

January 2023

Zalaris ASA

Leading Provider of Payroll and HR Solutions and Services



Agenda

- ✓ Introduction
- ✓ Products and operations
- ✓ Financials
- ✓ Business plan
- ✓ “The Great Reset”



Introduction



Simplify work life.
Achieve more.



Payroll & HR solutions that enable digital organizations

One global IT platform with local presence

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

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

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

Market leader within large Nordic companies with cross-boarder need and a strong customer portfolio of some of the largest corporations in the Nordics and DACH region

1,500,000

Employees served monthly by Zalaris supported HR solutions

~1,100

Zalaris employees across the world

300,000+

Employees served monthly through payroll services

NOK 894m

Run rate revenues Q3'2022

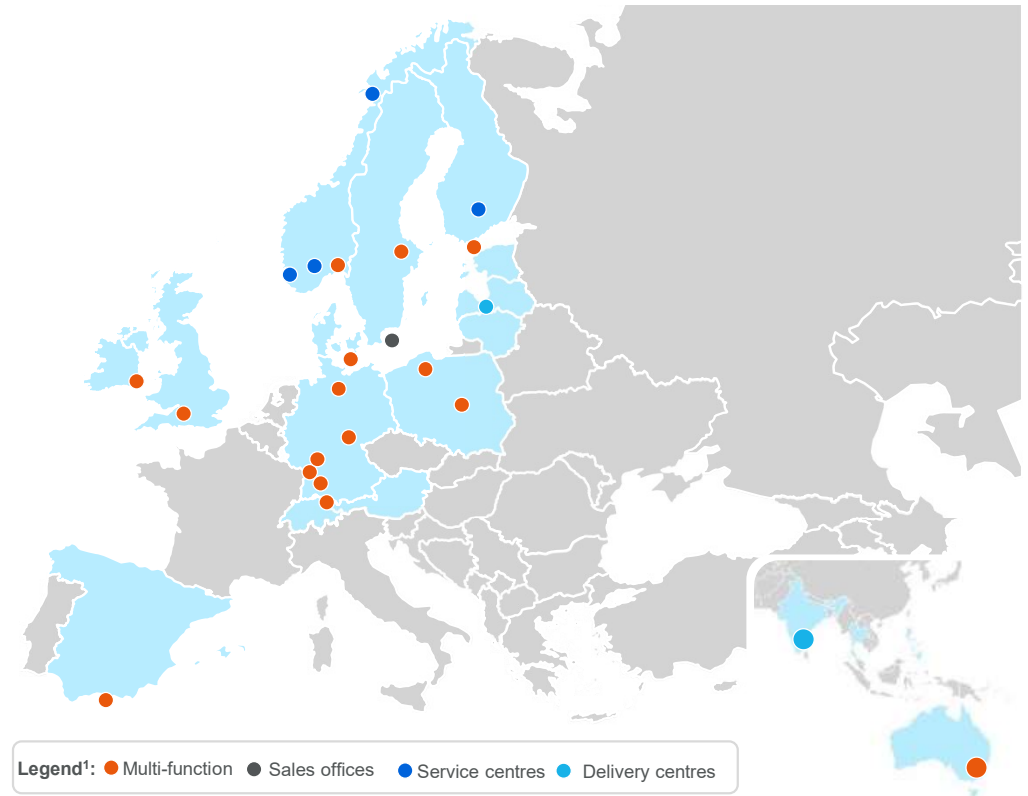
17 countries

With own service centers and expertise in local laws and regulations

150+ countries

With expertise in local laws and regulations, together with partners

Geographical footprint

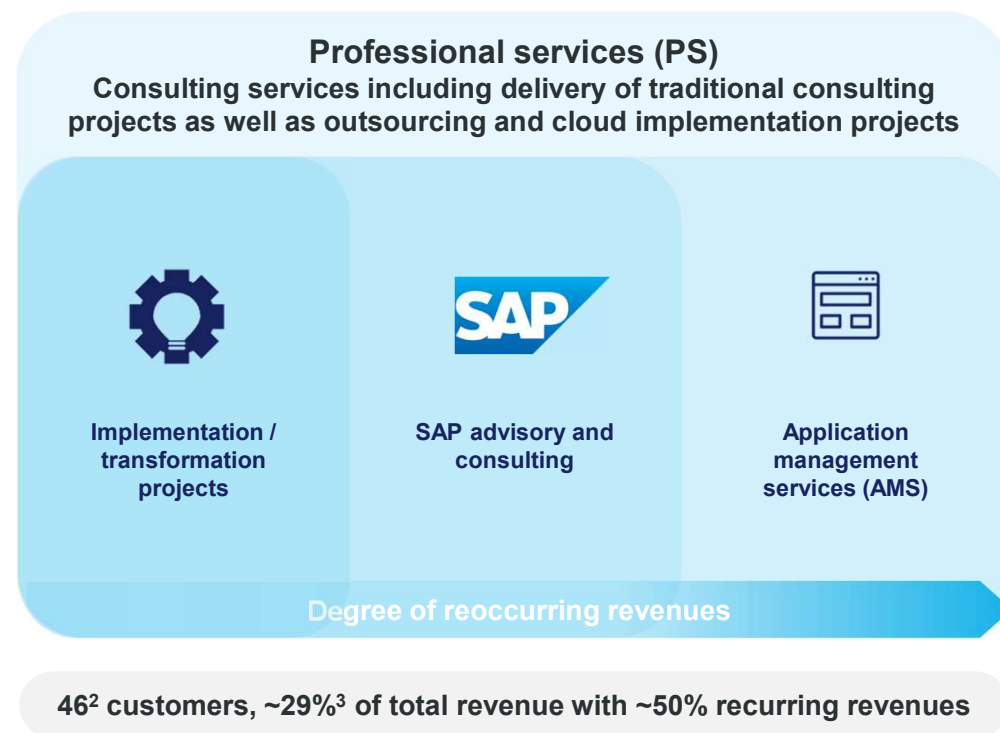
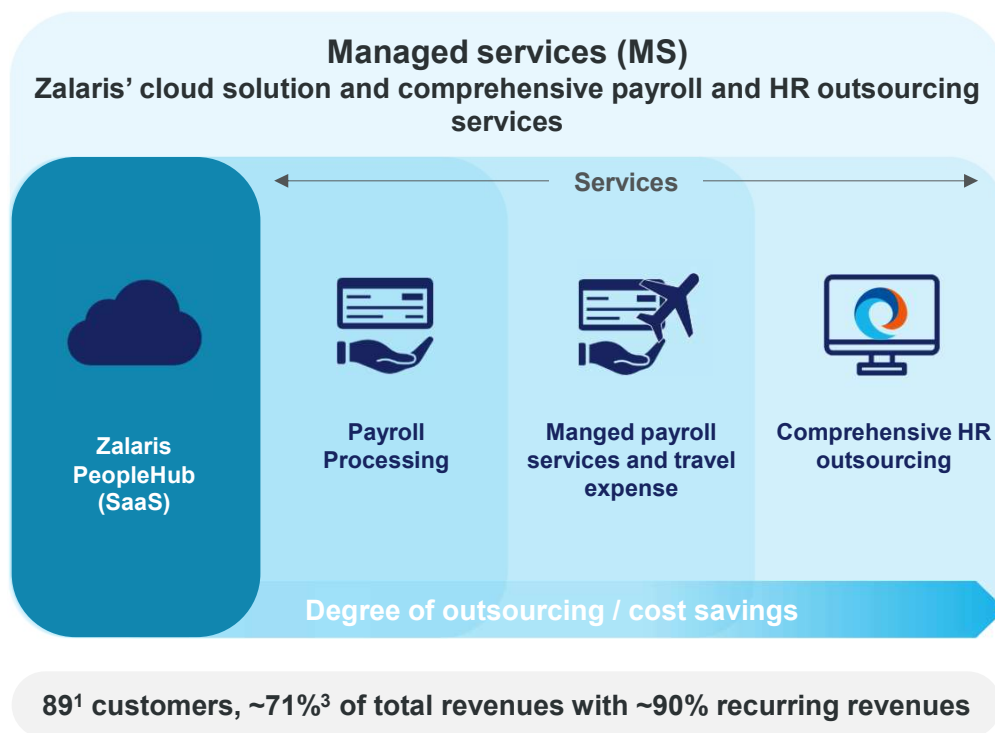


