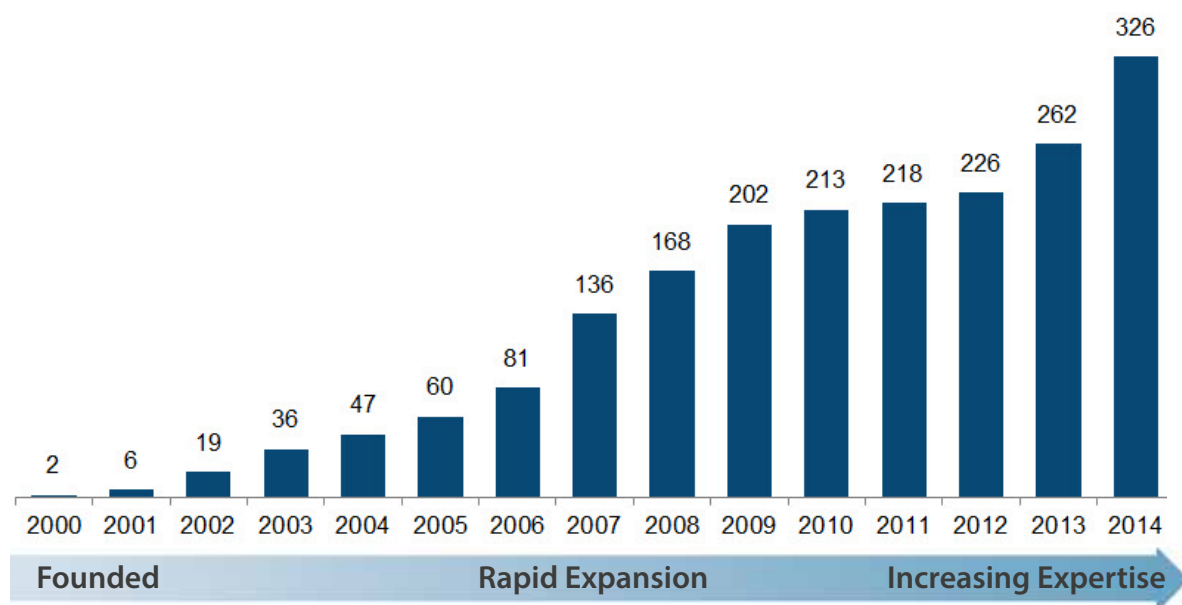
## A History of Growth and Developing Customer Relationships

Zalaris has grown rapidly since our inception in year 2000, offering a full range of SAP HCM-related services to several leading businesses in the Nordic and European area. We are a leading Nordic and CEE provider of these services.

Zalaris ASA was founded in April 2000 in Norway and initially funded by Nordic Capital Partners IV, a private equity fund managed by Reiten & Co with NOK 27 million. The company was founded by its current CEO, Hans-Petter Mellerud, with the business idea to provide pan-Nordic transactional HR services to customers across multiple industries.

### Strong Sales History

Annual Revenue (in MNOK)



Serving Large Enterprises Including: Nordea • TeliaSonera • Telenor • Statoil

## Here's a Snapshot of other Zalaris Highlights over the Years Since Our Founding

**2001** Became SAP ASP Partner, signed first Norwegian customer: Bravida (now Relacom) – a spinoff of Telenor – with 7'000 employees. Established our first service center in Lødingen Norway with transferred staff from Bravida.

**2002** Established Zalaris Consulting as a result of need for in-house capability to implement and maintain our own SAP HCM solution. Advantages continue today from two key perspectives: 1) Ensuring we have available capacity at all times; and 2) Ability to reapply competence and experience across all customers and client types. Corresponding expertise and practices now structured into our smartHR concept for rapid template-based implementation of new customers.

**2003** Implemented first SAP-based payroll customers in Denmark and Sweden. Finnish service center established based on pan-Nordic agreement with ExxonMobil, which, like many others, has remained a Zalaris customer to this day.

**2006** Struck landmark deal with Nordea to serve 34'000 employees with fully outsourced payroll services in Sweden, Denmark, Finland and Norway. Agreement results in 49 staff transferred from Nordea to Zalaris. Nordea fully implemented in all countries over 20-month period.

**2008** Became the only SAP Business Process Outsourcing (BPO) partner in the Nordic region. With the intent of securing access to talent at an attractive cost, we established our near-shore presence in Latvia and off-shore presence in India.

**2009** Norsk Hydro chooses Zalaris as partner of outsourced payroll services for their Norwegian employees and pensioners – approximately 15'000 pay slips per month. As a result of agreement, 21 employees transfer to Zalaris. Proffice also selects Zalaris for outsourced payroll services for their approximately 8'000 employees.

**2010** Nordea renews and expands relationship with Zalaris – results in Nordea consolidating their SAP HCM operations to Zalaris platform. Additional implementations include talent management functionality as well as Zalaris Learning Solution, Enterprise Compensation Management and Appraisal processes.

**2011** Zalaris consolidates position as leading provider of outsourced payroll and HR services in the Nordic. Considerable investments made in new infrastructure to further improve services and quality. One common Help Desk solution integrated with proven IP telephony solution across all operations. New talent management functionality rolls out to existing customers.

**2012** Another successful year for Zalaris, with various large contracts, including Finnair, Statoil Fuel & Retail and Elkjøp/Elgiganten/Gigantti. Contract with Statoil Fuel & Retail (SFR) encompasses three new countries for Zalaris: Poland, Estonia and Lithuania; includes transfer of approximately 15 staff in the CEE countries, while in Scandinavia we continue to deliver stellar results with existing workforce. SuccessFactors introduced as part of our product portfolio, along with SAP HANA "in-memory technology" to improve our HR analytics offering.

**2013** Continued our growth by entering into a number of new successful customer agreements, such as TeliaSonera and Telenor, which, combined, includes transfer of more than 35 staff. Zalaris awarded the Nordic SAP Innovation partner of the year in 2012 and 2013 as a result of our HR analytics innovations with SAP HANA.

**2014** Chosen as the preferred partner to provide HR services to leading energy company Statoil's 23'000+ global employee workforce. Listed in June on the Oslo Stock Exchange after a successful IPO process. Selected by a large Swedish Fortune 500 multinational to provide outsourced payroll services to their 20'000 Nordic employees.



Board of Directors >



**Lars Henriksen**  
Chairman of the Board

Lars Henriksen, a Danish citizen, is Chairman of the Zalaris Board of Directors. Lars has been a vital member of the company's Board of Directors since its formation and became chairman in 2009.



**Narve Reiten**  
Board Member

Narve Reiten, a Norwegian citizen, founded Reiten & Co in 1992 and established the firm's private equity investment activities in 1996. He has extensive investing and operational experience in the Nordic market.



**Liselotte Hägertz Engstam**  
Board Member

Ms Engstam, a Swedish citizen, is an Independent Board Director, Corporate Business Advisor from own company Innovisa AB, and a partner at venture capital firm Stockholm Business Angels.



**Jan Koivurinta**  
Board Member

Jan M. Koivurinta is a Finnish Citizen. He has extensive international business experience gained through various leadership positions in several industry sectors ranging from oil & chemicals, recreational facilities and spa's, asset management, M&A advisory to the defence and security industry.



**Tina Steinsvik Sund**  
Board Member

Ms. Sund, a Norwegian citizen, currently holds a position as Strategic Advisor to the CEO at PayU, a Netherlands based global operator of online payments.

< Management Team



**Hans-Petter Mellerud**  
Chief Executive Officer



**Nina Stemshaug**  
Chief Financial Officer



**Peter Thomas Gogstad**  
Executive Vice President  
HR Business Consulting



**Otto Lepikkö**  
Chief Operating Officer



**Jan Erik Nessmo**  
Vice President Consulting



**Halvor Leirvåg**  
Chief Technology Officer



**Øyvind Reiten**  
Vice President  
Business Development



**Saara Somersalmi**  
Vice President  
Group Human Resources



**Ismet Muratspahić**  
Vice President  
Cloud Services

More than **170,000 employees**  
receive outsourced personnel and payroll services  
from Zalaris each month.

Dear Valued Shareholders >



2014 was a fantastic year for Zalaris. We completed our first fiscal year as a publicly traded company, with solid performance and results in line with our expectations. We grew revenue 24.4% from 2013 to NOK 326.1 million. EBIT (before one-off and IPO-related costs) increased to 9.7% from 9.4% in 2013. Recurring revenue from our Outsourcing Business Unit continued to be the main source of revenue growth.

**24% increase**  
in 2014 year-over-year revenue  
compared to fiscal year 2013

We were selected by two of the largest Nordic headquartered companies, Statoil with 23'000 employees globally, and a leading Swedish Fortune 500 company with 20'000 employees in the Nordic. In addition, we maintained a low churn rate as existing customers further expanded their geographic and functional coverage with Zalaris.

Among other 2014 highlights, we advanced our cloud services business – and already see results in selling respective functionality that supports business execution as well as goal and talent management, plus growing adoption of our mobile solutions.

### Advancing Customer Satisfaction

As Zalaris continues to grow, we keep customer satisfaction squarely in focus. This commitment is reflected in our end-to-end program to enhance Zalaris service offerings and delivery. In 2014, these efforts included the introduction of a Net Promoter Score concept to regularly gather additional comprehensive customer feedback about our operations. As a result, customer-facing and internal units receive more timely actionable input that delivery teams can ultimately apply to all client relationships.

Zalaris believes that service excellence combined with close relationship to customer is crucial to achieve high customer satisfaction and thus a long term partnership. Key to achieve this is a collective focus on highly skilled personnel and ensuring local presence through service centers in all countries in which we operate.

### An Encouraging Climate for Strong Growth

Companies are looking for more ways to reduce costs and support their business execution. Many of these trends correlate to Zalaris' expanding business model, encompassing dynamic human capital management requirements as well as

core payroll processing services. Customers show increased interest in relatively new offerings too, such as our goal and performance management solution, fully integrated with talent management functionality.

Analysts predict steady movement to outsourcing approaches as a complement to shared-services-based concepts. These developments further reinforce our optimism, along with recent large new customer wins. Demand remains high for Zalaris products and services.

### Our Strategy Remains Firm

We have succeeded by being a focused player, driving organic growth and serving the HR Director of medium and large companies – addressing their needs for operational excellence in transactional HR processes. At the same time, we look to capitalize on emerging opportunities through a broader portfolio of cloud services, advancing customer support in business execution associated with talent management, goal setting and overall performance management. With a center of gravity based on Nordic-headquartered companies, we have recently increased geographic coverage to include the Baltic countries and Poland. We anticipate such expansion to accelerate in the diverse markets and industries Zalaris serves.

### Thank you!

We are very grateful to all of our more than 450 colleagues, as their loyalty and commitment has been instrumental in Zalaris' success! The dedication and professionalism are simply awesome, reflected each day in the company's values of Service Excellence, Quality Focused Processes and Employee Satisfaction. Together, we will make Zalaris an even better place to work and continue our long-term journey in creating highly satisfied customers!

*Hans-Petter Møllerud*

Hans-Petter Møllerud  
Chief Executive Officer





**20-30%**  
typical savings when  
outsourcing to Zalaris

## HR Outsourcing

We derive our strength and competitive advantage from delivering a comprehensive portfolio of HR and payroll solutions, with support for local laws and languages, to multi-national organizations.

When it comes to providing full-service, outsourced personnel and payroll services, Zalaris has emerged as the preferred provider in Norway and beyond. Servicing more than 170'000 employees every month, Zalaris delivers hosted and outsourced solutions from a knowledgeable and experienced staff in local language centers across a growing roster of countries, powered by SAP HCM solutions developed to meet our customers' needs in an efficient and flexible manner.

Zalaris maintains in-country service staff, providing enterprises with high-touch, high-availability resources familiar with local laws, languages and regulations, all supported by our near-shore and offshore delivery capability for select transactional back-office processes.

- Employee Data Management
- Time and Absence
- Payroll
- Pension and Benefits
- Compensation Administration
- Travel and Expense Processing
- Statutory Reporting

### Benefits

- Enables an organization's internal staff and management to focus entirely on strategic activities.
- Provides more value at a variabilized lower cost, increasing a company's productivity and flexibility.
- Rapid template based implementation.
- Compliance to regulatory requirements.

## Consulting

Zalaris Consulting is a leading provider of SAP HCM, SuccessFactors, Mobile and Portal-related services in the Nordics, Baltics and Poland.

From project management and implementations to technical and business support, Zalaris Consulting provides access to about 80 SAP HCM and SuccessFactors consultants skilled in bringing innovative solutions into demanding environments. The Zalaris Consulting unit is offering consulting services to own external customers and internally to both the outsourcing unit and the cloud services unit.

Our extensive experience — including implementations of SAP HCM and SuccessFactors solutions for large, complex organizations — allow us to deliver turnkey projects based on our proprietary Zalaris processes or a customer's unique business needs. We also assist with cost-effective maintenance and support of a business' own on-premise solution. In addition to working on their own consulting projects, Zalaris consultants take a hands-on approach in outsourcing projects too, providing them with additional real-world experience that further enhances their value to customers.

Zalaris Consulting has implemented solutions for customers such as ISS, the University of Oslo, Kraft, FMC, IKEA and Rieber&Søn.

Our consulting services are currently provided in Sweden, Norway, Denmark, Finland, Latvia, Lithuania and Poland.





Timesheet Entry



Travel Details



Travel Expenses

## Simplifying HR through Cloud

From the very beginning, Zalaris has delivered cloud services to customers. Today, we continue to help customers transform their HR and payroll departments through cloud and other rapidly changing technology and behavioral trends. Zalaris specializes in providing the cloud-based solutions and services that allow enterprises of all sizes to better maximize their human capital and streamline their HR processes. Recognizing the increasing demand in the market for cloud computing, Zalaris last year spun out Cloud Services as a separate Business Unit to better position the company to meet that growing demand.

### Mobile Solutions

Zalaris launched a radical redesign and added functionality to our mobile HR app in 2014. This new and improved app allows our customers to turn their smartphones or tablets into valuable workforce and management tools to simplify HR processes and meet more flexible work schedule requirements.

The Zalaris Mobile app lets users register time off, view pay slips and personal data, read messages and approve time and travel expenses – anywhere, anytime. Users can take photos of receipts and submit expenses right away. These new functions make it easier to track and submit travel costs without worrying about lost invoices.

- Strengthen accessibility and ensure timely workflow approvals
- Meet flexible work time requirements and geographical movement of mobile workforce
- Efficiently handle HR processes according to legal and audit compliance
- Support a wide variety of mobile devices in order to simplify HR functions
- Reduce non-productive time for your workforce
- Apply creative compensation models by placing values on employees' time

Reduce non-productive time for your workforce. Apply creative compensation models by valuing employees' time.

### Business Execution Support

Zalaris offers cloud-based solutions to support business execution including goal management, talent management, e-learning, performance reviews, skills planning and development, compensation management, digital personnel archive and big data based HR-analytics.

Zalaris' Talent Management solutions are the foundation for responding to dynamic challenges in a rapid and cost-effective manner. It contains fully integrated functionality to instill the right standards, structure and best practices for developing your resources. Corresponding processes can be methodically deployed across an entire organization, regardless of geographical location or line of business.

- Effectively communicate, distribute and follow up on corporate goals
- Identify and develop the skills to meet current and emerging requirements
- Develop short- and long-term development plans and processes to monitor progress
- Establish succession-planning processes for key positions
- Quickly recruit internal and external talent from a global talent pool
- Implement innovative incentives and pay-for performance programs

SuccessFactors integrated with SAP gives users a new innovative and friendly user interface. The leading-edge solutions covers all areas of talent management with particular focus on supporting top management adjusting HR strategies in terms of talent readiness, process simplification and rising workforce engagement.





Denmark: Copenhagen



Finland: Helsinki



Sweden: Västerås



Sweden: Karlskrona



Finland: Rovaniemi



India: Chennai



Norway: Oslo



Norway: Lødingen



Latvia: Riga



Lithuania: Vilnius



Norway: Notodden



Norway: Porsgrunn



Poland: Warsaw



Sweden: Sundbyberg



Norway: Stavanger



Estonia: Tallinn



## Lødingen – An Example of How to Combine Business with Corporate Social Responsibility

Nestled within an archipelago inside the Arctic Circle, the small town of Lødingen near Lofoten, Norway, is known for its breathtaking views of snow-capped mountains, open sea and sheltered bays and beaches. This idyllic setting, regarded as one of the best places on Earth to view the Northern Lights, is also the perfect location for Zalaris to staff its oldest and biggest service center.

Our history in Lødingen dates back to 2001 when 14 employees transferred from Bravida (now Relacom - a spinout of Telenor) to Zalaris, establishing a Norwegian service center. Since then, Zalaris Lødingen has expanded to more than 60 employees and has become a key part of our success, providing expertise in payroll, accounting, sick leave and travel management processes. These specialized teams deliver services to a wide range of major clients, including Statoil Fuel & Retail, Storebrand, Nordea, Telenor and Hydro.

As a result of our growth, Zalaris has become one of the main employers in the small community. "I'm very pleased that Zalaris can attract skilled people to Lødingen. We deliberately looked to establish more jobs outside of Oslo and our success in building our team here has created a brighter

future for Zalaris. Lødingen is the core of Zalaris Norway and we expect the workforce there to increase even further. I am proud that we play a vital role in bringing bright, young people to settle down in Lødingen," said CEO Hans-Petter Møllerud.

"Our Lødingen service center proves that you do not need to be in a large city to have a highly-skilled work environment. We have great expertise in SAP HCM and provide much-needed technical implementation and administration skills every day for our customers. It's a privilege to be able to live here in Lødingen while working both with employees and customers in the Nordic countries, Baltics, Poland and India. This is the perfect place for us to be close to family and have easy access to the beautiful North-Norwegian scenery," said Monica Myrland, a Service Team Manager for Accounting that works in Zalaris Lødingen with her husband Jim-Roger Myrland.



Total payout from Lødingen in 2014 was

**NOK 25-30 billion.**

Approximately **50 000 out of a total of 170 000** payslips are processed from Lødingen.





Research shows that **physical activity is valuable for cancer patients**, both during cancer treatment and in the rehabilitation phase. What's more, an **engaging fitness center can be a welcome respite** from the stresses of treatment.

## Zalaris Takes AKTIV Role to Fight Cancer through Physical Fitness

Zalaris is proud to partner with AKTIV Against Cancer, a Norwegian foundation that works to establish physical activity as an integral part of cancer treatment. The foundation was established by Grete Waitz and Helle Aanesen in November 2007.

Research shows that physical activity is valuable for cancer patients, both during cancer treatment and in the rehabilitation phase. AKTIV Against Cancer seeks to develop low-threshold fitness centers where cancer patients can engage in physical activity. The foundation currently has eight centers located at hospitals around Norway, with a goal to establish six additional centers this year.

In 2014, AKTIV Against Cancer established a partnership with Memorial Sloan Kettering Cancer Center in the United States to focus on research projects demonstrating the importance of physical activity for cancer patients and to establish activity centers in the United States, where Waitz received part of her cancer treatment.

