zalaris

2020 Annual Report

20 years of growth

Simplify work life. Achieve more.

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Simplify Work Life. Achieve More.

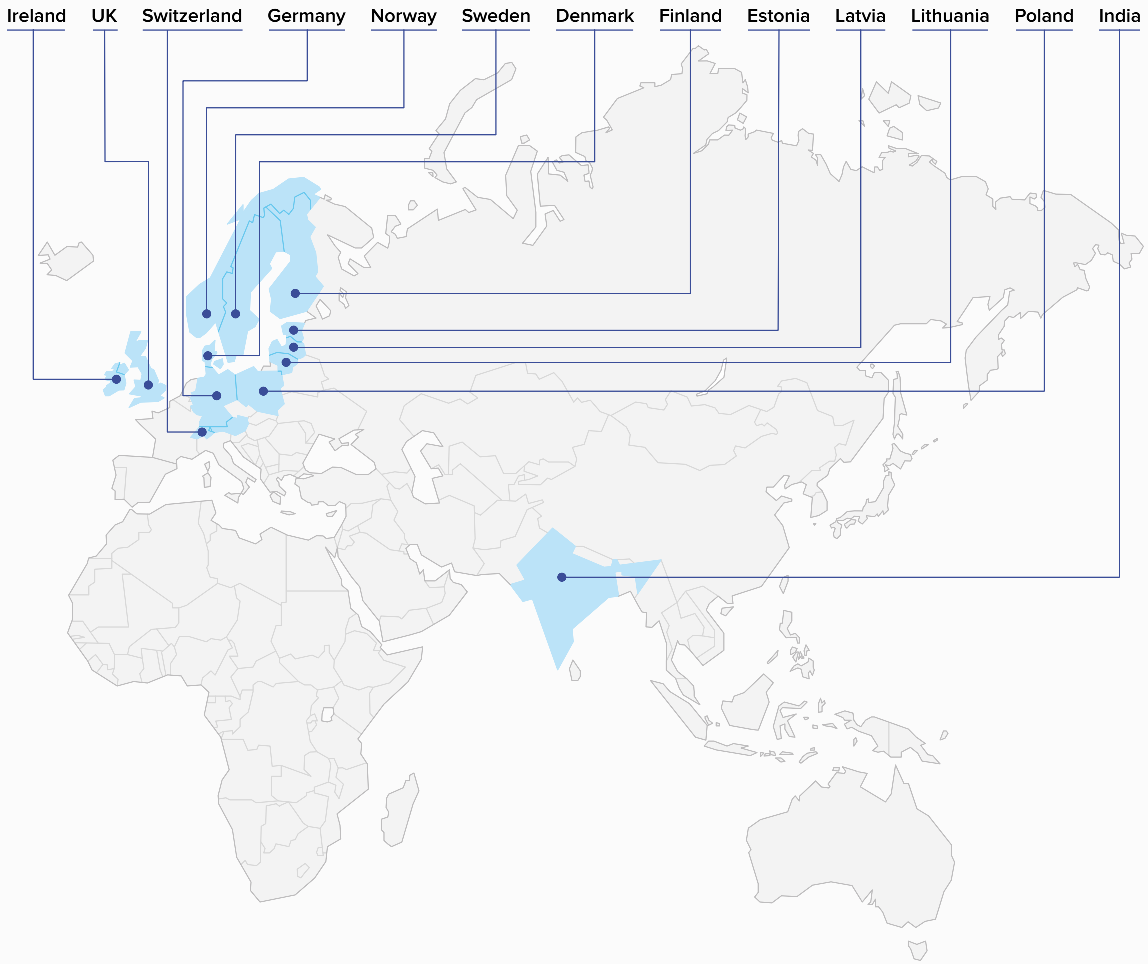
We simplify HR and payroll administration and empower you with useful information so that you can invest more in people. Zalaris celebrated its 20th anniversary by completing the 20th year of consecutive growth since our founding in 2000.

About Zalaris

Zalaris ranks among Europe's top providers of human capital management (HCM) and payroll solutions – addressing the entire employee lifecycle, from recruiting and onboarding to compensation, time and attendance, travel expenses and performance management.

Our proven local and multi-country delivery models include: on-premise implementations, software as a service (SaaS), cloud integration and business process outsourcing (BPO). Furthermore, Zalaris' experienced consultants and advisors cover all industries and IT environments.

Headquartered in Oslo, Norway, and publicly traded on the Oslo Stock Exchange (ZAL), we serve more than one million employees each month, across multiple industries and with many of Europe's most reputable employers. We have achieved uninterrupted growth since our founding in 2000 and today operate in the Nordics, Baltics, Poland, Germany, Switzerland, India, Ireland and the UK.

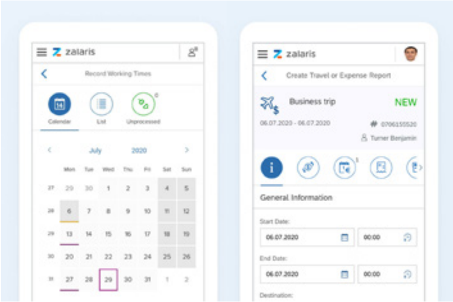


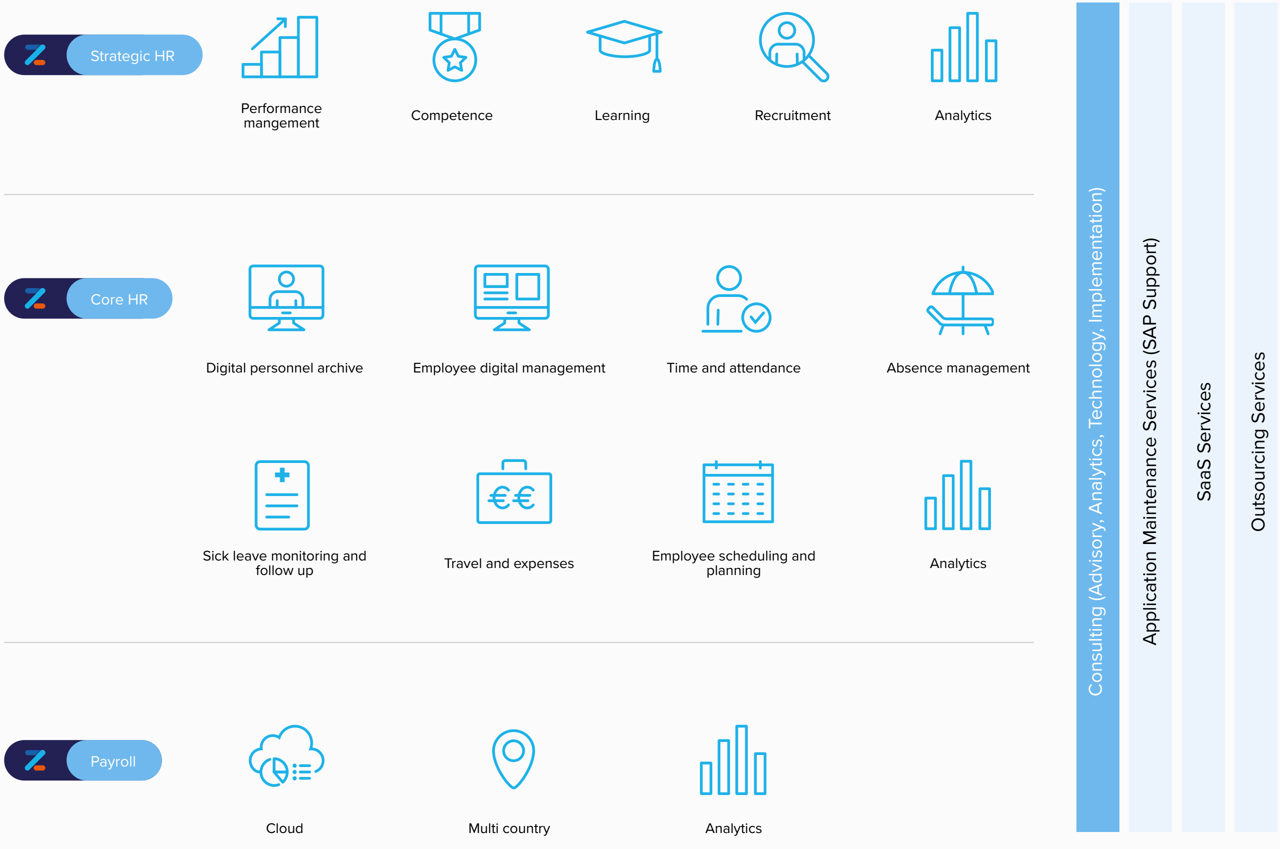
The Zalaris portfolio of solutions and services aims to simplify HR and payroll administration through full automation and digitalisation of HR.

Our scalable and cloud-based payroll solution ensures that payroll is accurate, secure and compliant. We empower workforce acquisition, workforce management and workforce optimisation with our Core and Strategic HR solutions, enabling HR to: streamline processes, empower workers, collaborate across the organisation, and align teams with strategic business initiatives.

We are able to gather everything into one fully digitalised and integrated system with role-based access via one user interface. With unified data supported by powerful analytics, we enable HR to make sound business decisions.

With a constantly changing business environment and workforce, our consultants from local service centres support HR leaders, and HR IS systems to stay compliant and up to date.





Dear shareholders

Despite the impacts from the Covid-19 pandemic, #teamZalaris delivered its 20th year of consecutive growth with a revenue of NOK 792.3 million (+2%) for the year. Our adj. EBIT rose to NOK 55.3 million (7%) for the full year, up 83% from NOK 30.1 million in 2019.

With the outbreak of the Covid-19 pandemic during Q1 2020, the world entered unprecedented times. Governments in countries where we operate introduced restrictions as a result of the pandemic. Home offices and updated labour compliances became the new normal. Our modern and scalable IT infrastructure allowed us to introduce remote-work for our employees within days. No additional investments were needed to secure access equal to that of sitting in our offices. Our standardised and well-documented processes, combined with our geographically distributed service centres and talented employees, allowed us to shift work between locations in real-time. Despite Covid-19, we were in a position to support our customers in simplifying HR and payroll, facilitating re-skilling and empowering our customers with useful and timely information.

We proved that another critical benefit from handing over processes to Zalaris was securing business continuity, thereby ensuring the smooth running of our customers' payroll and HR functions.

This was a real-life test of the resilience of our business model. Because, even if governments and authorities impose travel or other restrictions on an employee or a group of employees, Zalaris can continue working and delivering on customer commitments and fortifying recurring revenue streams.

Our efforts in managing the pandemic are also being recognised by our employees, resulting in high employee engagement scores across all countries.

Strong pipeline materialised in signed agreements

Our business model with long term agreements and recurring revenue is increasingly in favour among investors. Since we were founded twenty years ago, we have offered Software-as-a-Service and Business-Process-as-a-Service delivery models. In an age of surging IPOs, it is interesting to reflect that we are delivering profitably today, which others still must realise, to justify their valuations.

Working from anywhere has become the new normal, driving the need for fully digitised people processes.

Our goal has always been to help customers reduce their direct process costs by 20-30% by outsourcing their payroll and HR processes to us, whilst at the same time enabling them to operate seamlessly across borders.

Hans-Petter Mellerud, Chief Executive Officer, Zalaris

With Covid-19, everyone has been learning what working from home – or anywhere – means. Reducing costs and focusing capital expenditures on projects with defined payback is a natural consequence of every company coming out of the pandemic: not to forget the overall mega trend of increased focus on Human Capital Management and the corresponding growth in Cloud-based HR solutions.

#teamZalaris is exceptionally well-positioned to support existing and new customers to navigate and position themselves in this situation. Our innovative product and services portfolio cover the whole payroll and HR value chain.

Throughout the year, the long-term and recurring nature of our business continued to materialise with several renewals:

- Convenience store operator CircleK is extending their agreement by another five years for multi-country payroll and transactional HR services, including time and travel expenses, serving their almost 13,000 employees in Scandinavia, Baltics, Poland and Ireland.
- Global fertiliser company Yara – a customer since 2003 – extending their agreement for the provision of services to their Scandinavian employees.
- Natural gas pipeline distributor Gassco is another loyal customer that extended for another five years.
- Expansion of our services with GlaxoSmithKline to also cover Austria.
- Extending our Nordic agreement with leading electronics retailer Elkjøp for another five-year term.
- Extending our agreement for Application Maintenance Services with the German State of North Rhine Westphalia for another four years. This allows us to continue supporting the state by delivering perfect payroll to approximately 700,000 employees and pensioners.

Despite a slow down in deal-making due to Covid-19, we managed several new advances and landmark agreements that will have a positive impact on our future, such as:

- Adding Mahle to our UK customer list for outsourced payroll services.
- Our entry into the municipality of Trøndelag's county council with approximately 5,500 employees as a customer. This win is in partnership with Cap Gemini and Oracle, which opens up a whole new market for our services.
- Landmark win in the German municipality energy sector, signing a five-year agreement with Stadtwerke Krefeld GmbH to implement and deliver a SuccessFactors-based HR solution for their approximately 3,000 employees.
- A ten-year master services agreement for payroll and HR services with the Danske Bank with 15,000+ employees, starting with BPO of their Swedish payroll operations.
- Signing a break-through agreement for outsourced multi-country payroll services for the UK based FTSE250 gaming company Gamesys.
- Signed a fast-growing Scandinavian IT company, headquartered in Denmark, with 1,200 employees, as a new multi-country customer.
- Agreement with Total E&P for the provision of outsourced transactional payroll and HR in Norway.
- Agreements with Lindorff, Allente and Entra for outsourced HR cloud and payroll services.
- Agreement with Finnish forest company Metsä to provide multi-country payroll services to their 10,000 employees in 28 countries. Our winning solution was based on our PeopleHub platform, supporting one common user interface and platform across all countries fully integrated with Metsä's global Workday based HR solution.

Aiming at delivering our 21st year of consecutive growth

We leave 2020 with a healthy pipeline and high ambitions. We fully intend to continue our growth story and deliver our 21st year of continuous growth. Our markets are growing as customers are looking for new solutions coming out of Covid-19. They prioritise access to unified people data, cost reduction, digitisation of processes and securing business continuity for their global operations.

We are experiencing an all-time-high interest in our outsourced multi-country payroll solutions, as customers are exploring alternatives to reduce costs and optimise their global HR processes. Our pipeline is filled with opportunities fitting well with our offerings. While sales cycles in the past have often been 6-18 months, we see signs of urgency, combined with the benefit of digital sales meetings and virtual site visits, driving these down to a more effective 6-9 months. Based on our historic win-rate, we expect to close some of these opportunities by year-end.

With our PeopleHub solution, we are playing on our key differentiators of providing services based on one common IT solution, supported by local competence in the countries that customers' employees are located. In the past, we have been limited by being present in every country ourselves. In the PeopleHub concept, we integrate local payroll partners into our delivery concept and are thus able to deliver on all our values in small employee countries without being physically present ourselves. Therefore, we can scale our platform and resources profitably without making the investment of establishing our operations in countries with small customer employee populations.

In Managed Services, we target growth by increasing the share of wallet with existing customers, supporting them with additional services and increasing geographic coverage. In parallel, we target new customers in the fast-growing market for multi-country payroll with our PeopleHub concept.

In Professional Services, we support our customers on their journey to the Cloud through implementing innovative SAP SuccessFactors, SAP S4/Hana, SAP Analytics and our own HR Tech portfolio of solutions. Our AMS offering continues to be important in securing customers' business-critical payroll and HR functions, keeping up with fast-changing needs.

Our cost structure has improved significantly during 2020. The current organisation and infrastructure has significant capacity to scale with limited additional cost.

Exploring non-organic growth options

The Payroll and HR Tech and Services market experienced an increased level of M&A driven by both industrial and financial ambitions.

With our communicated growth and increased aspiration for expanding geographical and functional coverage, Zalaris is an active player in this market. We see this as an essential means of upscaling our business, such that we can serve our customers with end-to-end processes in the geographic areas where they operate.

Building on our HR Tech solutions portfolio

Throughout our twenty years in business, we have developed HR Technology solutions as part of our Managed Services outsourcing and SaaS offerings. These solutions have primarily been bundled with our services. Our eFile personnel archive solution is experiencing strong market interest, resulting in our first USA customer, Leprino Foods, last year.

With a rapidly developing market for HR Tech, supported by customer demand for Cloud-based solutions, we are continuously looking at how we can scale our business and leverage the investments we have made to our advantage.

We will continue to productise our HR Tech offering to scale our revenue stream with a structured product-based approach. Our focus is on our solutions for:

- Digital forms and workflows
- Our integrated Workforce Management solution, including Time and Attendance and workforce planning
- Our well-proven Travel & Expense solution, driving efficiency for both users and the travel expense processing shared service centre
- Our innovative visualisation of payslips
- Our eFile, as mentioned above, helps customers safely store and access employee documents in compliance with GDPR requirements via their cloud HR solutions

Thank you, #teamZalaris, for a job well done!

The Covid-19 pandemic has allowed #teamZalaris to showcase its real capabilities and true strength.

The year has made us stronger and better at working together and utilising our combined capabilities in servicing our customers. 800 employees in 10+ countries across the globe are increasingly working together as one team.

We enter 2021 with the goal to continue building on these capabilities and delivering on our ambition to become the European leader in Payroll and HR solutions.

Hans-Petter Mellerud
Chief Executive Officer, Zalaris

zalaris

EMPLOYEE PHOTO:
Hans-Petter Myrlie Bjørn, VP IT Strategy

Management Team

Hans-Petter Mellerud
Chief Executive Officer

Sami Seikkula
Executive Vice President
Northern Europe

Richard E. Schiørn
Executive Vice President
Solution & Delivery –
Global Managed Services

Gunnar Manum
Chief Financial Officer

Harald Goetsch
Executive Vice President
Central Europe

Hilde Karlsmyr
Chief Human
Resources Officer

Halvor Leirvåg
Chief Technology Officer

Will Jackson
Executive Vice President
Zalaris UK & Ireland

Øyvind Reiten
Executive Vice President
Business Development –
Global Managed Services

Balakrishnan Narayanan
Executive Vice President
APAC

EMPLOYEE PHOTO:
Jonathan Møller Knudsen,
Operations Improvement Manager

Adele Bugge Norman Pran
Chair of the Board

Liselotte Hägertz Engstam
Board Member

Jan M. Koivurinta
Board Member

Jon Erik Haug
Board Member

Corinna Schäfer
Board Member

Stefan Charette
Board Member

Erik Langaker
Board Member

Zalaris’[1] mission is to help clients maximise the value of their human capital through excellence in people processes.

Zalaris ranks among Europe’s top providers of human capital management (HCM) and payroll solutions, addressing the entire employee lifecycle, from recruiting and onboarding to compensation, time and attendance, travel expense, performance management and learning. The Group’s proven local and multi-country delivery models include on-premise implementations, software as a service (SaaS), integrated cloud and business process outsourcing (BPO).

Zalaris delivers a full range of services organized as two business segments: Managed Services and Professional Services. Managed Services consists of cloud services and HR outsourcing together with all of Zalaris’ other outsourcing services. Professional Services consists of Zalaris’ consulting business, assisting clients with transformation projects within HR and finance.

With more than 20 years of experience and 800+ employees, Zalaris provides payroll services to large-scale customers for more than 300,000 employees each month, and more than 1 million employees are served monthly across all human resource (HR) solutions.

Zalaris is headquartered in Oslo and delivers services out of local-language centres covering northern and central Europe, the UK and Ireland and India. Zalaris ASA is listed on the Oslo Stock Exchange (ZAL).

Operational Highlights

Zalaris recorded an all-time high revenue of NOK 792 million in 2020, making it the 20th year of consecutive revenue growth by the Company. This is despite some negative impacts from Covid-19, which resulted in lower transaction volumes (e.g. travel controls) and less change orders and project revenue from existing customers within Managed Services, as well as less new business generation within Professional Services, in some regions.

