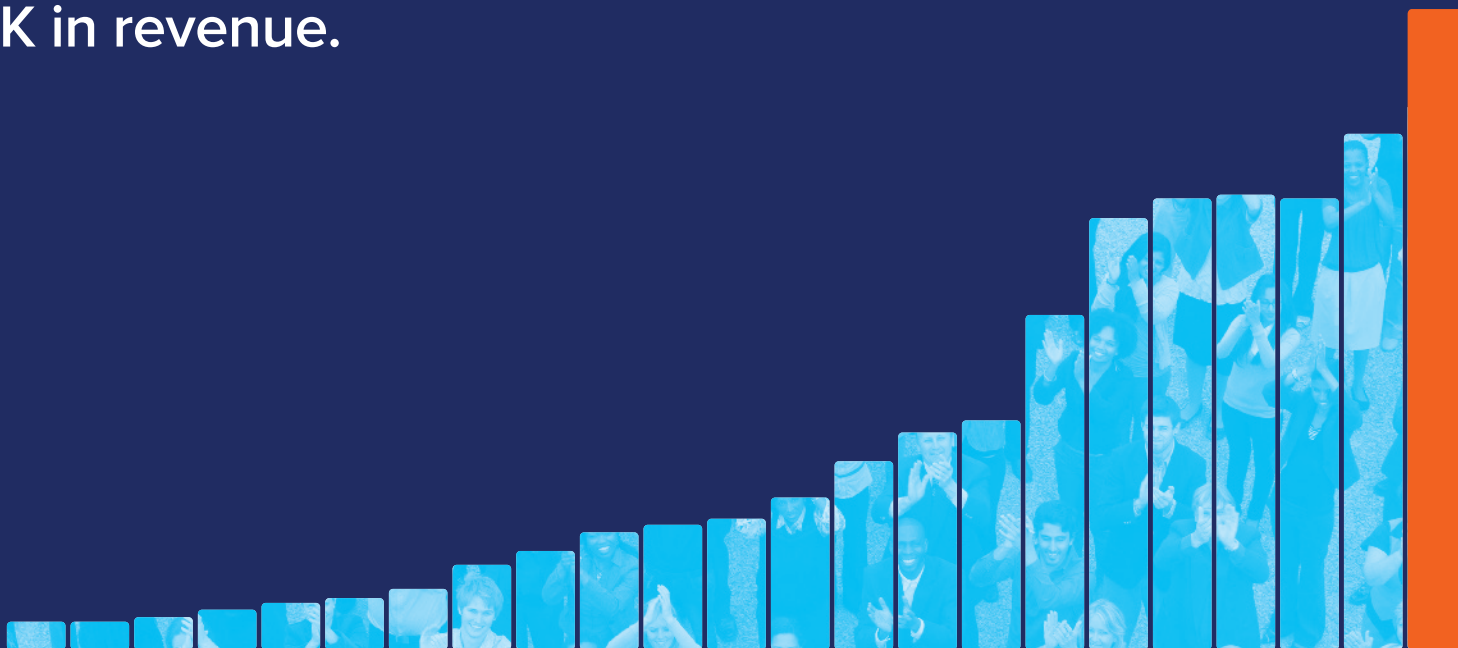


# 2023 Annual Report

The growth continues as we pass 1 billion NOK in revenue.



Simplify work life. Achieve more.



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## Simplify Work Life. Achieve More.

We simplify HR and payroll administration and empower you with relevant information so that you can invest more in your employees.



**Payroll & HR Solutions that enable fully digital organizations - we simplify HR and payroll administration and empower you with useful information so that you can invest more in people**

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 generated uninterrupted growth since our founding in 2000 and today operate in the Nordics, Baltics, Poland, Germany, Austria, Hungary, Switzerland, France, Spain, India, Ireland, the UK, Singapore and Australia.



**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 1.13 Billion**

Revenue 2023



**17 countries**

With own services partners and expertise in local laws and regulations



**150+ countries**

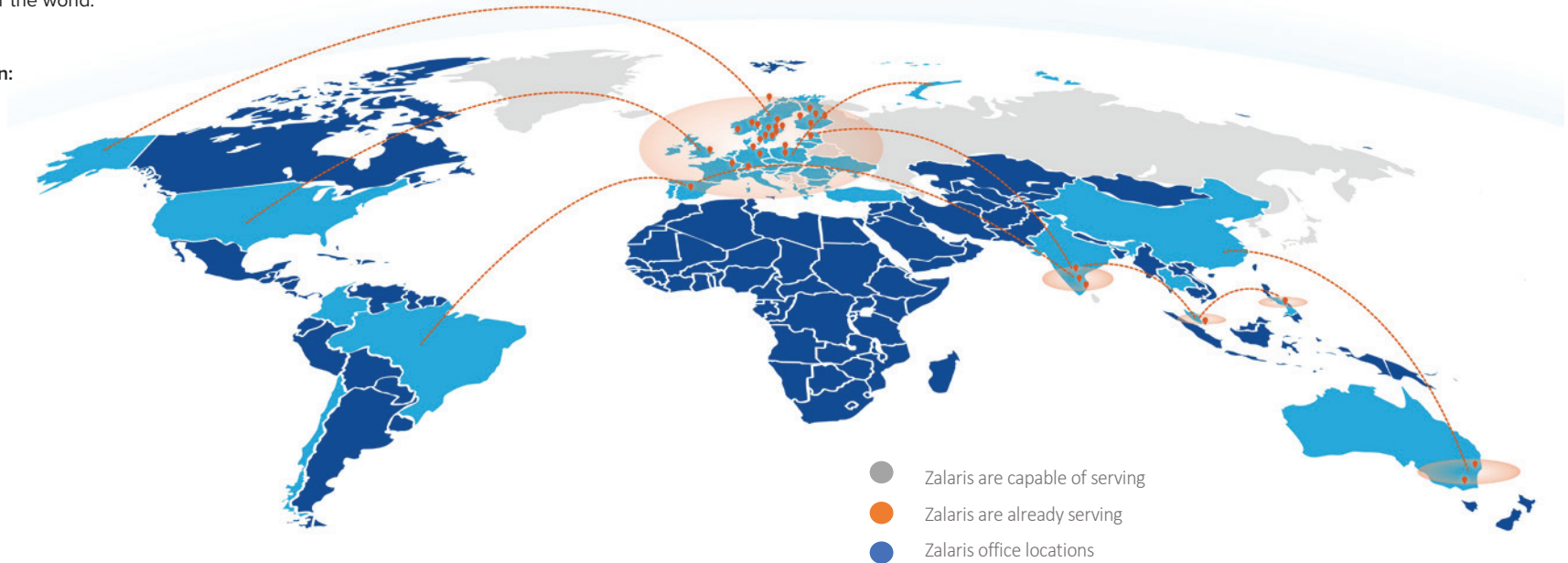
With expertise in local laws and regulations, together with partners

## Worldwide provider

From our 23+ offices localised in 15 countries we are able to provide our services to more than 150 countries all over the world.

Countries we are based in:

Norway  
Sweden  
Denmark  
Finland  
Spain  
France  
Ireland  
UK  
Germany  
Latvia  
Poland  
Hungary  
India  
Singapore  
Australia



## Local Presence, One Global Platform

Both our Software-as-a-Service (SaaS) platform and our two distinct lines of business are 100% focused on HR & Payroll technology and services.

- Zalaris PeopleHub is a SaaS platform delivering a complete HR suite to simplify HR & Payroll administration for everyone.
- Zalaris' outsourcing business: offering clients HR & Payroll Solutions delivered in the platform Zalaris PeopleHub, our suite of globally accessible and flexible SaaS systems. Zalaris also provides award winning HR & payroll administration services, providing Business-Process-as-a-service (BPaaS) or Business Process Outsourcing (BPO) as it is commonly referred.
- Zalaris' consulting business: supporting customers throughout their own cloud HR & payroll journey, utilising alternative software to Zalaris' PeopleHub such as SAP, Oracle or Workday. Zalaris' consultants, who specialise in market leading tier-one HCM solutions, offer strategy & advisory, transformation & implementation and application support. Furthermore, Zalaris is recognised as an SAP gold partner and an Oracle partner.

### SaaS Platform

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### Product Categories Outsourcing Business

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HR & Payroll  
Solutions

Powered by Zalaris ●●●

HR & Payroll  
Services

Powered by Zalaris ●●●

### Product Category Consulting Business

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SAP Products  
& Services

Simplified by Zalaris ●●●

## Our SaaS platform – Zalaris PeopleHub

A suite of globally accessible and flexible systems with integrated technology capabilities of Zalaris' HR & Payroll Solutions ensure your company has one source of truth whether you're present in one country or across the globe.

- Equipped with state-of-the-art automation, innovation and security, Zalaris PeopleHub is a complete HR platform to simplify HR administration for everyone. In this suite, we consolidate HR, payroll, time and expenses reporting, and talent management – all in one place.
- It is a global HCM platform that unifies all employee data and eases all HR processes. Maintain accurate company data, make informed decisions efficiently, and empower employees with the latest self-service features, all with the security of stringent data protection.

SaaS Platform

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PeopleHub  
By Zalaris

## HR & Payroll Solutions

- One complete overview of workforce data, from compensation to benefits and performance.
- Gain valuable insights through the entire employee lifecycle: workloads, absences, costs, location and more.
- Empower employees to manage, maintain and update their own information and documents, reducing administrative burden on HR.
- Global oversight and local compliance.
- Accessible anytime, anywhere – even on mobile.

## HR & Payroll Services

- Zalaris becomes your HR & payroll department, handling some or all of your business' HR & payroll administration throughout the entire hire-to-retire process.
- With Zalaris' award-winning HR & payroll services, you can reduce back-office headcount, benefit from significant cost savings, and focus on your core business strategies with the assurance that your HR & payroll administration is in safe hands.

### Product Categories

## HR & Payroll Solutions

Powered by Zalaris ●●●

## HR & Payroll Services

Powered by Zalaris ●●●

### Product Groups

Core HR Software ●●●

Time Management Software ●●●

Payroll Software ●●●

Talent Management Software ●●●

Travel & Expense Software ●●●

Reporting & Analytics Software ●●●

Core HR Services ●●●

Talent Management Services ●●●

Payroll Services ●●●

Accounting & Reconciliation Services ●●●

Travel & Expense Services ●●●

Reporting & Analytics Services ●●●

Time & Attendance Services ●●●

## SAP Products & Services

Zalaris – a proud SAP gold partner implementing, transforming, advising and supporting clients on their SAP HCM & HXM journey for over two decades.

- Zalaris specialise in SAP, HR & payroll, benefitting from long and trusting relationships with many of the leading international organisations who have chosen SAP as their technology platform of choice.
- As a trusted system implementation partner, Zalaris' expert consultants are highly qualified and focused on only the very best for our customers. Zalaris are proud to achieve exceptional customer net promoter scores that are significantly higher than the industry average and other providers in this space, further demonstrated by the very high customer retention rate.
- For our customers, who have chosen SAP as their technology of choice, they continue to leverage a highly agile service model, accessing expert resources from around the globe and achieving their HR technology and IT strategic objectives.

### Product Categories

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## SAP Products & Services

Simplified by Zalaris ●●●

### Product Groups

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SAP Services ●●●

SAP Analytics ●●●

SAP HCM Hosting ●●●

SAP Employee Experience ●●●

SAP HR & Payroll ●●●

SAP Add-ons ●●●

SAP Talent Management ●●●



In 2023, we in #teamZalaris delivered on our communicated targets, resulting in the twenty-third year of growth with all-time high revenues of NOK 1.13 billion, up from NOK 892.7 million last year. This represents 26.7% year-on-year growth in actual terms and 16.0% in constant currency. We are now a NOK 1.2 billion annualized revenue company, well above our aspiration just a year ago.

As a result of our EBIT improvement program, our adjusted EBIT improved quarter by quarter. We left the year delivering Q4 above our target at 10.7% and the full year at NOK 95.8 million (8.5%), up 117% from NOK 46.2 million last year.

As such, we delivered on two key financial milestones in 2023 – becoming an EUR 100 million revenue company in Q2 and a NOK 100 million EBIT company in Q4.

Furthermore, we continued winning new contracts, confirming the strong international trends over the last years, positioning us well for continued growth in 2024.

## Closing 2023 as Our Best Year of Sales to Date

During the year, we closed a record high NOK 160 million of Annual Contract Value (ACV) in Managed Services, including upsell to existing

customers, which was significantly above our sales budget needed to sustain a 10% growth rate.

Professional Services sold approximately NOK 290 million of Total Contract Value (TCV) throughout the year, which was more than 25% above our budget.

Both business units finished the year with strong pipelines for both upsell and new clients. In Managed Services, we continue to see good demand for our Global Payroll value proposition, including the potential to increase geographic scope with existing customers. In Professional Services, demand remains strong for application maintenance services and project implementation services related to SAP HXM.

We started the year by signing an agreement with Siemens spin-out Innomotics to deliver global payroll and HR services to their approximately 16,000 employees in 56 countries. The agreement included implementing a comprehensive solution for global HR master data and performance management based on Peoplehub SAP SuccessFactors and transactional HR services such as payroll, time and attendance, and travel expenses based on the Zalaris Peoplehub. Working closely with Innomotics, we have since expanded our service portfolio to deliver functional HR services based on our own fully digitized Global HR Shared Services



Hans-Petter Mellerud, Chief Executive Officer, Zalaris

concept. The market potential for serving other existing and new customers with similar solutions is significant. Throughout the year we sold a number of new agreements based on PeopleHub and expanded our relationship with existing customers as Danske Bank and a large Scandinavian based retailer to cover additional countries.

Going into the new year the strong momentum of new signings continues, starting off the year by signing a landmark agreement as a subcontractor to one of Germany's largest System Integrators. The agreement involves implementing a new HCM solution covering Employee Data Management and Payroll for the State of Berlin, with our part of the contract valued at approximately EUR 15 million over the next four years. This positions Zalaris as one of the leading providers of SAP based people services to the public sector in Germany.

*“With NOK 1.13 million in revenue for the full-year and 10.7% adjusted EBIT in Q4 we delivered on our communicated financial targets for the year”*

## Margin Upside through Continued Focus on Improvements and Scale

Our positive margin development continued throughout the year, and in certain areas, we are exceeding our targets. A key contributor to this success is the use of X-shoring and automation, which reduces resource costs as a percentage of revenue. As a result, the total resource costs for 2023 were approximately four percentage points lower compared to the previous year. We believe this relative trend will continue and be further strengthened as the effects of our strategic AI initiatives, ranging from increased use of productivity-enhancing tools in our operations to solutions for anomaly detection and improved customer service, take effect.

Our mature Nordics business remains at the forefront, setting the standard for other operating entities to follow. In 2024, our focus will be on consolidating our position in the Nordic region while enhancing customer service. Simultaneously, we will continue our transformation journey in other geographies, aiming to elevate them to the Nordic level. This strategic approach, combined with the scaling effects from additional revenue, positions us to deliver on our newly targeted EBIT levels of 12-15% over the next 36 months.