The foundation also supports a program to educate more cancer doctors in Ethiopia, in cooperation with Adidas, which was one of Waitz' sponsors. There are only three cancer doctors in Ethiopia to cover a population of more than 90 million.

### Encouraging Healthy Activity

Zalaris has been one of AKTIV Against Cancer's sponsor companies since January 2014. Our employees are encouraged to become more physically active while also supporting the foundation's work. About 75% of Zalaris employees now report their physical activity in the GoAktiv solution, with Zalaris providing financial contributions based on the employees' registered activity.

"Partnering with AKTIV Against Cancer has created a large and positive engagement internally. Not only are our employees supporting the important cause by staying physically active, but it helps to build corporate culture and camaraderie. This combination makes AKTIV Against Cancer to a fantastic project for us as a sponsor company," said Hans-Petter Møllerud, Zalaris' CEO.

Zalaris' partnership with AKTIV Against Cancer creates a "double benefit" scenario for the company — encouraging employees to stay healthy while also improving the quality of life for cancer patients.

### Great Commitment

"Zalaris is one of our most successful sponsors in terms of engaging a high percentage of employees to register their activity. Zalaris has an exceptional corporate culture that genuinely believes in our cause and sees the benefit and value of physical activity. AKTIV Against Cancer also focuses on preventive measures and it's therefore extra rewarding to work with a company that has a desire to get as many of its employees as possible physically active," said Helle Aanesen, CEO of AKTIV Against Cancer.

Zalaris raised about **NOK 200 000** in 2014.

Zalaris got **Marit Bjørgen**, the Norwegian cross-country skier and **six times Olympic champion**, on our team for the Holmenkollen Relay.





### About Zalaris

Zalaris ASA's mission is to help clients maximize the value of their human capital through excellence in Human Resources (HR) processes.

Zalaris delivers a full range of services organized as three Business Units: HR Outsourcing, Cloud Services and Consulting.

This enables the human resources departments to focus on strategic HR processes through outsourcing of transactional HR processes as payroll and employee data maintenance. At the same time Zalaris implements cloud based IT support for its customers' strategic HR processes. These support business execution with functionality covering the whole employee life cycle including recruiting, goal- and performance management and learning. Zalaris' services utilize web-based solutions from SAP and SuccessFactors.

Zalaris has more than ten years' experience with over 40+ different large-scale customers and payroll processes for 170'000+ people each month.

Zalaris' headquarter is in Oslo and delivers services out of local language service centres by 411 employees covering Denmark, Finland, Norway, Sweden, Latvia, Lithuania, Estonia, Poland and India.

### Key Highlights in the Reporting Period

Zalaris successfully listed on the Oslo Stock Exchange on the 20th of June 2014 at an offer price of NOK 23 per share. At this level the offering was more than 5x oversubscribed and secured us around 650 shareholders headed by a very strong institutional investor base including high quality international and Nordic long-only funds.

During the year Zalaris managed to continue its success by being selected to provide outsourcing services to two new Fortune 500 customers headquartered in the Nordic Region. This enabled the Company to reach its growth target. The new outsourcing contracts included people transfer in both Norway and Sweden. As a result Zalaris established a new service centre in Stavanger, Norway that will focus on services to the North Sea oil industry.

### Consolidated Results

Zalaris' Group turnover in 2014 was NOK 326.2 million, an increase of 24.4% compared to 2013. HR outsourcing, the Group's primary business area, increased 27.3%.

Zalaris' Group 2014 operating profit before one off costs was NOK 31.7 million or 9.7% of turnover (NOK 24.6 million or 9.4% of turnover in 2013). Group 2014 operating profit was NOK 14.9 million (NOK 24.6 million in 2013). Total one off costs in 2014 amounted to NOK 16.8 million in 2014 including IPO related costs of NOK 11.9 million and accelerated depreciation costs of SAP licenses of NOK 4.9 million. Zalaris' Group 2014 ordinary profit before tax was NOK 12.0 million (NOK 23.5 million in 2013). Profit for the period in 2014 was NOK 8.8 million (NOK 17.1 million in 2013).

Cash flow in 2014 shows net cash from operating activities of NOK 37.3 million (NOK 21.9 million in 2013). The cash from operating activities was positively impacted by advance payments relating to a customer funded transition project for a new outsourcing contract signed in 2014, and negatively affected by the costs related to the IPO. Net cash flow from investing activities was NOK 14.4 million (NOK 9.0 million in 2013). The main investments in 2014 were related to our customer service deliveries as new portal functionality, SAP HANA functionality and new SAP payroll solution in Latvia. Net cash flow from financing activities was NOK 41.6 million in 2014. The net effect of proceeds from issue of new shares related to the IPO was NOK 45.8 million. Zalaris' liquidity has continued to improve due to the Group's positive development. Cash and cash equivalent end of 2014 was NOK 75.4 million (NOK 10.8 million end of 2013).

The Board's view is that Zalaris has sufficient cash to finance the Groups liabilities, investment needs and operation through internal funds.

The Group's equity ratio was NOK 92.9 million equaling 44.8% as of 31.12.2014. The Board and Management expect the equity ratio to remain solid based on further improvements in the Group's results.

As of 31.12.2014, the Group's current assets exceeded short-term debt by NOK 58.9 million.

Total assets per end of FY 2014 were NOK 207.3 million (NOK 119.8 million in 2013). The increase in assets from previous year is driven by increased cash and cash equivalents, increased trade accounts receivables due to higher monthly revenue end of year and increased intangible asset due to investments as described earlier. Customer project consisting of net costs for implementation projects of new outsourcing, customers, increased with NOK 6.5 million to NOK 25.3 million in 2014.

Total liabilities were per end of 2014 NOK 114.4 million (NOK 79.5 million in 2013). Both public duties payable and other short-term debt has increased in 2014 amounting to NOK 94.5 million (NOK 59.8 million in 2013). The increase is related to the transfer of new employees impacting the holiday pay and employee tax liabilities, and the growth in revenue which will impact the V.A.T. liabilities.

### Parent Company's Results

The financial statements of the parent company, Zalaris ASA, are prepared and presented in accordance with the Norwegian accounting act and generally accepted accounting principles in Norway ("NGAAP").

Zalaris ASA is a holding company with no material operating activities. The parent company is invoicing its subsidiaries for centralized group functions as IT, Accounting and Nordic Management.

For Zalaris ASA the 2014 turnover was NOK 70.6 million which is a decrease of 3.8% compared to 2013. Result from operations in 2014 was a loss

of NOK - 42.4 million (NOK -16.0 million in 2013). Zalaris ASA reported a net loss of NOK - 0.6 million for 2014, compared to a net income of NOK 3.6 million in 2013.

Total shareholders' equity in Zalaris ASA as of 31 December 2014 was NOK 67.9 million, corresponding to 58.7% of total assets. Share premium and other equity as of 31 December, 2014 amounted to NOK 53.2 million and NOK 12.8 million, respectively.

The Board proposes to allocate the net loss of NOK - 0.6 million to other equity.

### Dividend Payment

According to Zalaris' dividend policy and the solid cash and equity situation of the Group per end of 2014, the Board proposes to pay a dividend to shareholders from the share premium in the total amount of NOK 14,343,197 equaling a dividend payment of NOK 0.75 per share for 2014.

### Continuing Operation

With reference to the Norwegian Accounting Act § 3-3, the Board confirms its belief that conditions exist for continuing operations and that these Financial Statements have been prepared in accordance with the going concern principle. The confirmation is based on an estimated long-term profitable growth and the solid cash- and equity situation in the company.

### Segment Information

Zalaris is reporting in three business segments: HR Outsourcing, Consulting and Cloud Services.

### HR Outsourcing

Revenue from the HR Outsourcing unit represents 95% of the total revenue of the Company. The revenue for 2014 amounted to NOK 308.8 million an increase of 27.3% compared to previous year. 2014 operating profit before impairment was NOK 29.0 million (9.4% of turnover), an increase from NOK 20.9 million (8.6% of turnover) in 2013. 2014 operating profit was NOK 24.2 million (7.8 % of turnover) including impairment of SAP licenses of NOK 4.9 million.

### Consulting

The revenue for 2014 amounted to NOK 10.7 million, a decrease compared to previous year due to a higher usage of subcontractors in the customer deliveries in 2013 than in 2014. 2014 operating profit was NOK 1.3 million or 11.9% of turnover (NOK 2.8 million in 2013).

### Cloud Services

The revenue for 2014 amounted to NOK 6.6 million an increase from NOK 4.0 million in 2013. 2014 operating profit was NOK 1.4 million equal to 21.0% of turnover (NOK 0.9 million or 21.6% of turnover in 2013).

### Financial- and Market Risks

The Group is exposed to various risks and uncertainties of operational, market and financial character. Internal controls and risk management is an integrated part in all business processes of the organization to achieve the company's strategic and financial objectives.

Zalaris client portfolio consists mainly of large financially solid companies with high credit ratings and the Company has therefore no significant credit risk. The Group invoices their customers on a monthly basis and has continuous monitoring of incoming payments.

Liquidity risk is the risk that the Group will be unable to meet their financial liabilities as they mature. The company continuously estimates the need of cash to pay its liabilities as they mature and ensures that cash is available at all time, both for operational and capitalized expenditures. At the end of the period the Group had interest bearing debt amounting to NOK 4.0 million with fixed interest rates. The cash and cash equivalents amounted to NOK 75.4 million and an unused credit facility of NOK 15 million.

The Group provides services in countries with different currencies and is therefore exposed to currency fluctuations in these countries. Further, the Group has variable interest rate borrowings and is therefore exposed to interest rate fluctuations. The Group settles internal

transactions on an ongoing basis in order to reduce the risk associated with movement in currencies and interest rates.

Despite the Group's focus on reducing risks through internal controls and risk management, there will still be risk factors that cannot be handled by preventative measures in an adequate manner. The company therefore seeks, as far as possible, to cover these type of risks through the purchase of insurances.

### The Organization

Zalaris Group had 411 employees at the end of 2014, of which 262 were employed outside of Norway. The workplace environment is positive with strong employee relations and satisfaction. Absence due to sick leave averaged 3.6% in 2014. Zalaris ASA averaged 0.8% absence rate due to sick leave in 2014.

No incidents of injury or accidents in the workplace were reported during 2014.

Women are well represented in all of the Group's companies and units, comprising 71% of the workforce. The Group's leadership, including managers for all of the separate business units, consists of 22 persons, of which 9 or 41% are females.

### Corporate Social responsibility

#### Equal Rights

Zalaris shall be a professional workplace with an inclusive working environment and respect the International Labor Organization's fundamental conventions.

Zalaris aims to be a workplace free from discrimination. No direct or indirect negative discrimination shall take place based on race, color, gender, sexual orientation, age, disability, language, religion, employee representation, political or other opinions, national or social origin, property, birth or other status.

Zalaris' personnel policy is based on equal pay for the same work. This means that women and men receive the same pay for the same position, given all other applicable circumstances are the same. Zalaris ASA will continue to strive for gender

balance in the Group's management and board of directors.

Zalaris aims to provide the physical environment necessary to not exclude the participation of persons with physical disability from performing the business' various functions.

#### Life Work Balance and Healthy Life Style

Zalaris wishes to make it possible for employees of either gender to combine their work and private life, and therefore offers leave arrangements, home office solutions and part time positions and other flexible work arrangements to support this.

We organize company programs to motivate our colleagues to stay physical active and ensure that healthy food as fresh salads are available in our canteens.

Zalaris believes that through locating our service centers outside high pressure areas – where our presence is noticed and welcomed - we can combine good business with good environmental practice enabling people to work where they want to live. Our secure centralized IT infrastructure – powered with green renewable hydro power based energy - enable us to rapidly establish cost effective service centers independent of where the end customer is located.

#### Health, Safety and Environment (HSE) - Policy

The long-term business success of Zalaris depends on our ability to live our values of "Service Excellence, Quality Focused Processes and Employees – our key assets". We want to continually improve the quality of our services while contributing to a positive working environment for our people.

Zalaris requires the active commitment to and accountability for Health and Safety from all employees and contractors. Line management has a leadership role in the communication and implementation of, and ensuring compliance with, these policies and standards. We are committed to:

- Protect, and strive for improvement of health, safety and security of our people at all times with the goal to eliminate HS related accidents;



Report from the Board of Directors >

- Set HS performance objectives, measure results, assess and continually improve processes, services and product quality, through the use of an effective management system;
- Work with management, employees and employee representatives to create a positive physical and psychological work environment that maximizes the motivation and teamwork for all impacted people;
- Plan for, respond to and recover from any emergency, crisis and business disruption;
- Develop services that can help our customers monitor and action HS issues;
- Communicate openly with stakeholders and ensure an understanding of our HS policies, standards, programs and performance.

Environment

Pollution of the external environment as a result of Zalaris’ operations is limited. Zalaris’ environmental impact is for the most part linked to energy consumption, travel and waste from office activities. One of Zalaris’ environmental measures is to centralize all IT Operations in a centralized infrastructure concept hosted in energy efficient data centers powered by green renewable hydro powered energy.

Further, Zalaris has limited paper consumption through the introduction of web and mobile based solutions for customers for viewing of pay slips and reports and thus reducing printing of paper. At the same time we have implemented printer systems where documents are not printed unless the user logs in to pick up the printed document.

The Group’s environmental initiatives focus on using organized recycling schemes for obsolete IT equipment, reducing travel activities through the increased use of teleconferencing and web meetings as Lync, and responsible waste management.

All employees have a mandatory obligation to consciously observe the environmental impact of work-related activities, and to select solutions, products and methods that have a minimum impact on the environment. This is described in our Code of Conduct.

Business Ethics

Zalaris’ Code of Conduct is an integral part of our formal governance regime. The Code defines the core principles and ethical standards that form the basis on how we create value. The Code applies to Zalaris ASA and any subsidiary in which Zalaris, directly or indirectly, owns more than 50% of the voting shares. It also applies to members of the Board of directors, managers and other employees as well as those acting on behalf of the company.

The Code of Conduct does not apply directly to the company’s business partners. However, Zalaris does not want to be associated with business partners that do not have appropriate ethical standards. Everybody associated with Zalaris shall comply with the rules and guidelines. Whereas failure to perform can be excused, we can never compromise on our integrity. This is the way we shall conduct business in Zalaris and the way we shall create value for our customers, investors, staff and anyone benefiting from the services we provide.

Corporate Governance

Zalaris’ corporate governance policy is based on, and complies with, the Norwegian Corporate Governance Code.

Zalaris ASA is incorporated and registered in Norway and is subject to Norwegian law. According to the Accounting Act § 3-3b, the company is obliged to report on the principles and practices of corporate governance. In addition the Oslo Stock Exchange requires an annual statement on compliance with the company’s corporate governance policy in accordance with NUES the Norwegian Code of Practice for Corporate Governance (Norwegian: “Norsk anbefaling for eierstyring og selskapsledelse”), issued by the Norwegian Corporate Governance Board, most recently revised on 30 October 2014.

The statement for fiscal year 2014 is based on the disposal in the Accounting Act § 3-3b as well as the disposal for Corporate Governance Policy for Zalaris ASA, and was adopted by the Board of Directors on 22nd of April 2015 and is available at page 84 in the annual report.

When Zalaris ASA published the 2014 annual report the Company also made available a corporate governance report.

Events after the Reporting Period

In January Zalaris won a new Nordic outsourcing contract with a customer headquartered in Sweden. This included a people transfer of 10 employees who were transferred to Zalaris in March this year. The contract includes delivering payroll services and HR services for approximately 20’000 employees distributed in all Nordic countries.

Zalaris established a subsidiary in 2010 in India and now has decided to provide the offshore services through this subsidiary which to date have been delivered by a partner in India. The reason for the decision is to ensure that Zalaris’ Corporate Governance Policy and Code of Conduct is followed for all employees working directly with the Groups’ customer service deliveries and to facilitate an improved and more efficient transfer of tasks to our India service center.

Future Outlook

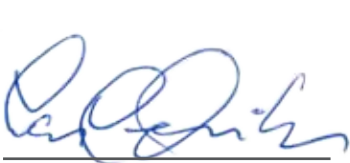
Recent wins and market conditions, focusing on cost savings and efficient use of human capital, are contributing to a continued positive view on market opportunities. We are pursuing growth

with the goal of maintaining our historical growth rate. The increased focus of business development and sales has started to materialize in additional opportunities with existing and new customers.

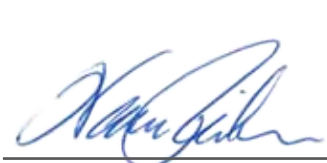
We continue to strengthen our product portfolio to cover the full range of payroll and reward services. We will continue our dual focus in maintaining satisfied customers and cost reduction. Establishing our own Indian operated service center will be an important contributor in achieving cost-leadership.

We reiterate that the key to our success to date is our long-term-view building stronger customer relationships generating net promoters. Thus, we will continue to invest in process and service improvements as well as personnel development initiatives to advance our values of Service excellence, Quality-focused processes and Employees as our key asset.

Oslo, 22. April 2015



Lars Laier Henriksen  
Chairman of the Board



Narve Reiten  
Member of the Board



Liselotte Hægert Engstam  
Member of the Board



Tina Steinsvik Sund  
Member of the Board



Jan Mikael Koivurinta  
Member of the Board

## Statement by the Board of Directors and the CEO

We hereby confirm that the consolidated financial statements and the financial statements for the parent company for the period 1 January 2014 to 31 December 2014, to the best of our knowledge, have been prepared in accordance with applicable accounting standards and that the information in the financial statements provides a true and fair view of the Group's assets, liabilities, financial position, and results as a whole.

We also hereby declare that the annual report provides a true and fair view of the financial performance and position of the Group and the parent company, as well as a description of the principal risks and uncertainties facing the Group and the parent company.