Within Managed Services, Zalaris signed several new long-term BPO agreements and renewals during the year, including a 10-year Master Services Agreement with the Danske Bank, for the provision of outsourced transactional HR services for their 2,200 Swedish employees. The Company also signed a five-year agreement for multi-country payroll, time and travel with EG, one of the fastest growing IT companies in Scandinavia. As a first step into the public sector in Norway, the Company signed a five-year agreement for SaaS based payroll with the Norwegian County Municipality of Trøndelag, with 5,000+ employees. In the UK, the leading international online gaming operator Gamsys Group selected Zalaris for payroll technology and services.

Subsequent to year-end, the Company signed a landmark agreement with Finnish industrial company, Metsä, for the delivery of a global payroll, covering 28 countries based on Zalaris’ PeopleHub concept. Subsequent to year-end, Zalaris has also signed five-year contracts to deliver payroll and HR services to Lindorff (a market leading debt collection company), Entra (one of Norway’s leading real estate companies) and Allente. The full financial effect of these new contracts will materialise in 2022.

The Group’s strong market position was confirmed with the renewal of long-term contracts with key clients such as CircleK, Yara, Elkjøp and Gassco. We also expanded our services with GlaxoSmithKline to cover Austria, in addition to Germany.

There were no significant existing contract losses during the year, and all our services have been delivered without disruption during 2020. Zalaris’ modern IT solutions and distributed service centre infrastructure, enabled us to move to home office within a few days following the Covid-19 outbreak.

Zalaris is experiencing a significant interest in outsourced multi-country payroll solutions, as customers are exploring alternatives to reduce costs and optimize their global HR processes, resulting in a growing pipeline. The Group’s pipeline is filled with opportunities fitting well with our offerings.

1. Zalaris (the “Company” or the “Group”) refers to Zalaris ASA and its subsidiaries if not otherwise stated.

Within Professional Services, Zalaris in Germany signed a five-year landmark agreement - together with SAP - in the municipality sector for the implementation and delivery of a new SuccessFactors cloud HR solution, to the City of Krefeld's services organization. Though the Company has experienced some slow down within Professional Services as a result of Coivd-19, we continue to see a good inflow of work for our consultants and have signed numerous agreements for Cloud payroll, HR transformation projects and change orders. We have signed multiple expansions with customers for our Application Maintenance Services (AMS) – helping customers maintaining their in-house payroll and HR solutions mostly based on long term agreements of a recurring nature. The revenue growth was particularly high within Professional Services in Poland.

The EBIT improvement program initiated in 2019, targeting monthly cost reductions of 4.7 million by the first quarter 2020, was completed resulting in a significant reductions in the cost base, which is evident by the NOK 23.3 million increase (162%) in operating profit compared to last year. The Company is targeting a further increase in the operating profit, which is expected to be achieved through some further cost reductions, making our customer delivery models even more efficient, and through increased revenue.

Consolidated Financial Results for the Group

Zalaris' consolidated revenue for 2020 was NOK 792.3 million (NOK 776.8 million), an increase of 2.0% compared to last year. The operating profit was NOK 37.4 million (14.1 million), which gives an operating margin of 4.7% (1.8%). Zalaris' ordinary profit before tax was negative NOK 13.4 million (negative NOK 10.0 million). Net result for the year was negative NOK 9.0 million (negative NOK 7.0 million).

The cash flow in 2020 showed net cash from operating activities of NOK 92.3 million (NOK 42.5 million). Net cash flow from investing activities was negative NOK 14.3 million (negative NOK 25.5 million). The investing activities mainly relate to internal product development projects.

Net cash flow from financing activities was negative NOK 39.0 million (NOK 40.1 million), which is mainly represented by payment of IFRS 16 lease liabilities and repayment of interest-bearing loans. The Board's view is that Zalaris has sufficient cash to internally finance the Group's liabilities, investment needs and operations for the next 12 months.

Zalaris' consolidated equity amounted to NOK 104.4 million (NOK 92.2 million) as of 31 December 2020. This corresponds to an equity ratio of 14.4% (12.9%). The Board and executive management expect the equity ratio to increase going forward in line with expected further improvements in Zalaris' financial results.

Total assets as of 31 December 2020 were NOK 725.7 million (NOK 713.0 million). Total liabilities were NOK 621.4 million (NOK 620.9 million) at the end of 2020.

Business Segments

Zalaris has two business segments: Managed Services and Professional Services.

Managed Services generated revenue of NOK 544.3 million in 2020 (NOK 553.7 million), an reduction of 1.7.% compared to 2019. Operating profit for the segment in 2020 was NOK 63.4 million (NOK 55.0 million). As noted in the operational highlights, revenue for 2020 was marginal lower than last year mainly as a result of some negative impacts from Covid-19. However, lower costs and operational improvements resulted in a higher operating profit for Managed Services.

Revenue for 2020 for Professional Services amounted to NOK 248.0 million (NOK 223.1 million), an increase of 11.2% compared to the previous year, partly driven by a strong revenue growth in Poland, as well as a stronger EUR/NOK exchange rate. Operating profit for the segment in 2020 was NOK 25.4 million (NOK 21.0 million).

Zalaris research and development (R&D) is focusing on developing its own IP and integrating standard software to new and innovative solutions and process designs that support customers simplifying payroll and HR processes and achieving more. Key projects in 2020 included introduction of Zalaris' chat robot, Sally, amongst other Robotic Process Automation technologies to improve process efficiency, and customer support, and the utilization of machine learning technologies for early detection of anomalies.

The Company does not have dedicated R&D resources, but development projects are carried out by Zalaris' consultants, with the support of suppliers and partners.

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 offering centralized management group services to its subsidiaries such as IT, accounting and controlling, HR and marketing. The parent company is invoicing its subsidiaries for some of its management services.

For Zalaris ASA, the total revenue for 2020 was NOK 133.0 million (NOK 118.0 million), which is an increase of 12.7% compared to 2019. Result from operations was a loss of NOK 49.1 million (loss of NOK 60.7 million). Zalaris ASA reported a net profit for the year of NOK 4.8 million (loss of NOK 20.9 million).

Total shareholders' equity in Zalaris ASA as of 31 December 2020 was NOK 70.9 million (NOK 62.5 million), corresponding to 13.4% (11.2%) of total assets.

Dividend Payment

The Board of Directors proposes that a dividend of NOK 1.00 per share is paid for the financial year 2020.

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 Company's solid cash and equity standing.

Operational and Financial Risks

The Group is exposed to various risks and uncertainties of operational, market and financial character. Internal controls and risk management are an integrated part of all Zalaris organizational business processes and of achieving the Company's strategic and financial objectives.

Operational Risk

The Group has a broad customer base, but a large share of the revenues come from a relatively low number of major customers. After contracts are entered into, the deterioration of relations with, or the termination of any major contracts by, Zalaris' major customers could have a material adverse effect on the Group's business, results of operations and financial condition. In addition, should any of the Group's major customers divest large portions of their operations, experience consolidation or a change of control, the functions outsourced by such customer may face significant alteration, which could lead to reductions or changes of the scope of, or termination of, major contracts with the Group.

The Group might fail to accurately forecast its ability to deliver outsourcing services efficiently and contracts may not be implemented within appropriate timescales or could be implemented poorly and fail to deliver savings to the customers. If the Group underestimates the cost, complexity or time requirements to deliver a contract it may incur losses. Such delays or failures may have an adverse effect on the Group's business, results of operations and financial conditions, and on its reputation as an outsourcing provider.

The Group is increasingly exposed to cyber security-related risks through the nature of the services provided, which heavily involve storage of both identifiable and sensitive personnel data, as well as the handling of large amounts of payments to customers' employees. This exposes the Group's IT systems and personnel as potential targets for threats ranging from insiders misusing legal accesses to external threats like hackers and others trying to exploit the data the Group is processing, for financial gain or collecting of information for other illegal purposes.

As a result of these cyber security threat scenarios and their potential for severe disruptions to the services, the Group has established numerous countermeasures both of a technical and organizational nature. The Group has a dedicated Cyber Security Operations Centre (CSOC) with continuous monitoring of all systems and user activities, with the explicit goal of preventing threats from converging into actual attacks or exploits of our systems and the customer data contained within them. If the Group fails to prevent any such disruptions, it could have a material adverse effect on the Group's reputation, business, results of operations and financial condition.

Financial Risk

Zalaris' client portfolio consists mainly of large, financially stable companies with high credit ratings; thus, the Company considers the credit risk to be low. The Group invoices customers monthly and continuously monitors incoming payments.

Liquidity risk is the risk that the Group will be unable to meet its financial liabilities as it matures. The Company continuously estimates the need for cash to pay its liabilities as it matures, and ensures that cash is available at all times, both for operational and capitalized expenditures. Cash and cash equivalents amounted to NOK 124.8 million as of 31 December 2020 (NOK 82.4 million), an increase of NOK 42.4 million from the end of 2019.

At the end of 2020, the Group had interest-bearing debt of NOK 377.1 million (NOK 369.1 million). NOK 362.0 million of the interest-bearing debt at 31 December 2020 relates to a EUR 35 million bond loan. The Company is thus exposed to changes in the EUR/NOK exchange rate. This exposure is partly offset by the net assets held in EUR in foreign subsidiaries, and the net income generated by these subsidiaries. The Group also has foreign currency-denominated cash deposits.

The Group provides services in countries with a different currency than NOK and is consequently exposed to any fluctuations in the currency rate between these currencies and NOK. The Group also has variable interest rate borrowings and is thus exposed to interest rate fluctuations. The Group settles internal transactions on an ongoing basis 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 adequately handled through preventative measures. Further details on financial risk, including the sensitivity analysis required by IFRS, can be found in note 19 in the financial statements.

Corporate Social Responsibility, the Environment and Employees

Zalaris aspires to achieve sustainable development by striking a good balance between financial results, value creation, sustainability and corporate social responsibility (CSR). The Company's objective is to minimize Zalaris' impact on the environment and to maximize the positive impact the Company has on working conditions, society and customer satisfaction. At the same time, the Company aims to support its customers visualizing, driving and documenting the same. The statement of corporate social responsibility required under Section 3-3c of the Norwegian Accounting Act follows below.

Equal Rights

Zalaris promotes the benefits of equality and aims at being gender and "background" neutral. The Company shall be a professional workplace with an inclusive working environment and respect for the International Labor Organization's fundamental conventions.

Zalaris aims to have a balanced representation of gender, age, ethnicity and religion. Zalaris had 770 employees across 10 countries at the end of 2020 (2019: 810), and women are well represented in all the Group's companies and units, comprising 56% (53%) of the workforce. The Group's executive management team was at the end of the year represented with 10% female. The Company aims to increase female representation by actively seeking and developing female talent. The board of directors consist of four males (57%) and three females (43%).

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 that 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 Company's various functions.

Many of Zalaris' core solutions and offerings support customers in target setting, ensuring and documenting compliance with CSR targets. Our recruiting solution allows for standardized, effective, anonymized gender and race-related recruiting and evaluation processes. Our global HR master data solutions ensure that personnel master data is documented according to customer's requirements. Zalaris' payroll solutions ensure compliance with all local tax and other reporting requirements. With multi-country payroll in one common IT solution and

The key figures the Group's gender composition as of 31 December 2020 are found int the table below:

Gender split (number of employees)		Temporary employees (number)		Parental leave (avg. number of weeks)		Part-time employees		Involuntary part-time employees	
Female	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**
447 (56.2%)	323 (43.8%)	10	13	37.2	1.2	58 (7.5%)	16 (2.1%)	0	0

The key figures the Group's gender composition by main category as of 31 December 2020 are found in the table below:

	Gender split	
Level	Female	Male
Group 1 (main management)	8	20
Group 2 (seniors and specialists)	63	88
Group 3 (juniors, trainees and assistants)	236	90
Group 4 (other)	140	125
Total	447	323

master data being maintained in one global HR solution – data can be compared and benchmarked independent of location.

Zalaris Analytics and Data Management solutions helps customers visualize personnel data and document compliance. Visualizing workforce composition helps to identify any potential issues related to equal rights, such as race, gender and pay levels, so that these can be addressed.

Life-Work Balance and Healthy Lifestyle

Zalaris strives 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 objective. The Company organizes programs to motivate its employees to stay physically active while ensuring the availability of healthy food in our canteens.

Zalaris' solution helps customers and their employees easily track work hours, overtime and leave through effective mobile based solutions. Our workforce planning solutions are being used to secure optimal staffing over the year – building the foundation for a sound life-work balance. Our analytics solutions for reporting and analysing absence and sick leave allows for early detection of potential issues and documentation of management's responsibility in getting colleagues with health issues back to work.

Our mobile and portal-based solutions delivering fully digital payroll and HR processes wholly support flexible work arrangement and working from home. This has become particularly evident during 2020, with the Covid-19 pandemic, where a majority of the workforce have been working from home for a large part of the year. Our efforts in managing the Covid-19 pandemic are being recognised by our employees, resulting in high employee engagement scores across all countries.

Health, Safety and Environment (HSE) Policy

The long-term business success of Zalaris depends on our ability to live up to our values of "Service Excellence, Quality-Focused Processes and Employees – our key assets." The Company wants to continuously improve the quality of its services while contributing to a positive working environment for its 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 the improvement of health, safety and security of our people at all times with the goal to eliminate "health and safety" (HS)-related accidents
- 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/or business disruption
- Develop services that can help our customers monitor and act upon HS issues
- Communicate openly with stakeholders and ensure an understanding of our HS policies, standards, programs and performance

Absence due to sick leave averaged 2.7% (3.0%) in 2020. No incidents of injury or accidents in the workplace were reported during 2020.

Environment

Pollution of the external environment because of Zalaris' operations is limited. Zalaris' environmental impact is primarily linked to energy consumption, travel and waste from office activities. One of Zalaris' environmental measures is to provide all customer-facing IT operations in a centralized infrastructure concept hosted in several energy-efficient data centres powered by green renewable hydro-powered energy.

Zalaris has limited paper consumption through the introduction of web- and mobile-based solutions for customers for viewing of pay slips and reports, thus reducing paper printing. At the same time, Zalaris has 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 such as Teams, 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 minimize any environmental impact. This is described in the Company's Code of Conduct.

Through Zalaris' Travel expense solutions, the Company collects detailed information on travel and consumption patterns that allow customers to monitor and follow up on the frequency of travel. This is a key influenceable environmental driver.

Business Ethics

Zalaris' Code of Conduct is an integral part of the Zalaris' formal governance. The Code defines the core principles and ethical standards that form the basis of how the Company creates 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.

Zalaris requires that the Company's business partners have appropriate ethical standards, that is at a minimum of those defined in the Company's Code of Conduct and other relevant policies. Zalaris does not want to be associated with business partners that do not have appropriate ethical standards. 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 17 October 2018.

The statement for the fiscal year 2020 is based on the disposal in the Accounting Act § 3-3b, as well as the disposal for Corporate Governance Policy for Zalaris ASA, as adopted by the Board of Directors on 26 April 2018, and has been included in a separate section of this annual report.

Events After the Reporting Period

No events have occurred after the balance sheet date which have had a material effect on the issued accounts.

Outlook

The market fundamentals remain strong and Zalaris' key markets within multi-country payroll and HR outsourcing are expected to grow in the foreseeable future. The Company is well positioned to capture part of this growth through new customers and by expanding the service offered to existing customers.

The Covid-19 pandemic has had a short-term negative impact on revenue, as larger implementation projects within Professional Services are being postponed and the factors of less travel and lower employee numbers are impacting Managed Services. This situation is also expected going forward, depending on the duration of Covid-19, before returning to normal levels

In the longer term, we expect to see an increase in HCM outsourcing post Covid-19, which should benefit Zalaris. The Company's pipeline of potential multi-country payroll outsourcing projects is strong.

With a rapidly developing market for HR Tech, supported by customer demand for Cloud-based solutions, we are also looking at how we can scale our business and leverage the investments we have done to our advantage. We will continue to productise our HR Tech offering to increase revenue.

The Company's financial results have improved significantly compared to 2019, as a result of the cost reduction initiatives implemented in 2019 through the EBIT improvement program, in combination with increased revenue and further optimization initiatives in 2020. These initiatives include streamlining of the organization, ramp-up of digitizing efforts, automating services and increasing Robotic Process Automation (RPA) projects: all aimed at increasing quality in deliveries and reducing costs. Further improvements in the financial results are expected going forward.

Oslo, 7 April 2021

Adele Bugge Norman Pran
Chair of the Board

Liselotte Hägertz Engstam
Board Member

Jan M. Koivurinta
Board Member

Jon Erik Haug
Board Member

Corinna Schäfer
Board Member

Stefan Charette
Board Member

Erik Langaker
Board Member

zalaris

EMPLOYEE PHOTO:
Stephen Millard,
Technical Consulting Manager UK & Ireland

We hereby confirm that the consolidated financial statements and the financial statements for the parent company for the period 1 January 2020 to 31 December 2020, 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 and the parent company'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, 7 April 2021

Adele Bugge Norman Pran Chair of the Board	**Liselotte Hägertz Engstam** Board Member	**Jan M. Koivurinta** Board Member	**Jon Erik Haug** Board Member
Corinna Schäfer Board Member	**Stefan Charette** Board Member	**Erik Langaker** Board Member	**Hans-Petter Mellerud** Chief Executive Officer

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EMPLOYEE PHOTO:
Kristin Næss, Senior HCM Consultant

Consolidated Group Annual Accounts Report 2020 for Zalaris ASA

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

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

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 or loss for the period ended 31 December

(NOK 1000)	Notes	2020	2019
Revenue	2, 3	**792,326**	**776,792**
Operating expenses			
License costs		72,517	67,981
Personell expenses	4	430,733	438,543
Other operating expenses	5	167,138	166,887
Depreciation and impairments	10	3,311	4,048
Depreciation rights of use assets	11	19,101	21,932
Amortisation intangible assets	9	27,436	26,704
Depreciation implementation costs customer projects	3	34,666	36,606
Total operating expenses		**754,903**	**762,701**
Operating profit		**37,423**	**14,091**
Financial items			
Financial income	6	5,763	2,632
Financial expense	6, 16, 19	(29,507)	(29,057)
Unrealized foreign exchange profit/(loss)	6	(27,069)	2,375
Net financial items		**(50,813)**	**(24,051)**
Profit before tax		**(13,390)**	**(9,960)**
Tax expense	7	4,405	2,950
Profit for the period		**(8,985)**	**(7,011)**
Earnings per share:			
Basic earnings per share (NOK)	8	(0,46)	(0,36)
Diluted earnings per share (NOK)	8	(0,46)	(0,36)

Consolidated statement of comprehensive income as at 31 December

(NOK 1000)	Note	2020	2019
Profit for the period		(8,985)	(7,011)
Other comprehensive income			
Items that will be reclassified to profit and loss in subsequent periods			
Currency translation differences		16,544	1,688
Total other comprehensive income		**16,544**	**1,688**
Total comprehensive income		**7,559**	**(5,323)**

Consolidated statement of financial position as at 31 December

(NOK 1000)	Note	2020	2019
ASSETS			
Non-current assets			
Intangible assets	9	119,896	132,950
Goodwill	9	160,418	153,248
Total intangible assets		**280,313**	**286,198**
Deferred tax asset	7	23,400	11,710
Fixed assets			
Right-of-use assets	11	21,777	34,849
Property, plant and equipment	10	32,518	33,137
Total fixed assets		**54,295**	**67,986**
Total non-current assets		**358,008**	**365,894**
Current assets			
Trade accounts receivable	12	148,651	148,614
Customer projects assets	3	78,246	88,808
Other short-term receivables	13	15,989	27,275
Cash and cash equivalents	14	124,843	82,448
Total current assets		**367,729**	**347,145**
TOTAL ASSETS		**725,738**	**713,039**