## Sustainability and CSRD Creating Opportunities

The implementation of the EU Corporate Sustainability Reporting Directive (CSRD) in 2024 presents excellent opportunities for Zalaris to support our customers on their sustainability journey. We have since 2022 been working on a strategic project aimed at integrating sustainability thinking into all our processes and services. During 2023, we successfully implemented several new solutions, including tracking the CO2 footprint from business travel and commuting. Additionally, we enhanced our reporting capabilities for diversity.

Our forward-looking goal is to support our customers in reporting and driving all sustainability measures related to their employee base. We view this as a tremendous opportunity that will not only positively impact revenue and customer relationships but also contribute to building a more sustainable world.

Again, thank you #teamZalaris, customers, and stakeholders for making 2023 a record-breaking year.

**Hans-Petter Møllerud**, CEO of Zalaris





– Armin Seiler  
VP Human Resources Yunex Traffic GmbH

“What we have achieved thanks to the close and excellent cooperation with Zalaris is enormous. The use of Zalaris PeopleHub and SAP SuccessFactors gives us the opportunity to streamline and digitise processes while improving the employee experience.”

## Corporate Management Team



**Hans-Petter Mellerud**  
Chief Executive Officer



**Gunnar Manum**  
Chief Financial Officer



**Hilde Karlsmyr**  
Chief Human Resources  
Officer



**Halvor Leirvåg**  
Chief Technology Officer



**Øyvind Reiten**  
Executive Vice President  
Group Commercial and Sales



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

## Regional Management Team



**Sami Seikkula**  
Executive Vice President  
Northern Europe



**Peter Martin**  
Executive Vice President  
Central Europe



**Stephen Burr**  
Executive Vice President UK  
& Ireland



**Balakrishnan Narayanan**  
Executive Vice President  
APAC



**Mike Ellis**  
Executive Vice President  
APAC

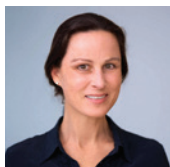


“With Zalaris as a partner, we are able to work in parallel on various local sub-projects and modules while always maintaining a global perspective. With each implementation, we create the basis for further country roll-outs and maintain the focus on standardisation and harmonisation.”

– Christian Stenzel  
Director of Organization and IT, BITZER SE







**Adele Norman Pran**  
Chair of the Board



**Liselotte Hägertz Engstam**  
Board Member



**Kenth Eriksson**  
Board Member



**Jan M. Koivurinta**  
Board Member



**Erik Langaker**  
Board Member

Zalaris<sup>1</sup> mission is to simplify HR and payroll administration, and empower you with useful information so that you can invest more in people.

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. The Group's proven local and multi-country delivery models include: on-premise implementations, software as a service (SaaS), cloud integration and business process outsourcing (BPO).

Zalaris delivers a full range of services organised 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 SAP, HR and Payroll.

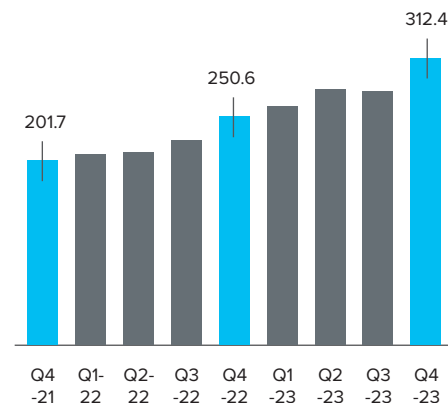
Zalaris is headquartered in Oslo and delivers services out of local-language centres covering northern and central Europe, the UK and Ireland and the Asia-Pacific region (Australia,

Singapore and India), and covers other regions world-wide through partnerships. Zalaris ASA is listed on the Oslo Stock Exchange (ZAL).

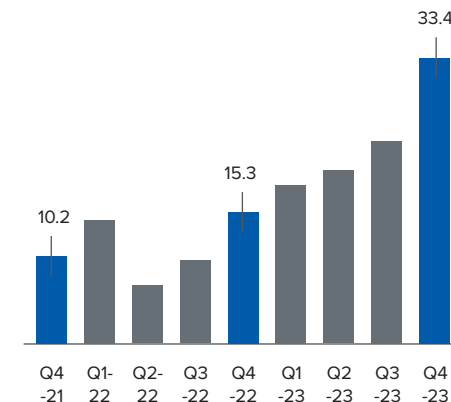
## Operational highlights

Zalaris recorded revenue of NOK 1,131 million in 2023, compared to NOK 893 million in 2022, an increase of 26.7%. Measured in constant currency the increase was 16.0%<sup>2</sup>. The increase was primarily a result of revenue from new customers within its Managed Services division that went live during 2023, and upsell to existing customers, including increased volumes of change orders and additional services.

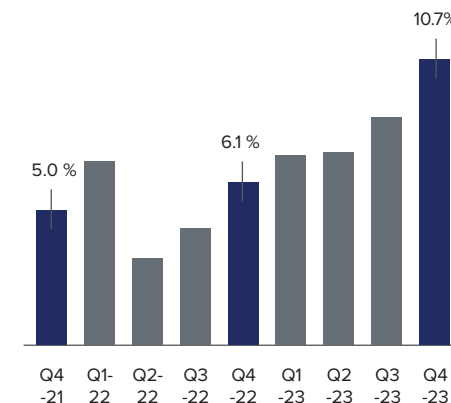
Revenue by quarter (NOKm)



Adj. EBIT<sup>2</sup> by quarter (NOKm)



Adj. EBIT<sup>2</sup> margin by quarter (%)



<sup>1</sup> Zalaris (the "Company" or the "Group") refers to Zalaris ASA and its subsidiaries if not otherwise stated

<sup>2</sup> Defined in separate section: Alternative Performance Measure (APMs) (page 95–96)

Within Managed Services, which includes our SaaS and outsourcing business, we closed approximately NOK 160 million of Annual Contract Value (ACV)<sup>2</sup>, including upsell to existing customers – significantly above our sales budget needed to sustain a 10% growth rate. This is a record high value of new contracts during a financial year, and adds to the Company's fast increasing ARR<sup>2</sup>. At the end of 2023, Zalaris had a backlog of approximately NOK 108 million in ARR<sup>2</sup> from new signings. The additional revenue that will come from these contracts represents an increase in annual revenue for Managed Services of +11.7% (compared to full-year revenue for 2023). Invoicing for these contracts will start in 2024 and early-2025. The Company had minimal churn during 2023. The contracts signed in Managed Services during the year are for customers in a variety of industries and geographies. In early 2023 we signed an agreement with Siemens spin-out, Innomatics, to deliver global payroll and HR services to their approximately 16,000 employees in 56 countries. The agreement included implementing a comprehensive solution for global HR master data and performance management based on Peoplehub SAP SuccessFactors and transactional HR services such as payroll, time and attendance, and travel expenses based on the Zalaris Peoplehub. Working closely with Innomatics, we have since expanded our service portfolio to deliver functional HR

services based on our own fully digitized Global HR Shared Services concept.

The market potential for serving other existing and new customers with similar solutions is significant. Another example of contracts won during 2023, was the signing of a master services agreement for payroll services with a leading global retailer, including agreements for payroll cloud services to their 3,000+ employees in Denmark and to their 10,000+ employees in the UK, and managed payroll services to their 500+ employees in Ireland, which is a good example of how Zalaris can grow by taking on new geographies from existing customers.

Zalaris continues to see a significant interest in outsourced multi-country payroll solutions, as many customers aim to reduce costs and optimise their global HR processes. The Group has a solid pipeline of potential new contracts in all regions.

In the Professional Services division, our consulting business, we sold more than NOK 285 million of Total Contract Value (TCV)<sup>2</sup> throughout the year, which is more than 25% above our budget. This included winning the public tender for provision of SAP Payroll Application Maintenance Services for systems serving approximately 700,000 employees and pensioners of the German State of North Rhein Westphalia. Zalaris has been serving

the state for more than ten years. The new four-year agreement with expanded scope contracts Zalaris to continue supporting the state in maintaining the quality and accuracy of their SAP Payroll solutions and with further digitalisation of people processes. After the year, we also closed a landmark agreement as a subcontractor to one of Germany's largest System Integrators. The agreement involves implementing a new HCM solution covering Employee Data Management and Payroll for State of Berlin, with our part of the contract valued (TCV)<sup>2</sup> at approximately NOK 170 million over the next four years. This positions Zalaris as one of the leading providers of SAP based people services to the public sector in Germany.

The adjusted EBIT<sup>2</sup> for 2023 was NOK 96.0 million, compared to NOK 46.2 million last year. The adjusted EBIT margin was 8.5% in 2023, compared to 5.2% in 2022. The increase is largely due to the EBIT-improvement program launched in 2022. In the third quarter 2022, we announced our plans to increase our annual EBIT by NOK 40 – 50 million by the end of 2023. This would come from direct cost improvements and improved allocation of resources of NOK 25 – 30 million, and contribution from new contracts of NOK 20 – 25 million. Our goal was to reach an adjusted EBIT margin of 10% by the end of 2023. The EBIT target was achieved in the fourth quarter with an adjusted EBIT margin of 10.7%, and the EBIT in 2023 was NOK 55

million higher compared to the EBIT for the 12 months ending 30 September 2022, when the improvement program was launched.

Included in the EBIT for 2023 is negative EBIT from our Asia-Pacific region ("APAC") of NOK 7.4 million (NOK 5.7 million). This region was established as a greenfield operation in 2022 to expand our multi-country payroll capabilities to the APAC region. The purpose is to better support European headquartered customers, that have operations in APAC countries. APAC is one of the fastest growing markets for multi-country payroll. In 2023 the revenue for the region increased by 326%, from NOK 4.8 million in 2022 to NOK 20.5 million in 2023.

In March 2023 Zalaris successfully completed the issue of a EUR 40 million five-year bond loan, used to refinance a EUR 35 million bond loan which were due to expire in September 2023. Zalaris is now well funded with a strong cash position.

## Consolidated financial results for the group

Zalaris' consolidated revenue for 2023 was NOK 1,131.2 million compared to NOK 892.7 million in 2022, an increase of 26.7% compared

<sup>2</sup> Defined in separate section: Alternative Performance Measure (APMs) (page 95–96)

to the previous year. The operating profit was NOK 70.5 million compared to NOK 23.7 million in 2022, which gives an operating margin of 6.2% compared to 2.7% the previous year. Zalaris' ordinary profit, before tax, was negative NOK 3.7 million compared to negative NOK 16.4 million in 2022, including a net currency loss of NOK 30.7 million in 2023 compared to a loss of NOK 15.1 million the previous year. The currency loss related mainly to Zalaris' EUR 40 million bond loan. The net result for the year 2023 was negative NOK 3.0 million compared to negative NOK 38.7 million in 2022, which includes a loss of NOK 8.4 million (NOK 16.0 million) from discontinued operations.

Net cash flow from operating activities for 2023 amounted to NOK 58.5 million, compared to NOK 0.4 million in 2022. Net cash flow from investing activities was negative NOK 33.9 million compared to negative NOK 39.2 million the previous year. For 2022, this included a cash payment of NOK 11.3 million, for the acquisition of the assets of vyble AG, a payroll and HR solution start-up in Germany.

Net cash flow from financing activities was positive NOK 18.6 million in 2023 compared to negative 43.9 million in 2022. The positive cash flow from finance activities is mainly due to the refinancing of the Company's bond loan in 2023, which principal amount was increased from EUR 35 million to EUR

40 million. The new loan will expire in March 2028. The cash flow in 2022 included a dividend payment of NOK 7.6 million. 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 203.0 million as of 31 December 2023 compared to NOK 163.6 million at the end of 2022. This corresponds to an equity ratio of 18.3% compared to 18.1% the previous year. The board and executive management expect the equity ratio to increase going forward. This is in line with further improvements expected in Zalaris' financial results.

Total assets as of 31 December 2023 were NOK 1,111.5 million compared to NOK 905.7 million at the end of 2022, while total liabilities were NOK 908.6 million at the end of 2023 compared to 742.1 million the previous year.

## Business segments

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

Managed Services had revenue of NOK 819.6 million in 2023 compared to NOK 644.8 million in 2022, an increase of 27.1% compared

to the previous year. Measured in constant currency, revenue increased by 17.8% (refer to the APMs section of the annual report for further details). The increase is mainly due to revenue from several new customers in 2023, as well as additional recurring revenue from up-sale (new services and/or geographies), and increased volume of changes orders, from existing customers. All geographical regions contributed to the increase.

Operating profit for this segment in 2023 was NOK 109.6 million compared to NOK 64.2 million in 2022. The EBIT-improvement program is mainly related to Managed Services, which explains the significant improvement from the previous year.

Professional Services had revenue of NOK 291.2 million in 2023 compared to NOK 243.1 million in 2022, an increase of 19.8 % compared to the previous year. Measured in constant currency, revenue increased by 5.5%. Higher revenue in the UK and Poland contributed to the increase.

Operating profit for this segment in 2023 was NOK 30.3 million compared to NOK 20.0 million in 2022.

During 2022, Zalaris established a new geographical region, encompassing the Asia-Pacific (APAC), headquartered in Australia. The new region offers products and services

from both Professional Services and Managed Services. The region, which is a greenfield investment, is not classified as a separate business segment, but is reported separately until it has reach a sustainable business level, for information purposes. APAC had a negative operating profit of NOK 7.4 million in 2023, compared to NOK 5.7 million the previous year.

Zalaris research and development (R&D) is focusing on developing its own intellectual property (IP) and integrating standard software with new and innovative solutions and process designs. The aim is to support customers and simplify payroll and HR processes. Zalaris does not have dedicated R&D resources, but development projects are carried out by the Company's 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 the parent company for the Group, and is the business owner of Zalaris' multi-country network, as well as payroll and HR solutions, implemented through its integrated PeopleHub platform. Zalaris ASA is responsible for the development of the technology platform, including solutions and



services, as well as providing this to customers throughout the Zalaris group companies. Zalaris also provides shared services, such as accounting and HR, as well as treasury services to group companies.

Total revenue for 2023 was NOK 263.2 million compared to NOK 149.8 million in 2022, which is an increase of 75.7% compared to the previous year. Results from operations was NOK 26.7 million compared to negative NOK 41.0 million in 2022. Zalaris ASA reported a net profit for the year of NOK 66.9 million compared to a net loss of NOK 63.0 million for 2022. For 2023, this included an unrealised currency gain of NOK 2.1 million, compared to a loss of NOK 15.6 million the previous year, and a provision for a loan to a subsidiary, vyble GmbH, of NOK 11.2 million, compared to a provision of NOK 20.2 million in 2022.

Total shareholders' equity in Zalaris ASA as of 31 December 2023 was NOK 109.4 million compared to NOK 16.3 million at the end of 2022, corresponding to 16.8% of total assets compared to 3.0% at the end of the previous year.

## Dividend payment

The board of directors will not propose a dividend for the financial year 2023.

## Going concern

With reference to the Norwegian Accounting Act No. 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 Zalaris' solid cash and equity standing.