Oslo, 22. April 2015



**Lars Laier Henriksen**  
Chairman of the Board



**Narve Reiten**  
Member of the Board



**Liselotte Hægert Engstam**  
Member of the Board



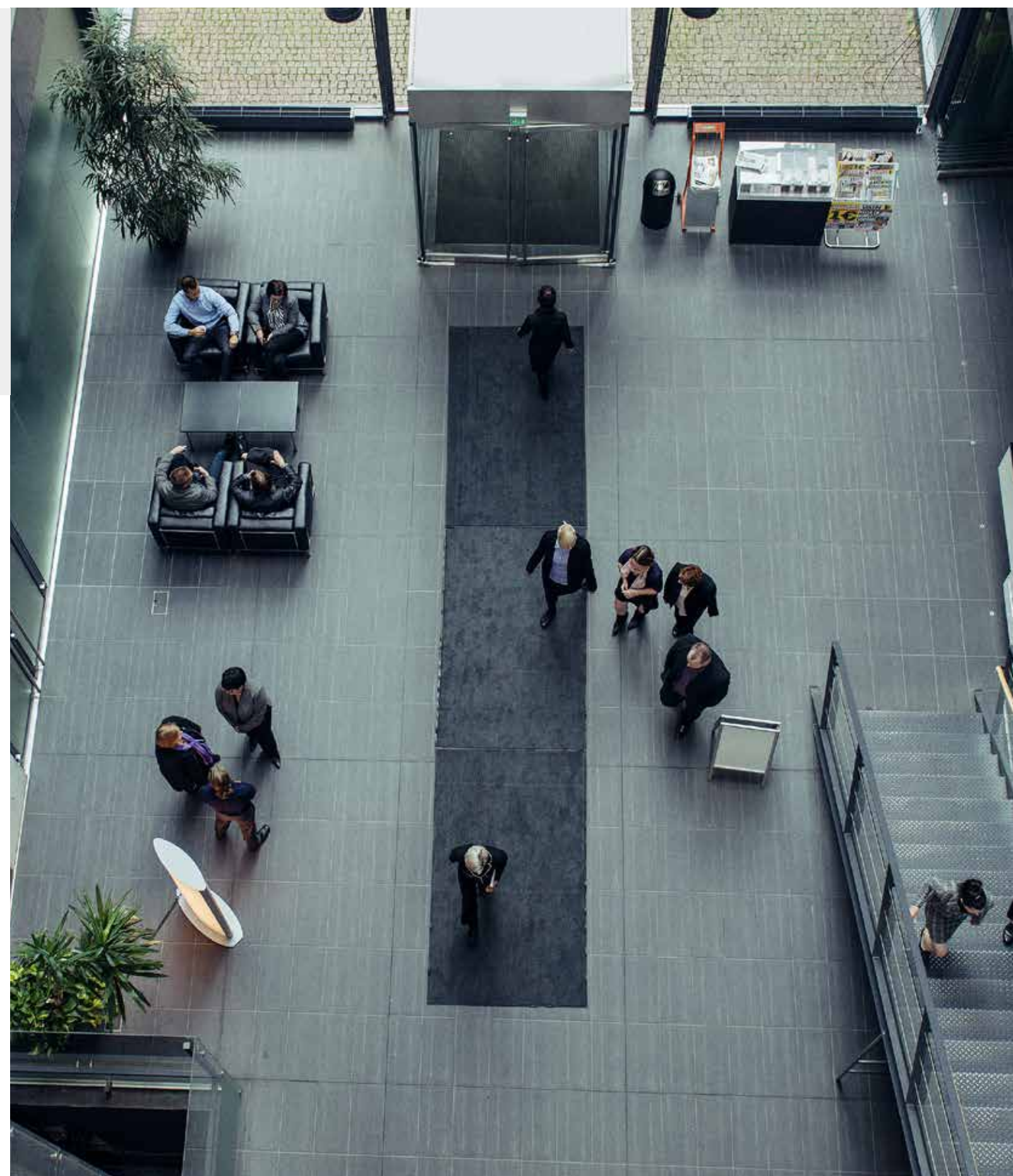
**Tina Steinsvik Sund**  
Member of the Board



**Jan Mikael Koivurinta**  
Member of the Board



**Hans-Petter Møllerud**  
Chief Executive Officer





## Consolidated Group Annual Accounts Report 2014 Zalaris ASA

The consolidated group annual accounts report for Zalaris ASA contains the following documents:

- Consolidated Statement of Profit and Loss
- Consolidated Statement of Financial Position
- Consolidated Statement of Cash Flows
- Consolidated Statement of Changes in Equity
- Consolidated Notes to the Financial Statements

The consolidated financial statements, which have been drawn up by the Board and management, should be read in relation to the Annual Report and the independent auditor's opinion.

### Consolidated Statement of Profit and Loss (for the year ended 31 December)

◀ Group

(NOK 1000)	Note	2014	2013
<b>Revenue</b>	<b>2</b>	<b>326 145</b>	<b>262 216</b>
<b>Operating expenses</b>			
License costs		13 031	12 881
Personell expenses	3	184 920	139 178
Other operating expenses	4	72 111	60 601
Depreciations and impairments	9	5 586	811
Amortisation intangible assets	8	6 652	7 148
Amortisation implementation costs customer projects	11	17 037	16 981
IPO related costs		11 948	
<b>Total operating expenses</b>		<b>311 284</b>	<b>237 600</b>
<b>Operating profit</b>		<b>14 861</b>	<b>24 616</b>
<b>Financial items</b>			
Financial income	5	708	3 708
Finance expense	5	-3 546	-4 790
<b>Net financial items</b>		<b>-2 838</b>	<b>-1 083</b>
<b>Profit before tax</b>		<b>12 023</b>	<b>23 534</b>
<b>Income tax expense</b>			
Tax expense on profit	6	3 230	6 445
<b>Total tax expense</b>		<b>3 230</b>	<b>6 445</b>
<b>Profit for the period</b>		<b>8 793</b>	<b>17 089</b>
<i>Profit attributable to:</i>			
- Owners of the parent		7 312	15 776
- Non-controlling interests		1 481	1 313
<i>Earnings per share:</i>			
- Basic and Diluted	7	0,04 %	0,47 %
- NOK	7	0,38	4,68

### Consolidated Statement of other Comprehensive Income

(NOK 1000)	Note	2014	2013
Profit for the period		8 793	17 089
<b>Other comprehensive income</b>			
Items that will be reclassified to profit and loss in subsequent periods			
Currency translation differences		-377	-1 188
<b>Total other comprehensive income</b>		<b>-377</b>	<b>-1 188</b>
<b>Total comprehensive income</b>		<b>8 416</b>	<b>15 901</b>
<i>Total comprehensive income attributable to:</i>			
- Owners of the parent		6 935	14 588
- Non-controlling interests		1 481	1 313

## Consolidated Statement of Financial Position (for the year ended 31 December)

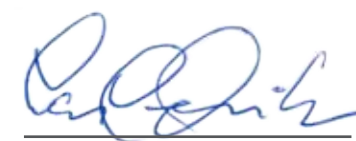
(NOK 1000)	Note	2014	2013
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets			
Other intangible assets	8	29 624	22 685
<b>Total intangible assets</b>		<b>29 624</b>	<b>22 685</b>
Deferred tax asset	6	6 041	5 513
Fixed assets			
Office equipment	9	224	380
Property, plant and equipment	9	2 083	1 788
<b>Total fixed assets</b>		<b>2 308</b>	<b>2 168</b>
<b>Total non-current assets</b>		<b>37 973</b>	<b>30 366</b>
<b>Current assets</b>			
Trade accounts receivable	10	64 306	54 934
Customer projects	11	25 317	18 836
Other short-term receivables	12	4 346	4 880
Cash and cash equivalents	13	75 354	10 802
<b>Total current assets</b>		<b>169 324</b>	<b>89 451</b>
<b>TOTAL ASSETS</b>		<b>207 297</b>	<b>119 817</b>

## Consolidated Statement of Financial Position (for the year ended 31 December)

Group

(NOK 1000)	Note	2014	2013
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Paid-in capital			
Share capital	14	1 912	339
Own shares - nominal value		-6	-6
Share premium		67 498	18 442
<b>Total paid-in capital</b>		<b>69 404</b>	<b>18 774</b>
Retained earnings		19 753	18 122
<b>Equity attributable to equity holders of the parent</b>		<b>89 157</b>	<b>36 896</b>
Non-controlling interests		3 730	3 421
<b>Total equity</b>		<b>92 887</b>	<b>40 317</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax	6	1 531	1 306
Interest-bearing loans and borrowings	15	2 471	3 136
Employee defined benefit liabilities		28	44
<b>Total long-term debt</b>		<b>4 031</b>	<b>4 486</b>
<b>Current liabilities</b>			
Trade accounts payable		12 493	11 932
Income tax payable		3 399	3 274
Public duties payable		24 546	18 884
Other short-term debt	17	69 941	40 924
<b>Total short-term debt</b>		<b>110 379</b>	<b>75 013</b>
<b>Total liabilities</b>		<b>114 410</b>	<b>79 500</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>207 297</b>	<b>119 817</b>

Oslo, 22. April 2015



Lars Laier Henriksen  
Chairman of the Board



Narve Reiten  
Member of the Board



Liselotte Hågertz Engstam  
Member of the Board



Tina Steinsvik Sund  
Member of the Board



Jan Mikael Koivurinta  
Member of the Board



## Consolidated Statement of Cash Flows (for the year ended 31 December)

(NOK 1000)	Note	2014	2013
<b>Cash flow from operating activities</b>			
<b>Operating profit</b>		<b>14 861</b>	<b>24 616</b>
Depreciation and impairments	9	5 586	811
Amortisation intangible assets	8	6 652	7 148
Amortisation implementation costs customer projects	11	17 037	16 981
Customer projects	11	-23 518	-23 237
Taxes paid	6	-3 633	-3 341
Changes in accounts receivable and accounts payable	10,17	-8 811	-11 283
Changes in other accruals	17	29 143	10 244
<b>Net cash flow from operating activities</b>		<b>37 318</b>	<b>21 939</b>
<b>Cash flows from investing activities</b>			
Purchase of fixed and intangible assets	8,9	-14 411	-8 965
<b>Net cash flow from investing activities</b>		<b>-14 411</b>	<b>-8 965</b>
<b>Cash flows from financing activities</b>			
Net financial items	5	-2 838	-1 083
Purchase of own shares	14		-6
Issuance of new shares		49 274	
IPO related costs		-3 464	
Proceeds from issue of new borrowings	15	2 880	1 493
Repayments of borrowings	18	-3 033	-9 306
Changes in factoring deposits	18		-113
Dividend payments to non-controlling interest	14	-1 172	-1 362
<b>Net cash flow from financing activities</b>		<b>41 647</b>	<b>-10 377</b>
<b>Net changes in cash and cash equivalents</b>		<b>64 553</b>	<b>2 598</b>
Cash and cash equivalents at the beginning of the period		10 802	8 204
<b>Cash and cash equivalents at the end of the period</b>		<b>75 355</b>	<b>10 802</b>
Unused credit facilities		15 000	15 000

## Consolidated Statement of Changes in Equity

◀ Group

(NOK 1000)	Share capital	Own shares	Share premium	Total paid-in equity	Transl. differ.	Other equity	Non-controlling interests	Total equity
Equity at 01.01.2014	339	-6	18 442	18 774	-414	18 536	3 421	40 318
Profit of the year				-		7 312	1 481	<b>8 793</b>
Other comprehensive income				-	-377			<b>-377</b>
Other changes				-		-484		<b>-484</b>
Transaction costs related to IPO				-		-3 464		<b>-3 464</b>
Issue of new shares (20.06.2014)	217		49 057	49 274		-		<b>49 274</b>
Issue of new shares (13.05.2014)	1 356			1 356		-1 356		<b>-</b>
Dividend							-1 172	<b>-1 172</b>
<b>Equity at 31.12.2014</b>	<b>1 912</b>	<b>-6</b>	<b>67 498</b>	<b>69 404</b>	<b>-792</b>	<b>20 545</b>	<b>3 730</b>	<b>92 887</b>
Equity at 01.01.2013	339	-0	18 441	18 780	774	2 646	3 470	25 670
Profit of the year						15 776	1 313	<b>17 089</b>
Other comprehensive income					-1 188			<b>-1 188</b>
Purchase/sale of own shares (net)		-6	1	-5		113		<b>108</b>
Dividend							-1 362	<b>-1 362</b>
<b>Equity at 31.12.2013</b>	<b>339</b>	<b>-6</b>	<b>18 442</b>	<b>18 774</b>	<b>-414</b>	<b>18 536</b>	<b>3 421</b>	<b>40 317</b>

# Note 1 - Accounting Principles and Basis for Preparation



Zalaris ASA is a limited company incorporated in Norway. The Group's main office is located in Hovfaret 4, Oslo, Norway. The Group delivers full-service outsourced personnel and payroll services.

The Group financial statements of Zalaris ASA for the period ending on 31 December 2014 were approved in a board meeting on 22.04.2015.

## 1.1 The basis for the preparation of the financial statements

The Group's financial statements of Zalaris ASA for the accounting year 2014 have been prepared in accordance with international accounting standards and interpretations as adopted by the EU ("IFRS"). These are the first financial statements prepared in accordance with IFRS. The date of transition to these principles is 1 January 2012. The Company's financial statements were previously prepared in accordance with the Norwegian Accounting Act ("NGAAP"). The effects of transition from NGAAP to IFRS are disclosed in note 23.

The financial statements are based on the principles of historic cost. The group currently holds no assets or liabilities required to be measured at fair value.

## 1.2 Accounting principles

### Basis of consolidation

The consolidated financial statements comprise the financial statements of Zalaris ASA and its subsidiaries (together referred to as "the Group"). Subsidiaries are all entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed during the year are included in the consolidated financial statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intercompany balances and transactions have been eliminated upon consolidation.

The acquisition of a subsidiary is considered on a case by case basis to determine whether the acquisition should be deemed as a business combination or as an asset acquisition.

Business combinations are accounted for using the acquisition method of accounting. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Transaction costs are expensed as incurred. The excess of the consideration transferred over the fair value of the identifiable net assets of the subsidiary acquired is recorded as goodwill. When acquisitions are deemed as asset acquisitions no deferred tax on initial differences between carrying values and tax bases are recorded, nor are any goodwill recorded at the date of acquisition.

### Foreign currency

Functional currency, presentation currency and consolidation:

The Group's presentation currency is NOK. The functional currency of the Parent Company is NOK.

For consolidation purposes, the balance sheet figures for subsidiaries with a different functional currency than NOK are translated into the presentation currency (NOK) at the rate applicable at the balance sheet date. Income statements are translated at the exchange rate that approximate the prevailing rate at the date of transaction. Exchange differences from translating subsidiaries are recognised in other comprehensive income.

### Transactions in foreign currency:

Foreign currency transactions are translated into the functional currency using the exchange rates at the transaction date. Monetary balances in foreign currencies are translated into the functional currency at the exchange rates on the date of the balance sheet. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

### Revenue recognition

The Group's revenue consists of revenue from providing services, consulting services related to customer specific adaptations for new customers and basic consulting services. Revenue is in general recognised when it is probable that transactions will generate future financial benefits for the Group and the size of the amount can be reliably estimated. Sales revenue is presented net of value added tax and potential discounts.

The service revenue and the revenue from basic consulting services are recognized according to the rendering of the service. Small projects and change orders beyond the terms of the main contract with the customer service delivery are recognized according to the rendering of the services.

Revenues from outsourcing agreements are recognized over the term of the contract as the services are rendered. When the services are made up of different components which are not separately identifiable, the related revenues are recognized on a straight-line basis over the term of the contract. The related costs are recognized as they are incurred. However, a portion of costs incurred in the initial phase of outsourcing contracts (transition and/or transformation costs) may be deferred when they are specific to a given contract, relate to future activity on the contract and/ or will generate future economic benefits, and are recoverable. These costs are allocated to work-in-progress and prepaid revenue by the client is recorded as a deduction from the costs incurred. The deferred costs are expensed straight forward over the period the outsourcing services are provided and are presented in the income statement in the line item "amortization implementation costs customer projects".

### Income tax

Income tax expense for the period comprises current tax expense and deferred tax expense.

Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are calculated on the basis of existing temporary differences between the carrying amounts of assets and liabilities in the financial statement and their tax bases, together with tax losses carried forward at the balance sheet date. Deferred tax assets and liabilities are calculated based on the tax rates and tax legislation that are expected to apply when the assets are realized or the liabilities are settled, based on the tax rates and tax legislation that have been enacted or substantially enacted on the balance sheet date. Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the assets can be utilized. Deferred tax assets and liabilities are not discounted. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

The companies included in the consolidated financial statement are subject to income tax in the countries where they are domiciled.

### Intangible assets: Internally developed software

Costs related to internally developed software are capitalized to the extent that a future economic benefit associated with the development of identifiable intangible assets and costs can be reliably measured. Otherwise, the costs are expensed as incurred. Capitalized development is amortized over their useful lives. Research costs are expensed as incurred.

### Fixed assets

Fixed assets are valued at cost less accumulated depreciation and impairment losses. When assets are sold or disposed of, the gross carrying amount and depreciation are derecognized, and any gain or loss on the sale or disposal is recognized in the income statement.

The gross carrying amount of fixed assets is the purchase price, including duties/taxes and direct acquisition costs related to making the fixed asset ready for use.

The depreciation periods and methods are assessed each year. The residual value is estimated every year-end and



changes in the estimate for residual value is accounted for as an estimation change. The residual value of the Groups fixed assets is estimated to be nil.

Leases (as lessee)

*Financial leases*

Leases where the group assumes most of the risk and rewards of ownership are classified as financial leases. Financial leasing contracts are recognized on the balance sheet and depreciated on a linear basis over the expected useful life of the assets. The leasing debt is classified as a long term debt and the leasing debt is reduced by the payments according to the leasing contract deducted by an interest element which is expensed.

*Operating leases*

Leases in which most of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance income in the statement of profit or loss. The losses arising from impairment are recognized in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

Contract related accruals

Revenues and expenses related to service delivery and which are incurred in advance of the contract's validity period, are accrued and income and expenses are recognised over the contract period. Such deferred expense is included in the line item amortisation implementation cost customers. Net assets / liabilities are classified as customer projects / other liabilities.

Cash and cash equivalents

Cash and the equivalents include cash on hand, deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

Borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Pension plans

*Defined contribution plan*

The Group has only defined contributions plans. Contributions are paid to pension insurance plans and charged to the income statement in the corresponding period. Once the contributions have been paid, there are no further obligations.

Earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary shares using the weighted average number of ordinary shares outstanding during the year after deduction of the average number of treasury shares held over the period.

The calculation of diluted earnings per share is consistent with the calculation of the basic earnings per share, but gives at the same time effect to all dilutive potential ordinary shares that were outstanding during the period, by adjusting the profit/loss and the weighted average number of shares outstanding for the effects of all dilutive potential shares, i.e.:

- The profit/loss for the period attributable to ordinary shares is adjusted for changes in profit/loss that would result from the conversion of the dilutive potential ordinary shares.
- The weighted average number of ordinary shares is increased by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary.

Equity reserves – currency translation differences

Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currency to the Group's presentation currency is recognized directly in other comprehensive income.

Cost of equity transactions

Transaction costs directly attributable to an equity transaction are recognized directly in equity, net after deducting tax.

Contingent assets

Contingent assets are not recognized in the annual accounts but are disclosed if there is a probable that a benefit will be added to the Group.

Events after the balance sheet date

New information on the Group's position at the balance sheet date is taken into account in the financial statements. Events after the balance sheet date that do not affect the Group's position at the balance sheet date, but will affect the Group's position in the future, are stated if significant.

**1.3 New and amended standards and interpretations**

Standards issued but not yet effective

IFRS and IFRIC issued but not adopted by the Group

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the group are listed below.

It is assessed that none of the standards, amendments and interpretation to existing standards will have material impact on the financial statement as the currently is presented, however they may have impact in the future.