Consolidated statement of financial position for the period ended 31 December

(NOK 1000)	Note	2020	2019
EQUITY AND LIABILITIES			
Equity			
Paid-in capital			
Share capital	15	1,962	1,957
Other paid in equity		6,655	3,804
Share premium		34,251	34,252
Total paid-in capital		**42,868**	**40,014**
Other equity		14,267	(374)
Retained earnings		47,224	52,526
Total equity		**104,359**	**92,166**
Liabilities			
Non-current liabilities			
Deferred tax	7	25,417	25,313
Interest-bearing loans and borrowings	16	375,832	362,487
Lease liabilities	11	11,104	16,536
Total long-term liabilities		**412,353**	**404,337**
Current liabilities			
Trade accounts payable		21,190	29,845
Customer projects liabilities	3	50,256	55,740
Interest-bearing loans	16	1,244	6,571
Lease liabilities, short term	11	11,792	19,099
Income tax payable	7	2,698	5,408
Public duties payable		49,486	37,314
Other short-term liabilities	18	71,480	61,464
Derivatives		880	1,095
Total short-term liabilities		**209,025**	**216,535**
Total liabilities		**621,378**	**620,873**
TOTAL EQUITY AND LIABILITIES		**725,738**	**713,039**

Oslo, 7 April 2021

Adele Bugge Norman Pran Chair of the Board	**Liselotte Hägertz Engstam** Board Member	**Jan M. Koivurinta** Board Member	**Jon Erik Haug** Board Member
Corinna Schäfer Board Member	**Stefan Charette** Board Member	**Erik Langaker** Board Member	

Consolidated statement of cash flow for the period ended 31 December

(NOK 1000)	Note	2020	2019
Cash flow from operating activities			
Profit (Loss) before tax		(13,390)	(9,960)
Net financial items	6	50,813	24,051
Share based program	22	2,851	1,743
Depreciation and impairments	10	3,311	4,049
Depreciation rights of use assets	11	19,101	21,932
Amortisation intangible assets	9	27,436	26,705
Depreciation implementation costs customer projects	3	34,666	36,606
Recognized customer projects assets	3	(18,026)	(29,505)
Recognized customer projects liabilities	3	(6,723)	(8,545)
Taxes paid	7	(2,427)	(6,356)
Changes in accounts receivable	12, 19	(37)	9,504
Changes in accounts payable	19	(8,655)	5,487
Changes in other items	18	28,002	(8,313)
Interest received	6	195	162
Interest paid	6	(24,864)	(25,052)
Net cash flow from operating activities		**92,254**	**42,508**
Cash flows to investing activities			
Investment in fixed and intangible assets	9, 10	(14,345)	(25,462)
Net cash flow from investing activities		**(14,345)**	**(25,462)**
Cash flows from financing activities			
Sale/(Buyback) of own shares		3	(10,934)
Payment of lease liabilities	11	(21,491)	(22,807)
Repayment of loan	19	(17,510)	(6,320)
Net cash flow from financing activities		**(38,998)**	**(40,062)**
Net changes in cash and cash equivalents		**38,912**	**(23,016)**
Net foreign exchange difference		**3,483**	**(2,380)**
Cash and cash equivalents at the beginning of the period		82,448	107,844
Cash and cash equivalents at the end of the period		**124,843**	**82,448**

Consolidated statement of changes in equity for the period ended 31 December

(NOK 1000)	Share capital	Share premium	Other paid in equity	Total paid-in equity	Other equity	Retained earnings	Total equity
Equity at 01.01.2019	**2,003**	**45,140**	**2,061**	**49,204**	**(33)**	**59,733**	**108,905**
Profit of the year	-	-	-	-	-	(7,011)	(7,011)
Other comprehensive income	-	-	-	-	1,688	-	1,688
Buyback of own shares	(46)	(10,888)	-	(10,934)	-	-	(10,934)
Share based payments	-	-	1,743	1,743	-	-	1,743
Other changes	-	-	-	-	(2,030)	(196)	(2,226)
Equity at 31.12.2019	**1,957**	**34,252**	**3,804**	**40,014**	**(374)**	**52,526**	**92,166**
Profit of the year	-	-	-	-	-	(8,985)	(8,985)
Other comprehensive income	-	-	-	-	16,544	-	16,544
Sale of own shares	5	(2)	-	3	-	1,063	1,066
Share based payments	-	-	2,495	2,495	-	-	2,495
Other changes	-	-	356	356	(1,903)	2,620	1,073
Equity at 31.012.2020	**1,962**	**34,251**	**6,656**	**42,868**	**14,267**	**47,224**	**104,359**

Note 1 – Accounting principles and basis for preparation

The Zalaris Group consists of Zalaris ASA and its subsidiaries, all fully owned. Zalaris ASA is a limited company incorporated in Norway. The Group's main office is in Hovfaret 4, Oslo, Norway. The Group delivers full-service outsourced personnel and payroll services.

The consolidated financial statements of Zalaris for the period ending on 31 December 2020 were approved in a board meeting on 7 April 2021.

1.1 The basis for the preparation of the financial statements

The Group's consolidated financial statements of Zalaris ASA for the accounting year 2020 have been prepared in accordance with international accounting standards ("IFRS") as adopted by the European Union (EU).

The consolidated financial statements are based on the principles of historic cost, apart from financial instruments which are recognized at fair value. The consolidated financial statements have been prepared based on going concern principle.

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 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 date when control is obtained, to the date the Group no longer has control. 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 Norwegian Kroner (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 average monthly exchange rate. Exchange differences from translating subsidiaries are recognized 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 statement of profit or loss.

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group's revenue consists of revenue from providing HR services, so called Managed Services. Managed Services does also include cloud services. The other segment is Professional Services which basically is consulting services.

Managed Services, the revenue from contracts related to outsourcing consists of a basic fixed fee and variable revenue based on number of factors as number of employees, pay slips and expense claims produced. All the above-mentioned deliverables are considered to be highly interrelated and are therefore considered to not be separate identifiable, i.e. one performance obligation. Revenue from outsourcing contracts are also recognized over time, since the customer simultaneously receives and consumes the benefits provided by the Group.

Cloud services, a part of managed services, delivered by the Group may comprise of several deliverables (monthly services, hosting, licenses etc.) The hosting of program solutions is either on the Group's platform or third-party platform. All the deliverables are highly interdependent and are therefore deemed to be one performance obligation. The revenue from cloud services are recognized over time, since the customer simultaneously receives and consumes the benefits provided by the Group.

Revenue from professional services contains one performance obligation, i.e. consultant services. The revenue from these contracts are recognized over time since the customer simultaneously receives and consumes the benefits provided by the Group. The measurement of progress is based on hours.

Costs related to customer contracts are expensed as 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 costs specific to a given contract, generate or enhance the Group's resources that will be used in satisfying performance obligations in the future, and are recoverable. These costs are considered to be "costs to fulfill a contract" and are recognized as customer project asset. The deferred costs are expensed evenly over the period the outsourcing services are provided. The amortization of deferred cost is presented in the Statement of Profit and Loss in the line item "amortization implementation costs customer projects". These costs are accrued before startup of the delivery. The customer's acceptance of startup signifies the recognition of the delivery and revenue is hence rendered from this date forward.

Contract balances

Contract assets: A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group is transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade receivables: A receivable represents the Group's right to an amount of consideration that is unconditional.

Contract liabilities: A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Group fulfills the performance obligation(s) under the contract.

The Group may receive prepayments from customers in the implementation phase of outsourcing projects. The payments are recognized as contract liabilities ("customer project liabilities") and recognized as revenue over the period the Group fulfills the related performance obligation.

Principal versus agent considerations (Cloud services)

For Cloud services the Group delivers services partly based on a SAP-license. Where hosting services are delivered from the Group together with other services rendered, the customer will have to discontinue the hosting service upon a termination of the contract. Where the hosting is rendered by a third party there is a possibility for the customer to continue to receive the hosting service, but without the add-ons and services rendered by the Group. This will leave the customer with a different product, and hence the Group is the principal supplier of cloud services as a whole.

Consideration

The Group's revenue is determined on contractual pricing connected to delivered services within a certain period. Outsourcing and Cloud services revenue is based on rendered service in the period while consulting services are invoiced based on hourly performance. The is no right of return of the services sold by the Group.

If the consideration in a contract includes a variable amount, the Group estimates the most likely amount of consideration to which it will be entitled in exchange for transferring the good or service to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Consideration of significant financing component in a contract

The Group invoices for delivered services throughout the contractual period. Some of these services are short-term financed by the Group while outsourcing contracts contains an element of financing over the contract periods. However, the financing of customer project is not considered to be significant. Hence, the Group has chosen to apply the practical expedient not to adjust any prepayments form customers.

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. Items of the other comprehensive income presented net of related tax effects in the Statement of Other Comprehensive Income.

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 are accounted for as an estimation change. The residual value of the Group's fixed assets is estimated to be nil.

Leases

Zalaris has applied IFRS 16 according to the following principles:

a) Identifying a lease

At the inception of a contract, Zalaris assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To determine whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The agreement creates enforceable rights of payment and obligations
- The identified asset is physically distinct
- It has the right to obtain substantially all of the economic benefits from use of the asset
- It has the right to direct the use of the asset
- The supplier does not have a substantive right to substitute the asset throughout the period of use

b) Zalaris as a lessee

Separating components in the lease contract Zalaris accounts for each lease component within the contract as a lease separately from non-lease components of the contract. Non-lease components, such as other occupancy costs related to office lease agreements, are accounted for by applying other applicable standards.

c) Recognition of leases and exemptions

At the lease commencement date, Zalaris recognises a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for the following exemptions applied:

- Short-term leases (defined as 12 months or less)
- Low value assets (NOK 50,000 or less)

For these leases, Zalaris recognises the lease payments as other operating expenses in the statement of profit or loss when they incur.

d) Measuring the lease liability

The lease liability is initially measured at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date. The lease term represents the non-cancellable period of the lease, together with both periods covered by an option to extend the lease when Zalaris is reasonably certain to exercise that option, and periods covered by an option to terminate the lease when Zalaris is reasonably certain not to exercise that option. Based on relevant circumstances, Zalaris does consider whether to exercise extension options or termination options or not when determining the lease term. Zalaris is not expecting the terms for the extension period to be lower than the current market price at the time of execution of an extension period compared to similar lease agreements. The Group continuously evaluates more cost-effective leases as the business does not have assets that are particularly important.

The lease payments included in the measurement comprise of:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date

Zalaris presents its lease liabilities as separate line items in the statement of financial position.

e) Measuring the right-of-use asset
The right-of-use asset is initially measured at cost. The cost of the right-of-use asset comprise:

- The amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date, less any lease incentives received
- Any initial direct costs incurred by the Group

The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses. The right-of-use asset is depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset. The Group has elected to not apply the revaluation model for its right of use asset for leased buildings.

The Group applies IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

The Group presents its right-of-use assets as separate line items in the consolidated statement of financial position.

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.

Trade receivables that do not contain a significant financing component, as defined by IFRS 15 – Revenue from Contracts with Customers, measured at the transaction price (e g, invoice amount excluding costs collected on behalf of third parties, such as sales taxes). Determining whether a significant financing component exists involves considering things like the difference between the cash price for an asset and the transaction price in the contract, the term of the receivable and prevailing interest rates. As a practical expedient, Zalaris presumes that a trade receivable does not have a significant financing component if the expected term is less than one year. According to IFRS 9, Zalaris can recognize a loss allowance based on lifetime ECLs (Expected Credit Loss) after the simplified approach if the asset does not consist of a significant financing component in accordance with IFRS 15 Zalaris uses a provision matrix as a practical approach for measuring expected credit losses for trade receivables. The provision matrix is based on historical default rates within different ranges of overdue receivables for groupings of trade receivables that share similar default patterns. Groupings are made based on segment and product type. The provision matrix is also calibrated based on assessment of current and future financial conditions. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

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.

Financial liabilities
The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments. The measurement of financial liabilities depends on their classification. Financial liabilities at fair value through profit or loss. Financial liabilities at fair value through profit or loss includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Gains and losses are recognized in profit or loss when the liabilities are derecognized. For further information see note 18.

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 payment 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.

Share-based compensation

The Group operates an equity-settled compensation plan, under which the entity receives services from employees as consideration for equity instruments (options and restricted stock units (RSUs)) of the Group. The fair value of the employee services received in exchange for the grant of the options or RSUs is recognized as an expense (payroll expenses) over the vesting period. The total amount to be expensed is determined by reference to the fair value of the options and RSUs granted:

- Including any market performance conditions (e.g., an entity's share price)
- Excluding the impact of any service and non-market performance vesting conditions
- Including the impact of any non-vesting conditions

At the end of each reporting period, the Group revises its estimates of the number of options and RSUs that are expected to vest based on the non-market vesting conditions and service conditions. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity. If options are forfeited, the expenses relating to those options are reversed. The fair value of the options which have been estimated at grant date and are not subsequently changed.

When the options are exercised, and the Company elects to issue new shares, the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

1.3 New and amended standards and interpretations

The following new standards and amendments became effective as of 1 January 2020:

- Amendment to IAS 1 and IAS 8 – Definition of Material
- Amendment to IRFS 3 – Definition of a Business
- Amendment to IFRS 16 – Leasing (May 2020)
- Below are comments on the standards relevant for the Zalaris Group.

Standards issued and effective

Amendments to IAS 1 and IAS 8 – Definition of material and IFRS 3 – Definition of a Business
The application of the amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Amendments to IFRS 16 Lease
The Covid-19 related amendment to IFRS 16 Lease has not had any implication for the Group, and hence had no effect on the figures presented as at 31 December 2020.

Standards issued but not yet effective

Standards, amendments and interpretations to existing standards that are not yet effective and for which early adoption has not been applied by the Group, are listed below. The Group will adopt these new and amended standards and interpretations, if applicable, when they become effective.

- IFRS 17 – Insurance Contracts (1st January 2021/or likely 1st January 2023)
- IFRS 10 and IAS 28 (amendments) – Sale or contribution of assets between and investor and its associate or joint venture (Date for implementation not set)
- Amendments to IFRS 3 – Reference to the conceptual framework (1st January 2022)
- Amendments to IAS 16 – Property, plant and Equipment – Proceeds before internal use (1st January 2022)
- Amendments to IAS 37 – Onerous contracts – Cost of fulfilling a contract (1st January 2022)
- Amendments to IAS 1 – Classification of liabilities as current or non-current (1st January 2023)

1.4 Key sources of estimation uncertainty and critical accounting judgments

The preparation of the financial statements in accordance with IFRS requires management to make judgments, 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 are any specific areas for which there has been much estimation uncertainty.

Critical accounting judgements

Customer projects

Revenues from outsourcing agreements are recognized over the term of the contract as the services are rendered. The related costs are recognized as they are incurred. However, a portion of costs incurred in the initial phase of outsourcing contracts may be deferred when they are specific to a given contract, relate to future activity on the contract, will generate future economic benefits and are recoverable. These costs are capitalized as "customer projects assets" and any prepaid revenues by the client are presented separately as "customer projects liabilities" in the statement of financial position. When calculating cost, the hourly rates applied are based on estimates.

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". Deferred revenue is recognized over the corresponding period.

The principle requires management to ensure routines for correct and complete allocation of cost and prepaid revenues to the individual customer project and updated and accurate rates to be applied in the cost estimation. Capitalized customer projects are tested at least annually for impairment.

Capitalization 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 must be applied in determining which amount of expenses that can be capitalized.

The Group tests annually 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. As of 31 December, no indication of impairment was identified.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill or customer contracts recognised by the Group on acquisition. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 9.

Deferred tax asset

Deferred tax asset is recognized in the different entities where it is expected to be utilized within the jurisdiction in question, and according to expected future profits in the same entity.

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option and RSUs or appreciation right, volatility and dividend yield and making assumptions about them. The fair value of the share options and RSUs is estimated at the grant date using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the share options were granted. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 22.

Note 2 – Segment information

For management purposes, the Group is organised into business units based on its main products and services and has two reportable segments, as follows:

The Managed Services segment, which includes a full range of payroll and HR outsourcing services, such as payroll processing, time and attendance, travel expenses as well as related cloud system solutions and services. This includes additional cloud-based HR functionality to existing outsourcing customers as talent management, digital personnel archive, HR analytics, mobile solutions, etc. These services are predominantly of a recurring nature and are generally based on long-term contracts (3 – 7 years).

The Professional Services segment, which includes the implementation of SAP HCM systems, such as SAP HCM & Payroll and SuccessFactors, based on Zalaris templates, or implementation of customer-specific functionalities. This segment unit also assists customers with cost-effective maintenance and support of customers' own on-premise SAP solutions ("AMO"). The AMO services are generally of a recurring nature, and much of the services are based on long-term customer relationships.

For internal reporting and management purposes the financial information is organized by the two business segments by geography.

Items that are not allocated to business segments are mainly intercompany sales, interest-bearing loans and other associated expenses and assets related to administration of the Group. The Group's executive management is the chief decision maker in the Group. The investing activities comprise total cost in the period for the acquisition of assets that have an expected useful life of more than one year. The total revenue for 2020 was higher than 2019 through organic growth despite marginal negative effect from Covid-19.

2020

(NOK 1,000)	Managed Services	Professional Services	Gr.Ovhd & Unallocated	Total
Revenue, external	544,321	248,004	-	792,326
Operating expenses	(435,659)	(212,633)	(21,952)	(670,243)
EBITDA	**108,663**	**35,371**	**(21,952)**	**122,082**
Depreciation and amortisation	(45,286)	(9,958)	(29,416)	(84,660)
EBIT	**63,376**	**25,414**	**(51,367)**	**37,423**
Net financial income/(expenses)			(50,813)	(50,813)
Income tax			4,405	4,405
Profit for the period	**63,376**	**25,414**	**(97,775)**	**(8,985)**
Cash flow from investing activities				**(14,345)**

2019*

(NOK 1,000)	Managed Services	Professional Services	Gr.Ovhd & Unallocated	Total
Revenue, external	553,691	223,101	-	776,792
Operating expenses	(446,454)	(192,606)	(34,351)	(673,412)
EBITDA	**107,237**	**30,495**	**(34,351)**	**103,380**
Depreciation and amortisation	(52,279)	(9,534)	(27,477)	(89,290)
EBIT	**54,958**	**20,961**	**(61,828)**	**14,091**
Net financial income/(expenses)			(24,051)	(24,051)
Income tax			2,950	2,950
Profit for the period	**54,958**	**20,961**	**(82,929)**	**(7,011)**
Cash flow from investing activities				**(25,462)**

* Revenue from certain consulting services previously report as part of Managed Services have been moved to Professional Services from 1 January 2020. Business development costs previously included within Group Overhead has been allocated to the business segments from 1 January 2020. Comparable historical information has been updated accordingly.

Geographic information

The Group's operations are carried out 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, corresponds to the geographical location of the customers.

Revenue from External Customers Attributable to

(NOK 1000)	as % of Total	2020 Total	as % of Total	2019 Total
Norway	27%	215,979	29%	228,438
Northern Europe, excluding Norway	29%	228,486	29%	221,455
Central Europe	39%	308,776	38%	294,135
UK & Ireland	5%	39,085	4%	32,764
Total	**100%**	**792,326**	**100%**	**776,792**

Information About Major Customers

(NOK 1000)	as % of total	2020 NOK 1000	as % of total	2019 NOK 1000
Largest customer	11%	89,591	12%	90,279
5 largest customers	25%	197,362	26%	198,539
10 largest customers	38%	302,994	36%	281,120
20 largest customers	56%	441,600	52%	400,907

The Group has only one customer, which accounts for more than 10% of the total revenue (ref. largest customer in the table above).

Note 3 – Revenue from contracts with customers

Disaggregated revenue information

The Group's revenue from contracts with customers has been disaggregated and presented in note 2.

(NOK 1000)	Note	31.12.2020	31.12.2019
Trade receivables	12	148,651	148,614
Customer project assets		78,246	88,808
Customer project liabilities		(50,256)	(55,740)
Prepayments from customers	18	(11,633)	(9,608)

Trade receivables are non-interest bearing and are on general terms from 14 to 90 days credit. In 2020 TNOK 350 (2019 TNOK 505) was recognized as provision for expected credit losses on trade receivables.