## Operational and financial risks

The Group is exposed to various risks and uncertainties of an operational, market and financial character. Internal controls and risk management are an integrated part of all Zalaris' organisational business processes and of achieving the Company's strategic and financial objectives. The Board oversees the risk management process and carries out annual reviews of the Group's most important risk categories and internal control arrangements. The principal operational and financial risk areas are described below,

however this is not an exhaustive list of the risk areas facing the Group.

## Operational risk

### The Group has relatively few major customers

The Group has a wide range of customers, with more than 150 customers generating over NOK 1 million in annual revenue. The biggest customer accounted for 8%, and the top five customers accounted for 21.0% of total revenue for 2023. The churn of customers in Managed Services, which accounts for 73% of revenue, has historically been low, averaging 1.5-3% per annum. Contracts typically have a duration of five years and require significant project set-up work and project duration of 6-18 months. In the event of the cancellation of a contract, Zalaris has ample time to downsize or reallocate its capacity to new customers such that the effects of leaving customers on margins and profitability are of a temporary nature.

### New contracts may lead to losses if priced incorrectly

Customer contracts are priced according to an estimated margin based on the services to be delivered and associated estimated costs. The Group might fail to accurately forecast its ability to deliver outsourcing services efficiently, and contracts may not be implemented within

appropriate timescales or costs, 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 during the whole contract period of five years or more.

### The Group relies on retaining and hiring SAP HCM consultants

The services sold by the Professional Services business, which accounted for 26% of the revenue in 2023, are primarily performed by consultants specialising in the SAP HCM solutions. These type of consultants are currently in short supply, and the successful development and performance of the Group's Professional Services business depends on its ability to attract and retain employees with these skills. Failure to do so could result in loss of revenue, or the need to hire external resources at a significantly higher cost, which would have negative impact on the Group's earnings. The Group uses a systematic recruitment process, and has trainee programs, to reduce this risk.

### Risk related to cyber security

Businesses around the world are still experiencing an increase in cyberattacks, and the introduction of AI has made these attacks more sophisticated. The Group is increasingly exposed to cyber security related risks through the nature of the services

provided, which heavily involves storage of both personnel identifiable and sensitive data, as well as the handling of large amounts of payments to customers' employees.

The Group provide monthly payroll services for more than 300,000 external 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's processing for financial gain, collecting of information for other illegal purposes, or for the purpose of disrupting critical functions in the countries where the Group operates for political reasons. 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.

As a result of these cyber security threat scenarios and their potential for severe disruptions to services, Zalaris has established numerous countermeasures both of a technical and organisational nature. The Group has a dedicated Cyber Security Operations Centre (CSOC) with continuous monitoring of all systems and user activities.

The explicit goal is to prevent threats from converging into actual attacks or exploiting Zalaris' systems and the customer data contained within them.

**The Group is reliant on the SAP HCM platform in addition to other third-party suppliers**

The Group's core services within Managed Services, which accounted for 72% of the

revenue in 2023 (2022: 72%), are based on a payroll engine and other software provided by SAP, the global developer and provider of enterprise resource planning systems to corporates. The Group has a long-term license and maintenance agreement with SAP, however a potential future deterioration in the relationship with SAP, and/or the inability or difficulties of implementing third party solutions, may significantly impede the Group's ability to provide its services. Any of the foregoing may have an adverse effect on the Group's ability to attract and retain customers, which in turn may adversely affect the Group's business, results or operations and financial condition. Third-party IT system disruptions may adversely affect the business Third-party suppliers, including SAP, are key to the Group's business operations; quality issues or supply disruptions may negatively affect the Group and in turn may have an adverse effect on the Group's ability to attract and retain customers and in turn adversely affect the Group's business and profitability.

**Risks related to handling sensitive information, including a potential GDPR breach**

The Group is handling personnel data for more than 300,000 external employees that may be linked to individual people and is required to handle such personnel data in compliance with GDPR. The Group has invested in and continues to invest in processes and improvements to support

its own and customers' GDPR compliance. Compliance is tested as part of our annual System and Organization Controls (SOC) audit and documented in an ISA3402-report. Zalaris is ISO 9001 and ISO27001 certified. Artificial Intelligence (AI) tools in use are limited to access and distribute data within respective customer clients only and within the role-based authorization of the respective users. The Group is liable to its customers and regulatory authorities for damages caused by unauthorized disclosure of personal data, as well as sensitive and confidential information, and any unauthorized disclosure of any such information may result in significant fines.

**Climate risk**

The Group has assessed whether climate change or efforts to reduce carbon emissions will negatively impact Zalaris' business as a provider of HCM services. The Group does not consider this risk to be material, due to the nature of these services. Zalaris supports customers in managing their employees in a manner which reduces its potential climate impact through e.g. automated CO2 tracking for employees. Refer to the ESG report for 2023 for a further analysis of risk factors related to the environment.

**Financial risk**

A description of the Group's key financial risk

exposure, including credit risk and liquidity risk, follows below. Further details on the Groups financial risk and risk management, including the sensitivity analysis required by IFRS, can be found in note 19 in the financial statements.

**Credit risk**

Zalaris' customer 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**

In order to be able to finance its operations and mitigate the effects of fluctuations in cash flows, the Group ensures that adequate cash resources (i.e. cash and cash equivalents) are readily available through existing cash balances and/or by entering into financing arrangements. In case of a breach of the terms and conditions of such arrangement a lender may be entitled to cancel the entire or part of the commitment. Furthermore, if, for any reason or at any time, the Company cannot get access to liquidity on commercially acceptable terms and conditions or at all, the business, results of operations and financial condition of the Group may be materially adversely affected.

Cash and cash equivalents were NOK 135.7 million as of 31 December 2023, compared to NOK 91.8 million at the end of 2022. Most of

the Group's debt with interest at year-end is from a bond loan of EUR 40 million (NOK 449.6 million). The bond loan was refinanced during 2023 and matures in March 2028. At the end of 2023, the Group had total interest-bearing debt of NOK 450.7 million compared to NOK 380.6 million at the end of 2022. During 2023 the leverage, measured by dividing the net interest bearing debt (interest bearing debt less cash or cash equivalents) by the earnings before interest, tax, depreciation and amortisation, was reduced from 2.7 as of 31 December 2022 to 1.9 as of 31 December 2023.

#### Other financial risk

The Group's main interest bearing debt is the bond loan described above. The bond loan has a floating interest rate linked to the 3 months EURIBOR. As of 31 December 2023, the Group had an interest coverage ratio (operating profit divided by net interest expenses) of 1.97, compared to 1.3 the previous year (leasing interest excluded). During the last six months the EURIBOR has increased significantly, and a further material increase in the reference interest rate may have a material adverse effect on the Group's financial condition.

The EUR 40 million bond loan accounts for most of the interest bearing debt of the Group. The Company is therefore exposed to changes in the EUR/NOK exchange rate. This exposure is partly offset by the net assets held in EUR that foreign subsidiaries own, and the net

income that these subsidiaries generate. The Group also holds cash deposits in foreign currencies.

The Group receives revenues and incur costs in several currencies. Approximately 78% of the revenue and 75% of the costs are in other currencies than NOK, and the Group's interest bearing debt is mainly denominated in EUR. Changes in the relative values of these currencies may adversely affect the Group's results of operations and financial condition.

The Group's insurance coverage may under certain circumstances not protect the Group from all potential losses and liabilities that could result from its operations, particularly in relation to professional misconduct and/or damages relating to cyber security crimes. The occurrence of a loss or liability against which the Group is not fully insured, could have significant negative impact on the Groups earnings and impair its ability to meet its obligations under its indebtedness.

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.

## Corporate social responsibility, the environment and employees

Zalaris aspires to achieve sustainable development by balancing financial results, value creation, sustainability and corporate social responsibility (CSR). The Company's objective is to minimise 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, Zalaris aims to support its customers in visualising, driving and documenting the same. The Company has issued a separate ESG report for 2023, which is available on [www.zalaris.com](http://www.zalaris.com).

Zalaris supports the United Nations Global Compact, the United Nations Guiding OECD Guidelines for Multinational Enterprises, the International Bill of Human Rights, and the core conventions of the International Labor Organization (ILO).

The Group strives to make sustainability a key part of all core business decisions, the company governance structure, and performance management. Zalaris will report in accordance with EU's Corporate Sustainability Reporting Directive (CSRD) for 2024, as this new legislation will be implemented in Norwegian law during 2024. This will be part of an integrated annual report issued

in 2025. This new directive updates and strengthens the rules about the social and environmental information that companies have to report. To get ready for CSRD, we have begun by conducting a double-materiality assessment, and will be identifying any gaps between our current reporting practices and the requirements of the new directive. This may require examining existing sustainability frameworks and finding areas where data collection, measurement, and reporting may need to be upgraded. We will also communicate more with stakeholders and understanding their expectations for sustainability reporting.

The corporate social responsibility statement according to Section 3-3c of the Norwegian Accounting Act is below. More details and information on the items are in the ESG report for 2023.

## 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 Organisation's (ILO's) fundamental conventions.

Zalaris aims to have a balanced representation of gender, age, ethnicity and religion. Zalaris

had 1,094 employees across 13 countries at the end of 2023 (2022: 1,036). Women are represented in all the Group's companies and units, comprising 61% (2022: 62%) of the workforce. At the end of the year, the Group's corporate management team was 17% female (2022: 17%). The Company aims to increase female representation by actively seeking and developing female talent. The board of directors consist of three men (60%) and two women (40%).

A statement of equality covering the Norwegian part of the Group has been issued as a separate report and is available on [www.zalaris.com](http://www.zalaris.com).

## Life-work balance and a healthy lifestyle

Zalaris strives to ensure that employees of either gender can combine their work and private life effectively. The Company offers leave arrangements, home office solutions and part-time positions, as well as other flexible work arrangements to support this objective. The Company organises programmes to motivate its employees to stay physically active while ensuring the availability of healthy food in our canteens.

## 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." Zalaris wants to continuously improve the quality of its services, while contributing to a positive working environment for its people.

Zalaris requires an active commitment to, and accountability for, health and safety from all employees and contractors. Line managers have a leadership role in communicating, implementing and ensuring compliance with these policies and standards.

### We are committed to:

- Protecting and striving to improve our people's health, safety and security at all times, as well as eliminate "health and safety" (HS)-related accidents.
- Setting HS performance objectives, measuring results, assessing and continually improving processes, services and product quality through the use of an effective management system.

- Working 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.
- Planning for, responding to, and recovering from any emergency, crisis or business disruption.
- Developing services that can help our customers monitor and act upon HS issues.
- Communicating openly with stakeholders and ensuring an understanding of our HS policies, standards, programmes and performance.

Absences due to sick leave averaged 4.0% in 2023 compared to 3.7% the previous year. No incidents of injury or accidents in the workplace were reported during 2023.

## The 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. A further analysis of the Group's environmental impact will be done through a double-materiality assessment, conducted in accordance with the CSRD framework.

One of Zalaris' environmental measures is to provide all customer-facing IT operations in a centralised infrastructure framework, which is hosted in several energy-efficient data centres and is powered by green, renewable, hydro-powered energy.

Through Zalaris' Travel Expense Solution, the Company collects detailed information on travel and consumption patterns. This allows customers to monitor and follow up on the frequency of travel by their employees. This is a crucial environmental driver for businesses and can be influenced. There is also a CO2 mapping feature in the solution, which enables customers to automatically track the CO2 footprint for their business travel. In addition, an app has been launched to allow employees to track their commute patterns and report the carbon emissions of these activities.

The Group's environmental initiatives focus on using organised recycling schemes for obsolete IT equipment, reducing travel activities through increased teleconferencing and web meetings, such as MS Teams, and responsible waste management.

All employees must consciously observe the environmental impact of work-related activities and select solutions, products and methods that minimise any environmental impact. This is described in the Company's Code of Conduct.

The ESG report for 2023 has a separate section on EU Taxonomy, which aims to clarify what counts as eligible and aligned environmentally sustainable activities. The report includes an examination of the Group's turnover that meets the taxonomy criteria.

## Business ethics

Zalaris' Code of Conduct is an essential of the Company's governance framework. The Code outlines the core values and ethical standards that guide the Company's value creation. The Code applies to Zalaris ASA and any subsidiary where Zalaris owns more than 50% of the voting shares. It also applies to board members, managers and other employees, and anyone acting on behalf of the Company. Zalaris' Code of Conduct can be found on Code of Conduct - Zalaris, and is further explained in the ESG report for 2023.

Zalaris has a whistleblowing channel that can be accessed on [www.zalaris.com](http://www.zalaris.com). The whistleblowing channel lets anyone report actions that are illegal, or suspected to be illegal, and breaches of Zalaris ASAs' Code of Conduct and internal policies in a confidential way. Zalaris ASA wants all employees, business partners and stakeholders to use their right to report their concerns so that negative conditions can be corrected and keep our high ethical standards.

## Corporate Governance principles

The Board of Directors of Zalaris ASA reviews the company's corporate governance annually. The Board of Directors report on the company's corporate governance in accordance with the Norwegian Accounting Act § 3-3b, the Oslo Stock Exchange Rulebook II - Issuer Rules, Chapter 4.4, and the Norwegian Code of Practice for Corporate Governance (the "Code"). Zalaris' corporate governance policy is based on, and complies with, the Norwegian Corporate Governance Code and has been included in a separate section of this annual report (page 80 – 86).

Zalaris ASA have purchased and maintain a Directors and Officers Liability Insurance on behalf of the members of the Board of Directors and CEO. The insurance additionally covers any employee acting in a managerial capacity and includes subsidiaries owned with more than 50%. The insurance policy is issued by a reputable, specialised insurer with an appropriate rating. Directors' & Officers' Liability Insurance provides financial protection to Zalaris' directors, officers and any employees that can incur personal liability for claims made against them in respect of acts committed, or alleged to have been committed, in their capacity as such and as a result of an error, omission or breach of duty.

## 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

Zalaris has a positive outlook for future revenue growth, as it has secured many large new, long-term BPaaS/SaaS contracts within the Managed Services division in the past year. Several of which will become operational during 2024 and early-2025. The pipeline of new possible contracts remains strong, supporting Zalaris' target of an annual growth rate of minimum 10%.

Significant scale benefits from the revenue growth combined with continued cost optimization from X-shoring, automation and the use of AI will be the key drivers for improved profitability going forward. Key targets for 2024 include further automation of our delivery processes and improved use of our near- and offshore delivery centres in Latvia, Poland, and India, for our German operation.

Based on industry and market research reports, Zalaris' key markets, within multi-

country payroll and HR outsourcing, are expected to experience continued growth in the foreseeable future. The company is well positioned to capture part of this growth through a competitive technology platform combined with a cost optimised skilled workforce, best demonstrated by the multi-country contracts with e.g. Metsä, Yunex Traffic and Innomotics. Growth will also come from expanding the services to existing customers, including increased geographic coverage, demonstrated by customers like Siemens, Tryg, and Ericsson, and our recent signing with a large global retailer.