IFRS 9 Financial Instruments

IFRS 9 will eventually replace IAS 39 Financial Instruments Recognition and Measurement. In order to expedite the replacement of IAS 39, the IASB divided the project into phases: classification and measurement, hedge accounting and impairment. New principles for impairment were published in July 2014 and the standard is now completed. The parts of IAS 39 that have not been amended as part of this project have been transferred into IFRS 9. The Standard is not yet approved by the EU. For entities outside the EU/EEA with a statutory obligation to keep accounts, the Standard will be effective for accounting periods beginning on or after 1 January 2018. IFRS 9 may have an effect on the classification and measurement of the Groups financial assets and financial liabilities. The Group will quantify the effects in conjunction with the other phases, when issued, to present a comprehensive picture.

IFRS 15 Revenue from Contracts with Customers

The IASB and the FASB have issued their joint revenue recognition standard, IFRS 15. The standard replaces existing IFRS and US GAAP revenue requirements. The core principle of IFRS 15 is that revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard applies to all revenue contracts and provides a model for the recognition and measurement of sales of some non-financial assets (e.g., disposals of property, plant and equipment). The Standard is not yet approved by the EU. For entities outside the EU/EEA with a statutory obligation to keep accounts, the Standard will be effective for accounting periods beginning on or after 1 January 2017. IFRS 15 may have a prospective effect on the revenue recognition.

IAS 1 Presentation of Financial Statements

The amendments to IAS 1, issued as part of IASBs Disclosure Initiative, further encourage companies to apply professional judgment in determining what information to disclose and how to structure it in their financial statements.

The amendments are not yet approved by the EU. For entities outside the EU/EEA with a statutory obligation to keep accounts, the amendments will be effective for accounting periods beginning on or after 1 January 2016.

1.4 Key sources of estimation uncertainty and critical accounting judgements

The preparation of the financial statements in accordance with IFRS requires management to make judgements, use estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are considered to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis. The management does not assess that there is any specific areas for which there has been much estimation uncertainty.

Critical accounting judgements

a) Capitalisation of intangible assets

Development costs of software have been capitalized as intangible assets to the extent it is assessed that future benefits can be substantiated. Judgment has to be applied in determining which amount of expenses that can be capitalized.

At the end of a reporting period the Group is required to assess whether there is any indication that the capitalized assets may be impaired. If such indications exist, the Group must test if carrying amounts exceed its recoverable amount (higher of fair value less cost to sell and its value in use.) Determining recoverable amount requires that the management makes several assumptions related to future cash flows from these assets which may involve high degree of uncertainty. Zalaris expects to fully utilize SAP BPO licens commitments going forward.

Note 2 - Segment Information

The company has three operating segments, which is Outsourcing, Cloud Services and Consulting.

Outsourcing offers a full range of payroll and HR outsourcing services including payroll, time and attendance and travel expenses. Consulting delivers turnkey projects based on Zalaris template or implementation of customer-specific functionality. They also assist customers with cost-effective maintenance and support of customers own on premise solution. The Cloud services unit is offering additional cloud based HR functionality to existing outsourcing customers as talent management, digital personnel archive, HR analytics, mobile solutions etc., and was divided into an own reporting segment from 2014

Information is organized by business area and geography. The reporting format is based on the Group's management and internal reporting structure. Items that are not allocated are mainly intercompany sales, interest-bearing loans and other associated expenses and assets related to administration of the Group. The Group key management is the chief decision maker in the Group. The investing activities comprise total expenses in the period for the acquisition of assets that have an expected useful life of more than one year.

2014					
(NOK 1.000)	Outsourcing	Cloud	Consulting	Non-allocated	Total
Other operating income, external	308 843	6 617	10 685		326 145
Other operating expenses	-255 542	-5 199	-9 321		-270 062
Depreciation, amortisation and impairments	-29 145	-33	-98		-29 275
IPO related costs				-11 948	-11 948
Operating profit/(loss)	24 156	1 386	1 266	-11 948	14 861
Cash flow from investing activities				-14 411	-14 411
2013					
(NOK 1.000)	Outsourcing	Cloud	Consulting	Non-allocated	Total
Other operating income, external	242 624	4 039	15 554		262 216
Other operating expenses	-213 984	-3 137	-12 521		-229 641
Depreciation, amortisation and impairments	-7 731	-31	-197		-7 958
IPO related costs					
Operating profit/(loss)	20 910	871	2 836	-	24 616
Cash flow from investing activities				-8 965	-8 965



Geographic information

The Group’s operations are carried in several countries, and information regarding revenue based on geography is provided below. Information is based on location of the entity generating the revenue, which to a large extent correspond to the geographical location of the customers.

Information about geographical allocation of revenue from external customer attributable to

(NOK 1000)	as % of total	2014	as % of total	2013
Norway	46 %	151 480	47 %	122 648
Sweden	20 %	64 923	22 %	58 949
Denmark	19 %	60 598	17 %	44 508
Finland	14 %	44 610	13 %	34 415
Other	1 %	4 534	1 %	1 696
Total	100 %	326 145	100 %	262 216

Information about major customers

(NOK 1000)	as % of total	2014	as % of total	2013
5 largest customer	47 %	153 930	42 %	110 733
10 largest customer	65 %	212 002	60 %	158 140
20 largest customer	80 %	260 308	76 %	199 551

Note 3 - Personnel Expenses

(NOK 1000)	2014	2013
Salary	171 538	132 459
Bonus	4 683	4 364
Social security tax	22 838	17 452
Pension costs (see note 16)	15 795	12 899
Other expenses	7 855	6 532
Capitalised development expenses	-5 963	-3 066
Capitalised implementation costs customer projects	-31 827	-31 461
Total salary expenses	184 920	139 178

Average number of employees:	2014	2013
Administration, sales and management	36	34
Other employees	352	294
Total	388	328

Average FTEs:	2014	2013
Administration, sales and management	35	32
Other employees	324	266
Total	359	298

See note 19 for transactions with related parties.

## Note 4 - Other Operating Expenses

(NOK 1000)	2014	2013
External services	18 472	19 728
IT services and telecom	27 008	17 693
Office premises	11 002	9 025
Travel and transport	5 313	5 131
Postage and freight	3 658	3 689
Other expenses	6 658	5 336
<b>Total other operating expenses</b>	<b>72 111</b>	<b>60 601</b>

<b>Auditors fee</b>		
(NOK 1000)	2014	2013
Audit fee	1 192	1 218
Other attestation services	100	
Fee for tax services	111	76
Other fees	1 988	707
<b>Total, excl VAT</b>	<b>3 391</b>	<b>2 001</b>

Other fees in the table above include TNOK 1.410 relating to ISEA 3402 attestations.

## Note 5 - Finance Income and Finance Expenses

(NOK 1000)	2014	2013
Interest income on bank accounts and receivables	189	197
Currency gain	419	3 510
Other financial income	101	
<b>Finance income</b>	<b>708</b>	<b>3 708</b>
Interest expense on financial liabilities measured at amortised cost	1 060	1 980
Currency loss	1 672	2 038
Other financial expenses	815	772
<b>Finance expenses</b>	<b>3 546</b>	<b>4 790</b>
<b>Net financial items</b>	<b>-2 838</b>	<b>-1 083</b>

## Note 6 - Income Taxes

<b>Income tax expense:</b>		
(NOK 1000)	2014	2013
Tax payable	3 399	3 274
Changes in deferred taxes *	-169	3 171
<b>Tax expense</b>	<b>3 230</b>	<b>6 445</b>

<b>Tax payable in balance sheet:</b>		
(NOK 1000)	2014	2013
Calculated tax payable	3 399	3 274
<b>Total income tax payable</b>	<b>3 399</b>	<b>3 274</b>

<b>Income tax payable:</b>		
(NOK 1000)	2014	2013
<b>Reconciliation of effective tax rate</b>		
Ordinary profit before tax	12 023	23 534
Calculated tax 27 %	3 246	6 589
Not tax deductible costs		18
Non taxable income	-23	-28
Effect of change in deferred taxes in Norway		94
Other permanent differences	8	-229
<b>Tax expense</b>	<b>3 230</b>	<b>6 445</b>
<b>Effective tax rate</b>	<b>26,9 %</b>	<b>27,4 %</b>

<b>Specification of tax effects of temporary differences:</b>		
(NOK 1000)	2014	2013
Property, plant and equipment	3 386	1 430
Other differences	6 931	5 862
Tax losses carry forward	-28 855	-22 204
<b>Total temporary differences</b>	<b>-18 538</b>	<b>-14 911</b>
Total deferred tax assets	6 041	5 513
Total deferred tax	1 531	1 306
<b>Net recognised deferred tax/ deferred tax asset (-) 22 % / 27 %</b>	<b>4 510</b>	<b>4 207</b>

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

The Group has tax losses which arose in Norway that are available indefinitely within the group taxation regulations for offsetting against future taxable profits of the companies operating in Norway. The Group has further tax losses which arose in Denmark and in Finland which are available within 3-5 years against future taxable profits in each company. Based on an assessment of future profitability of the entities the deferred tax asset related to these tax losses has been recognised.



## Note 7 - Earnings per Share

### Basic earnings per share

The calculation of basic earnings per share is based on the net income attributable to the shareholders of the parent company and a weighted average number of shares outstanding during the years ending 31 December 2014 and 2013 respectively. Shares issued during the periods are included in the calculations of weighted average number of share from the date the shares issue was approved by the general meeting. There are no diluting equity instruments outstanding.

(NOK 1000)	2014	2013
Net profit/loss attributable to ordinary equity holders of the parent	7 312	15 776
Weighted average number of shares	19 031 313	3 371 480
<b>Basic and diluted earnings per share</b>	<b>0,04 %</b>	<b>0,47 %</b>
<b>Earnings per share (NOK)</b>	<b>0,38</b>	<b>4,68</b>

## Note 8 - Other Intangible Asset

(NOK 1000)	Licenses and software	Internally developed software	Internally developed software under development	Total
<b>Acquisition cost</b>				
Accumulated 1 January 2013	28 544	26 362	2 714	57 620
Additions of the year	1 898	2 288	5 642	9 828
Disposals of the year	-	-	(2 288)	(2 288)
Currency effects	408	103		511
<b>Accumulated 31 December 2013</b>	<b>30 850</b>	<b>28 753</b>	<b>6 068</b>	<b>65 671</b>
Additions of the year	4 591	10 689	8 994	24 275
Disposals of the year	-	-	(10 689)	(10 689)
Currency effects	243	24		267
<b>Accumulated 31 December 2014</b>	<b>35 684</b>	<b>39 466</b>	<b>4 373</b>	<b>79 523</b>
<b>Amortisation</b>				
		0		
Accumulated 1 January 2013	20 540	14 864	-	35 404
Disposals of ordinary amortisation	-	-		-
Disposals of amortisation and currency effects	5	428		433
This year's ordinary amortisation	2 452	4 696		7 148
<b>Accumulated 31 December 2013</b>	<b>22 997</b>	<b>19 988</b>	<b>-</b>	<b>42 985</b>
Disposals of ordinary amortisation	-	-		-
Disposals of amortisation and currency effects	228	34		262
This year's ordinary amortisation	2 626	4 026		6 652
<b>Accumulated 31 December 2014</b>	<b>25 851</b>	<b>24 048</b>		<b>49 899</b>
<b>Book value</b>				
Book value at 31 December 2012	8 004	11 498	2 714	22 216
Book value at 31 December 2013	7 852	8 765	6 068	22 685
<b>Book value at 31 December 2014</b>	<b>9 833</b>	<b>15 417</b>	<b>4 373</b>	<b>29 624</b>
Useful life	5-10 years	5 years		
Depreciation method	linear	linear		

Note 9 - Property, Plant and Equipment

(NOK 1000)	Furniture and fixtures	IT- equipment	Total
<b>Acquisition cost</b>			
Accumulated 1 January 2013	5 612	2 894	8 506
Additions of the year	1 065	360	1 425
Disposals of the year	-	-	-
Accumulated 31 December 2013	6 677	3 255	9 932
Additions of the year	751	74	826
Disposals of the year	-	-	-
Currency effects	196	125	321
Accumulated 31 December 2014	7 624	3 455	11 079
<b>Depreciation</b>			
Accumulated 1 January 2013	4 183	2 322	6 506
Disposals of ordinary depreciation	-	-	-
Currency effects	191	257	448
This year's ordinary depreciation	515	296	811
Accumulated 31 December 2013	4 889	2 875	7 765
Disposals of ordinary depreciation	-	-	-
Currency effects	116	158	274
This year's ordinary depreciation	536	197	733
Accumulated 31 December 2014	5 541	3 231	8 771
<b>Book value</b>			
Book value at 31 December 2012	1 429	572	2 002
Book value at 31 December 2013	1 788	379	2 167
Book value at 31 December 2014	2 083	224	2 307
Economic life	5 years	3 years	
Depreciation method	linear	linear	

Based on a year-end assessment of a provision of license costs, the Group made an impairment of NOK 4.9 million due to changes in the conditions for this provision.

Note 10 - Trade Accounts Receivable

(NOK 1000)	2014	2013
Gross trade accounts receivable	64 306	54 934
Provisions for losses	-	-
Trade accounts receivable	64 306	54 934

Losses on trade accounts receivable are classified as other operating expenses in the income statement.  
See note 18 for assessment of credit risk.

Movements in the provision for loss are as follows:

(NOK 1000)	2014	2013
Opening balance	-	37
Provision of the year	-	74
Realised loss this year	-	-74
Reversal of previous provision	-	-37
Closing balance	0	0

Details on the credit risk concerning trade accounts receivable are given in note 18.

The Group had the following trade accounts receivable due, but not paid or written off:

(NOK 1000)	Total	Not due	<30 d	30-60d	60-90d	>90d
31 December 2014	64 306	47 922	11 799	2 597	1 503	486
31 December 2013	54 934	40 525	12 682	1 603	124	
31 December 2012	40 395	31 041	7 068	1 449	267	571



## Note 11 - Customer Projects

(NOK 1000)	2014	2013
Deferred costs related to customer projects	69 729	53 584
Deferred revenue related to customer projects	-44 412	-34 749
<b>Net customer implementation costs</b>	<b>25 317</b>	<b>18 836</b>

Costs related to delivering outsourcing contracts are recognized as they are incurred. However, a portion of costs incurred in the initial phase of outsourcing contracts (transition and/or transformation costs) may be deferred when they are specific to a given contract, relate to future activity on the contract and/ or will generate future economic benefits, and are recoverable. These costs are allocated to work-in-progress (customer projects) and any prepaid revenue by the client is recorded as a deduction from the costs incurred in the balance for customer projects. The deferred costs are expensed evenly over the period the outsourcing services are provided and included in the line item "Amortization implementation cost customer projects".

## Note 12 - Other Short-term Receivables

(NOK 1000)	2014	2013
Advances to employees	20	-
Prepaid rent	972	119
Prepaid software	1 407	2 537
Prepaid other expenses	721	1 920
Other receivables	1 227	304
<b>Total other short-term receivables</b>	<b>4 346</b>	<b>4 880</b>

## Note 13 - Cash and Cash Equivalents and Short-term Deposits

Cash and cash equivalents

(NOK 1000)	2014	2013
Cash in hand and at bank - unrestricted funds	65 591	2 260
Deposit accounts - guarantee rent obligations	5 372	5 143
Employee withheld taxes - restricted funds	4 391	3 399
<b>Cash and cash equivalents in the balance sheet</b>	<b>75 354</b>	<b>10 802</b>

The group has unused credit facilities of NOK 15 000 thousand as at 31.12.2014 (NOK 15 000 thousand 31.12.2013). There are no restrictions on the use of these funds.

Short term deposits

The Group pays salaries on behalf of its customers. For this purpose separate deposit accounts are established. These deposits accounts are not recognized in the Groups balance sheets. The table below provides information about amounts on these deposit accounts.

(NOK 1000)	2014	2013
Customer deposits	2 840	2 007

## Note 14 - Share Capital, Shareholder Information and Dividend

Shares	2014	2013
Shares - nominal value NOK 0,10	19 124 263	3 364 031
B-Class - Non-voting shares - nominal value NOK 0,10		26 039
<b>Total number of shares</b>	<b>19 124 263</b>	<b>3 390 070</b>

The nominal value of the share is NOK 0.10.

A-Class shares (Ordinary shares) in the company have equal voting rights and entitled to dividend.

B-Class shares have no voting rights, but are entitled to dividend.

In the general meeting of shareholders in 2014, it was decided to split the existing shares in the ratio 1:5.

In the same meeting it was decided to convert all shares into ordinary shares and thus no B-Class shares exist in the company per December 2014.

The computation of earnings per share is shown in note 7.

The major shareholders are:

Shareholder	Number of shares:	%	of total	Equal Voting
NORWEGIAN RETAIL AS	3 041 482		15,90 %	15,90 %
FIDELITY NORDIC FUND	1 823 800		9,54 %	9,54 %
INGERØ REITEN INVESTMENT COMPANY A	1 310 575		6,85 %	6,85 %
AEQUITAS AS	855 656		4,47 %	4,47 %
STATE STREET BANK & TRUST COMPANY	695 000		3,63 %	3,63 %
MORGAN STANLEY & CO. INTERNATIONAL	650 000		3,40 %	3,40 %
VERDIPAPIRFONDET DNB SMB	614 299		3,21 %	3,21 %
FID. FUNDS-EUR. SM. COMP./SICAV	564 625		2,95 %	2,95 %
SKANDINAVISKA ENSKILDA BANKEN AB	511 282		2,67 %	2,67 %
STOREBRAND VEKST	403 854		2,11 %	2,11 %
HOME CAPITAL AS	401 378		2,10 %	2,10 %
VPF NORDEA KAPITAL	373 671		1,95 %	1,95 %
VIND AS	285 219		1,49 %	1,49 %
TACONIC AS	285 212		1,49 %	1,49 %
NORDEA BANK AB (PUBL)	261 901		1,37 %	1,37 %
KOBBA INVEST AS	259 760		1,36 %	1,36 %
DELPHI NORGE	252 500		1,32 %	1,32 %
J.P. MORGAN CHASE BANK N.A. LONDON	234 611		1,23 %	1,23 %
THE NORTHERN TRUST COMPANY RE IEDP	232 934		1,22 %	1,22 %
NAVET AS	216 950		1,13 %	1,13 %
<b>Total number owned by top 20</b>	<b>13 274 709</b>		<b>69,41 %</b>	<b>69,41 %</b>
<b>Others</b>	<b>5 849 554</b>		<b>30,59 %</b>	<b>30,59 %</b>
<b>Total</b>	<b>19 124 263</b>		<b>100 %</b>	<b>100 %</b>

Shares held by related parties are disclosed in note 19.

### Dividend

No dividend has been paid to the shareholders of the parent company in 2013 and 2014. Dividend of NOK 1.172 thousand (2014) and NOK 1.362 thousand (2013) from subsidiaries has been paid to non-controlling interests.

Proposed dividend to be approved at the annual general meeting equals to NOK 0.75 per share.