Customer project assets are costs incurred on specific customers contracts, which will be used in satisfying performance obligations in the future, and that are recoverable. These are generally cost incurred in the implementation phase of customer contract for the delivery of BPO HCM services, and is a prerequisite for being able to deliver these services. These costs are deferred and amortized evenly over the period the outsourcing services are provided.

Customer project liabilities are generally payments from customers specific to a given contract, to cover part of the costs for the implementation of the outsourcing contract. The customer payments are recognized as revenue evenly as the Group fulfils the related performance obligations over the contract period.

Prepayments from customers comprise a combination of short- and long-term advances from customers. The short-term advances are typically deferred revenues related to smaller projects or change orders related to the system solution. The long-term liabilities relate to initial advances paid upon signing the contract. These advances are contracted to be utilized by the customer to either transformation-, change- or other projects. These advances are open for application until specified, or when the contract is terminated, where the eventual remainder of the amount become the property of Zalaris and is hence rendered as income by the Group.

Movements in Customer Project Assets Through the Period:

(NOK 1000)	2020	2019
Opening balance 1 January	88,808	97,272
Cost capitalized	18,026	29,505
Amortization	(34,666)	(36,606)
Disposals & currency	6,078	(1,363)
Customer projects assets	**78,246**	**88,808**

Movements in Customer Project Liabilities Through the Period:

(NOK 1000)	2020	2019
Opening balance 1 January	(55,740)	(64,284)
Revenue deferred	(14,961)	(17,188)
Revenue recognized	21,684	28,505
Disposals & currency	(1,239)	(2,773)
Customer project liabilities	**(50,256)**	**(55,740)**

Performance obligations

Information related to the Group´s performance obligations and related revenue recognition is summarised below:

Professional services (Consulting)

Consulting services consist of services delivered and defined by project plans with defined milestones and completion specifications (one performance obligation). The performance obligation is satisfied over time because the customer simultaneously receives and consumes the benefits provided by the Group. The Group recognizes revenue based on the labour hours incurred relative to the total expected labour hours to complete the installation. Where contracts have clauses of support hours utilized by the customer the revenue is recognized when support has been delivered. In contracts where some unused hours may be transferred to later periods the performance obligation is not deemed fulfilled, and revenue is only recognized when the hours later are utilized or on the last possible time of transfer of un-utilized hours to future periods.

Managed Services (Outsourcing and Cloud)

HR Outsourcing normally consists of services delivered on a regular basis. Typically, the deliverables for these contracts are payroll services where different variable elements are delivered. These may be salary calculation, payslip delivery, accounting reports, official statistics reporting, travel expense claims reimbursed, sick leave registration and reporting etc. All the deliverables are highly interrelated and therefore not capable to be distinct, i.e. one performance obligation. The performance obligation is satisfied over time, because the customer simultaneously receives and consumes the benefits provided by the Group. The Group recognizes revenue based on the labour hours incurred.

Cloud services delivered by the Group comprise of several deliverables (hosting, licenses etc.), all the deliverables are highly interdependent and are therefore deemed to be one performance obligation.

The revenue from the cloud services is recognized over time, since the customer simultaneously receives and consumes the benefits provided by the Group.

Transaction price

The transaction price is determined either by fixed agreed price per period for licenses and hosting services while for outsourcing and consulting the actual consumption, being manhours spent or customer employee transactions initiated, on agreed price per unit. The variable element of the contracts are typically not limited on customer-initiated transactions while transition and change projects can be limited. The transaction price is distributed over the time the services has been rendered.

Note 4 – Personnel expenses

(NOK 1000)	2020	2019
Salary	356,098	364,685
Bonus	19,204	19,437
Social security tax	54,548	54,099
Pension costs (see note 17)	17,450	19,333
Share based payments (see note 22)	2,495	1,831
Other personnel expenses	12,561	24,953
Capitalised to internal development projects	(13,598)	(16,290)
Capitalised to customer project assets (see note 3)	(18,026)	(29,505)
Total personnel expenses	**430,733**	**438,543**

*Share based payment is further specified in note 22

	2020	2019
Average number of employees	833	875
Average number of FTEs	723	792

See note 20 for transactions with related parties.

Note 5 – Other operating expenses

(NOK 1000)	2020	2019
External consultants for customer projects	80,585	64,606
External services	10,040	10,100
IT and telecom	35,560	38,684
Office premises	8,326	7,819
Travel and accomodation	10,663	23,379
Freight, postage etc.	4,732	5,105
Marketing	5,051	5,718
Audit & Accounting	5,589	5,637
Other expenses	6,591	5,839
Total other operating expenses	**167,138**	**166,887**

Auditors Fee

(NOK 1000)	2020	2019*
Auditor fee *2019 figures restated	4,024	5,064
Fee for tax services	272	-
Other fees	985	338
Total	**5,281**	**5,402**

*2019 restated

Note 6 – Finance income and finance expenses

(NOK 1000)	2020	2019
Interest income on bank accounts and receivables	191	160
Currency gain	4,679	1,916
Other financial income	893	556
Finance income	**5,763**	**2,632**
Interest expense on financial liabilities measured at amortised cost	23,145	19,253
Currency loss	987	3,377
Unrealised foreign currency loss	27,069	(2,375)
Interest expense on leasing	1,503	2,126
Other financial expenses	3,871	4,302
Finance expenses	**56,576**	**26,683**
Net financial items	**(50,813)**	**(24,051)**

Note 7 – Income Taxes

(NOK 1000)	2020	2019
Tax paid / payable	(19,050)	(7,822)
Changes in deferred taxes	23,455	10,772
Tax expense	**4,405**	**2,950**

Tax payable in balance sheet:

(NOK 1000)	2020	2019
Calculated tax payable	2,698	5,408
Total income tax payable	**2,698**	**5,408**

(NOK 1000)	2020	2019
Ordinary profit before tax	(13,390)	(9,960)
Tax at Zalaris ASA's statutory tax rate of 22%	(2,946)	(2,191)
Non tax deductible costs and other permanent differences	5,823	10,622
Effect of different tax rates and impact of changes in rates and legislation	(1,035)	(13,063)
Losses not recognized as deferred tax assets	-	1,637
Adjustments in respect of prior years and other adjustments	-	-501
Tax expense	**4,405**	**2,950**
Effective tax rate	**32.9%**	**29.6%**

Specification of tax effects of temporary differences:

(NOK 1000)	2020	2019
Property, plant and equipment	65,205	71,584
Other differences	4,957	14,498
Tax losses carry forward	(95,723)	(49,441)
Total temporary differences	**(25,561)**	**36,641**
Total deferred tax assets	23,400	11,710
Total deferred tax liability	25,417	25,313
Net recognised deferred tax/(liability) 22%	**(2,017)**	**(13,604)**

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 if the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

The Group has tax losses, which have arisen in Norway, of MNOK 47.0 as of 31 December 2020 that has no expiration date (MNOK 49.4).

Note 8 – 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 2020 and 2019 respectively. Shares issued during the periods are included in the calculations of weighted average number of shares from the date the shares issue was approved by the general meeting. Diluted equity instruments outstanding are related to employee share purchase programs.

(NOK 1000)	2020	2019
Net profit/(loss) attributable to ordinary equity holders of the parent	(6,796)	(7,011)
Weighted average number of shares	19,607,117	19,730,098
Weighted average diluted number of shares	20,301,155	20,123,670
Basic earnings per share (NOK)	**(0,46)**	**(0,36)**
Diluted earnings per share	**(0,46)**	**(0,36)**

Note 9 – Intangible assets

(NOK 1000)	Licenses and Software	Internally Developed Software	Internally Developed Software under Construction	Customer Relationships & Contracts	Goodwill	Total
Acquisition cost						
At 1st January 2019	50,645	91,575	19,937	100,604	151,996	414,755
Additions of the year	135	1,579	21,389	-	-	23,103
Disposals of the year	(12,980)	(26,755)	(3,709)	-	-	(43,444)
Reclassifications	-	18,055	(18,055)	-	-	-
Currency effects	(118)	(1,796)	(1,672)	830	1,253	(1,504)
At 31 December 2019	37,682	82,658	17,890	101,434	153,248	392,911
Additions of the year	-	1,858	11,740	-	-	13,598
Disposals of the year	-	(567)	(6,708)	-	-	(7,275)
Reclassifications	-	15,371	(15,371)	-	-	-
Currency effects	791	611	3,518	4,745	7,170	16,835
At 31 December 2020	**38,473**	**99,931**	**11,068**	**106,178**	**160,418**	**416,068**
Amortization						
At 1 January 2018	41,588	62,806	-	15,302	-	119,696
Disposals of amortization and currency	(11,261)	(28,709)	-	-	-	(39,970)
This year's ordinary amortisation	2,944	13,711	-	10,049	-	26,704
Currency effects	(93)	197	-	178	-	281
At 31 December 2019	33,177	48,006	-	25,528	-	106,712
Disposals of amortisation	-	(567)	-	-	-	(567)
This year's ordinary amortisation	1,746	14,709	-	10,982	-	27,436
Currency effects	638	340	-	1,195	-	**2,173**
At 31 December 2020	**35,561**	**62,488**	**-**	**37,705**	**-**	**135,754**
Net Book value						
At 31 December 2019	4,505	34,652	17,889	75,905	153,248	**286,198**
At 31 December 2020	**2,912**	**37,442**	**11,068**	**68,473**	**160,418**	**280,314**
Useful life	3-10 years	5 years	N/A	10 years	Indefinite	
Depreciation method	linear	linear		linear		

As of 31 December 2020, the market capitalization of the Group was almost 10 times the book value of its equity, indicating no impairment of the Group's assets.

The calculated recoverable amount of Goodwill has been calculated based on the corresponding CGU. The close integration and synergies within the Group's geographical and operating segments makes this a shared asset for the entire Group. Provision of seamless multinational HR outsourcing services is a core value proposition for the Group, hence expanding the geographical coverage improves the value proposition. This results in higher win rates and the ability to capture more of the profits from multinational customer contracts. Cross-selling of services between the segments and geographies is and will continue to be an important part of the business and is essential to drive growth throughout the Group.

The recoverable amount is based on a value-in-use calculation, using cash flow projections for the next 5 years. The projections are based on an existing business model without non-organic growth. The expected cash flow is based on company estimates for the period 2021 to 2025. A terminal value is included in the calculations. Estimates and pertaining assumptions are made to the best of the management's knowledge of historical and current events, experience and other factors that are deemed reasonable in the circumstances.

The value-in-use calculation is most sensitive to the following assumptions:

- Revenue
- EBITDA / EBITDA margin
- Discount rate

Discount rates represent the current market assessment of the risks, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. The beta factor is evaluated annually based on publicly available market data and is the same for all segments.

A conservative growth assumption of 1.5% is applied in the terminal value, which is slightly below the inflation targets for the markets in which the Group operates.

A headroom sensitivity analysis has been carried out, which indicates sensitivity to changes in WACC and operating profit. The range is +/-20% in EBITDA and +/-2% in WACC.

Headroom Sensitivity Analysis in NOK Million

		Weighted Average Cost of Capital				
		5.5%	**6.5%**	**7.5%**	**8.5%**	**9.5%**
	(20.0%)	1,107	776	561	398	280
	(10.0%)	1,524	1,109	839	634	486
Percentage change in EBITDA	0,0%	1,941	1,441	1,117	871	693
	10.0%	2,359	1,774	1,396	1,107	899
	20.0%	2,776	2,107	1,674	1,344	1,105

Positive numbers in the table indicates positive headroom, and negative number in the table indicates impairment.

Note 10 – Property, Plant and Equipment

(NOK 1000)	Land	Buildings	Vehicles	Furniture and Fixtures	IT-Equipment	Total
Acquisition cost						
At 1st January 2019	3,735	23,951	479	19,561	10,490	58,217
Additions of the year	-	-	59	943	1,357	2,359
Disposals of the year	-	-	-	(1,384)	(3,899)	(5,284)
Currency effects	(27)	(176)	(3)	(181)	(39)	(425)
At 31 December 2019	**3,708**	**23,775**	**536**	**18,939**	**7,909**	**54,866**
Additions of the year	-	-	-	142	616	758
Disposals of the year	-	-	-	(773)	(413)	(1,187)
Miscelaneous	-	-	(9)	-	(2)	(11)
Currency effects	234	1,501	28	580	313	2,656
At 31 December 2020	**3,942**	**25,276**	**554**	**18,888**	**8,422**	**57,082**
Depreciation						
At 1st January 2019	-	519	351	14,062	12,945	27,876
Disposals of ordinary depreciation	-	-	-	(1,303)	(3,855)	(5,158)
This year's ordinary depreciation	-	476	138	2,123	1,312	4,048
Currency effects	-	(4)	(1)	(778)	600	(184)
At 31 December 2019	**-**	**990**	**487**	**14,105**	**11,002**	**26,583**
Disposals of ordinary depreciation	-	-	-	(708)	(386)	(1,094)
This year's ordinary depreciation	-	506	25	1,550	1,232	3,311
Currency effects	-	63	28	412	115	618
At 31 December 2020	**-**	**1,559**	**539**	**15,358**	**11,963**	**29,418**
Net book value						
At 31 December 2019	**3,708**	**22,785**	**49**	**4,834**	**1,761**	**33,137**
At 31 December 2020	**3,942**	**23,718**	**15**	**3,529**	**1,313**	**32,518**

[1)] For description of the acquisitions, see note 23.

Economic life	indefinite	50 years	3 years	5 years	3 years	
Depreciation method	none	linear	linear	linear	linear	

Note 11 – Right-of-use Assets and Lease Liabilities

Zalaris as a lessee

Right-of-use assets

Zalaris leases several assets such as buildings, equipment and vehicles. The Group's right-of-use assets are categorized and presented in the table below:

Right-of-use assets

(NOK 1000)	Buildings	Equipment	Vehicles	Total
Acquisition cost				
At 1 January 2019	42,218	3,428	6,680	52,326
Additions	3,402	747	305	4,455
At 1 January 2020	**45,620**	**4,175**	**6,985**	**56,781**
Additions	5,870	154	5	6,029
At 31 December 2020	51,490	4,329	6,991	62,810
Depreciation				
At 1 January 2019	-	-	-	-
Depreciation	16,653	1,629	3,650	21,932
At 31 December 2019	**16,653**	**1,629**	**3,650**	**21,932**
Depreciation	15,708	1,426	1,967	19,101
At 31 December 2020	**32,361**	**3,055**	**5,617**	**41,033**
Carrying amount at 31 December 2020	**19,128**	**1,274**	**1,374**	**21,777**

Lease liabilities		
(NOK 1000)	**2020**	**2019**
Current	11,792	19,099
Non-current	11,104	16,536
Lease liabilities at 31 December 2020	**22,896**	**35,635**
Interest expense included (in finance cost)	1,503	2,126
Variable lease payments expensed in the period	-	-
Operating expenses related to short-term leases	275	155
Operating expenses period related to low value assets	288	453
Total cash outflows for leases	22,994	24,933

Extension options

Zalaris' lease of buildings has lease terms that vary from one year to 10 years, and several agreements involve a right of renewal which may be exercised during the last period of the lease term. Zalaris assesses at the commencement whether it is reasonably certain to exercise the renewal right. This is because the Group is not expecting the terms for the extension period to be lower than the current market price at the time of execution of an extension period compared to similar lease agreements. Zalaris continuously evaluates more cost-effective leases, as the Group does not consider these assets to be critical to the business.

The leases do not contain any restrictions on Zalaris' dividend policy or financing. Zalaris does not have significant residual value guarantees related to its leases to disclose.

Note 12 – Trade Accounts Receivables

(NOK 1000)	2020	2019
Gross trade accounts receivable	149,001	149,119
Provisions for losses	(350)	(505)
Trade accounts receivable	**148,651**	**148,614**

Losses on trade accounts receivable are classified as other operating expenses in the income statement.
See note 19 for assessment of credit risk.

Movements in the Provision for Loss are as Follows:	2020	2019
Opening balance	(350)	(505)
Provision of the year	(21)	(62)
Realised loss this year	21	62
Closing balance	**(350)**	**(505)**

Details on the credit risk concerning trade accounts receivable are given in note 19.

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 2020	148,651	128,124	15,337	2,119	1,017	2,054
31 December 2019	148,614	110,215	28,213	3,505	2,118	4,564

Note 13 – Other Short-Term Receivables

(NOK 1000)	2020	2019
Advances to employees	250	1,494
Prepaid rent	1,293	1,740
Prepaid software	1,270	7,052
Prepaid insurance	241	181
Prepaid other expenses	1,269	429
Prepaid maintenance and service	1,779	-
Accrued income	7,234	3,942
Public duties and taxes	474	6,739
Other receivables	2,178	5,697
Total other short-term receivables	**15,989**	**27,275**

Note 14 – Cash and Cash Equivalents and Short-Term Deposits

(NOK 1000)	2020	2019
Cash in hand and at bank - unrestricted funds	118,145	56,132
Deposit accounts - guarantee rent obligations - restricted funds	2,247	21,529
Employee withheld taxes - restricted funds	4,451	4,787
Cash and cash equivalents in the balance sheet	**124,843**	**82,448**

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 Group's balance sheets. The table below provides information about on the total balance of these deposit accounts.

(NOK 1000)	2020	2019
Customer deposits	1,825	4,051

Note 15 – Share Capital, Shareholder information and dividend

Shares	2020	2019
Shares - nominal value NOK 0.10	20,122,979	20,122,979
Total number of shares	**20,122,979**	**20,122,979**

The nominal value of the share is NOK 0.10. All the shares in the company have equal voting rights and are entitled to dividend.

The computation of earnings per share is shown in note 8.

The Major Shareholders at 31.12.2020 are:

Shareholder	Number of Shares	% of Total	Type of Account
Norwegian Retail AS	2,891,482	14.37%	Ordinary
Skandinaviska Enskilda Banken AB	2,808,403	13.96%	Nominee
Handelsbanken Nordiske Smabolag	1,180,585	5.87%	Nominee
Verdipapirfondet Dnb Smb	847,535	4.21%	Ordinary
Verdipapirfondet Norge Selektiv	829,078	4.12%	Ordinary
Verdipapirfondet Nordea Kapital	775,508	3.85%	Ordinary
Vestland Invest A/S	770,659	3.83%	Ordinary
Athanase	631,597	3.14%	Nominee
Vevlen Gård AS	609,836	3.03%	Ordinary
Deutsche Bank Aktiengesellschaft	506,881	2.52%	Nominee
Verdipapirfondet Nordea Avkastning	505,705	2.51%	Ordinary
Tigerstaden AS	469,803	2.33%	Ordinary
Verdipapirfondet Nordea Norge Plus	466,816	2.32%	Ordinary
UBS Switzerland AG	295,139	1.47%	Nominee
Verdipapirfondet Alfred Berg Gamba	261,512	1.30%	Ordinary
Næringslivets Hovedorganisasjon	253,217	1.26%	Ordinary
Nordea Norwegian Stars Fund	248,661	1.24%	Nominee
Taconic AS	245,212	1.22%	Ordinary
JP Morgan Chase Bank	226,395	1.13%	Nominee
Shares owned by the Company	503,521	2.50%	Ordinary
Others	**4,795,434**	**23.83%**	
Total	**20,122,979**	**100.00%**	

Shares held by related parties are disclosed in note 20.

Dividend

The board proposes to pay a dividend for 2020 amounting to NOK 19.6 million, or NOK 1.00 per outstanding share, to be paid to the sharehold-ers of the parent company. No dividend was paid to the shareholders of the parent company during 2020. The Company has not accrued for the proposed dividend in 2020.