Zalaris has been expanding its geographical coverage both in Europe and the Asia-Pacific region to strengthen its competitive position. Whilst the Company previously established its own subsidiaries in new countries, an important revised expansion strategy has been implemented using in-country partners, deploying Zalaris' PeopleHub solution. This secures low risk profitable global geographic expansion, even for low and moderately sized employee volumes. The global macro picture with high inflation, increased interest rates, and fear of recession, have so far not impacted our business negatively. The strong pipeline of available opportunities indicate that this trend will continue.

However, we are experiencing upward pressure on salaries, and the recruitment of

new skilled employees is challenging in some markets. Most of our long-term contracts within the Managed Services Division have provisions for the annual indexation of salaries. Historically, we have seen an increased interest in the market for outsourcing in a recessionary environment. This is when companies traditionally are required to focus on operational efficiencies and cost reductions. The underlying fundamentals remain strong and Zalaris has a solid pipeline of potential new sales in all regions.

Oslo, 10 April 2024



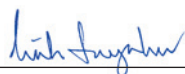
Adele Norman Pran  
Chair of the Board



Kenth Eriksson  
Board Member



Liselotte Hægertz Engstam  
Board Member



Erik Langaker  
Board Member



Jan M. Koivurinta  
Board Member



Hans Petter Mellerud  
Chief Executive Officer

We hereby confirm that the consolidated financial statements and the financial statements for the parent company for the period 1 January 2023 to 31 December 2023, 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, 10 April 2024



Adele Norman Pran  
Chair of the Board



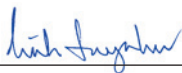
Liselotte Hægertz Engstam  
Board Member



Jan M. Koivurinta  
Board Member



Kenth Eriksson  
Board Member



Erik Langaker  
Board Member



Hans Petter Mellerud  
Chief Executive Officer





— Director of IT, Marston's PLC

“Zalaris PeopleHub is the solution of our choice. Our expectations were met, and we are happy to present this solution to our employees for their benefit. Together with Zalaris we will continue to develop and nurture this relationship with ongoing support and application maintenance.”



## Consolidated Group Annual Accounts Report 2023 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	2023	2022
Revenue	2,3	1 131 209	892 743
<b>Operating expenses</b>			
License expense		99 527	80 198
Personell expenses	4	584 324	483 824
Other operating expenses	5	284 751	222 537
Depreciation and impairments	10	4 269	3 908
Depreciation right-of-use assets	11	23 002	18 535
Amortisation intangible assets	9	31 068	28 409
Amortisation implementation costs customer projects	3	33 765	31 638
<b>Total operating expenses</b>		<b>1 060 706</b>	<b>869 049</b>
<b>Operating profit</b>		<b>70 503</b>	<b>23 694</b>
<b>Financial items</b>			
Financial income	6	8 557	7 565
Financial expense	6,16,19	(82 781)	(47 667)
<b>Net financial items</b>		<b>(74 224)</b>	<b>(40 102)</b>
<b>Profit/(loss) before tax from continuing operations</b>		<b>(3 721)</b>	<b>(16 408)</b>
Tax expense	7	9 173	(6 295)
<b>Profit/(loss) for the period from continuing operations</b>		<b>5 452</b>	<b>(22 703)</b>
Profit/(loss) after tax for the year from discontinued operations	23	(8 414)	(16 018)
<b>Profit/(loss) for the year</b>		<b>(2 962)</b>	<b>(38 721)</b>

(NOK 1000)	Notes	2023	2022
<b>Profit attributable to:</b>			
- Owners of the parent		(2 122)	(37 118)
- Non-controlling interests		(841)	(1 602)
<b>Earnings per share:</b>			
Basic earnings per share (NOK)	8	(0,14)	(1,79)
Diluted earnings per share (NOK)	8	(0,14)	(1,79)
<b>Earnings per share for continuing operations:</b>			
Basic earnings per share (NOK)		0.25	(1.05)
Diluted earnings per share (NOK)		0.22	(1.05)
<b>Consolidated statement of comprehensive income for the period ended 31 December</b>			
(NOK 1000)	Note	2023	2022
Profit for the period		(2 962)	(38 721)
<b>Other comprehensive income</b>			
Items that may be reclassified to profit and loss in subsequent periods			
Currency translation differences		29 760	11 290
<b>Total other comprehensive income</b>		<b>29 760</b>	<b>11 290</b>
<b>Total comprehensive income</b>		<b>26 798</b>	<b>(27 431)</b>
<b>Total comprehensive income attributable to:</b>			
- Owners of the parent		27 639	(25 829)
- Non-controlling interests		(841)	(1 602)

**Consolidated statement of financial position as at 31 December**

(NOK 1000)	Note	2023	2022
<b>ASSETS</b>			
Non-current assets			
Intangible assets	9	118 126	119 141
Goodwill	9	209 443	195 834
<b>Total intangible assets</b>		<b>327 569</b>	<b>314 975</b>
Deferred tax asset	7	52 065	29 837
<b>Fixed assets</b>			
Right-of-use assets	11	44 853	48 363
Property, plant and equipment	10	35 186	33 088
<b>Total fixed assets</b>		<b>80 039</b>	<b>81 450</b>
<b>Total non-current assets</b>		<b>459 673</b>	<b>426 263</b>
Current assets			
Trade accounts receivable	12	262 690	191 715
Customer projects assets	3	197 106	135 359
Other current assets	13	46 083	48 225
Cash and cash equivalents	14	135 722	91 796
<b>Total current assets</b>		<b>641 601</b>	<b>467 095</b>
Assets held for sale	23	10 275	12 384
<b>TOTAL ASSETS</b>		<b>1 111 549</b>	<b>905 742</b>

## Consolidated statement of financial position for the period ended 31 December

(NOK 1000)	Note	2023	2022
<b>EQUITY AND LIABILITIES</b>			
Equity			
Paid-in capital			
Share capital	15	2 165	2 159
Other paid in equity		21 481	10 039
Share premium		143 045	141 898
<b>Total paid-in capital</b>		<b>166 691</b>	<b>154 095</b>
Other equity		14 519	14 519
Retained earnings		24 190	(3 417)
<b>Equity attributable to equity holders of the parent</b>		<b>205 400</b>	<b>165 197</b>
Non-controlling interest		(2 443)	(1 602)
<b>Total equity</b>		<b>202 957</b>	<b>163 595</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liability	7	27 418	23 899
Interest-bearing loans and borrowings	16	439 964	10 891
Other long-term liabilities		-	659
Lease liabilities	11	28 585	32 328
<b>Total long-term liabilities</b>		<b>495 967</b>	<b>67 778</b>

(NOK 1000)	Note	2023	2022
<b>Current liabilities</b>			
Trade accounts payable		38 159	45 407
Customer projects liabilities	3	182 588	103 744
Interest-bearing loans	16	10 757	369 693
Lease liabilities, short term	11	18 469	17 783
Income tax payable	7	4 537	3 270
Public duties payable		44 621	37 686
Other short-term liabilities	18	108 815	92 003
<b>Total short-term liabilities</b>		<b>407 946</b>	<b>669 586</b>
Liabilities directly associated with the assets held for sale	23	4 679	4 783
<b>Total liabilities</b>		<b>908 592</b>	<b>742 147</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1 111 549</b>	<b>905 742</b>

Oslo, 10 April 2024

 Adele Norman Pran  
 Chair of the Board



 Liselotte Hægertz Engstam  
 Board Member



 Jan M. Koivurinta  
 Board Member



 Kenth Eriksson  
 Board Member



 Erik Langaker  
 Board Member



 Hans Petter Mellerud  
 Chief Executive Officer

**Consolidated statement of cash flow for the period ended 31 December**

(NOK 1000)	Note	2023	2022
<b>Cash flow from operating activities</b>			
Profit (Loss) before tax from continued operation		(3 721)	(16 408)
Profit (Loss) before tax from discontinued operation		(10 787)	(20 536)
Net financial items	6	74 225	40 103
Share based program	22	11 575	8 706
Depreciation and impairments	10	4 269	3 907
Depreciation right-of-use assets	11	23 002	18 535
Amortisation intangible assets	9	31 068	28 409
Capitalisation implementation costs customer projects	3	(89 272)	(67 771)
Depreciation implementation costs customer projects	3	33 765	31 638
Customer project revenue deferred	3	104 139	62 134
Customer project revenue recognised	3	(29 408)	(20 807)
Taxes paid	7	(11 452)	(14 356)
Changes in accounts receivable	12,19	(70 975)	(50 318)
Changes in accounts payable	19	(7 248)	27 150
Changes in other items		35 100	(10 020)
Interest received	6	2 585	308
Interest paid	6	(38 317)	(20 252)
<b>Net cash flow from operating activities</b>		<b>58 547</b>	<b>422</b>

(NOK 1000)	Note	2023	2022
<b>Cash flows to investing activities</b>			
Investment in fixed and intangible assets	9,10	(33 868)	(27 845)
Investment in fixed and intangible assets business combinations	23	-	-
Acquisition of subsidiaries, net of cash	23	-	(11 317)
<b>Net cash flow from investing activities</b>		<b>(33 868)</b>	<b>(39 162)</b>
<b>Cash flows from financing activities</b>			
Sale of own shares		881	-
Buyback of own shares		-	(17 768)
Contribution from minority shareholder		293	2 203
Payment of lease liabilities	11	(22 790)	(17 884)
New loan	19	440 796	-
Repayment of loan	19	(400 547)	(2 901)
Dividend payments to owners of the parent	15	-	(7 558)
<b>Net cash flow from financing activities</b>		<b>18 633</b>	<b>(43 908)</b>
<b>Net changes in cash and cash equivalents</b>		<b>43 312</b>	<b>(82 648)</b>
<b>Net foreign exchange difference</b>		<b>(796)</b>	<b>(120)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>93 456</b>	<b>176 224</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>135 970</b>	<b>93 456</b>

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

(NOK 1000)	Note	Share capital	Own shares	Share premium	Other paid in equity	Total paid-in equity	"Other equity"	Retained earnings	Currency revaluation reserve	Total	Non-controlling interests	Total equity
<b>Equity at 01.01.2022</b>		<b>2 214</b>	<b>(29)</b>	<b>157 370</b>	<b>3 657</b>	<b>163 211</b>	<b>14 519</b>	<b>54 607</b>	<b>(23 328)</b>	<b>209 009</b>	<b>-</b>	<b>209 009</b>
Profit of the year						-		(37 119)		(37 119)	(1 602)	(38 721)
Other comprehensive income						-			11 290	11 290		11 290
Purchase of own shares			(35)	(17 743)		(17 778)				(17 778)		(17 778)
Share based payments					8 662	8 662				8 662		8 662
Exercise of share based payments			10	2 271	(2 281)	-				-		-
Other changes						-		(1 309)		(1 309)		(1 309)
Dividend						-		(7 558)		(7 558)		(7 557)
<b>Equity at 31.12.2022</b>		<b>2 214</b>	<b>(54)</b>	<b>141 898</b>	<b>10 038</b>	<b>154 096</b>	<b>14 519</b>	<b>8 622</b>	<b>(12 038)</b>	<b>165 199</b>	<b>(1 602)</b>	<b>163 595</b>
<b>Equity at 01.01.2023</b>		<b>2 214</b>	<b>(54)</b>	<b>141 898</b>	<b>10 038</b>	<b>154 096</b>	<b>14 519</b>	<b>8 622</b>	<b>(12 038)</b>	<b>165 199</b>	<b>(1 602)</b>	<b>163 595</b>
Profit/(loss) of the year						-		(2 122)		(2 122)	(841)	(2 962)
Other comprehensive income						-			29 760	29 760		29 760
Share based payments					11 575	11 575				11 575		11 575
Exercise of share based payments			1	131	(132)	-		(5)		(5)		(5)
Employee share purchase program			4	1 015		1 019		(139)		880		880
Other changes	8					-		113		113		113
<b>Equity at 31.12.2023</b>		<b>2 214</b>	<b>(49)</b>	<b>143 044</b>	<b>21 481</b>	<b>166 690</b>	<b>14 519</b>	<b>6 469</b>	<b>17 722</b>	<b>205 400</b>	<b>(2 443)</b>	<b>202 957</b>

## Note 1 Accounting principles and basis for preparation

The Zalaris Group consists of Zalaris ASA and its subsidiaries. Zalaris ASA is a limited liability company domiciled in Norway. The Group's main office is in Hoffsvveien 4, Oslo, Norway. The Group is a provider of payroll and human capital management solutions.

The consolidated financial statements of Zalaris for the period ending on 31 December 2023 were approved in a board meeting on 10 April 2024.

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

The Group's consolidated financial statements of Zalaris ASA for the accounting year 2023 are prepared in accordance with IFRS Accounting Standards as adopted by the EU.

The consolidated financial statements are based on the principles of historic cost, apart from financial instruments which are recognised at fair value. The consolidated financial statements have been prepared based on the 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 recognised in other comprehensive income.

#### Transactions in foreign currency

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

#### Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services is 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 payroll and 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 a number of factors such as the number of employees, pay slips and expense

claims produced. All the above-mentioned deliverables are highly interrelated and are therefore considered to not be separate identifiable, i.e. one performance obligation. Revenue from outsourcing contracts is also recognised 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 is recognised 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 is recognised 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 "costs to fulfill a contract" and are recognised as customer project assets. The deferred costs are expensed evenly over the period when the outsourcing services are provided. The amortisation of deferred cost is presented in the Statement of Profit and Loss in the line item "amortisation 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 recognised 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 recognised when the payment is made. Contract liabilities are recognised 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 recognised as contract liabilities ("customer project liabilities") and recognised 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. There 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 recognised 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. For contracts with duration of 12 months or less the Group has chosen to apply

the practical expedient not to adjust any prepayments from customers.

#### Income tax

Income tax expense for the period comprises current tax expense and deferred tax expense. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised 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 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 realised 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 recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. 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 capitalised 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. Capitalised development is amortised 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 derecognised, and any gain or loss on the sale or disposal is recognised 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 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 amortised cost using the effective interest rate method, less impairment. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised 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 recognise 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 the 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 by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale are capitalised and amortised over borrowing period. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds as defined in IAS 23.

Gains and losses are recognised in profit or loss when the liabilities are derecognised. For further information see note 19.

#### Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

#### Pension plans

The Group has mainly 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. See note 17 for more information.

#### 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 recognised 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 recognises 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 the grant date and are not subsequently changed.

When the options are exercised, and the Company elects to issue new shares, the proceeds received in 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

Below are comments on the standards relevant for the Zalaris Group.

#### Standards issued and effective

The following standards effective as of 1st January 2023 (or before) have been considered for the presentation of the accounts where applicable.

- Disclosure of Accounting Policies
  - Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates
  - Amendments to IAS 8

The following standards effective as of 1st January 2023 (or before) does not have any material implication for the Group, and hence had no effect on the figures presented as at 31 December 2023.