Note 15 - Interest-bearing Loans and Borrowings



(NOK 1000)	Presentation in balance sheet	2014	2013
Shareholder loan	Current	-	-
Loan SG Finans	non-current	448	-
Loan SG Finans	non-current	1 841	-
Loan SG Finans	non-current	182	1 188
Loan SG Finans	non-current	-	688
Loan SG Finans	non-current	-	1 260
Carrying amount		2 471	3 136

Current portion of loan to SG Finans amounts to NOK 1 565 and is not included in the table above.

Shareholder loan

In 2013 The Company repaid all shareholder loans totaling 9.0 MNOK to the following shareholders:

Nordic Capital Partners IV AS	NOK	6.0 million	Interest rate	8.50%
Norwegian Retail	NOK	2.6 million	Interest rate	8.50%
Jon Steinar Danielsen	NOK	0.4 million	Interest rate	8.50%

Loan SND

In 2004 The Company received an interest free loan of NOK 2.5 million, from SND to support development of Shared Service Center Lødingen in Norway. The final repayment of the loan was made in November 2013.

Loan SG Finans

The Company had as of 31.12.2014 five financial leasing agreements with SG Finans related to the procurement of SAP licenses:

Agreement 1	NOK 1.7 million	related to SAP Licenses for internal use.
		Started in February 2012
		Interest rate 7 %
		Last payment: February 2015
Agreement 2	NOK 2.4 million	related to SAP HANA Licenses for own use.
		Started in June 2012
		Interest rate 6.05 %
		Last payment: June 2015
Agreement 3	NOK 1.5 million	related to SAP Licenses for own use.
		Started in May 2013
		Interest rate 7 %
		Last payment: April 2016
Agreement 4	NOK 0.6 million	related to SAP Licenses for own use.
		Started in April 2014
		Interest rate 9 %
		Last payment: March 2019
Agreement 5	NOK 2.2 million	related to SAP Licenses single sign-on functionality
		Started in December 2014
		Interest rate 6 %
		Last payment: December 2019

Loan Nordea Bank Norge

In 2012 The Company terminated a factoring agreement with Nordea Bank Norge.

All open items related to this agreement were settled in 2013

Assets pledged as security

For all loans, the Group has pledged trade receivables up to NOK 15 million as guarantee. Property, plant and equipment have been pledged as guarantee up to NOK 9.5 million for loans from Nordea Bank Norge. Carrying amounts of pledged assets are; Trade receivables NOK 64 million, and fixed assets NOK 2 million.

Guarantees and commitments

There are not issued any guarantees from the parent company on behalf of The Company against third parties.

The company is a certified SAP BPO partner. SAP BPO Partners offer the full stack of business process outsourcing services based on SAP HCM business applications. Certified providers undergo a rigorous assessment of their delivery and support capabilities every two years by SAP's outsourcing partner certification group. The agreement involves commitments for future purchases of licenses and maintenance fees amounting to NOK 38.5 million.



Note 16 - Pensions

All numbers in NOK 1000.

Pension for employees in the Norwegian entities

The Group is required to have an occupational pension scheme in accordance with the Norwegian law on mandatory occupational pension (“lov om obligatorisk tjenestepensjon”). The Group’s pension schemes satisfy the requirements of this law, and represent a defined contribution plan, with disability coverage. At the end of the year there were 158 participants in this defined contribution plan, including the AFP-scheme.

The pension expenses equal the calculated contribution for the year and are NOK 4,258 (2013 NOK 3,512). The scheme is administered by Storebrand.

The company was part of the LO/NHO-scheme for early retirement (AFP) at the age of 62.

As a replacement of the previous AFP-scheme, a new AFP-scheme has been established. The new AFP-scheme is not an early retirement plan, but a plan that gives a lifelong contribution to the ordinary pension. The employees can choose to exercise the new AFP-scheme starting at the age of 62 years, also in combination with continued work, and the annual regular post-employment benefits increases in the new scheme if early AFP retirement is rejected. The new AFP-scheme is a defined benefit multi-employer plan which is financed through contributions that are determined by a percentage of the employee’s earnings. There is currently no reliable measure and allocation of liabilities and assets in the plan. The plan is accounted for as a defined contribution plan which means that the contributions are recognized as expenses with no provisions.

The premium paid during 2014 was 2.2 % of salary between 1 G and 7.1 G. 1G equals NOK 88.4 as of 31.12.2014.

The AFP-scheme does not publish any estimates on future rate of premiums, but it is expected that the premiums will be increased over time to meet the expectations of increased pension payments.

Pension for employees in entities outside Norway

Employees in Group companies outside Norway have pension plans in accordance with local practice and local legislation. The Group has only defined contributions plans. Contributions are paid to pension insurance plans and charged to the income statement in the corresponding period. Once the contributions have been paid, there are no further payment obligations.

Denmark has defined contribution plan for all employees, a total of 54 people. Finland has a defined contribution plan for all of its employees, a total of 55 employees. Sweden has a defined contribution plan for all employees, a total of 62 employees.

Total expenses recognized related to pension in 2014 amounts to NOK 15,795 (2013 NOK 12,899).

Note 17 - Other Short-term Debt

(NOK 1000)	2014	2013
Prepayments from customers	44 396	20 534
Wages, holiday pay and bonus	21 873	14 825
Accrued expenses and other current liabilities	3 673	5 565
Total	69 941	40 924

Note 18 - Financial Instruments

Financial instruments by category

Financial assets

(NOK 1000)	2014	2013
Trade accounts receivable	64 306	54 934
Other short-term receivables	4 346	4 880
Short-term deposits	-	-
Cash and cash equivalents	75 354	10 802
Total	144 007	70 616

Financial liabilities

(NOK 1000)	2014	2013
Borrowings, long term	2 471	3 136
Borrowings, short term	-	-
Trade accounts payables	12 493	11 932
Other short-term debt	69 941	40 924
Total	84 905	55 992

Fair value of financial instruments

It is assessed that the carrying amounts of financial instruments recognized at amortized cost in the financial statements approximate their fair values. The assessment is based on a judgment that difference between interest rate at year-end compared to draw down. Value assessment is level 3 in the fair value hierarchy.

Financial risk management

Overview

The Group has some exposure to risks from its use of financial instruments, including credit risk, liquidity risk, interest rate risk and currency risk. This note presents information about the Group’s exposure to each of the above mentioned risks, and the Group’s objectives, policies and processes for managing such risks. At the end of this note, information regarding the Group’s capital management is provided.

Market risk from financial instruments

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: market risk (e.g. interest rate risk and currency risk), commodity price risk and other price risk. The Company’s financial instruments are mainly exposed to interest rate and currency risks.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Per 31.12.2014 The Company only has interest bearing debt with fixed interest rates. For the overdraft facility the company has a floating interest rate condition though the Company had not drawn on this facility per 31.12.2014 or 31.12.2013.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is primarily exposed to foreign exchange risk arising from various currency exposures with respect to the USD, EUR and GBP in relation to its debt obligations as well as from certain commercial transactions. As described above, the Company has entered into swap arrangements to hedge its currency exposures arising from its debt obligations (ref. Note 15).

For operational transactions denominated in foreign currencies, the Company’s policy is to exchange into foreign currency as required on a spot basis.

The Group has limited exposure to currency risk from assets and liabilities recognized as at 31 December 2014 that are denominated in currencies other than the functional currency of the Group entities.

As at 31 December the Group has currency exposure from EUR, DKK, SEK, LVL, LTL, and PLN. It is mainly Euro exchange rates constituting a currency risk for the company. A 10 % negative change in the exchange rate of Euro would have resulted in a finance loss pretax of NOK 900 thousand.

Lithuania joined the euro area on 1 January 2015 so LTL has been converted to Euro and the Group has no currency exposure from LTL from 1 January 2015.

#### Credit risk

The carrying amounts of financial assets represent the Group's maximum credit exposure. The counterparty to the cash and cash equivalents and deposits banks which are assessed to be solid.

Regarding trade receivables, the credit exposure are evaluated continuously. The company has a customer portfolio of well-known companies and has had low credit losses (Note 10).

#### Liquidity risk

Liquidity risk is the risk of being unable to pay financial liabilities as they fall due. The Group's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its financial liabilities as they fall due, under normal as well as extraordinary circumstances, without incurring unacceptable losses or risking damage to the Group's reputation. Prudent liquidity risk management implies maintaining sufficient cash and the availability of appropriate funding.

The following table details the contractual maturities for the Group's financial liabilities. The tables do not include interest payments. The contractual amounts were estimated based on closing exchange rate at balance sheet date.

##### Per 31 December 2014

(NOK 1000)	Less than 3 months	3 to 12 months	1 to 5 years	Total
Borrowings, long term			2 471	2 471
Borrowings, short term	567	998	-	1 565
Trade creditors and other short term liabilities	16 378	34 336	30 155	80 869
<b>Total liabilities</b>	<b>16 945</b>	<b>35 334</b>	<b>32 626</b>	<b>84 905</b>

##### Per 31 December 2013

(NOK 1000)	Less than 3 months	3 to 12 months	1 to 5 years	Total
Borrowings, long term	464	1 435	1 238	3 136
Borrowings, short term	-	-	-	-
Trade creditors and other short term liabilities	15 411	16 911	20 534	52 856
<b>Total liabilities</b>	<b>15 874</b>	<b>18 346</b>	<b>21 772</b>	<b>55 992</b>

#### Capital management

A key objective in relation to capital management is to ensure that the Group maintains a sufficient capital structure in order to support its business development and to maintain a strong credit rating. The Group evaluates its capital structure in light of current and projected cash flows, potential new business opportunities and the Group's financial commitments. In order to maintain or adjust the capital structure, the Group may issue new shares or obtain new loans.

## Note 19 - Transactions with Related Parties

#### Purchase from related parties

Related party	Transaction	2014	2013
Norwegian Retail AS <sup>1)</sup>	Management Services	0	279
	Mobile telephone costs	0	26
<b>Total</b>		<b>-</b>	<b>305</b>

1) Norwegian Retail AS - CEO Hans-Petter Møllerud

#### Remuneration to management and the Board of Directors

##### 2014

Management	Remuneration to Board of directors	Salary	Pensions	Other benefits	Total
CEO	-	2 946	49	21	3 016
Management group	-	9 611	564	46	10 221
Chairman of the board	277	-	-	-	277
Boardmembers	427	-	-	-	427

##### 2013

Management	Remuneration to Board of directors	Salary	Pensions	Other benefits	Total
CEO	-	2 157	45	21	2 223
Management group	-	6 549	251	-	6 801
Chairman of the board	250	-	-	-	250

The CEO is entitled to six months' severance pay in case of dismissal from the company or if terminating at own will due to a position change resulting in no longer solely managing the Zalaris Group.

#### Shares held by related parties as at 31 December 2014

Name	Role	No. of shares
Norwegian Retail AS	CEO (Hans-Petter Møllerud)	3 041 482
Ingerø Reiten Investment Company AS	Board member (Narve Reiten)	1 310 575
Reiten Investment Company AS	Board member (Narve Reiten)	232 934
Peter T. Gogstad	Vice President HR Business Consulting	149 607
Lars Laier Henriksen	Chairman of the board	36 112
Nina Stemschaug	CFO	2 375
<b>Total</b>		<b>4 773 085</b>



Note 20 - Leases

Operating leases

The group has entered into operating leases for vehicles and office machines. The agreements related to office machines contain an option to extend.

The lease costs include:

(NOK 1000)	2014	2013
Ordinary lease payments	1 785	1 535

Future payments related to non-cancellable leases fall due for payment as follows:

Within 1 year	1 935	1 650
1 to 5 years	2 350	2 210
<b>Future lease commitment</b>	<b>4 285</b>	<b>3 860</b>

Lease agreements for office premises

The group has the following lease commitments connected with office premises. End of period is the same as termination of contract:

City	End of period	Annual lease
Norway - Notodden	6 month notice	360
Norway - Karmøy	6 month notice	75
Norway - Oslo	12 month notice	1 209
Norway - Lødingen	2015	800
Sweden - Sundbyberg	2016	966
Sweden - Västerås	12 month notice	243
Denmark	2016	1 168
Finland	6 month notice	991
Latvia	2016	405
Lithuania	2017	200
Poland	2016	43
<b>Total</b>		<b>6 460</b>

Note 21 - Subsidiaries

The following subsidiaries are included in the consolidated accounts:

Company	Note	Country	Ownership	Voting share
Zalaris HR Services Denmark A/S	1	Denmark	100 %	100 %
Zalaris Consulting Denmark A/S	2	Denmark	100 %	100 %
Zalaris HR Services Sverige AB	3	Sweden	100 %	100 %
Zalaris HR Services Finland OY	4	Finland	100 %	100 %
Zalaris Consulting Finland OY	5	Finland	100 %	100 %
Zalaris HR Services Norway AS	6	Norway	100 %	100 %
Zalaris HR Services Latvia SIA	7	Latvia	100 %	100 %
Zalaris HR Services Lithuania UAB	8	Lithuania	100 %	100 %
Zalaris HR Services Poland Sp Z.o.o	9	Poland	100 %	100 %
Zalaris HR Services Estonia	10	Estonia	100 %	100 %
Zalaris Consulting AB	11	Sweden	81 %	81 %
Zalaris Consulting AS	12	Norway	67 %	67 %
Consolidated from 15.07.2000	1			
Consolidated from 20.12.2007	2			
Consolidated from 19.04.2001	3			
Consolidated from 29.08.2003	4			
Consolidated from 29.08.2003	5			
Consolidated from 30.11.2006	6			
Consolidated from 27.12.2006	7			
Consolidated from 08.05.2013	8			
Consolidated from 26.04.2013	9			
Consolidated from 04.06.2013	10			
Consolidated from 19.04.2001	11	Held by Zalaris Services Sverige AB		
Consolidated from 01.08.2002	12	Held by Zalaris Services Norway AS		

Note 22 - Events after the Balance Sheet Date

There have been no events after the balance sheet date significantly affecting the Group's financial position.

Parent Company  
Annual Accounts Report 2014  
Zalaris ASA

The parent company annual accounts report for Zalaris ASA contains the following documents:

- Statement of Profit and Loss
- Statement of Financial Position
- Statement of Cash Flows
- Statement of Changes in Equity
- Notes to the Financial Statements

The financial statements, which have been drawn up by the Board and management, should be read in relation to the Annual Report and the independent auditor's opinion.

Statement of Profit and Loss (for the year ended 31 December)

(NOK 1000)	Note	2014	2013
Revenue		70 561	73 350
Operating expenses			
License costs		10 961	11 024
Personell expenses	2	15 565	18 095
Other operating expenses	3	63 250	53 822
Amortisation intangible assets	4	6 186	6 285
Depreciations and impairments	5	5 011	194
IPO related costs		11 948	
Total operating costs		112 922	89 420
Operating profit		-42 361	-16 071
Financial items			
Financial income	14	43 253	23 809
Financial expenses	14	-1 638	-2 575
Net financial items		41 615	21 234
Ordinary profit before tax		-746	5 163
Income tax expense			
Tax expense on ordinary profit	6	-194	1 533
Total tax expense		-194	1 533
Profit for the year		-552	3 630
Attributable to:			
- Proposed dividend		-14 343	
- Share premium		14 343	
- Other equity		-552	3 630



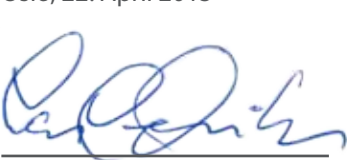
Statement of Financial Position (for the year ended 31 December)

(NOK 1000)	Note	2014	2013
ASSETS			
Non-current assets			
Intangible assets			
Deferred tax asset	6	2 723	2 529
Other intangible assets	4	26 823	22 561
Total intangible assets		29 546	25 090
Fixed assets			
Property, plant and equipment	5	369	617
Total fixed assets		369	617
Financial non-current assets			
Shares in subsidiaries	7	27 711	27 711
Total financial non-current assets		27 711	27 711
Total non-current assets		57 626	53 418
Current assets			
Trade accounts receivable		73	2 138
Other short-term receivables	8	51 838	32 390
Cash and cash equivalents	9	6 140	5 850
Total current assets		58 052	40 378
TOTAL ASSETS		115 678	93 797

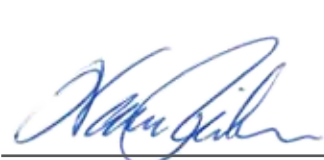
Statement of Financial Position (for the year ended 31 December)

(NOK 1000)	Note	2014	2013
EQUITY AND LIABILITIES			
Equity			
Paid-in capital			
Share capital		1 912	339
Own shares - nominal value		-6	-6
Share premium		53 155	18 441
Total paid-in capital		55 061	18 774
Other equity		12 798	18 128
Total earned equity		12 798	18 128
Total equity		67 858	36 902
Non-current liabilities			
Interest-bearing loans and borrowings	15	2 471	3 136
Employee defined benefit liabilities	11	4	20
Total long-term debt		2 475	3 156
Current liabilities			
Trade accounts payable		6 340	5 885
Interest-bearing loans	15	15 511	39 688
Short term debt to group company		2 484	2 612
Public duties payable		1 632	1 494
Other short-term debt	16	19 377	4 060
Total short-term debt		45 344	53 739
Total liabilities		47 819	56 895
TOTAL EQUITY AND LIABILITIES		115 678	93 797

Oslo, 22. April 2015



Lars Laier Henriksen  
Chairman of the Board



Narve Reiten  
Member of the Board



Liselotte Hægertz Engstam  
Member of the Board



Tina Steinsvik Sund  
Member of the Board



Jan Mikael Koivurinta  
Member of the Board

## Statement of Cash Flows (for the year ended 31 December)

(NOK 1000)	Note	2014	2013
<b>Cash flows from operating activities</b>			
<b>Operating profit</b>		<b>-42 361</b>	<b>-16 071</b>
Amortisation and depreciation		6 344	6 479
Changes in trade accounts receivable and payables		2 521	1 701
Changes in other accruals		-19 113	-1 108
<b>Net cash flows from operating activities</b>		<b>-52 609</b>	<b>-8 998</b>
<b>Cash flows from investing activities</b>			
Purchases of Intangible assets and property, plant and equipment		-11 248	-8 324
Purchase and investment in subsidiary	8	0	-12 311
Net group companies	8	0	10 700
<b>Net cash flows from investing activities</b>		<b>-11 248</b>	<b>-9 935</b>
<b>Cash flows from financing activities</b>			
Net financial income		41 615	21 234
New debt		2 880	1 493
Purchase of own shares	10	0	-6
Issuance of new shares		49 274	
IPO related costs		-3 464	
Payment of longterm loan		-1 981	-9 306
Revolving credit		-24 177	10 495
<b>Net cash flows from financing activities</b>		<b>64 148</b>	<b>23 911</b>
<b>Net changes in cash and cash equivalents</b>		<b>290</b>	<b>4 977</b>
Cash and cash equivalents at the beginning of the year		5 850	873
<b>Cash and cash equivalents at the end of the year</b>		<b>6 140</b>	<b>5 850</b>

## Statement of Changes in Equity

(NOK 1000)	Share capital	Own shares	Share premium	Total paid-in capital	Other equity	Total equity
Equity at 01.01.2013	339	0	18 441	18 780	14 564	33 344
Income for the year					3 630	<b>3 630</b>
Purchase/sale of own shares (net)		-6		-6		<b>-6</b>
Other changes in equity					-66	<b>-66</b>
<b>Equity at 31.12.2013</b>	<b>339</b>	<b>-6</b>	<b>18 441</b>	<b>18 774</b>	<b>18 128</b>	<b>36 902</b>
Equity at 01.01.2014	339	-6	18 441	18 774	18 128	36 902
Income for the year					-552	<b>-552</b>
Proposed dividend			-14 343	-14 343		<b>-14 343</b>
Issuance of new shares (20.06.2014)	217		49 057	49 274		<b>49 274</b>
Issuance of new shares (13.05.2014)	1 356			1 356	-1 356	<b>0</b>
IPO related costs				0	-3 464	<b>-3 464</b>
Other changes in equity				0	42	<b>42</b>
<b>Equity at 31.12.2014</b>	<b>1 912</b>	<b>-6</b>	<b>53 154</b>	<b>55 061</b>	<b>12 798</b>	<b>67 858</b>



## Note 1 - Accounting Principles and Basis for Preparation

Zalaris ASA ("the Company") is a limited liability company incorporated and domiciled in Norway. The Company's main office is located in Hovfaret 4, Oslo, Norway. The Company delivers full-service outsourced personnel and payroll services.