Note 16 – Interest-Bearing Loans and Borrowings

(NOK 1000)					2020			2019		
Financial Institution	Agreement	Maturity	Duration	Interest Rate	Non-Current	Current	Total	Non-Current	Current	Total
Oslo Stock Exchange*	Bond loan	Sep 2023	5 years	see below	362,023	-	362,023	338,428	-	338,428
MBG, Germany	Private lender	2023-26	10 years	5–6,5%	-	-	-		5,326	5,326
KfW Bank, Germany	Bank loan	Dec 2022	10 years	2,45–4%	1,554	19	1,573			
KfW Bank, Germany	Bank loan	Dec 2031	15 years	1,95%	-	-	-	11,379	92	11,471
Commerzbank, Bank**	Bank loan	Dec 2031	14 years	1.3%	12,256	1,226	13,481	12,681	1153	13,834
Interest-bearing debt and borrowings					**375,832**	**1,244**	**377,077**	**362,487**	**6,571**	**369,058**

*The bond loan has maturity on 29 September 2023 with no down payments before maturity. Interest rate to be paid is 3 months Euribor 4.75%. The Company has deferred NOK 7.5 million in issuing costs (2% of the bond loan), which are being amortized over the term of the loan. The balance at 31 December 2020 is NOK 4.9 million (NOK 6.7 million). The Company has a swap arrangement to hedge the interest rate exposures arising from this debt obligation.

**Zalaris Deutschland AG entered a loan agreement with Commerzbank in March 2017 related to the financing of the new office building in Leipzig.

Assets pledged as security

Shares in all subsidiaries of Zalaris ASA have been pledged as guarantee for the bond loan. In addition assets in the subsidiaries Zalaris HR Services Norway AS, Zalaris HR Services Sweden AB, Zalaris HR Services Denmark AS, Zalaris HR Services Finland OY and Zalaris Deutschland AG have been pledged as guarantees for the loan.

	Finance institutions
At 1 January 2020	363,732
Payments 2020	(12,184)
Agio	25,530
At 31 December 2020	**377,077**

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 SF and 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 28.8 million.

Under section 479A of the UK Companies Act 2006 the two Zalaris UK entities, Zalaris UK Ltd (registration no 08240911) and Zalaris Consulting UK Ltd (registration no 3538201), have availed exemption for audit of their statutory financial statements pursuant to guarantees issued by Zalaris to indemnify the subsidiaries of any losses towards third parties that may arise in the financial year ended 31 December 2020 in these subsidiaries.

For leasing liabilities for right-of-use assets, see note 11.

Note 17 – Pensions

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 141 participants in this defined contribution plan, including the AFP-scheme.

The pension expenses equal the calculated contribution for the year and is NOK 5.3 million (NOK 5.5 million). The scheme is administered by Storebrand.

In 2016 a new AFP-scheme was 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 2020 was 3.5% of salary between 1 G and 7.1 G. 1G equals NOK 0.1 million as of 31.12.2020.

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.

Pensions for other employees

Employees in Group companies outside Norway have pension plans in accordance with local practice and local legislation. The Group has only defined contribution 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 plans for all employees, a total of 36 people end of the year. Finland has a defined contribution plan for all its employees, a total of 33 employees. Sweden has a defined contribution plan for all employees, a total of 49 employees. UK has a defined contribution plan for all employees, a total of 35 employees. Germany has defined contribution plan for executive employees.

Total expenses recognized related to pension in 2020 amounts to NOK 17.4 million (NOK 19.3 million).

Note 18 – Other Short-Term Liabilities

(NOK 1000)	2020	2019
Prepayments from customers*	11,633	9,608
Wages, holiday pay and bonus	18,705	21,937
Accrued expenses and other current liabilities	41,142	29,919
Total	**71,480**	**61,464**

* Prepayments from customers both relate to prepayments of fixed service fees for the first month starting outsourcing deliveries, and prepayments related to liabilities for transferred personnel.

Note 19 – Financial Instruments

Financial Instruments by Category

2020 (NOK 1000)	Financial Assets at Amortized Cost	Fair Value Through Profit or Loss	Financial Liabilities at Amortized Cost	Total Book Value
Financial Assets				
Trade accounts receivable	148,651			148,651
Other short-term receivables	15,989			15,989
Cash and cash equivalents	124,843			124,843
Total	**289,484**	-	-	**289,484**
Financial liabilities at amortized cost				
Derivatives, Interest rate swaps		880		880
Borrowings, long term			375,832	375,832
Trade accounts payables			21,190	21,190
Other short-term debt			71,480	71,480
Total	-	**880**	**468,503**	**469,382**

2019 (NOK 1000)	Financial Assets at Amortized Cost	Fair Value Through Profit or Loss	Financial Liabilities at Amortized Cost	Total Book Value
Financial Assets				
Trade accounts receivable	148,614			148,614
Other short-term receivables	27,275			27,275
Cash and cash equivalents	82,448			82,448
Total	**258,337**	-	-	**258,337**
Financial liabilities at amortized cost				
Derivatives, Interest rate swaps		1,095		1,095
Borrowings, long term			362,487	362,487
Trade accounts payables			29,845	29,845
Other short-term debt			61,464	61,464
Total	-	**1,095**	**453,796**	**454,891**

Fair value of financial instruments

The Group classifies fair value measurements by using a fair value hierarchy, which reflects the importance of the input used in the preparation of the measurements. The fair value hierarchy has the following levels:
The fair value of the interest rate swap is determined by discounting expected future cash flows to present value through the use of observed market interest rates from Nordea. The fair value measurement for interest swap at period-end 2020 using Level 2 is MNOK 0.9 (MNOK 1.1).

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

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. The Company's exposure to the risk of changes in market interest is managed by the mix of fixed and variable rate loans. As described above, the Company has entered swap arrangements to hedge its interest exposures arising from its debt obligations on the bond loan (ref. Note 16). The interest risk is thus considered to be low.

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 SEK, EUR and GBP in relation to its debt obligations as well as from commercial transactions.

For operational transactions denominated in currencies other than the functional currency of the Group entity, the Company's policy is to exchange into foreign currency as required on a spot basis. Most transactions carried out by Group entities are done in the functional currency of those entities.

As of 31 December 2020 the Company has a Euro-based bond loan of EUR 35 million. Per 31 December 2020 the Company had an unrealized currency loss amounting to NOK 42.1 million (2019 NOK 13.7 million) related to this loan. Otherwise, the Group has limited exposure to currency risk from assets and liabilities recognized as of 31 December 2020 that are denominated in currencies other than the functional currency of the Group entities. As of 31 December 2020 the Group has currency exposure from EUR, DKK, INR, SEK, GBP, CHF 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 pre-tax of approximately NOK 0.7 million.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, derivatives, debt instruments and account receivables. The counterparty to the cash and cash equivalents and deposits banks which are assessed to be solid.

Trade Receivables and Contract Assets

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on a credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and contract assets are regularly monitored. The Group has a customer portfolio of well-known companies and has had low credit losses (Note 16).

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

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 enough 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 enough 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 the closing exchange rates at balance sheet date.

(NOK 1000)	Less than 3 months	3 to 12 months	1 to 5 years	Total
Per 31 December 2020				
Borrowings, long term			375,832	375,832
Borrowings, short term	346	899		1,244
Trade creditors and other short term liabilities	21,190	59,847	11,633	92,670
Total liabilities	**21,536**	**60,746**	**387,465**	**469,747**
Per 31 December 2019				
Borrowings, long term	-	-	362,487	362,487
Borrowings, short term	311	6,260	-	6,571
Trade creditors and other short term liabilities	29,845	51,856	9,608	91,309
Total liabilities	**30,156**	**58,116**	**372,095**	**460,367**

Capital management

A key objective in relation to capital management is to ensure that the Company maintains a sufficient capital structure in order to support its business development and to maintain a strong credit rating. The Company 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 Company may issue new shares or obtain new loans.

Note 20 – Transactions with Related Parties

a) Purchase from Related Parties

Related Party	Transaction	2020	2019
Rayon Design AS[1]	Management Services	2,371	1,556
Haug Advisory AS[2]	Management Services	-	200
Total		**2,371**	**1,756**

1) Norwegian Retail AS, a company owned 100% by Hans-Petter Mellerud, CEO of Zalaris ASA, owns 40% of the shares in Rayon Design AS.
2) Jon Erik Haug is Board Member of Zalaris ASA

b) Remuneration to Management and Board of Directors:

2020

Management	Title	Salary Incl./Bonuses	Pensions	Other Benefits	Total
Hans-Petter Mellerud	CEO	3,410	205	25	3,640
Gunnar Manum	CFO	1,858	111	4	1,974
Halvor Leirvåg	CTO	1,693	100	4	1,797
Richard Schiørn	VP Strategic	1,897	108	4	2,009
Hilde Karlsmyr	CHRO	1,755	103	4	1,862
Øyvind Reiten	EVP Bus.dev. - GMS	1,937	112	25	2,074
Sami Seikkula	Executive VP Northern Europe	1,579	295	3	1,877
William Peter Jackson	Executive VP UK and Ireland	1,407	69	59	1,534
Harald Götsch	Executive VP Central Europe	2,238	54	-	2,292
Balakrishnan Narayanan	Executive VP Asia Pacific	610	2	-	612
Total		**18,383**	**1,160**	**129**	**19,672**

Board of Directors	Title	Remuneration
Adele Norman Pran	Chair of the Board	317
Lars Laier Henriksen (01.01–18.05)	Chairman of the Board	167
Liselotte Hägertz Engstam	Board Member	200
Jan Koivurinta	Board Member	200
Corinna Schäfer	Board Member	200
Kenth Erland Erikssson (01.01–18.05)	Board Member	83
Jon Erik Haug	Board Member	200
Erik Langaker (18.05–31.12)	Board Member	117
Stefan Charette (18.05–31.12)	Board Member	117
Total		**1,600**

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.

2019

Management	Title	Salary	Pensions	Other Benefits	Total
Hans-Petter Mellerud	CEO	3,396	204	39	3,639
Nina Stemshaug (01.01-31.08)	CFO	1,705	102	7	1,814
Anders Sjåstad (01.09-31.12)	CFO	1,229	N/A	N/A	1,229
Halvor Leirvåg	CTO	1,646	99	7	1,752
Richard Schiørn	VP Strategic	1,737	104	7	1,848
Hilde Karlsmyr	CHRO	1,686	101	7	1,794
Øyvind Reiten	Executive VP Northern Europe	1,831	111	9	1,951
Sami Seikkula	Executive VP Northern Europe	1,306	239	2	1,547
William Peter Jackson	Executive VP UK and Ireland	1,364	66	-	1,430
Harald Götsch	Executive VP Central Europe	1,825	50	-	1,875
Balakrishnan Narayanan	Executive VP Asia Pacific	484	3	-	487
Total		**18,209**	**1,080**	**78**	**19,367**

Board of Directors	Title	Remuneration
Lars Laier Henriksen	Chairman of the Board	400
Liselotte Hägertz Engstam	Board Member	200
Jan Koivurinta	Board Member	200
Corinna Shcäfer (01.06 - 31.12)	Board Member	117
Kenth Eriksson (01.06 - 31.12)	Board Member	100
Jon Erik Haug	Board Member	200
Adele Norman Pran	Board Member	200
Total		**1,417**

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.

c) Shares held by related parties as of 31 December 2020

Name	Role	Number of Shares	Number of Share Options	Number of RSUs
Norwegian Retail AS	CEO (Hans-Petter Mellerud)	2,891,482	25,000	
Gunnar Manum	CFO	2,000	30,000	5,000
Harald Götsch	Executive VP Central Europe	459,100		
Jan M Koivurinta	Board member	295,139		
Vestland Invest AS	Board member (Erik Langaker)	870,659		
Hilde Karlsmyr	CHRO	5,581	30,000	21,522
Haug Invest AS	Board member (Jon Erik Haug)	23,761		
William Peter Jakson	Executive VP UK and Ireland	5,581	30,000	20,402
Sami Seikkula	Executive VP Northern Europe	5,000	30,000	28,588
Halvor Leirvåg	CTO	7,825	30,000	35,556
Øyvind Reiten	Executive VP Northern Europe	9,045	30,000	63,357
Adele Norman Pran	Chair of Bard	20,000		
Liselotte Hägertz Engstam	Board member	3,500		
Balakrishnan Narayanan	EVP APAC		15,000	3,774
Athanase/SEB	Board member (Stefan Charette)	3,420,125		
Richard Schiørn	VP Strategic Projects	7,628	30,000	46,662
Total		**8,026,426**	**250,000**	**224,861**

Note 21 – Overview of Subsidiaries

The following subsidiaries are included in the consolidated accounts:

Company	Country	Ownership/Voting Share
Zalaris HR Services Denmark A/S	Denmark	100%
Zalaris HR Services Sverige AB	Sweden	100%
Zalaris HR Services Finland OY	Finland	100%
Zalaris HR Services Norway AS	Norway	100%
Zalaris HR Services Latvia SIA	Latvia	100%
Zalaris HR Services Lithuania UAB	Lithuania	100%
Zalaris HR Services Poland Sp Z.o.o	Poland	100%
Zalaris HR Services Estonia	Estonia	100%
Zalaris HR Services India Pvt Ltd	India	100%
Zalaris Deutschland AG	Germany	100%
LBU Personal Complete GmbH	Germany	100%
Zalaris Switzerland AG	Switzerland	100%
Zalaris UK Ltd	UK	100%
Zalaris Consulting Ltd	UK	100%
Zalaris HR Services Ireland Ltd.	Ireland	100%

The following companies were merged with their sister company in their respective country during the year.

Company	Country
Zalaris Consulting Poland Sp. z. o. o.	Poland
Zalaris Consulting GmbH	Germany
Zalaris Consulting Denmark A/S	Denmark
Zalaris Consulting GmbH	Germany
Zalaris Consulting Poland Sp. z. o. o.	Poland

Note 22 – Share-Based Payment Plan

Zalaris ASA (the "Company") operates a share-based payment plan for members of the executive management and key employees.

The share-based payment plan consists of a share option program and restricted stock units ("RSUs").

The costs recognized for the share-based payment plan are shown in the following table:

(NOK 1000)	2020	2019
Restricted Share Units	2,495	1,780
Employee share options	696	51
Accrued social security costs	1,145	210
Total recognized costs	**4,335**	**2,041**
Accrued payroll tax at the end of the period	**1,636**	**512**

Restricted Stock Units

The general meeting of Zalaris ASA held on 18 May 2020, gave the Board the authority to grant up to 135,000 RSUs annually to executive management, with matching requirements. Under this plan the executive management may convert up to 50% of approved bonuses to RSU's at a 100% higher value (e.g. NOK 50k of annual bonus is converted to NOK 100k worth of RSUs). The purpose of the RSUs is to further align the interests of the Company, its subsidiaries and its shareholders by providing long term incentives in the form of an own investment in the Company done by the participant and matching awards (the RSUs).

The granted RSUs have a three year vesting period. The RSUs require the employee to purchase the required number of matching shares at the grant date and hold these until the RSUs are fully vested. Non-vested RSUs are cancelled when the employee has given notice of termination and are treated as forfeited. If for some reason the Company is not holding a sufficient number of shares at the relevant settlement date, any RSUs awarded and settled under the plan shall be settled by a cash bonus payment equal to the fair market value per share on the date of settlement multiplied by the number of RSUs.

The Company will do its utmost to settle the granted RSUs as shares, and thus accounts for the RSUs as an equity-settled plan.

A total of 7,227 RSUs were granted in 2020, and the following table illustrates the number of RSUs outstanding:

Number of RSUs	2020	2019
Outstanding at the beginning of the period	294,925	146,919
Granted	12,227	172,595
Exercised	-	-
Forfeited	-	(24,589)
Outstanding at the end of the period	**307,152**	**294,925**

The fair value of the RSUs is estimated at the grant date using Black&Scholes Merton pricing model, taking into account the terms and conditions on which the RSUs were granted. The following table lists the key inputs to the model used for the year ended 31 December:

The Weighted Average Assumptions Used	2020	2019
Expected volatility (%)	43.01	39.34
Risk-free interest rate (%)	0.72	1.19
Expected life of RSUs (year)	2.76	2.64
Weighted average share price	36.70	21.21

Historic volatility is assumed to be a reasonable indicator of expected volatility. Expected volatility is therefore defined as historic volatility. The risk-free interest rate used for RSU calculations is collected as of grant date from Norges Bank. Where there is no exact match between the term of the interest rates and the term of the RSU, interpolation is used to estimate a comparable term.

Share Option Program

The general meeting of Zalaris ASA held on 18 May 2020, gave the Board the authority to grant up to 250,000 employee share options annually for a three-year period. The strike price is based on the weighted average share price for seven days preceding the grant. 60% of the options granted vest after 36 months, while the remaining 40% vest after 60 months. Each share option corresponds to one share.

Employee share options are not subject to any performance-based vesting conditions. The Company has the option to settle the share options in cash, however they have no legal or constructive obligation to repurchase or offer cash-settlements for options granted. Non-vested share options are cancelled when the employee has given notice of termination and are treated as forfeited. A total of 280,000 options were granted in 2020, of which 30,000 related to the 2019 share option program. The options were granted at an average exercise price of NOK 41.97.

The following table illustrates the number of options outstanding and their weighted average exercise price (WAEP):

	2020		2019	
	Number of Options	WAEP (NOK)	Number of Options	WAEP (NOK)
Outstanding at the beginning of the period	333,000	34.31	-	-
Granted	280,000	41.97	333,000	34.31
Outstanding at the end of the period	**613,000**	**37.81**	**333,000**	**34.31**
Exercisable at the end of the period	-	-	-	-

The fair value of the share options is estimated at the grant date using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the share options were granted. The weighted average fair value of share options granted to employees during the period was NOK 9.05 per option (NOK 3.45). The following table lists the key inputs to the model used for the year ended 31 December:

The Weighted Average Assumptions Used	2020	2019
Expected volatility (%)	40.43	34.10
Risk-free interest rate (%)	0.42	1.20
Expected life of options (year)	3.8	3.8
Weighted average share price	39.05	23.33

Historic volatility is assumed to be a reasonable indicator of expected volatility. Expected volatility is therefore defined as historic volatility. The risk-free interest rate used for share option calculations is collected as of grant date from Norges Bank. Where there is no exact match between the term of the interest rates and the term of the share options, interpolation is used to estimate a comparable term.

Annual share purchase program

The Company completed an annual share purchase program for employees in Q4 2019. As part of the program, Zalaris has sold 51,687 own shares to employees at a subscription price of NOK 20.62 per share. The shares were transferred to the employees 31 March 2020. The subscription price was based on the volume-weighted average share price in the period between 18 December to 30 December 2019, less a 20% discount. To receive the discount the shares have a 12 months lock-up period.

Similarly, the Company completed an annual share purchase program for employees in the fourth quarter 2020 under same conditions as above. Then Zalaris sold 19,072 own shares to employees at a subscription price of NOK 40.18 per share. Following the sale Zalaris will hold 484,449 own shares. The shares were transferred to the employees by 31 March 2021. The subscription price was based on the volume-weighted average share price in the period between 9 December to 30 December 2020, less a 20% discount.

Note 23 – Events After the Balance Sheet Date

There have been no events after the balance sheet date which have had a material effect on the issued accounts.

EMPLOYEE PHOTO:
Marianne Gause,
Vice President Managed Services Germany

Parent Company
Annual Accounts Report 2020
Zalaris ASA

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

- **Statement of Income**
- **Statement of Balance Sheet**
- **Statement of Cash Flows**
- **Statement of Changes in Equity**
- **Notes to the Financial Statement**

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.