- IFRS 17 Insurance Contracts
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction
  - Amendments to IAS 12
- OECD Pillar Two Rules

#### 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.

- Classification of Liabilities as Current or Non-current – Amendments to IAS 1 Non-current Liabilities with Covenants
  - Amendments to IAS 1 (2024-01)
- Lease Liability in a Sale and Leaseback
  - Amendments to IFRS 16 (2024-01)
- Supplier finance arrangements
  - Amendments to IAS 7 and IFRS 7 (2024-01)
- Sale or contribution of assets between an investor and its associate or joint venture
  - Amendments to IFRS 10 and IAS 28 (N/A – postponed since 2015)

The group is evaluating the Amendment to IAS 1 and IFRS Practice Statement 2 and how and if this will have have significant effect. The other amendments are expected to not have significant effect on the financial statements when implemented / effective.

### 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 recognised over the term of the contract as the services are rendered. The related costs are recognised 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 capitalised 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 “Amortisation implementation cost customer projects”. Prepayments from customers related to performance obligations that are satisfied over time are recognised as revenue over the period of which the performance obligation is satisfied.

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. Capitalised customer projects are tested at least annually for impairment.

#### Capitalization of intangible assets

Development costs of software have been capitalised 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 can be capitalised.

#### 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.

If there are any indications of impairment, the Group will test if carrying amounts exceed its recoverable amount (higher of fair value less cost to sell and its value in use). Determining recoverable amount requires that the management makes several assumptions related to future cash flows from these assets which may involve high degree of uncertainty. As of 31 December, no indication of impairment was identified.

#### Deferred tax asset

Deferred tax assets are recognised in the different entities where it is expected to be utilised within the jurisdiction in question, and according to expected future profits in the same jurisdiction.

#### 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 RSUs is the weighted average share price at the grant date. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 22.

## Note 2 – Segment information

The Corporate Management Team is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. 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 such 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 & 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-premises 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 organised by the two business segments by geography.

During 2022, Zalaris established a new geographical region, encompassing the Asia-Pacific (APAC), headquartered in Australia.

The new region offers products and services from both Professional Services and Managed Services. The region, which is a greenfield investment, is not classified as a separate business segment, but is reported separately until it has reached a sustainable business level, for information purposes.

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 the total cost in the period for the acquisition of assets that have an expected useful life of more than one year.

**2023**

(NOK 1000)	Managed Services	Professional Services	APAC	Gr.Ovhd & Unallocated	Total
Revenue, external	819 575	291 170	20 465	-	1 131 210
Operating expenses	(658 506)	(252 430)	(26 857)	(30 809)	(968 602)
<b>EBITDA</b>	<b>161 069</b>	<b>38 740</b>	<b>(6 392)</b>	<b>(30 809)</b>	<b>162 608</b>
Depreciation and amortisation	(51 511)	(8 426)	(974)	(31 193)	(92 104)
<b>EBIT</b>	<b>109 558</b>	<b>30 314</b>	<b>(7 366)</b>	<b>(62 002)</b>	<b>70 504</b>
Net financial income/(expenses)				(74 225)	(74 225)
Income tax				9 173	9 173
<b>Profit for the period</b>	<b>109 558</b>	<b>30 314</b>	<b>(7 366)</b>	<b>(127 054)</b>	<b>5 452</b>
<b>Cash flow from investing activities</b>					<b>(33 868)</b>

**2022**

(NOK 1000)	Managed Services	Professional Services	APAC	Gr.Ovhd & Unallocated	Total
Revenue, external	644 801	243 138	4 803	-	892 742
Operating expenses	(536 580)	(213 865)	(10 438)	(25 675)	(786 559)
<b>EBITDA</b>	<b>108 221</b>	<b>29 273</b>	<b>(5 635)</b>	<b>(25 675)</b>	<b>106 183</b>
Depreciation and amortisation	(43 994)	(9 281)	(63)	(29 151)	(82 489)
<b>EBIT</b>	<b>64 227</b>	<b>19 992</b>	<b>(5 698)</b>	<b>(54 826)</b>	<b>23 695</b>
Net financial income/(expenses)				(40 102)	(40 102)
Income tax				(6 295)	(6 295)
<b>Profit for the period</b>	<b>64 227</b>	<b>19 992</b>	<b>(5 698)</b>	<b>(101 223)</b>	<b>(22 702)</b>
<b>Cash flow from investing activities</b>					<b>(39 163)</b>

**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.

	2023				2022			
	MS	PS	NOK 1000	as % of total	MS	PS	NOK 1000	as % of total
Norway	227 252	1 066	228 318	20%	198 785	1 067	199 852	22%
Northern Europe, excluding Norway	326 416	1 741	328 157	29%	263 341	3 150	266 491	30%
Central Europe	231 544	235 745	467 289	41%	160 714	213 968	374 682	42%
UK & Ireland	34 505	52 478	86 983	8%	21 952	24 962	46 914	5%
APAC	8 406	12 059	20 465	2%	-	4 803	4 803	1%
<b>Total</b>	<b>828 123</b>	<b>303 089</b>	<b>1 131 212</b>	<b>100%</b>	<b>644 792</b>	<b>247 950</b>	<b>892 742</b>	<b>100%</b>

**Information about major customers**

	2023		2022	
	as % of total	NOK 1000	as % of total	NOK 1000
Largest customer	8%	93 216	10%	89 591
5 largest customers	21%	237 015	22%	197 362
10 largest customers	32%	362 787	34%	302 994
20 largest customers	50%	560 918	49%	441 600

The Group has no single 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.

Contract balances			
(NOK 1000)	Note	2023	2022
Trade receivables	12	262 690	191 715
Customer project assets		197 106	135 359
Customer project liabilities		(182 588)	(103 744)
Prepayments from customers	18	(15 993)	(18 711)

Trade receivables are non-interest bearing and are on general terms from 14 to 90 days credit. In 2023 NOK 368 thousand (NOK 125 thousand) was recognised 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. They are incurred from own employees, external consultants, and external suppliers. These costs are deferred and amortised 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 recognised 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 utilised by the customer on either transformation projects, change orders, or other projects. These advances are recognised as revenue when the work is performed on agreed projects. If the contract expires, or is

### Movements in customer project assets through the period:

(NOK 1000)	2023	2022
Opening balance 1 January	135 359	94 799
Cost capitalized	89 272	67 771
Amortisation	(33 765)	(31 638)
Currency	6 240	4 427
<b>Customer projects assets</b>	<b>197 106</b>	<b>135 359</b>

### Movements in customer project liabilities through the period:

(NOK 1000)	2023	2022
Opening balance 1 January	(103 745)	(66 452)
Revenue deferred	(104 139)	(62 134)
Revenue recognised	29 408	20 807
Currency	(4 113)	4 035
<b>Customer project liabilities</b>	<b>(182 589)</b>	<b>(103 744)</b>

terminated, any unused amount becomes the property of Zalaris, and is recognised as revenue by the Group.

#### **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 recognises 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 utilised by the customer the revenue is recognised 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 recognised when the hours later are utilised or on the last possible time of transfer of un-utilised 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 recognises 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 recognised 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

is 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.

All material contracts with the customers are for periods of one year or less or are billed based on time incurred or products or services delivered. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

## Note 4 – Personnel expenses

(NOK 1000)	2023	2022
Salary	508 795	416 264
Bonus	23 359	18 719
Social security tax	79 329	61 387
Pension costs (see note 17)	24 782	21 841
Share based payments (see note 22)	11 589	8 627
Other personnel expenses	18 008	14 992
Capitalised to internal development projects	(6 847)	(14 540)
Capitalised to customer project assets	(74 691)	(43 466)
<b>Total personnel expenses</b>	<b>584 324</b>	<b>483 824</b>

	2023	2022
Average number of employees	1 094	959
Average number of FTEs	1 007	884

See note 20 for transactions with related parties.

## Note 5 – Other operating expenses

(NOK 1000)	2023	2022
External consultants for customer projects	131 070	97 214
External services	50 410	32 692
IT and telecom	48 253	41 706
Office premises	(3 426)	14 762
Travel and accomodation	20 486	15 096
Freight, postage etc.	19 201	11 532
Marketing	8 488	7 382
Audit & Accounting	5 764	4 691
Other expenses	4 506	(2 537)
<b>Total other operating expenses</b>	<b>284 752</b>	<b>222 538</b>

Auditors fee		
(NOK 1000)	2023	2022
Auditor fee	3 814	3 231
Fee for tax services	1 130	668
Other fees	555	350
<b>Total</b>	<b>5 499</b>	<b>4 249</b>



## Note 6 – Finance income and finance expenses

(NOK 1000)	2023	2022
Interest income on bank accounts and receivables	2 448	304
Currency gain	5 963	6 028
Other financial income	147	1 232
<b>Finance income</b>	<b>8 557</b>	<b>7 564</b>
Interest expense on financial liabilities measured at amortised cost	38 317	18 522
Currency loss	36 690	21 079
Interest expense on leasing	2 677	2 237
Other financial expenses	5 097	5 829
<b>Finance expenses</b>	<b>82 781</b>	<b>47 667</b>
<b>Net financial items</b>	<b>(74 224)</b>	<b>(40 103)</b>

## Note 7 – Income Taxes

Income tax expense:		
(NOK 1000)	2023	2022
Tax paid / payable	(11 136)	(12 991)
Changes in deferred taxes	20 309	6 696
<b>Tax expense</b>	<b>9 173</b>	<b>(6 295)</b>
Effective tax rate:		
(NOK 1000)	2023	2022
Ordinary profit before tax	(3 722)	(16 407)
Tax at Zalaris ASA's statutory tax rate of 22 %	819	3 610
Effect of different tax rates and impact of changes in rates and legislation	278	280
Non tax deductible costs and other permanent differences	(66)	73
Losses not recognised as deferred tax assets	9 738	(9 773)
Adjustments in respect of prior years and other adjustments	(1 595)	(485)
<b>Tax expense</b>	<b>9 174</b>	<b>(6 295)</b>
<b>Effective tax rate</b>	<b>246.5 %</b>	<b>38.4 %</b>
Tax payable in balance sheet:		
(NOK 1000)	2023	2022
Calculated tax payable	4 537	3 270
<b>Total income tax payable</b>	<b>4 537</b>	<b>3 270</b>
Specification of tax effects of temporary differences:		
(NOK 1000)	2023	2022
Property, plant, equipment and immaterial assets	119 429	66 678
Other differences	(5 942)	(3 393)
Tax losses carry forward	(199 087)	(114 189)
<b>Total temporary differences</b>	<b>(85 600)</b>	<b>(50 904)</b>
Deferred tax:		
(NOK 1000)	2023	2022
Total deferred tax assets	52 065	29 837
Total deferred tax liability	27 418	23 899
<b>Net recognised deferred tax/(liability) 22 %</b>	<b>24 647</b>	<b>5 938</b>

The Group offsets tax assets and liabilities, if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities. In 2022 the group had an uncapitalised tax asset in the holding company of NOK 9,8 million. This has been capitalised in 2023.

The Group has tax losses, which have arisen in Norway, of NOK 166.8 million as of 31 December 2023 that has no expiration date (NOK 144.4 million).

## 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 2023 and 31 December 2022 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-based purchase programs.

(NOK 1000)	2023	2022
Net profit/(loss) attributable to ordinary equity holders of the parent	(2 963)	(38 720)
Weighted average number of shares	21 642 297	21 594 586
Weighted average diluted number of shares*	24 413 813	21 594 586
<b>Basic earnings per share (NOK)</b>	<b>(0.14)</b>	<b>(1.79)</b>
<b>Diluted earnings per share</b>	<b>(0.14)</b>	<b>(1.79)</b>

\* 2 126 541 employee share options have not been included in average diluted number of shares as the company presented a loss for the year 2022

## Note 9 – Intangible assets

(NOK 1000)	Licenses and software	Internally developed software	Internally developed software under construction	Customer Relationships & Contracts	Goodwill	Total
<b>Acquisition cost</b>						
At 1st January 2022	34 695	88 454	8 593	120 862	187 843	440 447
Additions through acquisitions	6 795	-	-	-	2 045	8 840
Additions of the year	42	6 385	15 734	-	-	22 161
Disposals of the year	(227)	(3 594)	-	-	-	(3 821)
Miscellaneous and reclassifications	1 608	5 995	(2 549)	-	-	2 858
Reclassifications held for sale	(6 795)	-	-	-	(2 045)	(8 841)
Currency effects	1 319	661	(936)	5 094	7 991	16 324
<b>At 31 December 2022</b>	<b>37 437</b>	<b>97 901</b>	<b>20 842</b>	<b>125 956</b>	<b>195 834</b>	<b>477 970</b>
Additions of the year	353	6 247	22 942	-	-	29 542
Disposals of the year	(5 395)	(5 615)	-	-	-	(11 010)
Reclassifications and reclassification held for sale	-	13 568	(13 568)	-	-	-
Currency effects	1 699	887	192	8 773	13 609	25 160
<b>At 31 December 2023</b>	<b>34 094</b>	<b>112 988</b>	<b>30 408</b>	<b>134 729</b>	<b>209 443</b>	<b>521 662</b>

(NOK 1000)	Licenses and software	Internally developed software	Internally developed software under construction	Customer Relationships & Contracts	Goodwill	Total
<b>Amortisation</b>						
At 1st January 2022	32 842	51 966	-	47 656	-	132 464
Disposals of amortisation and currency effects	(227)	(3 594)	-	-	-	(3 821)
This year's ordinary amortisation	1 032	15 551	-	11 826	-	28 409
Miscellaneous	1 608	-	-	-	-	1 608
Currency effects	1 242	366	-	2 726	-	4 334
<b>At 31 December 2022</b>	<b>36 497</b>	<b>64 289</b>	<b>-</b>	<b>62 208</b>	<b>-</b>	<b>162 994</b>
Disposals of amortisation	(5 395)	(1 799)	-	-	-	(7 194)
This year's ordinary amortisation	708	16 669	-	13 691	-	31 068
Currency effects	1 637	1 448	-	4 137	-	7 222
<b>At 31 December 2023</b>	<b>33 447</b>	<b>80 607</b>	<b>-</b>	<b>80 036</b>	<b>-</b>	<b>194 090</b>
<b>Net book value</b>						
At 31 December 2022	940	33 612	20 842	63 747	195 834	314 976
<b>At 31 December 2023</b>	<b>647</b>	<b>32 381</b>	<b>30 408</b>	<b>54 693</b>	<b>209 443</b>	<b>327 572</b>
Useful life	3-10 years	5 years	N/A	10 years	Indefinite	
Depreciation method	linear	linear		linear		

The goodwill and customer relationships & contracts in the table above relate to the acquisitions of sumarum AG (sumarum) and Roc Global Solution Ltd. (ROC) in 2017 and ba.se services and consulting GmbH (ba.se) in 2021. NOK 135.2 million of the goodwill relates to Managed Services and NOK 74,3 million relates to Professional Services.

The calculated recoverable amount of goodwill has been calculated based on the corresponding CGU in each of its segments Managed Services and Professional Services.