The financial statements of Zalaris HR Services AS for the period ending on 31 December 2014 were approved in a board meeting on 22.04. 2015.

### 1.1 The basis for the preparation of the financial statements

The financial statements of Zalaris ASA for the accounting year 2014 have been prepared in accordance with the Norwegian Accounting act and generally accepted accounting principles in Norway ("NGAAP").

### 1.2 Accounting principles

#### Foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates at the transaction date. Monetary balances in foreign currencies are translated into the functional currency at the exchange rates on the date of the balance sheet. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

#### Revenue recognition

The Company's revenue consists of revenue from providing services to subsidiaries and basic consulting services. Revenue is in general recognized when it is probable that transactions will generate future financial benefits for the Company and the size of the amount can be reliably estimated. Sales revenue is presented net of value added tax and potential discounts.

The service revenue and the revenue from basic consulting services are recognized according to the rendering of the service. Small projects and change orders beyond the terms of the main contract with the customer service delivery are recognized according to the rendering of the services.

#### Income tax

Income tax expense for the period comprises current tax expense and deferred tax expense.

Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are calculated on the basis of existing temporary differences between the carrying amounts of assets and liabilities in the financial statement and their tax bases, together with tax losses carried forward at the balance sheet date. Deferred tax assets and liabilities are calculated based on the tax rates and tax legislation that are expected to apply when the assets are realized or the liabilities are settled, based on the tax rates and tax legislation that have been enacted or substantially enacted on the balance sheet date. Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the assets can be utilized. Deferred tax assets and liabilities are not discounted.

#### Intangible assets: Internally developed software

Costs related to internally developed software are capitalized to the extent that a future economic benefit associated with the development of identifiable intangible assets and costs can be reliably measured. Otherwise, the costs are expensed as incurred. Capitalized development is amortized over their useful lives. Research costs are expensed as incurred.

#### Fixed assets

Fixed assets are valued at cost less accumulated depreciation and impairment losses. When assets are sold or disposed of, the gross carrying amount and depreciation are derecognized, and any gain or loss on the sale or disposal is recognized in the income statement.

The gross carrying amount of fixed assets is the purchase price, including duties/taxes and direct acquisition costs related to making the fixed asset ready for use.

The depreciation periods and methods are assessed each year. The residual value is estimated every year-end and changes in the estimate for residual value is accounted for as an estimation change.

#### Shares in subsidiaries

Shares in subsidiaries are measured using the cost method of accounting in the parent company accounts. Investments are valued at the acquisition cost of the shares unless impairment losses have been made.

Shares in subsidiaries are impaired to fair value when the decrease in value is not considered as temporary. Impairment losses are reversed when the reason for the impairment no longer applies.

#### Trade and other financial receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method (if the amortization effect is material), less impairment.

#### Cash and cash equivalents

Cash and the equivalents include cash on hand, deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

#### Borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

#### Pension plans

The Company has a defined contribution pension plan. Contributions are paid to pension insurance plans and charged to the income statement in the corresponding period. Once the contributions have been paid, there are no further payment obligations.

#### Cost of equity transactions

Transaction costs directly attributable to an equity transaction are recognized directly in equity, net after deducting tax.

#### Events after the balance sheet date

New information on the Company's position at the balance sheet date is taken into account in the financial statements. Events after the balance sheet date that do not affect the Company's position at the balance sheet date, but will affect the Company's position in the future, are stated if significant.

#### Use of estimates

The management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses and information on potential liabilities in accordance with generally accepted accounting principles in Norway

#### Cash flow statement

The cash flow statement is presented using the indirect method. Cash and cash equivalents includes cash, bank deposits and other short term, highly liquid investments.

## Note 2 - Personnel Expenses

(NOK 1000)	2014	2013
Salary	15 431	18 050
Social security tax	2 535	2 859
Pension costs (see note 16)	983	1 052
Capitalised development expenses	-5 962	-5 297
Other expenses	2 578	1 430
<b>Total salary expenses</b>	<b>15 565</b>	<b>18 095</b>

Average number of employees	2014	2013
Total	18,0	18,6

Average FTEs	2014	2013
Total	17,2	16,4

See note 12 for transactions with related parties.

## Note 3 - Other Operating Expenses

(NOK 1000)	2014	2013
External services	34 181	28 454
IT services and telecom	23 916	15 195
Office premises	1 571	1 531
Travel and transport	1 262	1 434
Postage and freight	121	103
Other expenses	2 200	7 104
<b>Total other operating expenses</b>	<b>63 250</b>	<b>53 822</b>

## Note 4 - Other Intangible Assets

	Licenses and software	Internally developed software	Internally developed software under development	Total
<b>(NOK 1000)</b>				
<b>Acquisition cost</b>				
Accumulated 1 January 2014	38 162	22 134		60 296
Additions of the year	3 960		7 203	11 163
Disposals and currency effects		-676		-676
Transfer of assets between classes	-11 442	14 272	-2 830	0
<b>Accumulated 31 December 2014</b>	<b>30 680</b>	<b>35 730</b>	<b>4 373</b>	<b>70 784</b>
<b>Amortisation</b>				
Accumulated 1 January 2014	19 513	18 222	0	37 735
This year's ordinary amortisation	2 344	3 842		6 186
Disposals of amortisation and currency effects		39		39
<b>Accumulated 31 December 2013</b>	<b>21 857</b>	<b>22 103</b>	<b>0</b>	<b>43 960</b>
<b>Book value at 31 December 2013</b>	<b>18 649</b>	<b>3 912</b>	<b>0</b>	<b>22 561</b>
<b>Book value at 31 December 2014</b>	<b>8 823</b>	<b>13 627</b>	<b>4 373</b>	<b>26 823</b>

To have comparable figures with the consolidated accounts for the Group, the Company has decided to split out the internally developed software under construction from the internally developed software in 2014.



## Note 5 - Property, Plant and Equipment

(NOK 1000)	Furniture and fixtures	IT- equipment	Total
<b>Acquisition cost</b>			
Accumulated 1 January 2014	2 843	340	3 184
Additions of the year	10	75	85
Disposals of the year	-214		-214
<b>Accumulated 31 December 2014</b>	<b>2 639</b>	<b>415</b>	<b>3 054</b>
<b>Depreciations</b>			
Accumulated 1 January 2014	2 315	251	2 566
This year's ordinary depreciation	87	71	158
Disposals of the year	-39		-39
<b>Accumulated 31 December 2014</b>	<b>2 362</b>	<b>323</b>	<b>2 685</b>
<b>Book value</b>			
Book value at 31 December 2013	528	89	617
<b>Book value at 31 December 2014</b>	<b>277</b>	<b>92</b>	<b>369</b>
Useful life	5 years	3-6 years	
Depreciation method	linear	linear	

### SAP BPO licence cost impairment

Based on a year-end assessment of a provision of license costs, the Group made an impairment of NOK 4.9 million due to changes in the conditions for this provision.

## Note 6 - Income Taxes

<b>Income tax expense:</b>		
<b>(NOK 1000)</b>	<b>2014</b>	<b>2013</b>
Tax payable		
Changes in deferred taxes	-194	1 533
<b>Tax expense</b>	<b>-194</b>	<b>1 533</b>
<b>Tax payable in balance sheet:</b>		
<b>(NOK 1000)</b>	<b>2014</b>	<b>2013</b>
Ordinary profit before tax	-746	5 163
Permanent differences	30	12
Change in temporary differences	-1 778	-1 420
Tax losses carry forward	2 494	-3 755
<b>Basis for tax payable</b>	<b>0</b>	<b>0</b>
<b>Income tax payable:</b>		
<b>Reconciliation of effective tax rate</b>		
<b>(NOK 1000)</b>	<b>2014</b>	<b>2013</b>
Ordinary profit before tax	-746	5 163
Calculated tax 27 %	-201	1 446
Other permanent differences	7	-6
Effect change in tax rate		94
<b>Tax expense/income</b>	<b>-194</b>	<b>1 533</b>
<b>Effective tax rate</b>	<b>26,0 %</b>	<b>29,7 %</b>
<b>Specification of tax effects of temporary differences:</b>		
<b>(NOK 1000)</b>	<b>2014</b>	<b>2013</b>
Property, plant and equipment	-3 135	-1 373
Other differences	4	20
Tax losses carry forward	13 217	10 723
<b>Total temporary differences</b>	<b>10 086</b>	<b>9 370</b>
Total deferred tax assets	2 723	2 529
Total deferred tax	-	-
<b>Net recognised deferred tax asset</b>	<b>2 723</b>	<b>2 529</b>

## Note 7 - Overview of Subsidiaries

Amounts in NOK

Company	Consolidated	Location	Ownership
Zalaris HR Services Denmark A/S	15.07.00	Copenhagen	100 %
Zalaris HR Services Sverige AB	19.04.01	Stockholm	100 %
Zalaris HR Services Finland OY	26.09.03	Helsinki	100 %
Zalaris Consulting Finland OY	29.08.03	Helsinki	100 %
Zalaris HR Services Norway AS	30.11.06	Lødingen	100 %
Zalaris HR Services Latvia AS	27.12.06	Riga	100 %
Zalaris HR Services Lithuania UAB	08.05.13	Vilnius	100 %
Zalaris HR Services Poland Sp Z.o.o	26.04.13	Warsawa	100 %
Zalaris HR Services Estonia	04.06.13	Tallinn	100 %
<b>Indirectly owned subsidiaries</b>			
Zalaris Consulting AB	19.04.01	Stockholm	81 %
Zalaris Consulting AS	01.08.02	Oslo	67 %
Zalaris Consulting Denmark A/S	20.12.07	Copenhagen	100 %

Company	Number of shares	Nominal value per share	Carrying value
Zalaris HR Services Denmark A/S	5 000	100 DKK	5 484
Zalaris HR Services Sverige AB	1 000	100 SEK	9 716
Zalaris HR Services Finland OY	1 000	8 EUR	67
Zalaris HR Services Finland OY			12 159
Zalaris Consulting Finland OY			84
Zalaris HR Services Norway AS	1 000 000	0,1 NOK	110
Zalaris HR Services Latvia AS	2 000	1 LVL	23
Zalaris HR Services Lithuania UAB	1 000	10 LTL	22
Zalaris HR Services Poland Sp Z.o.o	100	50 PLN	28
Zalaris HR Services Estonia			19
<b>Total</b>			<b>27 711</b>

## Note 8 - Other Short-term Receivables

(NOK 1000)	2014	2013
Receivables group companies	48 895	27 612
Other receivables	2 943	4 778
<b>Total other short-term receivables</b>	<b>51 838</b>	<b>32 390</b>

## Note 9 - Cash and Cash Equivalents

(NOK 1000)	2014	2013
Cash in hand and at bank - unrestricted funds	14	14
Deposit accounts - guarantee rent obligations	5 162	5 028
Employee withheld taxes - restricted funds	964	808
<b>Cash and cash equivalents in the balance sheet</b>	<b>6 140</b>	<b>5 850</b>



## Note 10 - Share Capital, Shareholder Information and Dividend

Shares	2014	2013
Shares - nominal value NOK 0,10	19 124 263	3 364 031
B-Class - Non-voting shares - nominal value NOK 0,10		26 039
<b>Total number of shares</b>	<b>19 124 263</b>	<b>3 390 070</b>

The nominal value of the share is NOK 0.10.

A-Class shares (Ordinary shares) in the company have equal voting rights and entitled to dividend.

B-Class shares have no voting rights, but are entitled to dividend.

In the general meeting of shareholders in 2014, it was decided to split the existing shares in the ratio 1:5.

In the same meeting it was decided to convert all shares into ordinary shares and thus no B-Class shares exist in the company per December 2014.

### The major shareholders at 31.12.2014 are:

Shareholder	Number of shares:	% of total	Equal Voting
NORWEGIAN RETAIL AS	3 041 482	15,90 %	15,90 %
FIDELITY NORDIC FUND	1 823 800	9,54 %	9,54 %
INGERØ REITEN INVESTMENT COMPANY A	1 310 575	6,85 %	6,85 %
AEQUITAS AS	855 656	4,47 %	4,47 %
STATE STREET BANK & TRUST COMPANY	695 000	3,63 %	3,63 %
MORGAN STANLEY & CO. INTERNATIONAL	650 000	3,40 %	3,40 %
VERDIPAPIRFONDET DNB SMB	614 299	3,21 %	3,21 %
FID. FUNDS-EUR. SM. COMP./SICAV	564 625	2,95 %	2,95 %
SKANDINAVISKA ENSKILDA BANKEN AB	511 282	2,67 %	2,67 %
STOREBRAND VEKST	403 854	2,11 %	2,11 %
HOME CAPITAL AS	401 378	2,10 %	2,10 %
VPF NORDEA KAPITAL	373 671	1,95 %	1,95 %
VIND AS	285 219	1,49 %	1,49 %
TACONIC AS	285 212	1,49 %	1,49 %
NORDEA BANK AB (PUBL)	261 901	1,37 %	1,37 %
KOBBA INVEST AS	259 760	1,36 %	1,36 %
DELPHI NORGE	252 500	1,32 %	1,32 %
J.P. MORGAN CHASE BANK N.A. LONDON	234 611	1,23 %	1,23 %
THE NORTHERN TRUST COMPANY RE IEDP	232 934	1,22 %	1,22 %
NAVET AS	216 950	1,13 %	1,13 %
<b>Total number owned by top 20</b>	<b>13 274 709</b>	<b>69,41 %</b>	<b>69,41 %</b>
<b>Others</b>	<b>5 849 554</b>	<b>30,59 %</b>	<b>30,59 %</b>
<b>Total</b>	<b>19 124 263</b>	<b>100 %</b>	<b>100 %</b>

Shares held by related parties are disclosed in note 12.

### Dividend

No dividend has been paid to the shareholders of the parent company in 2013 and 2014.

Proposed dividend to be approved at the annual general meeting equals to NOK 0.75 per share.

## Note 11 - Pensions

The Company is required to have an occupational pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon"). The Group's pension schemes satisfy the requirements of this law, and represent a defined contribution plan, with disability coverage. At the end of the year there were 22 participants in this defined contribution plan.

Expenses equals this years calculated contribution and amounts to NOK 983 thousand (2013 NOK 1,112 thousand). The scheme is administered by Storebrand.

Employees at the Company's employees in Lødingen participate in the LO / NHO scheme whereby employees can choose to take early retirement from the age of 62. Total expense related to the early retirement scheme is NOK 0 thousand (NOK 0 thousand in 2013). The Company's obligation in respect of this scheme per 31.12.2014 is NOK 4 thousand (31.12.2013 NOK 20 thousand). The liability per 31.12.14 includes a provision for the coverage of NOK 4 thousand (31.12.2013 NOK 18 thousand).

## Note 12 - Transactions with Related Parties

### Purchase from related parties

Related party	Transaction	2014	2013
Norwegian Retail AS <sup>1)</sup>	Management Services	0	279
	Mobile telephone costs	0	26
<b>Total</b>		<b>-</b>	<b>305</b>

1) Norwegian Retail AS - CEO Hans-Petter Møllerud

### Remuneration to executive management and the Board of Directors

(NOK 1000)		2014	2013
Lars Laier Henriksen	Chairman of the board	277	250
Narve Reiten	Board Member	107	-
Tina Steinsvik Sund	Board Member	107	-
Liselotte Hægert Engstam	Board Member	107	-
Jan Koivurinta	Board Member	107	-
<b>Total remuneration to the Board of Directors</b>		<b>703</b>	<b>250</b>

Remuneration for the FY 2014 to executive management		Salary	Pensions	Other benefits	Total
Hans-Petter Møllerud	CEO	2 946	49	21	3 016
Management Group		6 681	198	43	6 922
<b>Total remuneration to executive management</b>		<b>9 627</b>	<b>247</b>	<b>64</b>	<b>9 938</b>

Remuneration for the FY 2013 to executive management		Salary	Pensions	Other benefits	Total
Hans-Petter Møllerud	CEO	2 157	45	21	2 223
Management Group		5 426	205	-	5 631
<b>Total remuneration to executive management</b>		<b>7 584</b>	<b>249</b>	<b>21</b>	<b>7 854</b>

The CEO is entitled to severance pay if he receives a dismissal from the company. He is also entitled to severance pay if his own termination relates to a change in his position/working tasks which implies that he no longer has overall responsibility for Zalaris Group. Under such circumstances, the CEO is entitled to severance pay for 6 six months.

### Shares held by related parties as at 31 December 2014

Name	Role	No. of shares
Norwegian Retail AS	CEO (Hans-Petter Møllerud)	3 041 482
Ingerø Reiten Investment Company AS	Board member (Narve Reiten)	1 310 575
Reiten Investment Company AS	Board member (Narve Reiten)	232 934
Peter T. Gogstad	Vice President HR Business Consulting	149 607
Lars Laier Henriksen	Chairman of the board	36 112
Nina Stenshaug	CFO	2 375
<b>Total</b>		<b>4 773 085</b>

## Note 13 - Financial Instruments

The Company is currently a holding company, and does have a limited amount of financial instruments except for its investment in subsidiaries and group receivables and group payables.

## Note 14 - Financial Items

(NOK 1000)	2014	2013
Interest income on bank accounts and receivables	165	20
Group contribution	41 426	22 097
Other financial income	1 662	1 692
<b>Finance income</b>	<b>43 253</b>	<b>23 809</b>
Interest expenses	885	1 647
Other financial expenses	754	928
<b>Finance expenses</b>	<b>1 638</b>	<b>2 575</b>
<b>Net financial items</b>	<b>41 615</b>	<b>21 234</b>

## Note 15 - Interest-bearing Loans and Borrowings

(NOK 1000)	Presentation in balance sheet	2014	2013
Shareholder loan	Current	-	-
Loan SG Finans	non-current	448	-
Loan SG Finans	non-current	1 841	-
Loan SG Finans	non-current	182	1 188
Loan SG Finans	non-current		688
Loan SG Finans	non-current		1 260
Revolving credit	Current	15 511	39 688
<b>Carrying amount</b>		<b>17 982</b>	<b>42 824</b>

Current portion of loan to SG Finans amounts to TNOK1 565 and is not included in the table above.