1) Type of office

Zalaris' Product offering covering the whole employee life cycle



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



1) 89 customers paying Zalaris NOK >1m, with a long-tail of 100 smaller customers
2) 46 customers paying Zalaris NOK >1m, with a long-tail of 189 smaller customers
3) Based on LTM Sep '22 revenues

Diversified customer base across a wide range of industries

Customer traits

Managed services

- ✓ >1,000 employees
- ✓ >2 countries
- ✓ Software agnostic

Professional services

- ✓ >1,000 employees
- ✓ Private and public sector
- ✓ SAP integration

Bank, Insurance & Financial services



Health & Life Science



Infrastructure & Transportation



IT, Technology & Telecom



Offshore & Energy



Product & Industrials



Public Services & Other Institutions



Retail



Service Industries



Product and operations



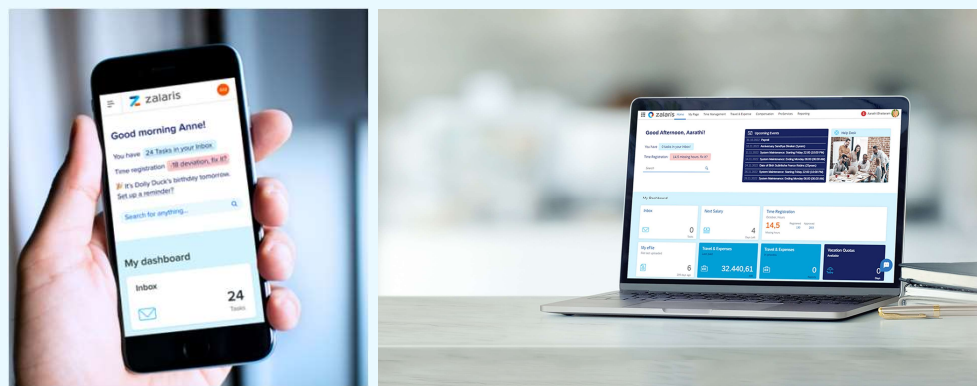
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Services are powered by Zalaris PeopleHub | One-stop HR and payroll platform

State-of-the-art global HR and payroll SaaS platform unifying payroll and HR master data

- ✓ Robust and scalable platform with SAP HXM as the core supporting 100+ countries
- ✓ One common interface with unified employee and payroll data across geographies and subsystems
- ✓ Integrates to any global HR solution
- ✓ Global oversight coupled with local compliance
- ✓ Accessible anytime and anywhere

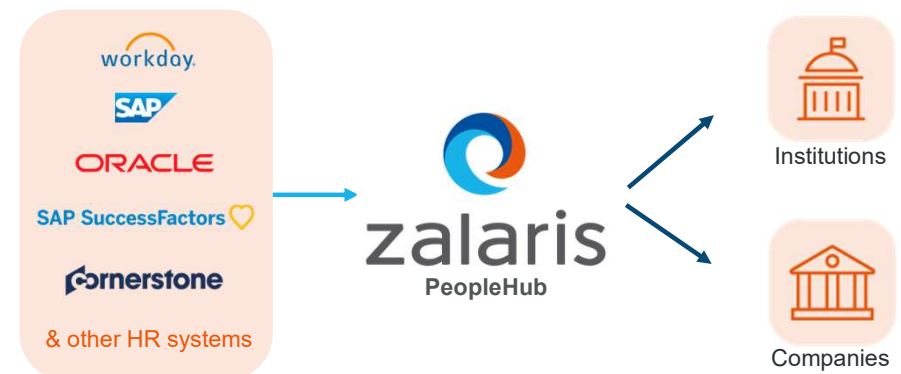


Platform simplifying HR administration for a large number of users

NOK 140m
invested in the
PeopleHub
ecosystem







































>300,000
users currently using
the PeopleHub
platform

11/90/150+
potential countries
currently supported
by Zalaris¹



1) Zalaris is currently in 11 countries with PeopleHub, while SAP is present in 80 – 90 countries. I.e. low investment requirement for geographical expansion for Zalaris. Coverage can be extended to more than 150 countries through Zalaris' partnerships with BDO and ActivPayroll