Income Statement: 1 January - 31 December

(NOK 1000)	Notes	2020	2019
Other revenue	2	132,974	117,964
Total Revenue		**132,974**	**117,964**
Operating expenses			
License costs		44,706	43,485
Personell expenses	3	32,641	25,440
Other operating expenses	4	90,585	95,657
Amortisation intangible assets	5	13,812	13,752
Depreciation and impairments	6	310	377
Total operating costs		**182,054**	**178,711**
Operating profit		**(49,080)**	**(60,747)**
Financial items			
Financial income	15	96,536	54,424
Financial expenses	15	(25,846)	(22,771)
Unrealised foreign currency loss	14, 15, 16	(27,108)	2,312
Net financial items		**43,582**	**33,965**
Ordinary profit before tax		**(5,498)**	**(26,782)**
Income tax expense			
Tax expense on ordinary profit	7	(10,322)	(5,840)
Total tax expense		**(10,322)**	**(5,840)**
Profit for the year		**4,824**	**(20,943)**
Attributable to:			
Other Equity		4,824	(20,943)

Balance Sheet at 31 December

(NOK 1000)	Notes	2020	2019
ASSETS			
Non-current assets			
Intangible assets			
Deferred tax asset	7	20,864	10,051
Other intangible assets	5	44,506	49,394
Total intangible assets		**65,369**	**59,446**
Fixed assets			
Property, plant and equipment	6	305	615
Total fixed assets		**305**	**615**
Financial non-current assets			
Shares in subsidiaries	8	353,137	341,666
Total financial non-current assets		**353,137**	**341,666**
Total non-current assets		**418,811**	**401,726**
Current assets			
Prepayments		3,123	7,010
Other short-term receivables	9	8	990
Other short-term receivables to group companies	9	97,731	137,396
Cash and cash equivalents	10	10,373	10,562
Total current assets		**111,235**	**155,957**
TOTAL ASSETS		**530,047**	**557,684**

Balance Sheet at 31 December

(NOK 1000)	Notes	2020	2019
EQUITY AND LIABILITIES			
Equity			
Paid-in capital			
Share capital		1,962	1,957
Other paid in equity		6,359	3,804
Share premium		34,251	34,253
Total paid-in capital		**42,572**	**40,014**
Other equity		28,377	22,440
Total earned equity		**28,377**	**22,440**
Total equity		**70,949**	**62,453**
Non-current liabilities			
Interest-bearing loans and borrowings	16	362,023	338,428
Total long-term debt		**362,023**	**338,428**
Current liabilies			
Trade accounts payable		9,349	10,679
Interest-bearing loans	16	67,384	123,992
Short-term debt to group companies		9,226	2,014
Derivatives	14	880	1,095
Public duties payable		395	587
Other short-term debt	17	9,841	18,434
Total short-term debt		**97,075**	**156,803**
Total liabilities		**459,098**	**495,230**
TOTAL EQUITY AND LIABILITIES		**530,047**	**557,684**

Oslo, 7 April 2021

Adele Bugge Norman Pran
Chair of the Board

Liselotte Hägertz Engstam
Board Member

Jan M. Koivurinta
Board Member

Jon Erik Haug
Board Member

Corinna Schäfer
Board Member

Stefan Charette
Board Member

Erik Langaker
Board Member

Statement of Cash Flows: 1 January - 31 December

(NOK 1000)	Note	2020	2019
Cash flows from operating activities			
Ordinary profit before tax		(5,498)	(26,783)
Income taxes paid		(491)	-
Net financial items		(47,733)	(37,244)
Amortisation and depreciation		14,122	14,129
Changes in trade accounts receivable and payables		(1,330)	66
Changes in other accruals		66,339	(76,237)
Interest received		8,530	910
Interest paid		(19,541)	(17,665)
Net cash flows from operating activities		**14,399**	**(142,823)**
Cash flows from investing activities			
Purchases of Intangible assets and property, plant and equipment		(8,923)	(20,582)
Purchase and investment in subsidiary	8	(11,471)	(541)
Net cash flows from investing activities		**(20,394)**	**(21,123)**
Cash flows from financing activities			
Group contribution and dividiends from daughters		86,066	52,462
Sale of own shares		1,117	(11,238)
Stock purchase program		2,555	2,067
Net new debt		-	(3,383)
Revolving credit		(56,608)	54,679
Net cash flows from financing activities		**33,129**	**94,588**
Net changes in cash and cash equivalents		**27,134**	**(69,358)**
Net foreign exchange difference		**(27,323)**	**1,537**
Cash and cash equivalents at the beginning of the year		**10,562**	**78,382**
Cash and cash equivalents at the end of the year		**10,373**	**10,562**

Statement of Changes in Equity for the Period Ended 31 December

(NOK 1000)	Shares Capital	Share Premium	Other Paid-in Equity	Total Paid-in Capital	Other Equity	Total Equity
Equity at 01.01.2019	**2,003**	**45,140**	**1,737**	**48,881**	**43,685**	**92,566**
Income for the year	-	-	-	-	(20,943)	(20,943)
Share based payments	-	-	2,067	2,067	-	2,067
Other changes in equity	(46)	(10,888)	-	(10,934)	(303)	(11,237)
Equity at 31.12.2019	**1,957**	**34,253**	**3,804**	**40,014**	**22,440**	**62,453**
Equity at 01.01.2020	**1,957**	**34,253**	**3,804**	**40,014**	**22,440**	**62,453**
Income for the year	-	-	-	-	4,824	4,824
Share based payments	-	-	2,555	2,555	-	2,555
Sale of own shares	5	(2)	-	3	1,114	1,117
Equity at 31.12.2020	**1,962**	**34,251**	**6,359**	**42,572**	**28,377**	**70,949**

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 located in Hovfaret 4, Oslo, Norway. The Company delivers full- service outsourced personnel and payroll services.

The financial statements of Zalaris ASA for the period ending on 31 December 2020 were approved in a board meeting on 7 April 2021.

1.1 The basis for the preparation of the financial statements

The financial statements of Zalaris ASA for the accounting year 2020 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 based on 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 are accounted for as an estimation change.

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.

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 amortized 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 include cash, bank deposits and other short term, highly liquid investments.

Note 2 – Segment information

The only segment in the Company is service deliveries to the Group (Group services). This segment also includes the exercising of ownership.

The company is providing shared services to its subsidiaries within accounting, IT solutions both for internal use and further customer deliveries and consulting services through the subsidiaries. Items that are not allocated are mainly sales activities, executive management, HR, interest-bearing loans and other associated expenses and assets related to administration of the Group. The key management in the Company 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.

Geographic information

The Company is delivering services to its subsidiaries in different countries in the Nordic, Baltic and Poland, Germany, UK and Ireland, and information regarding revenue based on geography is provided below.

(NOK 1,000)	as % of total	2020	as % of total	2019
Norway	44%	58,766	44%	51,774
Sweden	18%	24,111	19%	22,192
Denmark	13%	17,313	14%	15,934
Finland	11%	14,828	11%	12,396
Germany	5%	6,237	4%	4,623
Latvia	3%	4,322	4%	4,304
UK	1%	1,565	1%	1,138
Other	4%	5,832	5%	5,603
Total	**100%**	**132,974**	**100%**	**117,964**

Note 3 – Personnel expenses

(NOK 1,000)	2020	2019
Salary	27,652	27,033
Social security tax	5,134	4,599
Pension costs (see note 12)	1,272	1,186
Capitalized development expenses	(8,364)	(14,824)
Other expenses	6,948	7,445
Total personnel costs	**32,641**	**25,440**

	2020	2019
Average number of employees	**24**	**23**
Average number of FTE	**22**	**22**

See note 13 for transactions with related parties.

Note 4 – Other operating expenses

(NOK 1,000)	2020	2019
External services	56,465	62,023
IT services and telecom	26,400	25,818
Office premises	2,333	2,450
Travel and transport	375	1,076
Postage and freight	38	32
Other expenses	4,974	4,259
Total other operating expenses	**90,585**	**95,657**

Auditors fee

(NOK 1000)	2020	2019
Auditor fee	3,156	2,069
Other attestation services	-	222
Fee for tax services	-	8
Other fees	100	370
Total, excl VAT	**3,256**	**2,669**

Note 5 – Other Intangible Assets

(NOK 1,000)	Licenses and Software	Internally Developed Software	Internally Developed Software Under Construction	Total
Acquisition cost				
Accumulated 1 January 2019	34,918	77,343	17,684	129,945
Additions of the year	3,388	22,720	(5,989)	20,119
Disposals and currency effects	(13,008)	(22,700)		(35,708)
Internal AUC reclassified	-	(5,100)	5,100	-
Accumulated 31 December 2019	**25,297**	**72,264**	**16,795**	**114,356**
Accumulated 1 January 2020	25,297	72,264	16,795	114,356
Additions of the year	-	1,057	7,866	8,923
Internal AUC reclassified	-	13,811	(13,811)	-
Accumulated 31 December 2020	**25,297**	**87,132**	**10,850**	**123,279**
Depreciation				
Accumulated 1 January 2019	29,223	50,907	-	80,130
This year's ordinary amortisation	2,958	10,794	-	13,752
Disposals of amortisation and currency effects	(8,962)	(19,959)	-	(28,921)
Accumulated 31 December 2019	**23,219**	**41,743**	**-**	**64,961**
Accumulated 1 January 2020	23,219	41,743	-	64,961
This year's ordinary amortisation	909	12,903	-	13,812
Accumulated 31 December 2020	**24,128**	**54,645**	**-**	**78,773**
Book value at 31 December 2019	**2,079**	**30,521**	**16,795**	**49,394**
Book value at 31 December 2020	**1,169**	**32,486**	**10,850**	**44,506**
Useful life	5-10 years	5 years	N/A	
Depreciation method	linear	linear		

Note 6 – Property, plant and equipment

(NOK 1,000)	Furniture and Fixtures	IT-equipment	Total
Acquisition cost			
Accumulated 1 January 2019	3,001	1,378	4,379
Additions of the year	-	463	463
Disposals of the year	-	-951	-951
Accumulated 31 December 2019	**3,001**	**891**	**3,892**
Accumulated 1 January 2020	3,001	891	3,892
Accumulated 31 December 2020	**3,001**	**891**	**3,892**
Depreciations			
Accumulated 1 January 2019	2,791	1,060	3,852
This year's ordinary depreciation	-	303	377
Disposals of the year	-	(951)	(951)
Accumulated 31 December 2019	2,865	412	3,278
Accumulated 1 January 2020	2,865	412	3,278
This year's ordinary depreciation	-	252	310
Accumulated 31 December 2020	2,923	665	3,588
Book value at 31 December 2019	**135**	**480**	**615**
Book value at 31 December 2020	**77**	**228**	**305**
Useful life	5 years	3-6 years	
Depreciation method	linear	linear	

Note 7 – Income taxes

Income Tax Expense:

(NOK 1,000)	2020	2019
Tax paid & payable	491	-
Changes in deferred taxes	(10,813)	(5,840)
Tax expense/income	**(10,022)**	**(5,840)**

Tax Payable in Balance Sheet:

(NOK 1,000)	2020	2019
Ordinary profit before tax	(49,058)	(79,244)
Permanent differences	1,086	238
Dividend from subsidiaries	(42,506)	-
Change in temporary differences	3,132	5,963
Group contribution	43,560	52,462
Basis for tax payable	**(43,786)**	**(20,581)**
Tax payable	**(9,633)**	**(4,734)**

Reconciliation of Effective Tax Rate:

(NOK 1,000)	2020	2019
Ordinary profit before tax *	(49,058)	(79,244)
Calculated tax	(10,793)	(17,434)
Other permanent differences	239	52
Group contribution	(9,351)	11,542
Dividend subsidiaries	9,583	0
Tax expense	**(10,322)**	**(5,840)**
Effective tax rate	**21%**	**7%**

Specification of Tax Effects of Temporary Differences:

(NOK 1,000)	2020	2019
Property, plant and equipment	(4,335)	(3,006)
IFRS amortization loan	4,957	6,760
Tax losses carry forward	(95,457)	(49,441)
Total temporary differences	**(94,835)**	**(45,687)**
Total deferred tax assets	(21,001)	(10,877)
Total deferred tax liability	137	826
Net deferred tax	**(20,864)**	**(10,051)**

Note 8 – Overview of subsidiaries

Company	Consolidated	Location	Ownership
Zalaris HR Services Danmark 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 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%
Zalaris HR Services India	01/10/15	Chennai	100%
Zalaris HR Services Ireland Ltd	01/02/18	Dublin	100%
Zalaris Deutschland AG	18/05/17	Henstedt-Ulzberg	100%
Zalaris UK Ltd	26/09/17	London	100%
Zalaris Consulting UK Ltd	26/09/17	London	100%
Indirect owned subsidiaries			
LBU Personal Complete GmbH	18/05/17	Amtzell	100%
Zalaris Switzerland AG	18/05/17	Zürich	100%

Company (NOK 1,000)	OtherEquity*	Share Capital in Local Currency	Local Currency	Number of Shares	Normal Value Per Share	Carrying Value
Zalaris HR Services Danmark A/S		500,0	DKK	5,000	100,0	5,484
Zalaris HR Services Sverige AB		100,0	SEK	1,000	100,0	9,716
Zalaris HR Services Finland OY		8,0	EUR	1,000	8,0	67
Zalaris HR Services Finland OY	2,450		EUR			21,779
Zalaris HR Services Norway AS		100,0	NOK	1,000,000	0,1	444
Zalaris HR Services Latvia AS		2,8	EUR	2,000	1,4	0
Zalaris HR Services Lithuania UAB		10,0	EUR	1,000	10,0	0
Zalaris HR Services Poland Sp Z.o.o		5,0	PLN	100	50,0	12,104
Zalaris HR Services Estonia		2,5	EUR	2,500	1,0	2,418
Zalaris HR Services India		40,000,0	INR	4,000,000	10,0	5,241
Zalaris HR Services Ireland Ltd		0,1	EUR	100	1,0	0
Zalaris Deutschland AG		54,6	EUR	54,552	1,0	191,229
Zalaris Consulting UK Ltd		10,1	GBP	10,100	1,0	23,029
Zalaris UK Ltd		376,5	GBP	372,193	1,0	81,628
Total						**353,137**

* Other Equity is converted subordinated loan to subsidiary to equity.

Note 9 – Other Short-Term Receivables

(NOK 1,000)	2020	2019
Receivables group companies	97,731	137,396
Other receivables	8	990
Total other short-term receivables	**97,739**	**138,386**

Note 10 – Cash and Cash Equivalents

(NOK 1,000)	2020	2019
Cash in hand and at bank - unrestricted funds	8,590	8,773
Deposit accounts - guarantee rent obligations	145	178
Employee withheld taxes - restricted funds	1,639	1,611
Cash and cash equivalents in the balance sheet	**10,373**	**10,562**

Note 11 – Share Capital, Shareholder Information and Dividend

Shares	2020	2019
Shares - nominal value NOK 0.10	20,122,979	20,122,979
Total number of shares	**20,122,979**	**20,122,979**

The nominal value of the share is NOK 0.10. All the shares in the Company have equal voting rights and are entitled to dividend. The computation of earnings per share is shown in note 8 in the consolidated financial statement.

The Major Shareholders at 31.12.2020 are:

Shareholder	Number of Shares	% of Total	Type of Account
Norwegian Retail AS	2,891,482	14.37%	Ordinary
Skandinaviska Enskilda Banken AB	2,808,403	13.96%	Nominee
J.P. Morgan Bank Luxembourg S.A.	1,180,585	5.87%	Nominee
Verdipapirfondet DNB SMB	847,535	4.21%	Ordinary
Verdipapirfondet Norge Selektiv	829,078	4.12%	Ordinary
Verdipapirfondet Nordea Kapital	775,508	3.85%	Ordinary
Vestland Invest AS	770,659	3.83%	Ordinary
Skandinaviska Enskilda Banken AB	631,597	3.14%	Nominee
Vevlen Gård AS	609,836	3.03%	Ordinary
Deutsche Bank Aktiengesellschaft	506,881	2.52%	Nominee
Verdipapirfondet Nordea Avkastning	505,705	2.51%	Ordinary
Tigerstaden AS	469,803	2.33%	Ordinary
Verdipapirfondet Nordea Norge Plus	466,816	2.32%	Ordinary
UBS Switzerland AG	295,139	1.47%	Nominee
Verdipapirfondet Alfred Berg Gamba	261,512	1.30%	Ordinary
Næringslivets Hovedorganisasjon	253,217	1.26%	Ordinary
J.P. Morgan Bank Luxembourg S.A.	248,661	1.24%	Nominee
Taconic AS	245,212	1.22%	Ordinary
JPMorgan Chase Bank, N.A., London	226,395	1.13%	Nominee
Shares owned by the company	503,521	2.50%	
Others	**4,795,434**	**23.83%**	
Total	**20,122,979**	**100.00%**	

Dividend

No dividend was paid to the shareholders of the Company during 2020.
The board proposes to pay a dividend for 2020 amounting to NOK 19.6 million, or NOK 1.00 per share, to the shareholders of the parent company.

The Company does not possess or control the voting majority of the shareholders, and have in according to NGAAP not accrued for the proposed dividend in 2020.

Note 12 – 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 represents a defined contribution plan, with disability coverage. At the end of year there were 25 participants (23) in this defined contribution plan.

Expenses equals this year's calculated contribution and amounts to MNOK 1.3 (MNOK 1.2). The scheme is administered by Storebrand.

Note 13 – Transactions with Related Parties

a) Purchase from Related Parties

Related Party	Transaction	2020	2019
Rayon Design AS[1]	Management Services	2,371	1,556
Haug Advisory AS[2]	Management Services	-	200
Total		**2,371**	**1,756**

1) Norwegian Retail AS, a company owned 100% by Hans-Petter Mellerud, CEO of Zalaris ASA, owns 40% of the shares in Rayon Design AS.
2) Jon Erik Haug, Board Member of Zalaris ASA, owns 100% of Haug Advisory AS

There were no loans nor long term receivables with related parties in neither 2020 nor in 2019.

b) Remuneration to Management and Board of Directors:

2020

Management	Title	Salary Incl./Bonuses	Pensions	Other Benefits	Total
Hans-Petter Mellerud	CEO	3,410	205	25	3,640
Gunnar Manum	CFO	1,858	111	4	1,974
Halvor Leirvåg	CTO	1,693	100	4	1,797
Richard Schiørn	VP Strategic	1,897	108	4	2,009
Hilde Karlsmyr	CHRO	1,755	103	4	1,862
Øyvind Reiten	EVP Bus.dev. - GMS	1,937	112	25	2,074
Sami Seikkula	Executive VP Northern Europe	1,579	295	3	1,877
William Peter Jackson	Executive VP UK and Ireland	1,407	69	59	1,534
Harald Götsch	Executive VP Central Europe	2,238	54	-	2,292
Balakrishnan Narayanan	Executive VP Asia Pacific	610	2	-	612
Total		**18,383**	**1,160**	**129**	**19,672**

Board of Directors	Title	Remuneration
Adele Norman Pran	Chair of the Board	317
Lars Laier Henriksen (01.01–18.05)	Chairman of the Board	167
Liselotte Hägertz Engstam	Board Member	200
Jan Koivurinta	Board Member	200
Corinna Schäfer	Board Member	200
Kenth Erland Erikssson (01.01–18.05)	Board Member	83
Jon Erik Haug	Board Member	200
Erik Langaker (18.05–31.12)	Board Member	117
Stefan Charette (18.05–31.12)	Board Member	117
Total		**1,600**

2019

Management	Title	Salary	Pensions	Other Benefits	Total
Hans-Petter Mellerud	CEO	3,396	204	39	3,639
Nina Stemshaug (01.01-31.08)	CFO	1,705	102	7	1,814
Anders Sjåstad (01.09-31.12)	CFO	1,229	N/A	N/A	1,229
Halvor Leirvåg	CTO	1,646	99	7	1,752
Richard Schiørn	VP Strategic	1,737	104	7	1,848
Hilde Karlsmyr	CHRO	1,686	101	7	1,794
Øyvind Reiten	Executive VP Northern Europe	1,831	111	9	1,951
Sami Seikkula	Executive VP Northern Europe	1,306	239	2	1,547
William Peter Jackson	Executive VP UK and Ireland	1,364	66	-	1,430
Harald Götsch	Executive VP Central Europe	1,825	50	-	1,875
Balakrishnan Narayanan	Executive VP Asia Pacific	484	3	-	487
Total		**18,209**	**1,080**	**78**	**19,367**