### Shareholder loan

In 2013 The Company repaid all shareholder loans totaling 9.0 MNOK to the following shareholders:

Nordic Capital Partners IV AS	NOK	6.0 million	Interest rate	8.50%
Norwegian Retail	NOK	2.6 million	Interest rate	8.50%
Jon Steinar Danielsen	NOK	0.4 million	Interest rate	8.50%

Loan SND

In 2004 The Company received an interest free loan of NOK 2.5 million, from SND to support development of Shared Service Center Lødingen in Norway. The final repayment of the loan was made in November 2013.

Loan SG Finans

The Company had as of 31.12.2014 five financial leasing agreements with SG Finans related to the procurement of SAP licenses:

- Agreement 1

NOK 1.7 million related to SAP Licenses for internal use  
Started in February 2012  
Interest rate 7 %  
Last payment: February 2015
- Agreement 2

NOK 2.4 million related to SAP HANA Licenses for own u:  
Started in June 2012  
Interest rate 6.05 %  
Last payment: June 2015
- Agreement 3

NOK 1.5 million related to SAP Licenses for own use.  
Started in May 2013  
Interest rate 7 %  
Last payment: April 2016
- Agreement 4

NOK 0.6 million related to SAP Licenses for own use.  
Started in April 2014  
Interest rate 9 %  
Last payment: March 2019
- Agreement 5

NOK 2.2 millior related to SAP Licenses single sign-on fi  
Started in December 2014  
Interest rate 6 %  
Last payment: December 2019

Loan Nordea Bank Norge

In 2012 The Company terminated a factoring agreement with Nordea Bank Norge. All open items related to this agreement were settled in 2013.

Assets pledged as security

For all loans, the Group has pledged trade receivables up to NOK 15 million as guarantee. Property, plant and equipment have been pledged as guarantee up to NOK 9.5 million for loans from Nordea Bank Norge. Carrying amounts of pledged assets are; Trade receivables NOK 64 million, and fixed assets NOK 2 million.

Guarantees and commitments

There are not issued any guarantees from the parent company on behalf of The Company against third parties.

The company is a certified SAP BPO partner. SAP BPO Partners offer the full stack of business process outsourcing services based on SAP HCM business applications. Certified providers undergo a rigorous assessment of their delivery and support capabilities every two years by SAP's outsourcing partner certification group. The agreement involves commitments for future purchases of licenses and maintenance fees amounting to NOK 38.5 million.

Note 16 - Other Short-term Debt

(NOK 1000)	2014	2013
Wages, holiday pay and bonus	1 735	2 867
Accrued expenses and other current liabilities	3 299	1 193
Proposed dividend	14 343	
Total	19 377	4 060

Note 17 - Events after the Balance Sheet Date

There have been no events after the balance sheet date significantly affecting the Company's financial position.





Statsautoriserte revisorer  
Ernst & Young AS

Dronning Eufemias gate 6, NO-0191 Oslo  
Oslo Atrium, P.O.Box 20, NO-0051 Oslo

Foretaksregisteret: NO 976 389 367 MVA  
Tlf: +47 24 00 24 00  
Fax: +47 24 00 29 01  
www.ey.no  
Medlemmer av den norske revisorforening

To the Annual Shareholders' Meeting of  
Zalairs ASA

## AUDITOR'S REPORT

### Report on the financial statements

We have audited the accompanying financial statements of Zalairs ASA, comprising the financial statements for the Parent Company and the Group. The financial statements of the Parent Company comprise the statement of financial position as at 31 December 2014, the statements of income, cash flows and changes in equity for the year then ended and a summary of significant accounting policies and other explanatory information. The financial statements of the Group comprise the consolidated statement of financial position as at 31 December 2014, the statements of income, comprehensive income, cash flows and changes in equity for the year then ended as well as a summary of significant accounting policies and other explanatory information.

#### *The Board of Directors' and Chief Executive Officer's responsibility for the financial statements*

The Board of Directors and Chief Executive Officer are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the Parent Company and the International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as the Board of Directors and Chief Executive Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements for the Parent Company and the Group.

#### *Opinion on the financial statements of the Parent Company*

In our opinion, the financial statements of Zalairs ASA have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2014 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

#### *Opinion on the financial statements of the Group*

In our opinion, the financial statements of the Group have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as at 31 December 2014 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.

### Report on other legal and regulatory requirements

#### *Opinion on the Board of Directors' report*

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report and in the statements on corporate governance concerning the financial statements, the going concern assumption and the proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

#### *Opinion on registration and documentation*

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the Board of Directors and Chief Executive Officer have fulfilled their duty to ensure that the Company's accounting information is properly recorded and documented as required by law and generally accepted bookkeeping practice in Norway.

Oslo, 23 April 2015  
ERNST & YOUNG AS

Petter Larsen  
State Authorised Public Accountant (Norway)

### Corporate Governance

Zalaris’ corporate governance policy is based on, and complies with, the Norwegian Corporate Governance Code. Good corporate governance will strengthen confidence in Zalaris and help to ensure the greatest possible value creation over time in the best interests of shareholders, employees and other stakeholders. The objective of the Corporate Governance Code is that companies listed on Norwegian regulated markets shall practice corporate governance that regulates the division of roles between shareholders, the Board of Directors and Executive Management more comprehensively than is required by legislation.

Zalaris ASA is incorporated and registered in Norway and is subject to Norwegian law. According to the Accounting Act § 3-3b, the company is obliged to report on the principles and practices of corporate governance. In addition the Oslo Stock Exchange requires an annual statement on compliance with the company’s corporate governance policy in accordance with NUES the Norwegian Code of Practice for Corporate Governance (Norwegian: “Norsk anbefaling for eierstyring og selskapsledelse”), issued by the Norwegian Corporate Governance Board, most recently revised on 30 October 2014.

The statement for fiscal year 2014 is based on the disposal in the Accounting Act § 3-3b as well as the disposal for Corporate Governance Policy for Zalaris ASA, and was adopted by the Board of Directors on the 22nd of April 2015:

1. Zalaris ASA corporate governance is in compliance with the Norwegian Code of Practice for Corporate Governance (NUES).
2. The Code of Practice is available on [www.nues.no](http://www.nues.no)
3. The Board of Directors has below made a statement of corporate governance and comments on any deviations are made under each chapter.
4. In chapter 10, the main elements of Zalaris risk and internal control in the financial reporting process are described.
5. Zalaris has no shareholder decisions that expand or differ from the Norwegian Public Limited Liability Companies Act, chapter 5.

6. The composition of the Board, the remuneration committee, the nomination committee and the audit committee are described in chapter 7, 8 and 9. The main elements of their instructions and guidelines are described in chapter 8 and 9.
7. Shareholder decisions that regulate the election period for the Board of Directors are described in chapter 8.
8. Shareholder decisions and Board of Directors authorizations for issue of new shares or purchase of own shares are described in chapter 3.

#### 1. Statement on Corporate Governance

Zalaris complies with the Norwegian Code of Practice for Corporate Governance of 2014. There are no significant differences between the code and how it is complied with at Zalaris ASA. The Board shall ensure that the Company at all times has sound corporate governance. Zalaris provides an overall review of the Company’s corporate governance in the Company’s annual report. In addition a description of the most important corporate governance principles of the Company shall also be made available for external interest groups on the Company’s website.

The annual review of the Company’s compliance with the Corporate Governance for 2014 was adopted on 22nd of April 2015.

Corporate ethics are about how we behave towards each other and the world around us. Everybody associated with Zalaris shall comply with the rules and guidelines that build on Zalaris’ basic values. In Zalaris, we want everyone to contribute to a sound corporate culture. Zalaris has defined a Code of Conduct which is the foundation of our corporate culture and defines the core principles and ethical standards by which we create value in our company.

#### 2. Business

Zalaris ASA and its subsidiaries are providing full service outsourcing and consulting services related to sales, implementing and operating processes for the HR (Human Resources) function as payroll, payroll accounting, personnel administration, travel expenses, statutory leave, recruiting, learning process administration etc.,

and the sale of related software, and to own shares in other companies and other activities related to this.

Zalaris is focusing on high customer satisfaction and a near relationship to its customers which includes local service centres in all countries in which we operate. Local personnel with high competence within HR function processes ensure long term relationships with our customers.

A more detailed description of our services is available on Zalaris’ website [www.zalaris.com](http://www.zalaris.com).

#### 3. Equity and Dividends

##### Equity

Zalaris has experienced a strong revenue growth and believe in further profitable growth for the years to come. To reach this it is essential that the company has a solid equity and liquidity.

Zalaris’ equity per 31.December 2014 was NOK 92.9 million equal to 43.8% equity ratio.

The cash and cash equivalent per 31.December 2014 was NOK 75.4 million.

The Board of Directors considers the company’s capital structure as solid.

##### Dividend Policy

The Board shall establish a clear and predictable dividend policy as the basis for the proposals on dividend payments that it makes to the general meeting. The dividend policy shall be disclosed.

##### Authorizations to Increase Share Capital

Authorizations granted to the Board to increase the Company’s share capital shall be restricted to defined purposes. If the general meeting is to consider authorizations to the Board for the issue of shares for different purposes, each authorization shall be considered separately by the general meeting. Authorizations granted to the Board shall be limited in time to no longer than until the next annual general meeting.

In Zalaris annual general meeting on 5.May 2014, the Board of Directors was granted an authorization to increase the Company’s share

capital with up to NOK 250,000 by issuing new shares against contribution in cash in connection with listing. The Board of Directors was also granted an authorization to increase the Company’s share capital with up to NOK 169,503.

Both authorizations were limited until the earliest occurring date of either the ordinary general meeting in 2015 or 30.June 2015.

On 20.June 2014 Zalaris was listed on the Oslo Stock Exchange. 2,173,913 new shares were issued with a nominal value of NOK 0.10.

##### Authorization to Purchase Own Shares

The Board of Directors recommendation is that its authority to buy back its own shares shall be granted for a period limited to the next annual general meeting.

In Zalaris annual general meeting on 5.May 2014, the Board of Directors was granted an authorization to acquire up to 10% of the Company’s shares with a total nominal value of up to NOK 169,503. The maximum amount that can be paid per share is NOK 160, and the minimum amount that can be paid per share is NOK 1.

The authorization was limited until the earliest occurring date of either the ordinary general meeting in 2015 or 30.June 2015.

#### 4. Equal Treatment of Shareholders and Transactions with Close Associates

##### General Information

Zalaris has one class of share. Each share carries one vote, and all shares carry equal rights, including the right to participate in general meetings. All shareholders shall be treated on an equal basis, unless there is just cause for treating them differently.

##### Share Issues without Pre-Emption Rights for Existing Shareholders

Any decision to deviate from the pre-emption rights of existing shareholders to subscribe for shares in the event of an increase in share capital shall be justified. Where the Board resolves to carry out an increase in share capital and deviate from the pre-emption rights of existing shareholders



on the basis of an authorization granted to the Board, the justification shall be publicly disclosed in a stock exchange announcement issued in connection with the increase in share capital.

Transactions in Own Shares

Any transactions the Company carries out in its own shares shall be carried out either through the Oslo Stock Exchange or at prevailing stock exchange prices if carried out in another way. If there is limited liquidity in the Company's shares, the Company shall consider other ways to ensure equal treatment of all shareholders.

Approval of Agreements with Shareholders and Other Close Associates

In the event of not immaterial transactions between the Company and its shareholders, a shareholder's parent company, members of the Board, executive personnel or close associates of any such parties, the Board shall arrange for a valuation to be obtained from an independent third party. This will not apply if the transaction requires the approval of the general meeting pursuant to the requirements of the Norwegian Public Limited Liability Companies Act. Independent valuations shall also be arranged in respect of transactions between companies in the same group where any of the companies involved have minority shareholders.

Members of the Board and executive personnel must notify the Board if they have any significant, direct or indirect, interest in a transaction carried out by the Company.

5. Freely Negotiable Shares

Zalaris shares are freely negotiable and there are no limitations of the negotiability in Zalaris' Article of Association.

6. General Meetings

Exercising Rights

Zalaris facilitates that as many shareholders as possible may participate in the Company's general meetings and that the general meetings are an effective forum for the views of shareholders and the Board.

The notice and the supporting documents and information on the resolutions to be considered at the general meeting shall be available on the Company's website no later than 21 days prior to the date of the general meeting. All shareholders with a known address in Verdipapirsentralen (VPS) will receive the notice and agenda for the meeting per post no later than 21 days prior to the date of the general meeting. According to the Zalaris' Article of Association it is sufficient that the supporting documents and information on the resolutions to be considered are available on the company's website. A shareholder may, nevertheless, demand to receive the documents concerning matters that are to be discussed in the general meeting.

The resolutions and supporting documentation, if any, shall be sufficiently detailed and comprehensive to allow shareholders to understand and form a view on matters that are to be considered at the meeting.

The deadline for shareholders to give notice of their attendance at the general meeting will be set as close to the date of the general meeting as possible. The Board and the person who chairs the general meeting shall ensure that the shareholders have the opportunity to vote separately on each candidate nominated for election to the Company's Board and committees.

Shareholders who cannot be present at the general meeting must be given the opportunity to vote by proxy or to participate by using electronic means. The Company will provide information on the procedure for attending by proxy and nominate a person who will be available to vote on behalf of shareholders as their proxy. In addition a proxy form, will be prepared which shall, insofar as this is possible, be formulated in such a manner that the shareholder can vote on each item that is to be addressed and vote for each of the candidates that are nominated for election.

The general meeting should be attended by representatives from the Board, the nomination committee, the remuneration committee and the audit committee. In addition the auditor and as a minimum the CEO and CFO from the management team of Zalaris, will attend the general meeting.

The Board of Directors decides the agenda of the general meeting. The main issues of the agenda follow the requirements in the law. Each general meeting appoints a chairman to ensure an independent chairman in accordance with the recommendation.

The minutes from the annual general meeting will be published on the Company's websites and on the website of the Oslo Stock Exchange.

7. Nomination Committee

The Company shall have a nomination committee comprising such number of persons as determined by the general meeting of the Company from time to time, and which members shall be appointed by a resolution of the general meeting, including the Chairman of the committee. The general meeting shall determine the remuneration of the nomination committee and shall stipulate guidelines for the duties of the nomination committee.

The nomination committee's duties are to propose candidates for election to the Board and to propose remuneration to be paid to such members. The nomination committee shall justify its recommendations. The Company shall provide information of the nomination committee and any deadlines for submitting proposals to the committee.

The general meeting on 5.May 2014 elected Bård Ingerø (Chairman) and Ragnar Horn to the nominating committee for a period until the annual general meeting in 2015.

8. Board; Composition and Independence

Board Composition

According to the Articles of Association for Zalaris ASA the Board of Directors shall consist of three to ten members.

At the end of 2014 the Zalaris' Board of Directors consisted of five members, whereof two women and three men. The Chief Executive Officer of Zalaris is not part of the Board.

The Board of Directors in Zalaris has representatives from all countries in the Nordic region. They have a broad experience from different industries

like IT, Finance, Industrial, Consulting and have competencies within organization, management, finance, HR and marketing.

A presentation of the Board of Directors is available on Zalaris website.

Board Independence

The composition of the Board is such that it can attend to the common interests of all shareholders and meets Zalaris' need for expertise, capacity and diversity and that it can act independently of the Company's executive management and material business connections. All members of the Board of Zalaris are independent of the Company's major shareholders, defined as a shareholder that controls 10% or more of Zalaris' shares or votes.

An overview of the shares own by related parties as of 31.December 2014 including board members, is available in the financial statement note 19.

9. The Work of the Board

General

The Board of Directors is responsible for the management of the Company, including the appointment of a Chief Executive Officer to assume the daily management of the Company. The Board members shall discharge their duties in a loyal manner, attending to the interests of the Company, and ensure that its activities are organized in a prudent manner. The Board of Directors shall adopt plans and budgets and guidelines applicable to the activities of the Company. The Board of Directors shall keep itself informed of the financial position of the Company, and has a duty to ensure that its corporate accounts and asset management are subject to satisfactory controls.

The duty and responsibilities of the Board of Directors follows is defined by applicable law, Zalaris' articles of association and the authorizations and instructions given by the General Assembly.

The Board of Directors has adopted a yearly plan of its work focusing on its work to develop the strategy of the company and to oversee the implementation of this. In addition the Board of



Directors execute supervision to ensure that the company reached its defined targets and that the company has a satisfactory risk management.

The Board of Directors discusses all relevant matters related to Zalaris activities of significance or of special nature. In 2014 the Board of Directors held 10 board meetings.

In accordance with Norwegian Public Limited companies Act § 6-13, rules of procedure was adopted on 25.April 2014 to set out more detailed provisions regarding the duties and working procedures of the Board of Directors and Chief Executive Officer of Zalaris ASA.

The Chairman is responsible for ensuring that the Board's work is performed in an efficient and proper manner and in accordance with applicable law.

**Rules of Procedure for CEO**

The Board of Directors is responsible for the appointment of CEO of Zalaris. The Board of Directors also defines instructions, authorizations and conditions for CEO.

**Financial Reporting**

The Board of Directors receives periodic reports in which the company's financial status is commented. The company is following instructions from the Oslo Stock Exchange related to quarterly reporting.

**Audit Committee**

The Committee shall consist of between two and four members of the Board. The Committee shall be composed within the rules set out in the Norwegian Public Limited Companies Act. Any Committee member may be replaced by the Board at any time.

The function of the Committee is to assist the Board in overseeing the integrity of the Company's financial statements, the Company's compliance with legal and regulatory requirements, the independent auditor's qualifications and independence, and the performance of the Company's internal accounting function and independent auditor.

The Committee shall meet as often as it shall determine, but not less frequently than four times per year. The Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or any advisor or consultant to, the Committee.

The Committee may, at its discretion, request management, the independent auditor, or other persons with specific competence, including outside counsel and other outside advisors, to undertake special projects or investigations which it deems necessary to fulfill its responsibilities, especially when potential conflicts of interest with management may be apparent.

The auditor shall annually present a plan for the auditing work to the audit committee and have at least one annual meeting with the committee to go through the Company's internal control systems and to identify possible weaknesses and potential areas of improvement.

Members of the Audit Committee for 2014/15 are Narve Reiten (Chairman) and Tina Sund.

**Remuneration Committee**

The Remuneration Committee shall consist of at least two members of the Board, both of whom shall be independent of the management of the Company.