The recoverable amount is based on a value-in-use calculation, using cash flow projections for the next 5 years. The cash flow projections are based on segment estimates for the period 2024 to 2028, with the first year being based on board approved budgets, and the remaining years based on the business plan. Only expected organic growth has been included in the revenue projections. 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 revenue growth and EBITDA margins assumptions are partly based on known new customer contracts, that will have a revenue effect in later years, the size of the pipeline of potential new customers and projects, and general developments in the cost

base. Capital investments required and the development in working capital, which are part of the cash flow projections, are largely based on historical figures.

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

- Revenue: (5 % organic growth)
- EBITDA / EBITDA margin (19.7%)
- 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 considers 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% (1.5%) is applied for 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.

### 2023

#### Managed Services Headroom sensitivity analysis in NOK million

		Weighted average cost of capital				
		8.1%	9.1%	10.1%	11.1%	12.1%
Percentage change in EBITDA	-20.0%	812	630	490	379	290
	-10.0%	1 099	878	710	576	468
	0.0%	1 385	1 127	929	773	646
	10.0%	1 672	1 376	1 149	969	824
	20.0%	1 958	1 625	1 369	1 166	1 002

#### Professional Services Headroom sensitivity analysis in NOK million

		Weighted average cost of capital				
		7.4%	8.4%	9.4%	10.4%	11.4%
Percentage change in EBITDA	-20.0%	332	260	206	165	132
	-10.0%	417	332	270	221	182
	0.0%	501	405	333	277	232
	10.0%	586	477	396	333	283
	20.0%	671	549	459	389	333

2022

**Managed Services**  
 Headroom sensitivity analysis in NOK million

		Weighted average cost of capital				
		8,7%	9,7%	10,7%	11,7%	12,7%
Percentage change in EBITDA	-20,0%	183	103	40	-11	-52
	-10,0%	356	255	175	111	59
	0,0%	529	406	310	233	170
	10,0%	702	558	445	355	280
	20,0%	875	710	580	476	391

**Professional Services**  
 Headroom sensitivity analysis in NOK million

		Weighted average cost of capital				
		7,2%	8,2%	9,2%	10,2%	11,2%
Percentage change in EBITDA	-20,0%	291	224	175	137	107
	-10,0%	370	291	233	189	153
	0,0%	449	359	292	241	200
	10,0%	529	427	351	293	246
	20,0%	608	494	410	345	293

## Note 10 – Property, Plant and Equipment

(NOK 1000)	Land	Buildings	Vehicles	Furniture and fixtures	IT-equipment	Total
<b>Acquisition cost</b>						
At 1st January 2022	3 759	24 131	55	19 448	7 549	54 942
Additions of the year	-	-	-	1 495	4 189	5 684
Disposals of the year	-	-	(57)	(4 879)	(2 085)	(7 021)
Currency effects	211	1 351	2	624	325	2 513
<b>At 31 December 2022</b>	<b>3 970</b>	<b>25 482</b>	<b>-</b>	<b>16 688</b>	<b>9 978</b>	<b>56 118</b>
Additions through acquisitions	-	-	-	-	-	-
Additions of the year	-	-	-	1 451	2 874	4 325
Disposals of the year	-	-	-	(1 929)	(2 029)	(3 958)
Currency effects	254	1 633	-	806	766	3 459
<b>At 31 December 2023</b>	<b>4 224</b>	<b>27 115</b>	<b>-</b>	<b>17 016</b>	<b>11 589</b>	<b>59 944</b>

(NOK 1000)	Land	Buildings	Vehicles	Furniture and fixtures	IT-equipment	Total
<b>Depreciation</b>						
At 1st January 2022	-	1 988	56	17 054	5 990	<b>25 088</b>
Disposals of ordinary depreciation	-	-	(57)	(4 563)	(2 012)	<b>(6 632)</b>
This year's ordinary depreciation	-	489	-	999	2 419	<b>3 907</b>
Currency effects	-	133	2	413	119	<b>667</b>
<b>At 31 December 2022</b>	<b>-</b>	<b>2 610</b>	<b>1</b>	<b>13 903</b>	<b>6 516</b>	<b>23 030</b> *
Disposals of ordinary depreciation	-	-	-	(1 895)	(1 938)	(3 833)
Disposals of ordinary depreciation	-	-	-	(1 895)	(1 938)	(3 833)
This year's ordinary depreciation	-	554	-	861	2 853	<b>4 268</b>
Currency effects	-	157	-	670	467	<b>1 294</b>
<b>At 31 December 2023</b>	<b>-</b>	<b>3 321</b>	<b>1</b>	<b>13 539</b>	<b>7 898</b>	<b>24 759</b>
<b>Net book value</b>						
At 31 December 2022	3 970	22 872	(1)	2 784	3 463	33 089
<b>At 31 December 2023</b>	<b>4 224</b>	<b>23 794</b>	<b>(1)</b>	<b>3 477</b>	<b>3 691</b>	<b>35 185</b>
*Opening balance restated						
Economic life	indefinite	50 years	3 years	5 years	3 years	
Depreciation method	none	linear	linear	linear	linear	
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 categorised and presented in the table below:

<b>Right-of-use assets</b>				
(NOK 1000)	Buildings	Equipment	Vehicles	Total
<b>Acquisition cost</b>				
At 1 January 2022	44 387	545	9 724	54 656
Additions and adjustments	35 363	-	2 085	37 448
Disposals	(5 520)	-	(2 016)	(7 536)
<b>At 31 December 2022</b>	<b>74 230</b>	<b>545</b>	<b>9 793</b>	<b>84 568</b>
Additions and adjustments	20 345	-	4 466	24 811
Disposals	(3 623)	-	(3 036)	(6 659)
<b>At 31 December 2023</b>	<b>90 952</b>	<b>545</b>	<b>11 223</b>	<b>102 720</b>



**Right-of-use assets**

(NOK 1000)	Buildings	Equipment	Vehicles	Total
<b>Depreciation</b>				
At 1 January 2022	24 381	135	3 716	28 232
Depreciation	16 740	144	3 945	20 829
Disposal	(5 520)	0	(2 016)	(7 536)
<b>At 31 December 2022</b>	<b>35 601</b>	<b>279</b>	<b>5 645</b>	<b>41 525</b>
Depreciation	18 669	144	4 189	23 002
Disposal	(3 623)	-	(3 036)	(6 659)
<b>At 31 December 2023</b>	<b>50 647</b>	<b>423</b>	<b>6 798</b>	<b>57 868</b>
Carrying amount at 31 December 2022	42 960	2 071	3 333	48 364
<b>Carrying amount at 31 December 2023</b>	<b>40 305</b>	<b>122</b>	<b>4 425</b>	<b>44 851</b>

**Lease liabilities**

(NOK 1000)	2023	2022
Current	18 469	17 783
Non-current	28 585	32 328
<b>Lease liabilities at 31 December 2023</b>	<b>47 054</b>	<b>50 111</b>
Interest expense included (in finance cost)	2 677	2 237
Operating expenses related to short-term leases	94	0
Operating expenses related to low value assets	65	10
Total cash outflows for leases	25 467	20 121

**Extension options**

Zalaris' lease of buildings has lease terms that vary from one year to ten 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)	2023	2022
Gross trade accounts receivable	263 058	191 839
Provisions for losses	(368)	(125)
<b>Trade accounts receivable</b>	<b>262 690</b>	<b>191 714</b>

<b>Movements in the provision for loss are as follows:</b>	2023	2022
Opening balance	(125)	(237)
Provision of the year	(308)	(41)
Realised loss this year	65	153
<b>Closing balance</b>	<b>(368)</b>	<b>(125)</b>

### Calculation of the expected credit losses

Determine the expected credit loss	0 days past due	1-30 days past due	31-60 days past due	61-90 days past due	More than 90 days past due	Total
Balances outstanding at reporting date	185 005	62 200	5 882	3 668	5 934	262 690
Expected credit losses	0.03%	0.17%	0.20%	0.20%	0.21%	
Expected credit loss allowance	64	105	12	7	12	201

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

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 2023	262 695	186 178	62 227	5 882	3 668	4 740
31 December 2022	191 715	148 795	32 500	6 680	1 365	2 375

## Note 13 – Other Current Assets

(NOK 1000)	2023	2022
Advances to employees	1 168	1 352
Prepaid rent	1 784	903
Prepaid hardware	1 585	1 437
Prepaid software	3 038	1 193
Prepaid insurance	1 081	943
Prepaid other expenses	466	1 252
Prepaid maintenance and service	280	796
Accrued income	18 928	25 625
Public duties and taxes	8 112	6 671
Deposit accounts	9 039	1 809
Other receivables	601	6 244
<b>Total other short-term receivables</b>	<b>46 082</b>	<b>48 225</b>

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

(NOK 1000)	2023	2022
Cash in hand and at bank - unrestricted funds	131 630	87 706
Employee withheld taxes - restricted funds	4 092	4 090
<b>Cash and cash equivalents in the balance sheet continuing operations</b>	<b>135 722</b>	<b>91 796</b>
Cash discontinuing operation	248	1 660
<b>Cash and cash equivalents in the balance sheet continuing and discontinuing operations</b>	<b>135 970</b>	<b>93 456</b>

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

### Short-term deposits

(NOK 1000)	2023	2022
Customer deposits	49	1 318

## Note 15 – Share Capital and Shareholder information and dividend

Shares	2023	2022
Shares - nominal value NOK 0,10	22 135 279	22 135 279
<b>Total number of shares</b>	<b>22 135 279</b>	<b>22 135 279</b>

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. December 2022 are:

Shareholder	Number of shares:	% of total
Norwegian Retail AS	2 891 482	13.06%
Verdipapirfondet Alfred Berg Gamba	2 106 346	9.52%
Danske Bank A/S	1 428 006	6.45%
Codee Holding AS	1 395 735	6.31%
Verdipapirfondet DnB SMB	1 221 606	5.52%
J.P. Morgan SE	1 044 168	4.72%
Vestland Invest AS	940 659	4.25%
Vpf DnB Norge Selektiv	703 551	3.18%
Skandinaviska Enskilda Banken AB	653 734	2.95%
Verdipapirfondet Nordea Avkastning	507 705	2.29%
AS Mascot Holding	450 000	2.03%
Verdipapirfondet Nordea Kapital	367 540	1.66%
Ølja AS	349 650	1.58%
Næringslivets Hovedorganisasjon	333 217	1.51%
Harlem Food AS	327 706	1.48%
Skandinaviska Enskilda Banken AB	300 000	1.36%
Verdipapirfondet Nordea Norge Plus	265 054	1.20%
Taconic AS	262 040	1.18%
BSN AS	240 000	1.08%
Shares owned by the Company	490 070	2.21%
<b>Others</b>	<b>5 857 010</b>	<b>26.46%</b>
<b>Total</b>	<b>22 135 279</b>	<b>100.00%</b>

### Equity and dividend

No dividend was paid for the financial year 2022. The board of directors will not propose a dividend for the financial year 2023. Dividend paid in 2022 relates to the 2021 financial year.

### 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 GmbH have been pledged as guarantees for the loan. Nordea has pledged guarantee of NOK 7 million against assets in Zalaris ASA as security for bank deposits.

## Note 16 – Interest-Bearing Loans and Borrowings

(NOK 1000)		Maturity	Duration	Interest rate	2023			2022		
<i>Financial institution</i>	<i>Agreement</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>non-current</i>	<i>current</i>	<i>Total</i>	<i>non-current</i>	<i>current</i>	<i>Total</i>
Oslo Stock Exchange*	Bond loan	Mar 2028	5 years	see below	439 205	-	439 205	-	368 208	368 208
Commerzbank, Bank**	Bank loan	Dec 2031	14 years	1.3%	-	10 506	10 506	9 874	1 234	11 108
De Lage Landen Finans	Leasing	Jan 2028	5 years	7.05%	759	251	1 010	1 017	251	1 268
<b>Interest-bearing debt and borrowings</b>					<b>439 964</b>	<b>10 757</b>	<b>450 721</b>	<b>10 891</b>	<b>369 693</b>	<b>380 584</b>

\*The bond loan outstanding as at 31 December 2022 was repaid in March 2023, through the issue of a new bond loan maturing in March 2028. See note 25 for further details.

\*\*Zalaris Deutschland GmbH entered a loan agreement with Commerzbank in March 2017 related to the financing of the office building in Leipzig. The loan has been fully repaid in February 2024.

### Total loans

(NOK 1000)	2023			2022		
	<i>Lease</i>	<i>Interest-bearing debt and borrowings</i>	<i>Total</i>	<i>Lease</i>	<i>Interest-bearing debt and borrowings</i>	<i>Total</i>
At 1 January 2023	50 110	380 584	430 694	30 869	359 243	390 112
Additions	16 909	439 736	456 645	39 363	-	39 363
Payments 2023	(22 790)	(400 547)	(423 337)	(20 121)	(2 650)	(22 771)
Currency changes	2 825	30 948	33 773	-	23 990	23 990
<b>At 31 December 2023</b>	<b>47 054</b>	<b>450 721</b>	<b>497 775</b>	<b>50 111</b>	<b>380 583</b>	<b>430 694</b>

### Guarantees and commitments

There are not issued any guarantees from the parent company on behalf of the Company against third parties. For leasing liabilities relating to 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 120 (110) participants in this defined contribution plan, including the AFP-scheme.

The pension expenses equal the calculated contribution for the year and was NOK 4.5 million (NOK 4.4 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 recognised as expenses with no provisions. The total cost for this scheme was NOK 0.6 million (NOK 0.7 million).

The premium paid during 2023 was 2.6% of salary between 1 G and 7.1 G. 1G equals NOK 118.6 thousand as of 31 December 2023 (NOK 111.5 thousand).

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 64 employees. Sweden has a defined contribution plan for all

employees, a total of 57 employees. UK has a defined contribution plan for all employees, a total of 48 employees. Germany has defined contribution plan for executive employees.

Total expenses recognised related to pension in 2023 amounted to NOK 24.8 million (NOK 21.8 million).