Accelerating growth visualized by majority of new customer wins won in past two years

12 largest customers won (by revenue) in past 5 years	Year won	Revenues won ACV (NOKm)	Existing provider	Geography	HR system	Payroll	Workforce mgmt.	Talent mgmt.	Travel and expense
#1  Metsä	2021	XXX	In-house	Global					
#2  storaenso	2022	XXX	In-house	FI					
#3 Yunex Traffic <small>A Siemens Business</small>	2021	XXX	In-house	Global					
#4 CSL Behring	2022	XXX	In-house	GER+Swiss					
#5  Gjensidige	2021	XXX	SD Worx	Nordic					
#6  Tryg	2021	XXX	In-house	Nordic					
#7 <i>Telefonica</i>	2021	XXX	In-house	GER					
#8  Carlsberg	2020	XXX	In-house	Nordic					
#9  MARSTON'S	2021	XXX	In-house	UK					
#10  amplifon	2022	XXX	In-house	GER					
#11  KAEFER	2022	XXX	In-house	UK					
#12  Danske Bank	2020	XXX	In-house	SE					

Financials

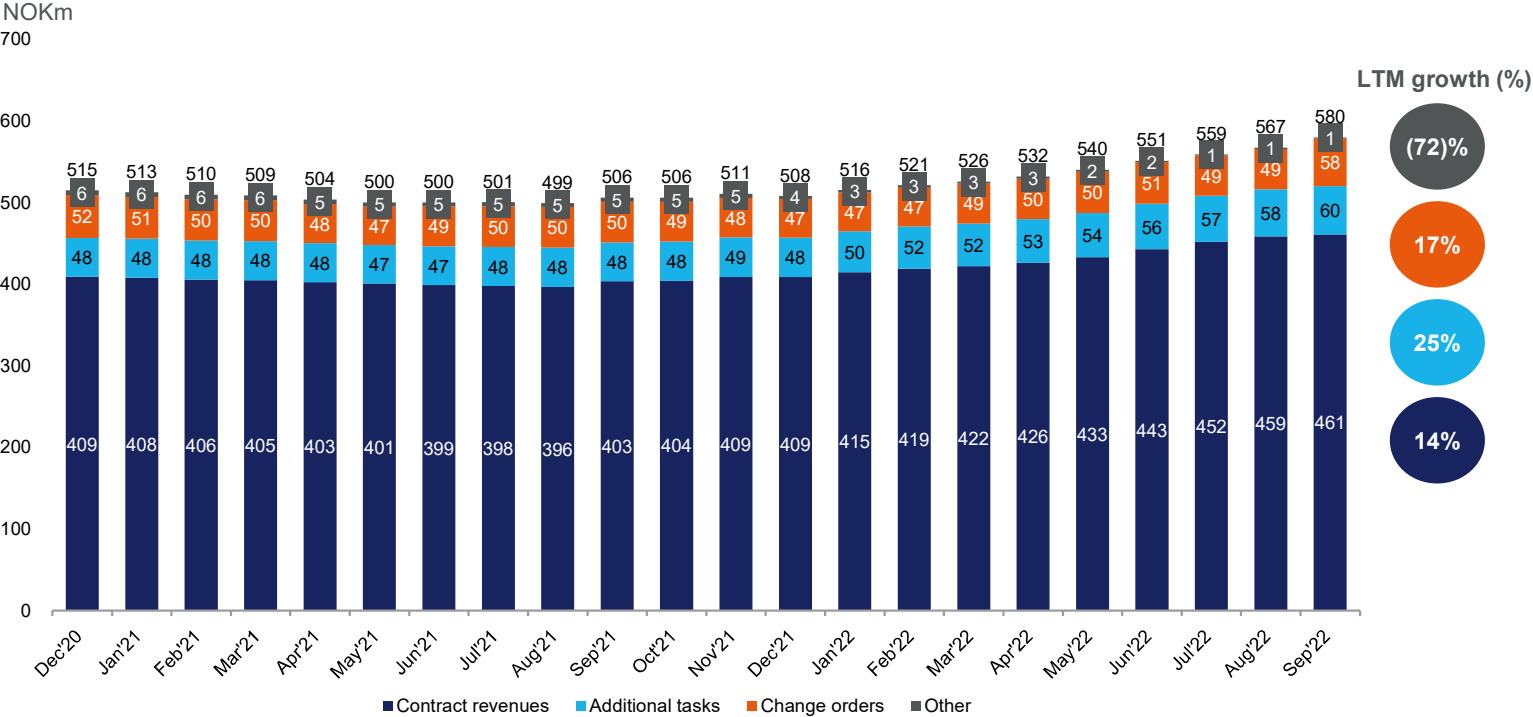


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Managed services coming out of Covid with strong growth of 14.5% per Q3 2022LTM

LTM managed services revenues December 2020 – September 2022

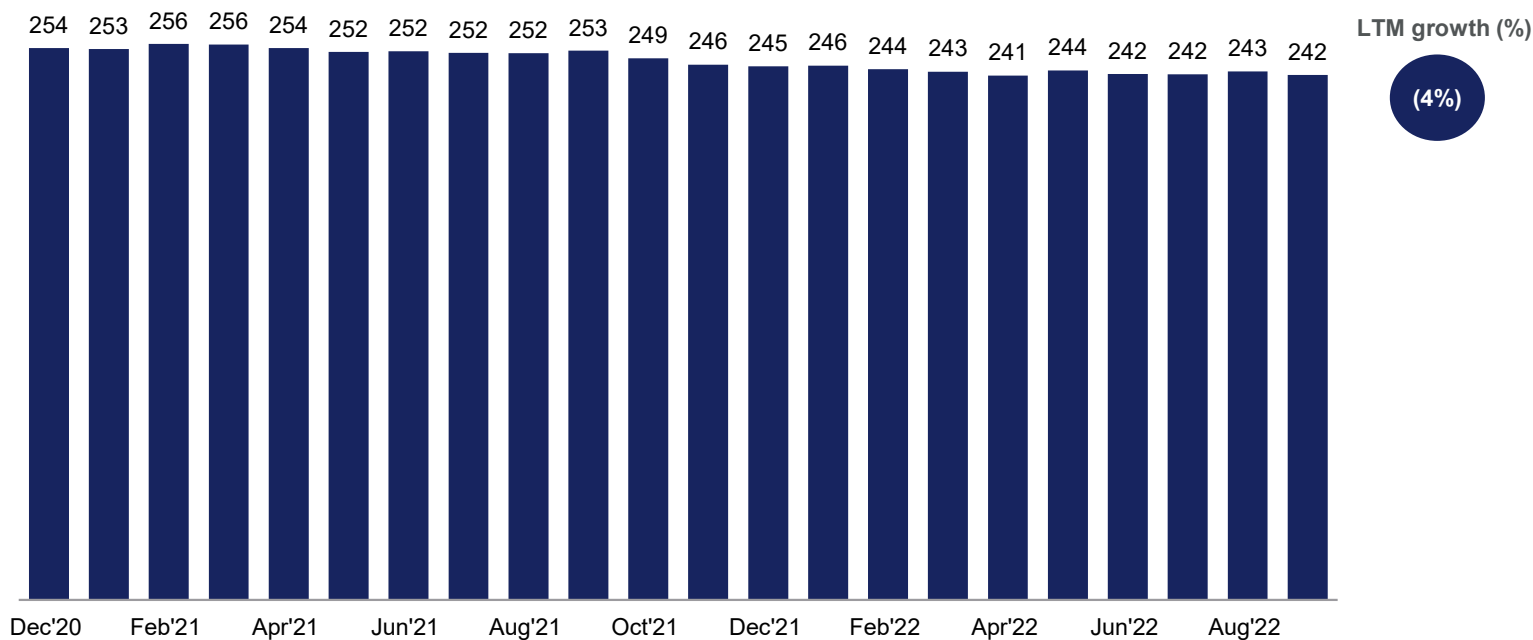


Comments

- ✓ 14.5% growth resulting from new contracts coming live, and a strong increase in both additional services and change orders (coming back to more normalized levels after decreasing during covid)
- ✓ Inclusion of Ba.se in September 2021 with NOK 8.9m (which represent monthly income for both August and September) and a total of NOK 21.8m in 2021