- The Remuneration Committee's primary responsibilities include:
- Assessing the Group's compensation and benefits strategy by an annual review of the organization's overall compensation plan (or practices). This includes monitoring the effectiveness of the design, performance measures and award opportunities offered by the Group's executive compensation plans.
  - Overseeing the CEO's efforts to identify and develop potential successors for key executive positions.
  - Reviewing annually the Board including performance, working methods and practices and the adequacy of its composition.
  - Reviewing the remuneration of the members of the Board.

Members of the Renumeration Committee for 2014/15 are Lars Henriksen (Chairman) and Liselotte Engstam.

**Annual Evaluations**

In April 2015 the Board has conducted an evaluation of its performance and expertise in 2014.

**10. Risk Management and Internal Control**

The Board and the management in Zalaris emphasize the importance of establishing and maintaining routines for internal control and risk management that are appropriate in relation to the extent and nature of the Company's activities. Internal controls and the systems for risk management should also encompass the Company's corporate values, ethical guidelines and guidelines for corporate social responsibility.

The Board carries out an annual review of the Company's most important areas of exposure to risk and its internal control arrangements. The most important areas are:

**Motivation and Training of Employees**

One of Zalaris focus areas is to ensure high quality services to our customers. This is only possible through highly competent and satisfied employees. Thus Zalaris has implemented a talent management program to ensure a good development of highly qualified personnel in all our departments and functions of the company. Zalaris also believes that high employee satisfaction is important to achieve the Company's overall targets. Zalaris performs an annual employee survey as part of the internal control to uncover improvements to be done to achieve a healthy and good social environment for its employees.

**Internal Work Procedures, Instructions and Authorities**

In addition to the instructions which follow each employment contract, Zalaris has established internal procedure manuals for employees to be followed to ensure quality, efficiency and transparency in our internal processes. The company focuses on the understanding, training and execution of these defined internal procedures.

**Financial Reporting**

Zalaris has developed internal procedures for monthly, quarterly and annual financial reporting including routines for internal controls. The audit committee reviews the reporting in separate meetings with the CFO of the Company. The consolidated financial statement is prepared in accordance with IAS/IFRS.

The Board receives a monthly report of the consolidated financial results with comments on deviation to adopted budget numbers. In addition the financial result per business unit per country is presented. At mid-year the company revises budget numbers and creates a forecast for the rest of the year which is presented to the Board.

The Company has monthly business reviews with each business unit responsible in which financial results for the unit, status on key performance indicators in the customer deliveries, personnel statistics and risk areas are presented and commented by each manager. The target of these business reviews is to identify risks of deviation in all these areas which can cause financial discrepancies to adopted targets as early as possible to be able to initiate actions to reduce potential risks as early as possible. The Group unit manager and the CFO participate in these reviews.

**Customer Satisfaction**

Zalaris mission is to enable our clients to maximize the value of human capital through excellence in HR processes and thus customer satisfaction is a main focus area for Zalaris. The Company undertakes customer satisfaction surveys on a regular basis to have knowledge about customer satisfaction and to collect information about improvement areas to achieve a high level of customer satisfaction and thus ensure further profitable growth for the Zalaris.

**11. Remuneration of the Board**

The remuneration of the Board is to be decided by the shareholders at the annual general meeting of the Company. The nomination committee is to propose remuneration to be paid to such members. The level of remuneration of the Board shall reflect the responsibility of the Board, its expertise and the level of activity in both the Board and any



Board committees. The remuneration of the Board shall not be linked to the Company's performance. The Company shall not grant share options to members of the Board.

Members of the Board and/or companies with whom the members are associated shall not take on specific assignments for the Company in addition to their appointments as members of the Board. If they, nonetheless, do take on such assignments this must be reported to the Board and the remuneration for such additional duties must be approved by the Board.

Any remuneration in addition to normal fees to the members of the Board shall be specifically identified in the annual report.

An overview of the remuneration for the Board for fiscal year 2014 is available in the financial statement note 19.

## 12. Remuneration of Executive Personnel

The Board establishes guidelines for the remuneration of the executive personnel setting out the main principles applied in determining the salary and other remuneration of the executive personnel. These guidelines are communicated to the annual general meeting.

The main principles for determining salaries and other remuneration to the CEO and other executive personnel in Zalaris, is that these should be competitive. Further Zalaris should offer terms that encourage value creation for Zalaris and its shareholders and that promote loyalty to the company.

In Zalaris the performance based remuneration for executive personnel is at a maximum 30% of the annual fixed salary.

The CEO has six months terms of termination. The other executive personnel in Zalaris have terms of termination between three to six months. The termination time is valid from end of the calendar month in which the notice of termination is communicated in written form.

The CEO is entitled to six months' severance pay in case of dismissal from the company or if terminating at own will due to a position change resulting in no longer solely managing the Zalaris Group.

An overview of salaries and other remunerations to the executive personnel in Zalaris is available in the financial statement note 19.

## 13. Information and Communication

The communication policy of Zalaris is based on the approach that objective, detailed and relevant information to the market is essential for a proper valuation of the company's shares, thus the Company has continuously dialog with analysts and investors.

All periodic financial reporting and information about important events is published according to the adopted guidelines for companies listed on the Oslo Stock Exchange. Zalaris strives at all time to publish all relevant information in a timely, correct, non-discriminatory and efficient manner to the market. All relevant information will be published on the Company's websites and on the website of the Oslo Stock Exchange.

Zalaris shall give all shareholders the same information to the same time. In contact with analysts and investors the Board of Directors and the Management of the Company shall only communicate already published information. The Company has established a communication channel for the shareholders on its website. All published information is available on Zalaris' website. It is also possible for shareholders to send inquiries through the website.

Zalaris holds quarterly web based presentations in which the financial results of the closed quarter and focus areas of the Company are commented in addition to market outlooks and special events which the Company considers as relevant information for its shareholders. The presentation is held by the CEO and the CFO of the Company. Both the quarterly reporting and the presentations will be published on Zalaris' website.

The financial calendar valid for Zalaris is adopted by the Board of Director and determines the date and time for publishing interim reports, annual financial statement and holding of the annual general meeting. The financial calendar is published on Zalaris' website and on the website of the Oslo Stock Exchange.

## 14. Take-overs

In the event of a take-over process, the Board shall ensure that the Company's shareholders are treated equally and that the Company's activities are not unnecessarily interrupted. The Board shall also ensure that the shareholders have sufficient information and time to assess the offer.

The Board shall not attempt to prevent or impede the take-over bid unless this has been decided by the general meeting in accordance with applicable laws. The main underlying principles shall be that the Company's shares shall be kept freely transferable and that the Company shall not establish any mechanisms which can prevent or deter take-over offers unless this has been decided by the general meeting in accordance with applicable law.

If an offer is made for the Company's shares, the Board shall issue a statement evaluating the offer and making a recommendation as to whether shareholders should or should not accept the offer.

If the Board finds itself unable to give a recommendation to the shareholders on whether or not to accept the offer, it should explain the reasons for this. The Board's statement on a bid shall make it clear whether the views expressed are unanimous, and if this is not the case, it shall explain the reasons why specific members of the Board have excluded themselves from the statement.

The Board shall consider whether to arrange a valuation from an independent expert. If any member of the Board, or close associates of such member, or anyone who has recently held a position but has ceased to hold such a position as a member of the Board, is either the bidder or has a particular personal interest in the bid, the Board shall arrange an independent valuation.

This shall also apply if the bidder is a major shareholder (as defined in Section 8 herein). Any such valuation should either be enclosed with the Board's statement, or reproduced or referred to in the statement.

## 15. Auditor

Zalaris is audited by EY.

Zalaris does not use the auditor for other purposes other than auditing without an approval from the Board. The auditor submits on an annual basis the main features of the plan for the audit of the Company to the Board.

The auditor participates in board meetings dealing with the annual accounts, accounting principles, assess any important accounting estimates and matters of importance on which there has been disagreement between the auditor and the executive management of the Company.

The auditor shall at least once a year present to the Board a review of the Company's internal control procedures, including identified weaknesses and proposals for improvement. In addition the Board shall hold a meeting with the auditor at least once a year at which no representative of the executive management is present.

The Board report the remuneration paid to the auditor to the shareholders at the annual general meeting, including details of the fee paid for audit work and any fees paid for other specific assignments. An overview of the remuneration paid to the auditor is available in the financial statement note 4.

## Zalaris Executive Remuneration Policy

### 1 Main Principles for Zalaris' Remuneration Policy

The Group's development is closely linked to its ability to recruit and retain senior executives. Executives are remunerated at market terms. Remuneration varies over time both in level and methodology.

In addition to salary, the Group uses performance-related and personal bonus that typically vary from 10% to 30% of annual salary, lump-sum payments, leave arrangements, education opportunities and option agreements.

The Group has collective pension schemes.

The Board represented by the remuneration committee shall conduct an annual evaluation of the agreement terms with the Group CEO. Remuneration to other members of the Group executive management is evaluated and settled by the CEO. Remuneration is reviewed annually, but is assessed over several years in order to keep continuity.

The decision-making process for implementing or changing remuneration policies and concepts for the executive management is in accordance with the Norwegian Public Limited Liability Companies Act sections 5-6 and 6-16 a and the instructions of the Board of Directors of Zalaris adopted on 5th of May 2014.

### 2 Principles of Remuneration to Executive Management

#### 2.1 Base Salary

Management salaries shall be competitive and reflect local market conditions as Zalaris wants to attract and retain attractive leaders.

The basic salary shall normally be the main element of managers' salaries and thus differentiate on the basis of the scope of work, responsibility and performance.

A limitation of the total salary level to management has not been defined. However significant and structural changes shall be approved by the remuneration committee.

Management positions are not paid overtime as compensation for overtime is included in the fixed salary.

#### 2.2 Bonus Program

The bonus program in Zalaris has been designed to motivate managers to strive for continuous improvement of the business and its results and to align with the interest of shareholders.

The bonus scheme for management positions is based on reaching two main categories of targets:

- 1) Reaching overall company EBIT % target and;
- 2) Reaching individual goals that have been defined and documented. Typically up to five individual goals are defined with weighting decided in a mutual discussion between the CEO and group management. Typical individual goals include reaching budgeted contribution margin for own business units, meeting customer satisfaction targets, improving employee satisfaction etc. Goals are defined and followed up in Zalaris' SuccessFactors solution.

#### Executive Management Stock Option Program and Ownership of Zalaris Shares

#### 2.3 Share Ownership

Zalaris encourage employees to own shares in Zalaris. The company shall aim at offering annual share purchase programs that will offer employees and management to purchase discounted shares within the limits of the tax free limits.

#### 2.4 Options

As of 31.12.2014 Zalaris has no ongoing stock option program for management.

In 2015 Zalaris will seek to establish a stock option program for executive management and key employees with key parameters as follows:

**Strike price:** Value of shares at day of issuing the program with 1% added monthly until strike

**Vesting:** 60% after 36 months and 100% after 60 months

**Eligibility:** Executive management and Key employees employed by Zalaris minimum 12 months

#### 2.5 Severance Schemes

The Group has limited use of severance payments. However, it does not preclude the use of this if it seems appropriate. No current agreements include allowance for more than six months base salary. Any use of severance payments is restricted and requires approval.

#### 2.6 Fringe Benefits

Managers will receive benefits that are common for similar positions. Normal benefits include mobile phone and broadband. Zalaris actively work to avoid benefits that have a residual cost in the event an employee leaves – as company cars.

There are no particular limitations on the type benefits that can be agreed. However, Zalaris seeks to limit the number of benefits to simplify our internal processes and visualize total compensation through the fixed salary.

#### 2.7 Pensions

*Pension for executive management employed in the Norwegian entities*

The Group is required to have an occupational pension scheme in accordance with the Norwegian law on mandatory occupational pension ("lov om obligatorisk tjenestepensjon"). The Group's pension schemes satisfy the requirements of this law, and represent a defined contribution plan, with disability coverage.

*Pension for executive management employed in entities outside Norway*

Pension levels and arrangements for managers outside must be seen in the context of the individual's total wage and employment conditions, and shall be comparable to the total compensation package offered executive management in Norway. Local rules related to pension legislation, social security rights, tax etc. is taken into account when deciding the individual pension schemes.

### 3 Procedures for Determination of Remuneration to Executive Management

#### 3.1 Remuneration to the CEO

Remuneration to the CEO is determined annually by the Remuneration Committee authorized by the board.

The CEO does not currently participate in a stock option program.

#### 3.2 Remuneration to the Group Executive Management

Remuneration to the individual members of the executive management group is determined by the CEO.

Prior to settlement, the CEO shall discuss proposed changes with the Remuneration Committee. The Board will be informed about agreed changes in remuneration.

Arrangements that include allocation of shares, options and other forms of remuneration linked to The Groups shares shall be approved by the General Assembly. Within the framework of resolution set by the General Assembly, the Board shall decide on the process of implementing the new remuneration scheme. The Board may also delegate such authority to the CEO.

The increase in the base salaries to the Group Executive Management is expected to be moderate.

#### 3.3 Remuneration to the Board of Directors

Remuneration to the Board of Directors is not performance based.

Board members are not part of a stock option program in Zalaris.

Remuneration of the Board for the coming year is determined by the General Assembly, based on a proposal from the Nominating Committee.

#### 3.4 Remuneration to Executive Management in Subsidiaries of Zalaris ASA

All subsidiaries of Zalaris ASA shall follow the main principles of the Groups executive remuneration policy for executive management in each company as described in the preceding sections of this Executive remuneration policy.

The increase in the base salaries to executive management in subsidiaries is expected to be moderate.

### 4 Principles of Disclosing Remuneration Information

The board's statement regarding remuneration including information about remuneration paid to members of the executive management shall be presented in Zalaris' consolidated financial statements, note 19.

### 5 Execution of Remuneration Policy

#### 5.1 Execution of remuneration Policy in 2014

The company's remuneration of the CEO and senior management is conducted in accordance with the guidelines presented above. There are no significant new agreements or changes in remuneration agreements that have been signed in 2014.

#### 5.2 Binding guidelines for remuneration in 2015

For 2015, the Board of Director's proposes to continue the existing remuneration policy and to establish a stock option program for executive management and key employees as described in section 2.2 above.



General Information

Key Figures (all numbers in NOK) 2014	
Market capitalization per 31.12.	522,092,379
Share price per 31.12.	27.3
Total number of shares	19,124,263
Paid dividend	0.0

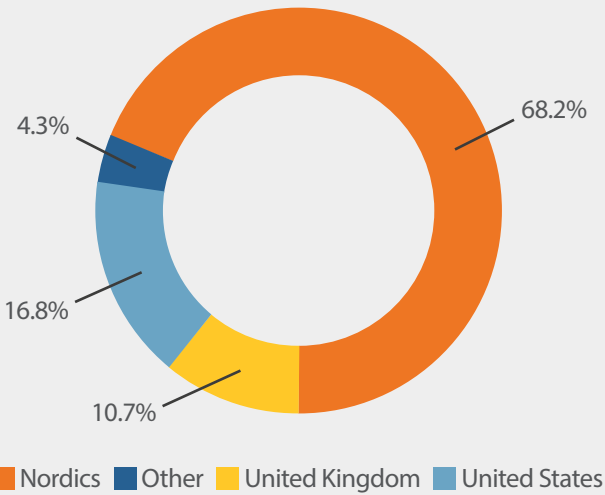
On the 20th of June 2014 Zalaris ASA was successfully listed on Oslo Børs with ticker ZAL. The initial price was NOK 23. The share price increased with 18.7% during 2014 and ended on NOK 27.3 per 31.12.2014. The market capitalization end of 2014 was NOK 522.1 million.

Zalaris has one class of share. Each share carries one vote, and all shares carry equal rights, including the right to participate in general meetings. All shareholders shall be treated on an equal basis, unless there is just cause for treating them differently.

Zalaris shares are freely negotiable and there are no limitations of the negotiability in Zalaris' Article of Association.

Shareholder

At the end of the year 2014 Zalaris ASA had 596 shareholders whereof 94.3% were located in the Nordics. The distribution of shares owned by shareholders located in different regions is as follows:



Shareholder Policy

The communication policy of Zalaris is based on the approach that objective, detailed and relevant information to the market is essential for a proper valuation of the company's shares, thus the Company has continuously dialog with analysts and investors.

Zalaris shall give all shareholders the same information to the same time. In contact with analysts and investors the Board of Directors and the Management of the Company shall only communicate already published information.

The Company has established a communication channel for the shareholders on its website. All published information is available on Zalaris' website. It has also been created an email address for general investor relations inquiries: [ir@zalaris.com](mailto:ir@zalaris.com). Zalaris strives at all time to publish all relevant information in a timely, correct, non-discriminatory and efficient manner to the market. All relevant information will be published on the Company's websites and on the website of the Oslo Stock Exchange. On the website shareholders can also register to Zalaris' Investor Relations distribution list if they would like to receive investor information to their email, like for example invite to Zalaris' interim presentations or receive interim or annual reports directly to their email.

Zalaris holds quarterly web based presentations in which the financial results of the closed quarter and focus areas of the Company are commented in addition to market outlooks and special events which the Company considers as relevant information for its shareholders. The presentation is held by the CEO and the CFO of the Company. Both the quarterly reporting and the presentations will be published on Zalaris' website.

Dividend

Zalaris' overall objective is to create value for its shareholders through an attractive and competitive return in the form of an increase in the value of the share and through the distribution of dividends. The dividends paid should reflect the company's growth and profitability.

Zalaris will aim at making annual dividend payments in the region of 50% of the net profits before tax, provided that this will not influence target growth negatively and that the capital structure is sound and at a satisfactory level. When deciding the final dividend amount to be proposed for the General Meeting, the Board of Directors will also take into consideration Zalaris' capital requirements, including legal restrictions, capital expenditure requirements and potential investment plans.

The Board of Directors proposes a dividend payment of NOK 0.75 per share for the fiscal year 2014.

Investor Relations Contacts

The CFO in Zalaris ASA is the main contact person for matters related to financial information, such as quarterly reporting and financial statements.

For all other matter such as new customer contracts or other share price sensitive information, CEO of Zalaris ASA is the contact person.

CEO and founder;	Hans-Petter Mellerud
CFO;	Nina Stemshaug

Analyst Coverage

ABG Sundal Collier  
Nordea Markets  
Prestigo Research Int.

VPS Registrar

Nordea Bank Norway ASA  
Wholesale Banking | Securities Services  
P.O. Box 1166 Sentrum,  
N-0107 Oslo, Norway

Financial Calendar 2015

EVENT NAME	DATE
Results Q1	29 April 2015
Annual General Meeting	18 May 2015
Results Q2	20 August 2015
Results Q3	28 October 2015
Results Q4	Ultimo February 2016



# Zalaris ASA

## *Headquarter*

### Postal Address

PO Box 1053 Hoff  
NO-0218 Oslo  
Norway

### Visiting Address

Hovfaret 4b  
NO-0275 Oslo  
Telephone: +47 4000 3300  
Telefax: +47 2202 6001

### Website

[www.zalaris.com](http://www.zalaris.com)

### eMail

[info@zalaris.com](mailto:info@zalaris.com)

Photos: Stig Heltorp and Benny Høyenes