* Interim CFO was hired as a consultant and amount listed is consultant fee for the period

Board of Directors	Title	Remuneration
Lars Laier Henriksen	Chairman of the Board	400
Liselotte Hägertz Engstam	Board Member	200
Jan Koivurinta	Board Member	200
Corinna Shcäfer (01.06 - 31.12)	Board Member	117
Kenth Eriksson (01.06 - 31.12)	Board Member	100
Jon Erik Haug	Board Member	200
Adele Norman Pran	Board Member	200
Total		**1,417**

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.

c) Shares held by related parties as of 31 December 2020

Name	Role	Number of Shares	Number of Share Options	Number of RSUs
Norwegian Retail AS	CEO (Hans-Petter Mellerud)	2,891,482	25,000	
Gunnar Manum	CFO	2,000	30,000	5,000
Harald Götsch	Executive VP Central Europe	459,100		
Jan M Koivurinta	Board member	295,139		
Vestland Invest AS	Board member (Erik Langaker)	870,659		
Hilde Karlsmyr	CHRO	5,581	30,000	21,522
Haug Invest AS	Board member (Jon Erik Haug)	23,761		
William Peter Jakson	Executive VP UK and Ireland	5,581	30,000	20,402
Sami Seikkula	Executive VP Northern Europe	5,000	30,000	28,588
Halvor Leirvåg	CTO	7,825	30,000	35,556
Øyvind Reiten	Executive VP Northern Europe	9,045	30,000	63,357
Adele Norman Pran	Chair of Bard	20,000		
Liselotte Hägertz Engstam	Board member	3,500		
Balakrishnan Narayanan	EVP APAC		15,000	3,774
Athanase/SEB	Board member (Stefan Charette)	3,420,125		
Richard Schiørn	VP Strategic Projects	7,628	30,000	46,662
Total		**8,026,426**	**250,000**	**224,861**

Note 14 – Financial Instruments

2020

Financial Instruments by Category (NOK 1,000)	Loans and Receivables	Fair Value Through Profit or Loss	Liabilities at Amortized Cost	Total Book Value
Financial assets				
Other short-term receivables to group company	97,731			97,731
Other short-term receivables	8			8
Cash and cash equivalents	10,373			10,373
Total	**108,112**	-	-	**108,112**
Financial liabilities				
Derivatives, Interest rate swaps		880		880
Borrowings, long term			362,023	362,023
Borrowings, short term, revolving credit			67,384	67,384
Other short-term debt to group company			9,226	9,226
Trade accounts payables			9,349	9,349
Other short-term debt			10,236	10,236
Total	-	**880**	**458,218**	**459,098**

2019

Financial Instruments by Category (NOK 1,000)	Loans and Receivables	Fair Value Through Profit or Loss	Liabilities at Amortized Cost	Total Book Value
Financial Assets				
Other short-term receivables to group company	137,396			137,396
Other short-term receivables	990			990
Cash and cash equivalents	10,562			10,562
Total	**148,947**	-	-	**148,947**
Financial liabilities				
Derivatives, Interest rate swaps		1,095		1,095
Borrowings, long term			338,428	338,428
Borrowings, short term, revolving credit			123,992	123,992
Other short-term debt to group company			2,014	2,014
Trade accounts payables			10,679	10,679
Other short-term debt			19,022	19,022
Total	-	**1,095**	**494,135**	**495,230**

Fair value of financial instruments

The Company classifies fair value measurements by using a fair value hierarchy which reflects the importance of the input used in the preparation of the measurements. The fair value hierarchy has the following levels:

Level 1: Non-adjusted quoted prices in active markets.

Level 2: Other data than the quoted prices included in Level 1, which are observable for assets or liabilities either directly, i.e. as prices, or indirectly, as derived from prices.

Level 3: Data for the asset or liability which is based on unobservable market data.

The fair value of the interest rate swap is determined by discounting expected future cash flows to present value through the use of observed market interest rates from Nordea. The fair value measurement for interest swap at period-end 2020 using Level 2 is NOK 0.9 million.

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 Company 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 Company's exposure to each of the above-mentioned risks, and the Company's objectives, policies and processes for managing such risks. At the end of this note, information regarding the Company'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. The Company's exposure to the risk of changes in market interest is managed by the mix of fixed and variable rate loans. As described above, the Company has entered swap arrangements to hedge its interest exposures arising from its debt obligations (ref. Note 16).

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 swap arrangements to hedge its currency exposures arising from its debt obligations (ref. Note 16).

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

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.

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

As of 31 December 2020, the Company has a bond loan listed on the Oslo Stock Exchange. Per 31 December the Company had an unrealized currency loss amounting to NOK 42.1 million related to this loan. Otherwise, the Group has limited exposure to currency risk from assets and liabilities recognized as of 31 December 2020 that are denominated in currencies.

Credit Risk

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

Per 31 December 2020

(Amounts in NOK 1,000)	Less than 3 Months	3 to 12 Months	1 to 5 Years	Total
Borrowings, long term			362,023	362,023
Borrowings, short term		67,384		67,384
Trade creditors and other short term liabilities	9,349	19,462		28,811
Total liabilities	**9,349**	**86,846**	**362,023**	**458,218**

Per 31 December 2019

(Amounts in NOK 1,000)	Less than 3 Months	3 to 12 Months	1 to 5 Years	Total
Borrowings, long term			338,428	338,428
Borrowings, short term		123,992		123,992
Trade creditors and other short term liabilities	10,679	21,036		31,715
Total liabilities	**10,679**	**145,028**	**338,428**	**494,135**

Capital management

A key objective in relation to capital management is to ensure that the Company maintains a sufficient capital structure in order to support its business development and to maintain a strong credit rating. The Company 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 Company may issue new shares or obtain new loans.

Note 15 – Financial Items

(NOK 1,000)	2020	2019
Interest income on bank accounts and receivables	2,310	910
Group contribution	43,560	52,462
Dividend	48,726	-
Foreign exchange gains	1,939	1,052
Finance income	**96,536**	**54,424**
Interest expenses	19,541	17,665
Foreign exchange loss	2,155	1,827
Unrealised foreign currency loss	27,108	(2,312)
Other financiel expenses	4,151	3,280
Finance expenses	**52,954**	**20,459**
Net financial items	**43,582**	**33,965**

Note 16 – Interest-Bearing Loans and Borrowings

2020

(NOK 1,000) Financial Institution	Agreement	Maturity	Duration	Interest Rate	Balance Sheet Non-Current	Current	Total
Oslo Stock Exchange*	Bond loan	Sept 2023	5 years	see below	362,023		362,023
Nordea Bank Norge ASA	Group cash pool				-	67,384	67,384
Interest-bearing debt and borrowings					**362,023**	**67,384**	**429,407**

2019

(NOK 1,000) Financial Institution	Agreement	Maturity	Duration	Interest Rate	Balance Sheet Non-Current	Current	Total
Oslo Stock Exchange*	Bond loan	Sept 2023	5 years	see below	338,428		338,428
Nordea Bank Norge ASA	Group cash pool				-	123,992	123,992
Interest-bearing debt and borrowings					**338,428**	**123,992**	**462,420**

* Bond loan, Oslo Stock Exchange

The Company secured a EUR 35 million bond loan registered on the Oslo Stock Exchange in September 2018. The bond has maturity on 29 September 2023 with no principle payments before maturity. Interest rate to be paid is 3 months Euribor +4.75%.

The Company has deferred NOK 7.5 million in issuing costs (2% of the bond loan), which are being amortized over the term of the loan. The balance at 31 December 2020 is NOK 5.0 million.

The Company has entered a swap arrangement to hedge its interest risk exposures arising from this debt obligation.

Assets Pledged as Security

Shares in all subsidiaries of Zalaris ASA have been pledged as guarantee for the bond loan. In addition, assets in the subsidiaries Zalaris HR Services Norway AS, Zalaris HR Services Sweden AB, Zalaris HR Services Denmark AS, Zalaris HR Services Finland OY and Zalaris Deutschland AG have been pledged as guarantees for the loan.

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 14.6 million.

Note 17 – Other Short-Term Debt

(NOK 1,000)	2020	2019
Wages, holiday pay and bonus	5,076	3,886
Accrued expenses and other current liabilities	4,765	14,548
Total	**9,841**	**18,434**

Note 18 – Share-based payment plan

Zalaris ASA (the "Company") operates a share-based payment plan for members of the executive management and key employees.

The share-based payment plan consists of a share option program and restricted stock units ("RSUs").

The costs recognized for the share-based payment plan are shown in the following table:

(NOK 1,000)	2020	2019
Restricted share units	2,495	1,780
Employee share options	696	51
Accrued social security costs	1,145	210
Total recognized costs	**4,335**	**2,041**
Accrued payroll tax at the end of the period	**1,636**	**512**

Restricted Stock Units

The general meeting of Zalaris ASA held on 13 May 2016, gave the Board the authority to grant up to 300,000 RSUs, with matching requirements. The purpose of the RSUs is to further align the interests of the Company, its Subsidiaries and its shareholders by providing long term incentives in the form of an own investment in the Company done by the participant and matching awards (the RSUs).

The matching awards are free of charge for the participants. The maximum number of shares covered by, or subject to matching awards, under this plan is 300,000.

The granted RSUs vests until May 2020 and May 2021. The RSUs require the employee to purchase the required number of matching shares at the grant date and hold these

until the RSUs are fully vested. Non-vested RSUs are cancelled when the employee has given notice of termination and are treated as forfeited. If for some reason the Company is not holding a sufficient number of shares at the relevant settlement date, any RSUs awarded and settled under the plan shall be settled by a cash bonus payment equal to the fair market value per share on the date of settlement multiplied by the number of RSUs.
The Company will do its utmost to settle the granted RSUs as shares, and thus accounts the RSUs as an equity-settled plan.

A total of 172,595 RSUs were granted in 2019, and the following table illustrates the number of RSUs outstanding:

Number of RSUs	2020	2019
Outstanding at the beginning of the period	294,925	146,919
Granted	12,227	172,595
Exercised	-	-
Forfeited	-	(24,589)
Outstanding at the end of the period	**307,152**	**294,925**

The fair value of the RSUs is estimated at the grant date using Black&Scholes Merton pricing model, taking into account the terms and conditions on which the RSUs were granted.

The following table lists the key inputs to the model used for the year ended 31 December 2020 and 2019:

The Weighted Average Assumptions Used	2020	2019
Expected volatility (%)	40.43	34.10
Risk-free interest rate (%)	0.42	1.20
Expected life of options (year)	3.8	3.8
Weighted average share price	39.05	23.33

Historic volatility is assumed to be a reasonable indicator of expected volatility. Expected volatility is therefore defined as historic volatility. The risk-free interest rate used for RSU calculations is collected as of grant date from Norges Bank. Where there is no exact match between the term of the interest rates and the term of the RSU, interpolation is used to estimate a comparable term.

Share Option Program

The general meeting of Zalaris ASA held on 18 May 2020, gave the Board the authority to grant up to 250,000 employee share options annually for a three-year period. The strike price is based on the weighted average share price for seven days preceding the grant. 60% of the options granted vest after 36 months, while the remaining 40% vest after 60 months. Each share option corresponds to one share.

Employee share options are not subject to any performance-based vesting conditions. The Company has the option to settle the share options in cash, however they have no legal or constructive obligation to repurchase or offer cash-settlements for options granted. Non-vested share options are cancelled when the employee has given notice of termination and are treated as forfeited.

A total of 280,000 options were granted in 2020 of which 30,000 related to the 2019 program. The options were granted, at an average exercise price of NOK 41.97.

The following table illustrates the numbers of options outstanding and their weighted average exercise price (WAEP):

	2020		2019	
	Number of Options	WAEP (NOK)	Number of Options	WAEP (NOK)
Outstanding at the beginning of the period	333,000	34.31	-	-
Granted	280,000	41.97	333,000	34.31
Outstanding at the end of the period	**613,000**	**37.81**	**333,000**	**34.31**
Exercisable at the end of the period	-	-	-	-

The fair value of the share options is estimated at the grant date using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the share options were granted. The weighted average fair value of share options granted to employees during the period was NOK 9.05 per option (NOK 3.45).

Historic volatility is assumed to be a reasonable indicator of expected volatility. Expected volatility is therefore defined as historic volatility. The risk-free interest rate used for share option calculations is collected as of grant date from Norges Bank. Where there is no exact match between the term of the interest rates and the term of the share options, interpolation is used to estimate a comparable term.

Annual Share Purchase Program

The Company completed an annual share purchase program for employees in Q4 2019. As part of the program, Zalaris has sold 51,687 own shares to employees at a subscription price of NOK 20.62 per share. The shares were transferred to the employees 31 March 2020. The subscription price was based on the volume-weighted average share price in the period between 18 December to 30 December 2019, less a 20% discount. To receive the discount the shares have a 12 months lock-up period.

Similarly, the Company completed an annual share purchase program for employees in the fourth quarter 2020 under same conditions as above. Then Zalaris sold 19,072 own shares to employees at a subscription price of NOK 40.18 per share. Following the sale Zalaris will hold 484,449 own shares. The shares will be transferred to the employees on or about 31 March 2021. The subscription price was based on the volume-weighted average share price in the period between 9 December to 30 December 2020, less a 20% discount.

See Executive Remuneration Policy for detailed information.

The following table lists the key inputs to the model used for the year ended 31 December:

The Weighted Average Assumptions Used	2020	2019
Expected volatility (%)	40.43	34.10
Risk-free interest rate (%)	0.42	1.20
Expected life of options (year)	3.8	3.8
Weighted average share price	39.05	23.33

Note 19 – Events after the balance sheet date

There have been no events after the balance sheet date which have had a material effect on the issued accounts.

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EMPLOYEE PHOTO:
Siri Abrahamsen, Team Manager AMS

Zalaris ASA's ("Zalaris" or the "Company") corporate governance policy is based on, and complies with, the Norwegian Code of Practice for Corporate Governance (the "Code of Practice"). 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 Code of Practice is that companies listed on Norwegian-regulated markets shall practice corporate governance that regulates the division of roles between shareholders, the Board of Directors (or the "Board") 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 its 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 17 October 2018.

The statement for fiscal year 2021 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 26 April 2018:

1. Zalaris' corporate governance is in compliance with the Code of Practice.
2. The Code of Practice is available on 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 Code of Practice. There are no significant differences between the code and how it is abided by at Zalaris. The Board shall ensure that the Company always has sound corporate governance. Zalaris provides an overall review of the Company's corporate governance in the Company's annual report (herein). In addition, a description of the most important corporate governance principles of the Company shall be made available for external interest groups on the Company's website.

The annual review of the Company's compliance with the Code of Practice was adopted on 7 April 2021.

2. Business

Zalaris ASA and its subsidiaries are providing full-service outsourcing and consulting services related to advisory, sales, implementing and operating processes for the HR (Human Resources) function as payroll, payroll accounting, personnel administration, travel expenses, statutory leave, recruiting, performance management, learning process administration etc., and the sale of related software, and to own shares in other companies and other activities related to this.

Zalaris focuses on high efficiency and high customer satisfaction and a close relationship to its customers, which includes local service centres in all countries in which we operate, complemented with offshoring, automation of processes, and utilization of cloud and AI. Local personnel with high competence in HR function processes ensure successful long-term relationships with our customers.

A more detailed description of our services is available on Zalaris' website, www.zalaris.com.

The Board of Directors has adopted a yearly plan focusing on its work to develop objectives, strategy and risk profiles for the Company, and to oversee the implementation of this once a year. In addition, the Board of Directors executes supervision to ensure that the Company reaches its defined targets and that the Company has satisfactory risk management.

Corporate ethics are about how we behave towards each other and the world around us. It relates to human rights, employee rights and social matters, the external environment, the prevention of corruption, the working environment, equal treatment discrimination, and environmental impact. Everyone associated with Zalaris shall comply with the rules and guidelines that build on Zalaris' basic values. At 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.

The Code of Conduct valid for the Company and its subsidiaries is available on Zalaris' website, www.zalaris.com.

The Company has guidelines for how it integrates considerations related to its stakeholders into its value creation.

3. Equity and Dividends

Equity

Zalaris believes in further profitable growth in the years to come. To reach this, it is essential that the Company has a solid capital structure and liquidity.

Zalaris' equity per 31 December 2020 was NOK 104.4 million equal to 14.4% equity ratio.

The cash and cash equivalent per 31 December 2020 was NOK 124,8 million.

The Board of Directors considers the Company's capital structure as satisfactory.

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 on the Company's IR website.

The Board of Directors proposes that a dividend of NOK 1.00 per share is being paid for the financial year 2020.

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 issuance 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. At Zalaris' annual general meeting on 18 May 2020, pursuant to Section 10-14 of the Norwegian Public Limited Companies Act, the Board of Directors was granted an authorization to increase the Company's share capital to NOK 201,230. The shareholders' preferential rights pursuant to Section 10-4 of the Norwegian Public Limited Companies Act can be deviated from.

The authorization can be used at the Board's discretion for the purpose of realizing the Company's growth ambitions and for general corporate purposes.

The authorization was limited until the earliest occurring date of either the ordinary general meeting in 2021 or 30 June 2021.

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.

At Zalaris' annual general meeting on 18 May 2020, the Board of Directors was granted an authorization to acquire shares with a total nominal value up to NOK 201,230. The highest amount which can be paid per share is NOK 160 and the lowest is NOK 0.10. The Board of Directors is authorized to acquire and sell shares as the Board finds it appropriate. Acquisition can nevertheless not be done by subscription for shares.

The authorization was limited until the earliest occurring date of either the ordinary general meeting in 2021 or 30 June 2021.

4. Equal Treatment of Shareholders and Transactions with Close Associates

General Information

Zalaris has one class of shares. 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 with respect to transactions between companies in the same group where any of the companies involved have minority shareholders.

5. Freely Negotiable Shares

Zalaris shares are freely negotiable and there are no limitations of the negotiability in Zalaris' Articles of Associations. There are no limitations for any party's ability to own, trade or vote for shares in Zalaris.

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. The notice and agenda for the meeting will be sent per post to all shareholders with a known address in Verdipapirsentralen (VPS) no later than 21 days prior to the date of the general meeting. According to Zalaris' Articles of Associations, 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 chairman of the Nomination Committee, the Remuneration Committee and the Audit Committee may attend whenever practical. In addition, 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. The Code of Practice recommends that an independent person is appointed to chair the general meeting. Considering the Company's organization and shareholder structure, the Company considers it unnecessary to appoint an independent chairman for the general meeting, and this task will, for practical purposes, normally be performed by the chairman of the Board. However, the need for an independent chairman is evaluated in advance of each general meeting based on the items to be considered at the general meeting.

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 whose 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 18 May 2020 elected Bård Brath Ingerø (Leader), Ragnar Horn and Sven Thoren to the nominating committee for a period until the annual general meeting in 2021.

8. Board; Composition and Independence

Board Composition

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

At the end of 2020, the Zalaris' Board of Directors consisted of seven members — three women and four men. The Chief Executive Officer of Zalaris is not part of the Board.

The Board of Directors in Zalaris has broad representation from countries in the Nordic region and Germany, and experience from different industries like IT, finance, industrial and consulting, as well as competencies within organization, management, finance, HR and marketing.

A presentation of the Board of Directors is available on Zalaris' website, www.zalaris.com.

Board Independency

The composition of the Board is such that it can attend to the common interests of all shareholders and meet 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 are independent of the Company's major shareholders, defined as a shareholder that controls 10% or more of Zalaris' shares or votes, with the exception of Stefan Charette, who is connected to entities which control 17.43% of the issued shares in Zalaris.

An overview of the shares owned by related parties as of 31 December 2020, including board members, is available in the financial statement note 20.

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 perform 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. 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.

The duty and responsibilities of the Board of Directors are defined by applicable law, Zalaris' Articles of Associations and the authorizations and instructions given by the General Assembly.