## Note 18 – Other Short-Term Liabilities

(NOK 1000)	2023	2022
Prepayments from customers*	15 993	18 711
Wages, holiday pay and bonus	31 567	26 139
Accrued expenses and other current liabilities	61 255	47 153
<b>Total</b>	<b>108 815</b>	<b>92 003</b>

\* 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				
2023	Financial assets at amortised cost	Fair value through profit or loss	Financial liabilities at amortised cost	Total book value
<b>(NOK 1000)</b>				
Financial assets				
Trade accounts receivable	262 690			262 690
Other short-term receivables	46 083			46 083
Cash and cash equivalents	135 722			135 722
<b>Total</b>	<b>444 495</b>	<b>-</b>	<b>-</b>	<b>444 495</b>
Financial liabilities at amortized cost				
Contigent considerations		1 544		1 544
Borrowings, short term			10 757	10 757
Borrowings, long term			439 964	439 964
Trade accounts payables			38 159	38 159
Other short-term debt			108 815	108 815
<b>Total</b>	<b>-</b>	<b>1 544</b>	<b>597 695</b>	<b>599 239</b>

2022	Financial assets at amortised cost	Fair value through profit or loss	Financial liabilities at amortised cost	Total book value
<b>(NOK 1000)</b>				
<b>Financial assets</b>				
Trade accounts receivable	191 715			191 715
Other short-term receivables	41 981			41 981
Cash and cash equivalents	91 796			91 796
<b>Total</b>	<b>325 492</b>	<b>-</b>	<b>-</b>	<b>325 492</b>
<b>Financial liabilities at amortized cost</b>				
Contigent considerations		659		659
Borrowings, short term			10 891	10 891
Borrowings, long term			369 693	369 693
Trade accounts payables			45 407	45 407
Other short-term debt			92 003	92 003
<b>Total</b>	<b>-</b>	<b>659</b>	<b>517 994</b>	<b>518 653</b>

### 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:

It is assessed that the carrying amounts of financial instruments recognised at amortised 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 of liabilities of financial instruments is set 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 Group's interest risk mainly relates to the Company's bond loan of EUR 40 million (ref. Note 16), which has an interest rate equal to the 3 months Euribor plus 5.25%. Any +0.5 percentage point increase in the 3 months Euribor would increase the Group's annual interest expense by approximately NOK 2.2 million. The interest risk is thus considered to be moderate.

### 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 entities in the Group, 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 2023 the Company has a Euro-based bond loan of EUR 40 million. As at 31 December 2023 the Company had an unrealised currency gain amounting to NOK 1.3 million related to this loan. Except for this, the Group has limited exposure to currency risk from assets and liabilities recognised as of 31 December 2023 that are denominated in currencies other than the functional currency of the Group entities. As of 31 December 2023 the Group has currency exposure from EUR, DKK, INR, SEK, GBP, HUF, PLN, AUD and SGD. It is mainly the EUR exchange rate that constitutes a currency risk for the Company. A +/-5% negative change in the exchange rate



of EUR would have resulted in a finance loss pre-tax of approximately NOK 23.6 million, with most of the potential gain/(loss) related to the EUR 40 million bond loan.

### 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 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 table below 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.

#### Per 31 December 2023

(NOK 1000)	Less than 3 months	3 to 12 months	1 to 5 years	6 to 10 years	Total
Borrowings, long term			439 964		439 964
Borrowings, short term	370	10 387			10 757
Trade creditors and other short term liabilities	38 159	92 822	15 993		146 974
Leasing IFRS 16	7 238	9 653	26 950	3 214	47 055
<b>Total liabilities</b>	<b>45 767</b>	<b>112 862</b>	<b>482 907</b>	<b>3 214</b>	<b>644 750</b>

#### Per 31 December 2022

(NOK 1000)	Less than 3 months	3 to 12 months	1 to 5 years	6 to 10 years	Total
Borrowings, long term			7 188	3 703	10 891
Borrowings, short term	348	369 345			369 693
Trade creditors and other short term liabilities	45 407	73 291	18 711		137 409
Leasing IFRS 16	4 010	13 773	27 009	5 319	50 111
<b>Total liabilities</b>	<b>49 765</b>	<b>456 409</b>	<b>52 908</b>	<b>9 022</b>	<b>568 104</b>

NOK 368.2 million of the short-term borrowings in 2022 of NOK 369.3 million relates to the bond loan repaid in March 2023.

### Capital management

A key objective in relation to capital management is to ensure that the Company maintains a sufficient capital structure to support its business development and to maintain a strong credit rating. The Company evaluates its capital structure considering current and projected cash flows, potential new business opportunities and the Group's financial commitments.

The Company has a long-term equity ratio target of between 25 – 30%. The equity ratio as of 31 December 2023 was 18.3% (18.1%).

The Group aims to maximise shareholder return over time, and the long-term target is to distribute dividends to shareholders of around 50% of the annual net profit before tax, taking into consideration its outlook, investment opportunities and financial position. There are restrictions on dividend payments in the bond loan agreement.

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	2023	2022	
Rayon Design AS*	Management Services	1 566	2 815	
<b>Total</b>		<b>1 566</b>	<b>2 815</b>	

b) Remuneration to senior group management and the board			
(NOK 1000)	2023	2022	
Short-term benefit	14 710	14 172	
Pension benefits	819	783	
Share-based payment	7 977	5 775	
<b>Total</b>	<b>23 506</b>	<b>20 730</b>	

Further details can be found in the annual remuneration report for 2023 published on [www.zalaris.com](http://www.zalaris.com)

## Note 21 – Overview of Subsidiaries

The following subsidiaries are included in the consolidated accounts:

Company	Country	"Ownership/Voting share"
ba.se consulting & services GmbH	Germany	100%
vyble GmbH	Germany	90%
Zalaris Australia Pty Ltd	Australia	100%
Zalaris Deutschland GmbH	Germany	100%
Zalaris France SAS	France	100%
Zalaris HR Services Denmark A/S	Denmark	100%
Zalaris HR Services España SL	Spain	100%
Zalaris HR Services Estonia	Estonia	100%
Zalaris HR Services Finland OY	Finland	100%
Zalaris HR Services India Pvt Ltd	India	100%
Zalaris HR Services Ireland Ltd	Ireland	100%
Zalaris HR Services Latvia SIA	Latvia	100%
Zalaris HR Services Lithuania UAB	Lithuania	100%
Zalaris HR Services Norway AS	Norway	100%
Zalaris HR Services Sverige AB	Sweden	100%
Zalaris Magyarország Kft	Hungary	100%
Zalaris Polska Sp Z.o.o	Poland	100%
Zalaris Singapore Pte Ltd	Singapore	100%
Zalaris UK Ltd	UK	100%

## 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 recognised for the share-based payment plan are shown in the following table:

(NOK 1000)	2023	2022
Restricted Stock Units	1 656	1 101
Employee share options	9 933	7 526
Accrued social security costs	3 014	(110)
<b>Total recognized costs</b>	<b>14 603</b>	<b>8 517</b>
<b>Accrued payroll tax at the end of the period</b>	<b>1 816</b>	<b>118</b>

### Restricted stock units

The general meeting of Zalaris ASA held on 23 May 2023, 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. A total of 82,343 RSUs were granted in 2023.

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

The following table illustrates the number of RSUs outstanding:

Number of RSUs	2023	2022
Outstanding at the beginning of the period	66 299	125 268
Granted	82 343	41 031
Released	(11 979)	(100 000)
<b>Outstanding at the end of the period</b>	<b>136 663</b>	<b>66 299</b>

The fair value of the RSUs is the weighted average share price at grant date:

The weighted average assumptions used	2023	2022
Expected life of RSUs (year)	3.00	3.00
Weighted average share price	41.00	47.00

### Share Option Program

The general meeting of Zalaris ASA held on 20 May 2021, gave the Board the authority to grant up to 1 million 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. The options granted vest after 36 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 1,000,000 options were granted in 2023. The options were granted at an average exercise price of NOK 37.18.

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

	2023		2022	
	Number of options	WAEP (NOK)	Number of options	WAEP (NOK)
Outstanding at the beginning of the period	2 246 500	46.57	1 522 500	51.87
Granted	1 000 000	37.18	807 000	37.06
Exercised	(34 212)	35.04	-	-
Terminated	(340 800)	44.92	(83 000)	51.02
Expired	(139 488)	31.75	-	-
<b>Outstanding at the end of the period</b>	<b>2 732 000</b>	<b>44.25</b>	<b>2 246 500</b>	<b>46.57</b>
<b>Exercisable at the end of the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The range of exercise prices for options outstanding at the end of the year was NOK 29.10 to NOK 61.91.

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 2023 was NOK 16.49 per option (NOK 11.12).

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

The weighted average assumptions used	2023	2022
Expected volatility (%)	47.16	44.22
Risk-free interest rate (%)	3.19	2.97
Expected life of options (year)	3.0	3.2
Weighted average share price	41.21	34.78

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 of Norwegian state bonds 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.

Social security costs on employee share options outstanding are estimated at the end of each quarter based on the difference between actual share price and exercise price for the option and recognised as an expense over the vesting period.

#### Annual share purchase program

The Company completed an annual share purchase program for employees in December 2023. As part of the program, Zalaris has sold 24,511 own shares to employees at a subscription price of NOK 33.41 per share for Norwegian employees and NOK 31.45 for non-Norwegian employees. The shares were transferred to the employees in February 2024. The subscription price was based on the volume-weighted average share price in the period between 29 November to 7 December 2023, less a 20 % discount. To receive the discount the shares, have a 12 month lock-up period.

See Executive Remuneration Policy available at [www.zalaris.com](http://www.zalaris.com) for detailed information on the Group's share-based payment plan.

## Note 23 – Discontinued operations

In the board meeting on 13 June 2022, the Group decided to initiate a process to reduce its ownership in vyble GmbH (“vyble”), a company based in Hagen, Germany. The Group acquired a 90 % ownership. The transaction is expected to be completed within a year from this date. At 30 June 2022, vyble was classified as a company held for sale and as a discontinued operation. The business of vyble represented the entirety of the Group's HR & Payroll Tech Investments until the decision of sale was made. With vyble being classified as discontinued operations, the HR & Payroll Tech Investments segment is no longer presented in the segment note. The results of vyble for the year are presented below:

#### Profit & Loss from discontinued operations

(NOK 1000)	2023	2022
Revenue	3 386	3 378
Operating expenses	13 769	23 992
<b>Operating loss</b>	<b>(10 383)</b>	<b>(20 614)</b>
Finance costs	404	167
<b>Profit/(loss) before tax from discontinued operation</b>	<b>(10 787)</b>	<b>(20 781)</b>
Tax expense	2 373	4 763
<b>Profit/(loss) for the year tax from discontinued operation</b>	<b>(8 414)</b>	<b>(16 018)</b>

The accumulated loss attributed to non-controlling interest NOK 2,4 million, which is also this year's loss. There are no dividend paid to either The Group or the non-controlling interest.

The major classes of assets and liabilities of vyble classified as held for sale as at 30 June are as follows, whereof 10 % is attributed to the non-controlling interest:

**Assets held for sale**

(NOK 1000)	2023	2022
<b>Assets</b>		
Intangible assets	8 674	9 628
Property, plant and equipment	9	11
Trade accounts receivable	1 343	1 089
Cash and cash equivalents	248	1 655
<b>Total assets held for sale</b>	<b>10 274</b>	<b>12 383</b>
<b>Liabilities</b>		
Creditors	544	1 500
Interest-bearing loans and borrowings	4 135	3 283
<b>Liabilities directly associated with assets held for sale</b>	<b>4 679</b>	<b>4 783</b>
<b>Net assets directly associated with disposal group</b>	<b>5 595</b>	<b>7 600</b>

The net cash flows incurred by vyble are as follows:

**Cash flow**

(NOK 1000)	2023	2022
Operating	(7 771)	(18 828)
Investing	(107)	(11 592)
<b>Net cash outflow</b>	<b>(7 878)</b>	<b>(30 420)</b>

## Note 24 – Events After the Balance Sheet Date

The company has sold its building in Leipzig office. It generates net cash proceeds of NOK 31 million, after paying off debt and other costs related to the sale. The sale resulted in a net gain of around NOK 11 million, which will be reported in the first quarter. There have been no other events after the balance sheet date which have had a material effect on the issued accounts.



— Luke Webster  
Senior Implementation  
Project Manager at Go1

“Zalaris' team, in particular Claire and Narahari, have been brilliant to work with. Amazing knowledge of how to best integrate the SAP SuccessFactors technology. The team always make themselves available when needed and are extremely selfless with their time and effort.”

## Parent Company Annual Accounts Report 2023 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)	Note	2023	2022
Revenue		934	-
Other revenue	2	262 299	149 796
<b>Total Revenue</b>		<b>263 233</b>	<b>149 796</b>
<b>Operating expenses</b>			
License costs		54 953	45 469
Personell expenses	3	42 240	28 816
Other operating expenses	4,5	124 554	102 574
Amortisation intangible assets	6	14 466	13 703
Depreciation and impairments	7	344	281
<b>Total operating costs</b>		<b>236 557</b>	<b>190 843</b>
<b>Operating profit</b>		<b>26 676</b>	<b>(41 047)</b>
<b>Financial items</b>			
Financial income	8	127 531	38 379
Financial expenses	8	(89 402)	(44 602)
Unrealised foreign currency loss	8	2 120	(15 773)
<b>Net financial items</b>		<b>40 249</b>	<b>(21 996)</b>
<b>Ordinary profit before tax</b>		<b>66 925</b>	<b>(63 043)</b>
<b>Income tax expense</b>			
Tax expense/(income) on ordinary profit	9	(13 760)	-
<b>Total tax expense/(income)</b>		<b>(13 760)</b>	<b>-</b>
<b>Profit for the year</b>		<b>80 685</b>	<b>(63 043)</b>
<b>Attributable to:</b>			
Other Equity		80 685	(63 043)



## BALANCE SHEET at 31 December

(NOK 1000)	Note	2023	2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Deferred tax asset	9	36 694	22 934
Other intangible assets	6	39 744	40 155
<b>Total intangible assets</b>		<b>76 438</b>	<b>63 089</b>
<b>Fixed assets</b>			
Property, plant and equipment	7	986	1 068
<b>Total fixed assets</b>		<b>986</b>	<b>1 068</b>
<b>Financial non-current assets</b>			
Shares in subsidiaries	10	281 291	277 189
<b>Total financial non-current assets</b>		<b>281 291</b>	<b>277 189</b>
<b>Total non-current assets</b>		<b>358 715</b>	<b>341 346</b>
<b>Current assets</b>			
Trade accounts receivable	11	400	-
Prepayments		3 306	3 631
Other short-term receivables	11	2 901	4 775
Other short-term receivables to group companies	11	208 726	127 940
Cash and cash equivalents	12	75 229	58 149
<b>Total current assets</b>		<b>290 562</b>	<b>194 495</b>
<b>TOTAL ASSETS</b>		<b>649 277</b>	<b>535 842</b>

## BALANCE SHEET at 31 December

(NOK 1000)	Note	2023	2022
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Paid-in capital</b>			
Share capital	13	2 165	2 159
Other paid in equity		21 481	10 038
Share premium		143 045	141 898
<b>Total paid-in capital</b>		<b>166 691</b>	<b>154 096</b>
Other equity		(57 274)	(137 820)
<b>Total earned equity</b>		<b>(57 274)</b>	<b>(137 820)</b>
<b>Total equity</b>		<b>109 417</b>	<b>16 275</b>
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	14	439 964	1 016
<b>Total long-term debt</b>		<b>439 964</b>	<b>1 016</b>
<b>Current liabilities</b>			
Trade accounts payable	15	7 960	17 941
Interest-bearing loans	14,15	251	368 459
Interest-bearing loans group companies	14,15	48 854	113 912
Short-term debt to group companies	15	18 777	7 465
Income tax payable	9	-	-
Public duties payable		3 628	2 249
Other short-term debt		20 426	8 524
<b>Total short-term debt</b>		<b>99 896</b>	<b>518 550</b>
<b>Total liabilities</b>		<b>539 860</b>	<b>519 566</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>649 277</b>	<b>535 842</b>