Use of PS capacity for managed services implementation projects has resulted in a small decline in PS revenues

LTM professional services revenues December 2020 – September 2022
NOKm



Comments

- ✓ Professional services revenues show 4% decrease last twelve months, as significant capacity is still being utilized on implementing new transformation projects in the UK and Germany
- ✓ Pressure on PS consulting resources, particularly in Germany, and lack of available resources is a key growth inhibitor

Business plan

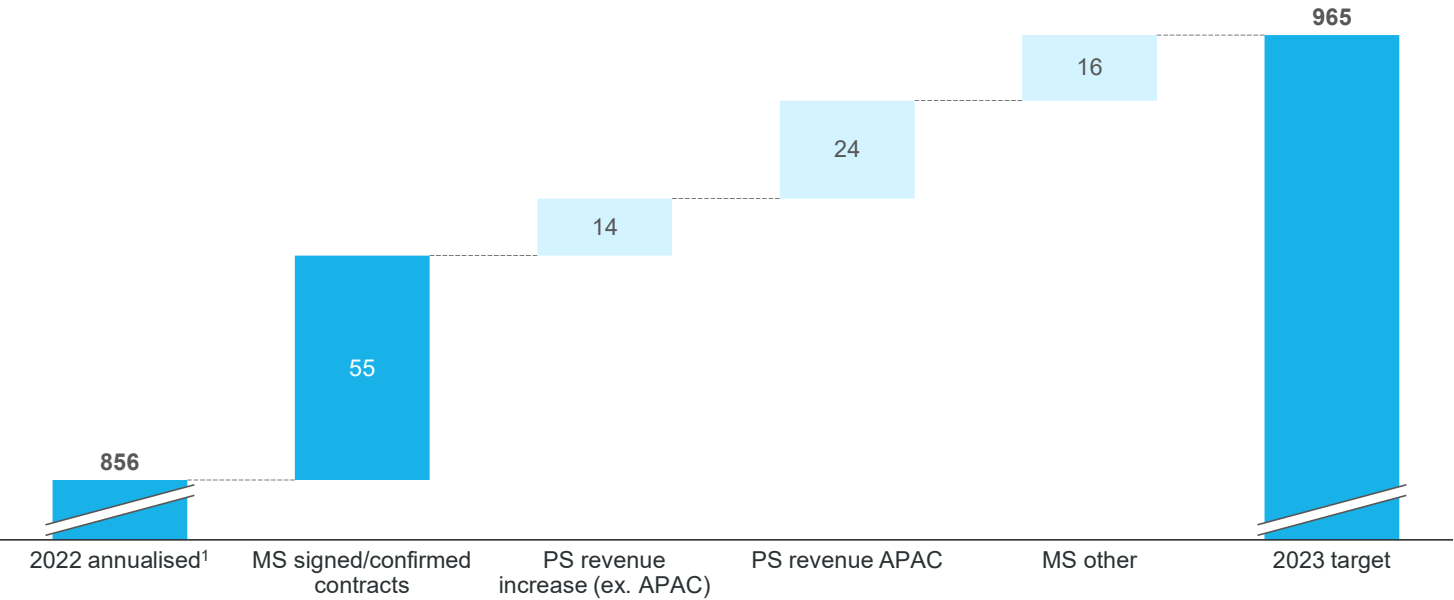


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Strong revenue visibility to 2023 TARGET of ~13% growth and NOK ~965m revenue