The Board of Directors discusses all relevant matters related to Zalaris' activities of significance or of special nature. In 2020, the Board of Directors held 12 board meetings.

In accordance with Norwegian Public Limited Companies Act § 6-13, rules of procedure were 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.

Audit Committee

The audit 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 in connection with the interim financial report (four times per year), preparation of the annual report and the annual budget. 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 fulfil 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 current audit committee are Adele Bugge Norman Pran (leader), Erik Langaker and Corinna Schäfer.

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.

The current members of the remuneration committee are Liselotte Hägertz Engstam (leader) Jon Erik Haug, and Adele Bugge Norman Pran.

Annual Evaluations

The Board has conducted an evaluation of its performance and expertise in 2020.

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 efficient processes and tools and through highly competent and engaged 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. To constantly follow up with employee engagement, Zalaris performs regular employee surveys to uncover improvements needed to achieve a healthy and good social environment for its employees. Specific surveys to measure and follow-up the impact of Coivd-19 have been added in 2020. High employee engagement is important to achieving the Company's overall targets.

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 quarterly 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 for the year per business unit. The Company also prepares financial forecasts for the current financial year. Any discrepancies are explained and planned actions to reach financial targets and/or budgets are 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 on 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 adopt targets as early as possible to be able to initiate actions to reduce potential risks at the earliest. The unit managers, CEO and 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 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 ensure further profitable growth for Zalaris. The Company has established clear targets for customer satisfaction.

11. Remuneration of the Board

The remuneration of the Board is to be decided by the shareholders at the Company's annual general meeting. 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 2020 is available in the financial statement note 20.

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 at 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.

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

The CEO has a six-month term 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 20.

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 continuous dialogue with analysts and investors.

All periodic financial reporting 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 at 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 on 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 are 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 takeover 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 takeover 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 takeover 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/referred to in the statement.

15. Auditor

Zalaris is audited by EY.

Zalaris does not use the auditor for any purposes other than auditing without approval of the Audit Committee. 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, assessment of 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 reports 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 5.

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EMPLOYEE PHOTO:
Robert Chwazik, Consulting Director

Building a better working world

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Zalaris ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Zalaris ASA comprising the financial statements of the parent company and the Group. The financial statements of the parent company comprise the balance sheet as at 31 December 2020, the income statement, statements of cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements comprise the Consolidated statement of financial position as at 31 December 2020, the Consolidated statement of profit or loss, Consolidated statements of comprehensive income, cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion,

- the financial statements are prepared in accordance with the law and regulations
- the financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway
- the consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Building a better working world

Contracts with customers

The Group derives a significant part of its revenues from outsourcing contracts that require an implementation phase before services can be delivered. Cost related to these contracts are capitalized as customer project assets, and prepayments related to the contracts are recognised as customer project liabilities.

Revenue recognition of the various customer projects involve consideration of and determination of performance obligations and the transaction price relating to the service provided.

Accounting for customer projects was a key audit matter due to the number of, complexity and various terms in the customer contracts.

We obtained an understanding of the process for how management determines the performance obligations and the transaction price. For a sample of significant customer projects, we evaluated the assessments made by management. We read contracts and compared contract information to transaction prices and invoicing. Further, we assessed the Group's disclosures in notes 1 and 3 of the consolidated financial statements.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is 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 International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

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- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit 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 Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on corporate governance and corporate social responsibility concerning the financial statements, the going concern assumption and 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 management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 8 April 2021
ERNST & YOUNG AS

The auditor's report is signed electronically

Alexandra Bristol
State Authorised Public Accountant (Norway)

zalaris

EMPLOYEE PHOTO:
Ingrīda Štālberga, Country Head Baltics

In accordance with the Public Limited Companies Act § 6-16a, the Board of Directors has prepared the following declaration on guidelines and main principles for the stipulation of salaries and other remuneration for the CEO and other senior management. The declaration was approved by the Board of Directors on 7 April 2021 and will be presented to the Annual General Meeting of Zalaris ASA on 20 May 2021 for an advisory vote, and for a binding vote for section 3.

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 bonuses that typically vary from 15% to 30% of annual salary, lump-sum payments, leave arrangements, education opportunities and option agreements.

The Group has collective pension schemes (defined contribution plans). 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 and reviewed by the Remuneration Committee. Remuneration is reviewed annually, but is assessed over several years to maintain 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 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 fair, reflecting 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 based on 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 KPI's for own business unit and individual goals that have been defined with weighting decided in a mutual discussion between the CEO and each group manager, documented and followed up in Zalaris' SAP SuccessFactors solution.

3. Executive Management Share Purchase Program and Ownership of Zalaris Shares

3.1. Share Purchase Program for All Employees

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

3.1.1. Share Purchase with 20% Discount to All Employees

Share Purchase Program

Eligibility	All employees
Rationale	Incentivize employees to own Zalaris shares to create additional engagement, long-term motivation and added focus on company goals.
Frequency	Once per year in Q4
Principle for allocation	All permanent employees that have been employed at least 6 months with the company are eligible to purchase up to NOK 15,000 of shares with 20% discount based on average market price 2 weeks before offering date. The program is in accordance with the Norwegian Tax regulation for tax-free discounts.
Restrictions	The employee shall not be allowed to sell the shares within 12 months from the purchase date.
Impact	If all (approx. 800) employees decided to participate 100% in the program 250,000 shares would be issued, assuming a share price (before discount) of NOK 60, which represents 1.2% of the current outstanding total number of shares. The total value of the discount would be approx. NOK 3.0 million, which is approximately 0.7% of the Zalaris Group's total personnel expenses. The discount is tax-free for Norwegian employees and does not trigger employer/social security tax.

3.2. Share-Based Payment Plan

Zalaris has the following two equity-based programs that will affect executives and key personnel.

3.2.1. Restricted Stock Units (RSUs)

Zalaris has a share purchase program for executive management. The key parameters of the approved and implemented share purchase program for executives include converting bonuses to shares and a matching with RSUs:

Eligibility	Executive management
Rationale	Incentivize executive management to invest part of performance-based bonus to Zalaris share ownership with the goal to create additional engagement and long-term focus on company goals
Frequency	Annually allocations of shares, to be completed Q2 each year, subject to be matched by executive's own purchase of shares.
Principle for allocation	Allocation to be made on the basis of tenure, perceived value for company and reaching of individual targets. 50% of the approved total bonus to be transformed to RSU's at a 100% higher value (e.g. NOK 50k in bonus is converted to NOK 100k worth of RSUs).
Allocation of Restricted Stock Units (RSU) subject to Executive still employed at vesting date and holding required number of shares	Annually max. 135,000 RSUs based on 100% bonus achievement, which represents approx. 0.7% of current outstanding shares.
Matching requirement (i.e.) the number of shares needed to be held by the executive at the vesting date to receive the matching shares	1/12 of allocation (8.3%) – i.e. a total of 11,205 shares (minimum 1,000 shares)
Vesting	3 years from grant date

3.2.2. Option Scheme to Executive Management and Key Employees

Eligibility	Executive Management and Key Employees
Rationale	Incentivize management and key employees to stay with company and focus on long-term shareholder value creation
Frequency	Three-year program, 75% to be completed in Q2 each year, and 25% of the options held back for ad hoc allocations.
Principle for allocation	Executive Management and Key Employees granted options on the basis of own performance-based gross bonus as % of total group gross bonus for eligible managers and key employees for the year (allocation %). Number of options to be granted equal to allocation % times total number of options to be granted for the Zalaris Group that year. Strike price for options to be set at average market price 2 weeks before grant date. Max number of options of the program to be limited to 1,000,000 options per year (approx. 5.0% of issued shares) with a total number of options equal to 3,000,000 (approx. 15% of the issued shares) for the three-year program.
Restrictions	Options to vest 100% after 36 months and be subject to good leaver/bad leaver clause. Early vesting on change of control.
Impact	Examples below are based on a share price of NOK 60 at grant date, and assuming that approx 80% of the granted options become fully vested. The IFRS 2 cost for the company has been estimated at NOK 14.10 per option, which would result in an average annual cost of approximately NOK 3.8 million, per trance of 1,000,000 options excluding any social security tax. The options will trigger income tax for the receiver and social security tax for the company when the options are executed. The social security tax to be paid an expensed by the company will depend on the difference between the actual share price and the strike price at the execution date.

4. 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. Severance payments to employees are approved by CHRO. Severance payments to management are approved by CEO and reviewed by board via Remuneration Committee. Severance payments to CEO are approved by board via Remuneration Committee.

5. Benefits

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

There are no particular limitations on the type of 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.

6. 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.

7. Procedures for Determination of Remuneration to Executive Management

7.1. Remuneration to the CEO

Remuneration to the CEO is determined annually by the board, executed by Remuneration Committee, and includes allocation of options linked to the Group's options programs approved by the General Assembly.

7.2. 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 Group's 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 remuneration scheme.

The Board may also delegate such authority to the CEO.

The increase in the base salaries to the Group's Executive Management is expected to be moderate but fair.

7.3. Remuneration to the Board of Directors

Remuneration to the Board of Directors is not performance-based.

Board members are neither part of a stock option program nor a share purchase program in Zalaris.

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

7.4. Remuneration to Executive Management in Subsidiaries of Zalaris ASA

All subsidiaries of Zalaris ASA shall follow the main principles of the Group's executive remuneration policy for executive management in each company as described in the preceding sections of this Executive Remuneration policy. The increase in base salaries to executive management in subsidiaries is expected to be moderate.

7.5. 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 as part of Zalaris' group financial statements.

8. Execution of Remuneration Policy

8.1. Execution of Remuneration Policy in 2020

The Company's remuneration of the CEO and senior management has been conducted in accordance with the guidelines presented above in the preceding financial year, with the exception of certain changes to the share-based payment plan.

8.2. Binding Guidelines for Remuneration in 2021

For 2021, the Board of Directors proposes to continue the existing remuneration policy as presented above.

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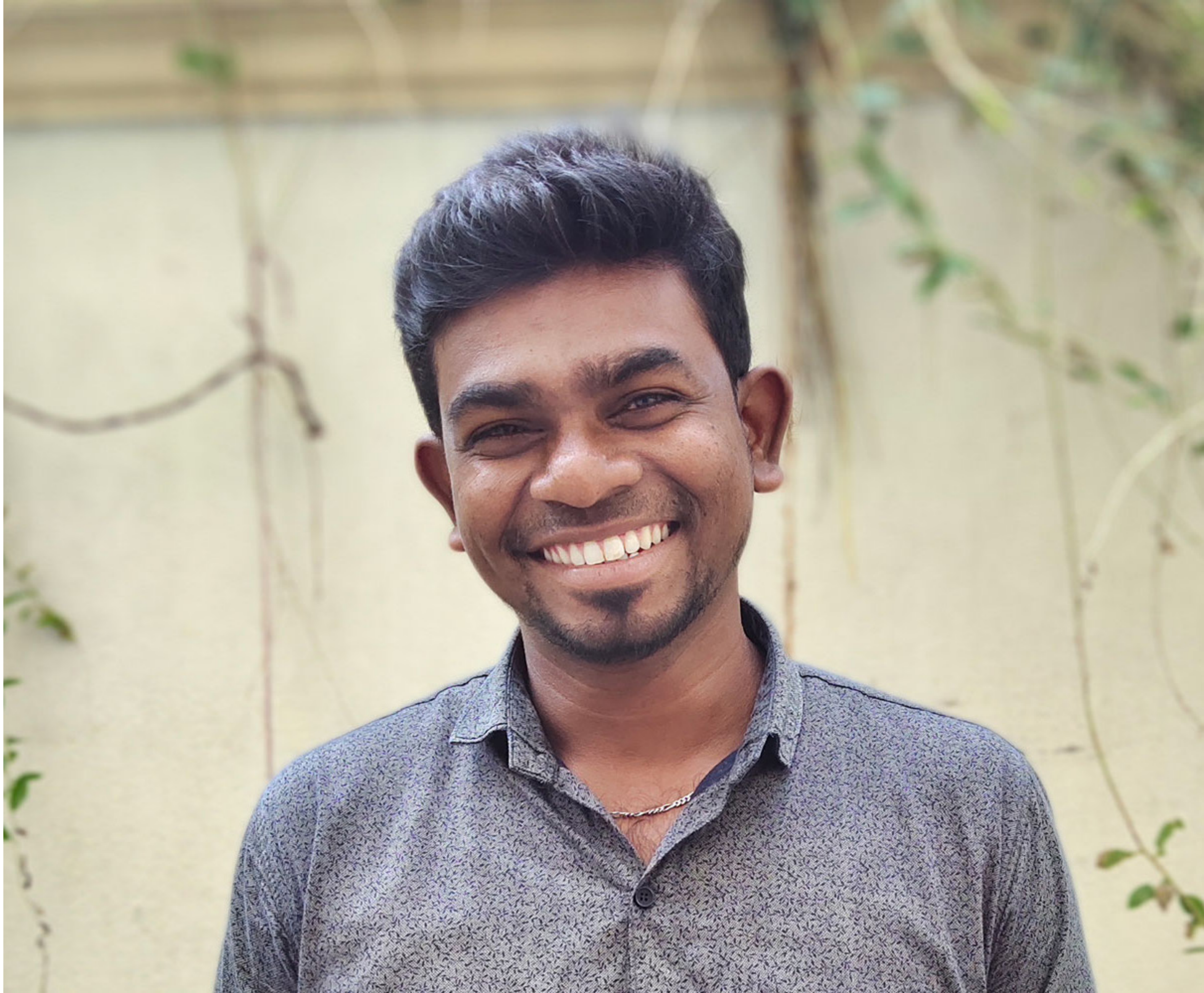

EMPLOYEE PHOTO:
Ganesan Murugesan, Senior Payroll Administrator

Introduction

There were 20,122,979 issued shares at the end of 2020, of which 503,521 were owned by the Company. A total of 11.9 million (6.6 million) Zalaris shares were traded on the Oslo Stock Exchange ("OSE") during 2020 at a value of NOK 436 million. The average daily trading volume for Zalaris shares on the OSE during 2020 was 47k shares (27k) Zalaris' share price closed at NOK 51.80 at the end of 2020.

Zalaris' shares are listed on the Oslo Stock Exchange.

Dividend Policy

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 to make annual dividend payments in the region of 50 percent 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 will propose a dividend of NOK 1.00 per share for the fiscal year 2020.

Key Figures for Zalaris Share

(All figures in NOK unless stated)	**2020**	2019	2018	2017	2016
Share price high (close)	**53.20**	27.60	58.20	58.50	35.10
Share price low (close)	**22.00**	19.90	25.20	33.00	28.20
Share price average (close)	**36.35**	23.63	40.55	44.62	31.14
Share price year-end	**51.80**	27.60	25.20	56.00	32.80
Earnings per share	**(0.53)**	(0.36)	(0.06)	(0.61)	1.34
Dividend per share	**1.00***	0.00	0.00	0.65	0.87
Issued shares, average	**19,647**	19,729	20,030	19,637	19,124
Diluted** shares, average	**20,301**	20,123	20,177	20,265	19,056
Total number of shares, year-end	**19,620**	19,568	20,030	20,030	19,124
Diluted** shares, year-end	**20,505**	20,196	20,177	20,230	19,231

* To be poposed by the Board of Directors for 2020
** Including employee share options and restricted stock units (RSUs)

Buyback of Shares

Zalaris may consider buying back shares.

This consideration will be made in the light of alternative investment opportunities and the Company's financial situation. In circumstances when share buybacks are relevant, the Board of Directors proposes buyback authorizations to be considered and approved by the Annual General Meeting. Authorizations are granted for a specific time period and for a specific share price interval during which share buybacks can be made. Zalaris did not buy back any shares during 2020.

Shareholders and voting rights

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' Articles of Associations.

As of 23 February 2021, the number of shareholders in Zalaris was 1,058, of which 91.3 percent were in the Nordics.

Investor Relations Policy

The investor relations policy at Zalaris is based on the idea 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 had a dialogue with analysts and investors.

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

Zalaris has established a communication channel for the shareholders on its website and all published information is made available on this website. General investor relations inquiries should be addressed to the following email address: 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 Zalaris website and on the website of the Oslo Stock Exchange Shareholders can register to Zalaris' Investor Relations distribution list if they would like to receive investor information directly per email.

Zalaris holds quarterly web-based presentations highlighting the financial results of the closed quarter and focus areas going forward. In addition, market outlooks and special events which are considered relevant for its shareholders are addressed. 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.

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 matters, such as new customer contracts or other share price sensitive information, the CEO of Zalaris ASA is the contact person CEO and founder: Hans-Petter Mellerud hans-petter.mellerud@zalaris.com and CFO: Gunnar Manum: gunnar.manum@zalaris.com

Analyst Coverage

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VPS Registrar

Nordea Bank Norway ASA
Wholesale Banking | Securities Services
P.O. Box 1166 Sentrum
NO-0107 Oslo, Norway

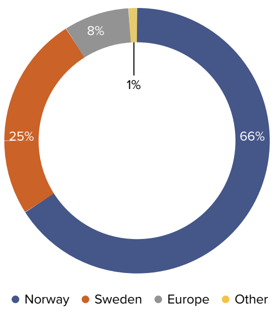
Financial Calendar 2021

- Results Q1: 29 April 2021
- Annual General Meeting: 20 May 2021
- Results Q2: 26 August 2021
- Results Q3: 28 October 2021

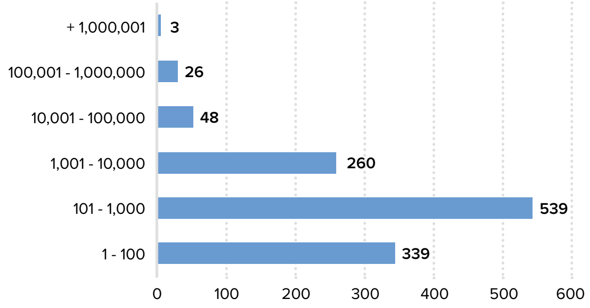
The 20 Largest Shareholders Hold 77.5 Percent of the Total Issued Shares as of 8 March 2021

	Investor	Holding	Stake	Type of Account
1.	Skandinaviska Enskilda Banken AB	3,440,000	17.09 %	Nominee
2.	Norwegian Retail AS	2,891,482	14.37 %	Ordinary
3.	Handelsbanken Nordiska Smabolag	1,180,585	5.87 %	Nominee
4.	Verdipapirfondet DNB SMB	902,471	4.48 %	Ordinary
5.	Verdipapirfondet Norge Selektiv	808,837	4.02 %	Ordinary
6.	Vestland Invest AS	780,659	3.88 %	Ordinary
7.	Verdipapirfondet Nordea Kapital	715,508	3.56 %	Ordinary
8.	Vevlen Gård AS	609,836	3.03 %	Ordinary
9.	Verdipapirfondet Nordea Avkastning	505,705	2.51 %	Ordinary
10.	Zalaris ASA	503,521	2.50 %	Ordinary
11.	Deutsche Bank Aktiengesellschaft	469,757	2.33 %	Nominee
12.	Verdipapirfondet Nordea Norge Plus	466,816	2.32 %	Ordinary
13.	Tigerstaden AS	400,000	1.99 %	Ordinary
14.	Verdipapirfondet Alfred Berg Gamba	393,202	1.95 %	Ordinary
15.	UBS Switzerland AG	295,417	1.47 %	Nominee
16.	Nordea Norwegian Stars Fund	272,694	1.36 %	Nominee
17.	Næringslivets Hovedorganisasjon	253,217	1.26 %	Ordinary
18.	Taconic AS	245,212	1.22 %	Ordinary
19.	Sober AS	238,718	1.19 %	Ordinary
20.	A/S Skarv	225,000	1.12 %	Ordinary
	Other shareholders	4,524,342	22.48 %	
	Total number of shares	**20,122,979**	**100.00%**	

Regional Distribution, # of Shareholders



Ownership Structure by # of Shares Held
(as of 8 March)



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