Revenue, NOKm



Comments

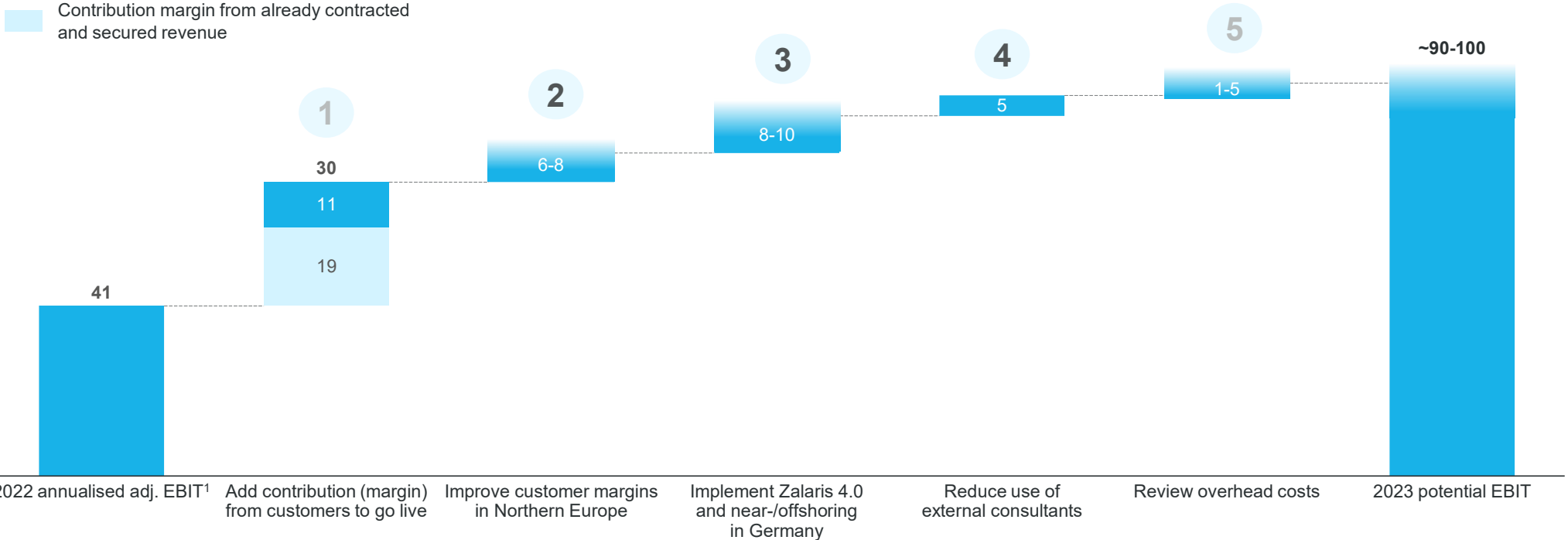
- ✓ NOK 55m in new MS contracts are based on already signed contracts yet to go live
- ✓ ~15% growth in professional services where APAC will contribute with NOK 24m increase and other regions with NOK 14m increase
- ✓ 5% revenue growth in professional services expected in established regions including DACH, Poland and UK&I in line with historical development
- ✓ ~12% growth assumed in managed services which is lower than target of 15% annual growth

1) Annualized revenue as of Q3 2022

New contracts and EBIT improvement program to increase annual EBIT by minimum NOK 40-60m by end of 2023

EBIT, NOKm

Contribution margin from already contracted and secured revenue



1) Annualized Adj. EBIT as of Q3 2022

“The Great Reset”



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Marginal impact to date from Covid and Ukraine

- ✓ Continued delivering on all customer commitments with all employees working from home
- ✓ Managed through Covid with revenue impact primarily from some reduced staffing at customers and reduced travel expense processing. Estimated impact 3-5 MNOK per quarter
- ✓ Changed logo from  zalaris to  zalaris after employees were harassed in Riga
- ✓ Some PS project cancellations in Poland. Resources deployed to global projects.

Well protected to changes in global macro picture

- ✓ Higher inflation
 - ✓ Most long-term contracts have a provision for annual indexation based on salary and CPI increases
 - ✓ Experiencing some pressure on salary levels in a competitive market for resources
 - ✓ Large “margin reserve” in increased automation and offshoring
- ✓ Recession like environment
 - ✓ Historically seen an increased interest for outsourcing in challenging times, when companies need to focus on operational efficiencies and cost reductions
 - ✓ High share of recurring revenue and long-term contracts
 - ✓ Lower potential demand in PS for new cloud HR solution investments can be compensated with increased demand for outsourcing, reduced usage of external consultants and global resource utilization
 - ✓ Geographical diversified
- ✓ Higher interest rates
 - ✓ Increase cost of capital, but current solid cash position and positive cash-flow. To be improved further from EBIT improvement program and increased focus on cash conversion as well as capital allocation.



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

Thank you!

Hans-Petter Mellerud

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