Oslo, 10 April 2024

Adele Norman Pran  
Chair of the Board

Liselotte Hægert Engstam  
Board Member

Jan M. Koivurinta  
Board Member

Kenth Eriksson  
Board Member

Erik Langaker  
Board Member

**STATEMENT OF CASH FLOWS 1 January - 31 December**

(NOK 1000)	2023	2022
<b>Cash flows from operating activities</b>		
Ordinary profit before tax	66 925	(63 042)
Net financial items	(53 147)	(16 361)
Amortisation and depreciation	14 810	13 983
Changes in trade accounts receivable and payables	(10 381)	13 462
Changes in other accruals	(53 995)	1 097
Share based payment program	7 473	5 215
Interest received	17 662	5 776
Interest paid	(45 600)	(19 248)
<b>Net cash flows from operating activities</b>	<b>(56 252)</b>	<b>(59 118)</b>
<b>Cash flows from investing activities</b>		
Investments in Intangible assets and property, plant and equipment	(14 316)	(15 713)
Purchase and investment in subsidiary	-	(121)
<b>Net cash flows from investing activities</b>	<b>(14 316)</b>	<b>(15 834)</b>
<b>Cash flows from financing activities</b>		
Group contribution and dividend from subsidiaries	106 567	30 961
Own shares	881	(17 768)
Revolving credit	(65 058)	(19 872)
New loan	438 948	-
Repayment of borrowings	(398 140)	-
Paid dividend payment	-	(7 558)
<b>Net cash flows from financing activities</b>	<b>83 198</b>	<b>(14 237)</b>
<b>Net changes in cash and cash equivalents</b>	<b>12 628</b>	<b>(89 188)</b>
<b>Net foreign exchange difference</b>	<b>4 450</b>	<b>(1 128)</b>
Cash and cash equivalents at the beginning of the year	58 150	148 466
<b>Cash and cash equivalents at the end of the year</b>	<b>75 228</b>	<b>58 150</b>

**STATEMENT OF CHANGES IN EQUITY**

(NOK 1000)	Share capital	"Own shares"	Share premium	Other paid in equity	Total paid-in capital	Other equity	Total equity
<b>Equity at 01.01.2022</b>	<b>2 214</b>	<b>(29)</b>	<b>157 370</b>	<b>3 656</b>	<b>163 211</b>	<b>(67 220)</b>	<b>95 990</b>
Income for the year					-	(63 042)	(63 042)
Paid dividend					-	(7 558)	(7 558)
Share based payments				5 216	5 216		5 216
Settlement of share based payments				3 447	3 447		3 447
Sale of own shares		10	2 271	(2 281)	-		-
Purchase of own shares		(35)	(17 743)		(17 778)		(17 778)
<b>Equity at 31.12.2022</b>	<b>2 214</b>	<b>(55)</b>	<b>141 898</b>	<b>10 037</b>	<b>154 096</b>	<b>(137 820)</b>	<b>16 275</b>
Income for the year					-	80 685	80 685
Share based payments				7 473	7 473		7 473
Share based payments subsidiaries				4 102	4 102		4 102
Exercise of share based payments		1	131	(131)	-		-
Sale of own shares		5	1 016		1 021	(140)	882
<b>Equity at 31.12.2023</b>	<b>2 214</b>	<b>(49)</b>	<b>143 045</b>	<b>21 481</b>	<b>166 692</b>	<b>(57 274)</b>	<b>109 417</b>

## Note 1 – Accounting principles and basis for preparation

Zalaris ASA (“the Company”) is a limited liability company incorporated and domiciled in Norway. The Company’s main office located in Hoffsvveien 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 2023 were approved in a board meeting on 10 April 2024.

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

The financial statements of Zalaris ASA for the accounting year 2023 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 recognised 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 recognised 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 recognised 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 recognised 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 recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised 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 realised 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 recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. Deferred tax assets and liabilities are not discounted.

#### Intangible Assets: Internally Developed Software

Costs related to internally developed software are capitalised 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. Capitalised development is amortised 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 derecognised, and any gain or loss on the sale or disposal is recognised 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 recognised 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 amortised cost using the effective interest rate (EIR) method (if the amortisation effect is material), less impairment.

#### Cash and Cash Equivalents

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

#### Borrowings

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

#### Pension Plans

The Company has a defined contribution pension plan. Contributions are paid to pension insurance plans and charged to the income statement in the corresponding period. Once

the contributions have been paid, there are no further payment obligations.

#### Cost of Equity Transactions

Transaction costs directly attributable to an equity transaction are recognised 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.

## 1.3 Profit distribution

This years profit will be distributed to free equity.

## 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, Ireland and Asia, and information regarding revenue based on geography is provided below.

(NOK 1,000)	as % of total	2023	as % of total	2022
Norway	43%	112 089	41%	61 651
Sweden	15%	40 182	18%	26 956
Germany	8%	22 150	11%	15 893
Denmark	10%	25 136	11%	16 840
Finland	9%	24 021	9%	13 212
UK	5%	12 322	2%	3 079
Poland	5%	13 762	3%	5 200
Latvia	2%	5 317	3%	4 525
Australia	1%	1 773	0%	237
Other	2%	6 481	1%	2 202
<b>Total</b>	<b>100%</b>	<b>263 233</b>	<b>100%</b>	<b>149 795</b>

## Note 3 – Personnel expenses

(NOK 1,000)	2023	2022
Salary	27 301	25 475
Social security tax	5 888	4 619
Share based payments	7 473	5 215
Pension costs (see note 12)	1 301	933
Capitalised development expenses	(8 779)	(15 878)
Other expenses	9 056	8 451
<b>Total personnel costs</b>	<b>42 240</b>	<b>28 816</b>

	2023	2022
<b>Average number of employees</b>	<b>23</b>	<b>23</b>
<b>Average number of FTE</b>	<b>22</b>	<b>21</b>

See note 13 for transactions with related parties.

### Pensions

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

At the end of year there were 22 participants (22) in this defined contribution plan.

Expenses equal this year’s calculated contribution and amount to NOK 1.3 million (NOK 1.6 million). The scheme is administered by Storebrand.

## Note 4 – Other operating expenses

(NOK 1,000)	2023	2022
External services	75 908	61 268
IT services and telecom	35 303	30 193
Office premises	4 903	4 039
Travel and transport	1 180	983
Postage and freight	1 260	46
Other expenses	6 000	6 045
<b>Total other operating expenses</b>	<b>124 554</b>	<b>102 574</b>

### Auditors fee

(NOK 1000)	2023	2022
Auditor fee	(2 765)	1 969
Other attestation services	(1 100)	-
Other fees	-	904
<b>Total, excl VAT</b>	<b>(3 865)</b>	<b>2 873</b>

## Note 5 – Transactions with related parties

(NOK 1,000)	Transaction	2023	2022
Rayon Design AS*	Management services	1 566	2 815
<b>Total</b>		<b>1 566</b>	<b>2 815</b>

\* Norwegian Retail AS, a company owned 100% by Hans-Petter Mellerud, CEO of Zalaris ASA, owns 40% of the shares in Rayon Design AS.

For further information see the annual remuneration report published on [www.zalaris.com](http://www.zalaris.com).

## Note 6 – Other intangible assets

(NOK 1,000)	Licenses and software	Internally developed software	Internally developed software under construction	Total
<b>Acquisition cost</b>				
Accumulated 1 January 2022	10 685	73 833	8 594	93 112 *
Additions of the year	-	4 750	9 709	14 459
Disposals	(227)	(3 594)	-	(3 820)
Internal AUC reclassified	-	6 467	(6 467)	-
<b>Accumulated 31 December 2022</b>	<b>10 459</b>	<b>81 457</b>	<b>11 836</b>	<b>103 751</b>
Additions of the year	-	6 144	7 911	14 054
Internal AUC reclassified	-	8 998	(8 998)	-
<b>Accumulated 31 December 2023</b>	<b>10 459</b>	<b>96 598</b>	<b>10 749</b>	<b>117 806</b>
<b>Amortisation</b>				
Accumulated 1 January 2022	10 208	43 505	-	53 713 *
This year's ordinary amortisation	335	13 368	-	13 703
Disposals of amortisation	(227)	(3 594)	-	(3 821)
<b>Accumulated 31 December 2022</b>	<b>10 316</b>	<b>53 279</b>	<b>-</b>	<b>63 595</b>
This year's ordinary amortisation	126	14 340	-	14 466
<b>Accumulated 31 December 2023</b>	<b>10 442</b>	<b>67 619</b>	<b>0</b>	<b>78 061</b>
<b>Book value at 31 December 2022</b>	<b>143</b>	<b>28 178</b>	<b>11 836</b>	<b>40 156</b>
<b>Book value at 31 December 2023</b>	<b>17</b>	<b>28 979</b>	<b>10 749</b>	<b>39 744</b>
* Opening balance restated				
Useful life	5-10 years	5 years	N/A	
Depreciation method	linear	linear		

## Note 7 – Property, plant and equipment

(NOK 1,000)	Furniture and fixtures	IT-equipment	Total
<b>Acquisition cost</b>			
Accumulated 1 January 2022	3 003	496	3 499
Additions of the year	775	479	1 254
Disposals of the year	(3 004)	(431)	(3 435)
<b>Accumulated 31 December 2022</b>	<b>774</b>	<b>544</b>	<b>1 318</b>
Additions of the year	202	60	262
Disposals of the year	-	(30)	(30)
<b>Accumulated 31 December 2023</b>	<b>976</b>	<b>574</b>	<b>1 550</b>
<b>Depreciations</b>			
Accumulated 1 January 2022	2 947	458	3 405
This year's ordinary depreciation	140	141	281
Disposals of the year	(3 004)	(431)	(3 435)
<b>Accumulated 31 December 2022</b>	<b>83</b>	<b>168</b>	<b>251</b>
This year's ordinary depreciation	176	168	344
Disposals of the year	-	(30)	(30)
<b>Accumulated 31 December 2023</b>	<b>259</b>	<b>306</b>	<b>565</b>
<b>Book value at 31 December 2022</b>	<b>690</b>	<b>378</b>	<b>1 068</b>
<b>Book value at 31 December 2023</b>	<b>716</b>	<b>270</b>	<b>985</b>

## Note 8 – Financial items

(NOK 1,000)	2023	2022
Interest income on bank accounts and receivables	17 662	5 776
Group contribution	7 718	30 961
Dividend received	98 849	-
Foreign exchange gains	3 302	1 642
<b>Finance income</b>	<b>127 531</b>	<b>38 379</b>
Interest expenses	45 600	18 549
Foreign exchange loss	28 784	2 770
Impairment subsidiaries	11 242	20 159
Other financial expenses	3 776	3 124
<b>Finance expenses</b>	<b>89 402</b>	<b>44 602</b>
<b>Unrealised foreign currency gain/(loss)</b>	<b>2 120</b>	<b>(15 773)</b>
<b>Net financial items</b>	<b>40 249</b>	<b>(21 996)</b>

Impairment subsidiaries are relating to receivables from vyble GmbH.

## Note 9 – Income taxes

Income tax expense:	2023	2022
(NOK 1,000)		
Changes in deferred taxes	(13 760)	-
<b>Tax expense/income</b>	<b>(13 760)</b>	<b>-</b>

**Tax payable in balance sheet:**

(NOK 1,000)	2023	2022
Ordinary profit before tax	66 925	(63 042)
Permanent differences	13 640	18 586
Dividend from subsidiaries	(98 849)	-
Change in temporary differences	(23 484)	2 031
<b>Basis for tax payable</b>	<b>(41 768)</b>	<b>(42 425)</b>
<b>Tax payable</b>	<b>-</b>	<b>9 334</b>

**Reconciliation of effective tax rate:**

Ordinary profit before tax	66 925	(63 042)
Calculated tax	14 724	(13 869)
Other permanent differences	(18 746)	4 096
Deferred tax not capitalised	-	9 773
Deferred tax capitalised	(9 738)	-
<b>Tax expense</b>	<b>(13 760)</b>	<b>-</b>
<b>Effective tax rate</b>	<b>-21%</b>	<b>0%</b>

**Specification of tax effects of temporary differences:**

(NOK 1,000)	2023	2022
Property, plant and equipment	8 195	(5 651)
IFRS amortisation loan	10 208	1 352
Tax losses carry forward	(185 193)	(99 945)
<b>Total temporary differences</b>	<b>(166 790)</b>	<b>(104 244)</b>
Temporary differences not included in deferred tax assets	-	(44 424)
Total deferred tax assets	(36 694)	(22 934)
<b>Net deferred tax</b>	<b>(36 694)</b>	<b>(22 934)</b>

The company is utilizing a government grant (Skattefunn) on R&D that gives a net tax deduction, which in 2023 amounted to NOK 0.1 million (NOK 1.4 million).

## Note 10 – Overview of subsidiaries

Company	Consolidated	Location	Ownership
Zalaris Australia Pty Ltd	01/12/22	Sydney	100%
Zalaris Deutschland GmbH	18/05/17	Henstedt-Ulzburg	100%
Zalaris France SAS	19/01/21	Paris	100%
Zalaris HR Services Denmark A/S	15/07/00	Copenhagen	100%
Zalaris HR Services España SL	18/01/22	Madrid	100%
Zalaris HR Services Estonia	04/06/13	Tallinn	100%
Zalaris HR Services Finland OY	26/09/03	Helsinki	100%
Zalaris HR Services India Pvt Ltd	01/10/15	Chennai	100%
Zalaris HR Services Ireland Ltd	01/02/18	Dublin	100%
Zalaris HR Services Latvia SIA	27/12/06	Riga	100%
Zalaris HR Services Lithuania UAB	08/05/13	Vilnius	100%
Zalaris HR Services Norway AS	30/11/06	Lødingen	100%
Zalaris HR Services Sverige AB	19/04/01	Stockholm	100%
Zalaris Magyarorszá g Kft	06/12/22	Budapest	100%
Zalaris Polska Sp Z.o.o	26/04/13	Warszawa	100%
Zalaris Singapore Pte Ltd	28/03/22	Singapore	100%
Zalaris UK Ltd	26/09/17	London	100%
<b>Indirect owned subsidiaries</b>			
ba.se service & consulting GmbH	03/08/21	Hagen	100%
<b>Held for sale</b>			
vyble GmbH	N/A	Hamburg	90%



Company		Share capital in	Local	Number of	Nominal value	Carrying	Equity	Profit/(loss)
(1,000)	Other equity *	local currency	currency	shares	per share	value		
Zalaris Australia Pty Ltd		0	AUD	100	1	199	(11 337)	(7 023)
Zalaris Deutschland AG		55	EUR	54 552	1	193 438	42 476	5 872
Zalaris France SAS		1	EUR	1 000	1	10	(164 242)	(38)
Zalaris HR Services Denmark A/S		500	DKK	5 000	100	6 177	12 381	3 298
Zalaris HR Services España SL		4	EUR	3 600	1	69	(210)	49
Zalaris HR Services Estonia		3	EUR	2 500	1	2 418	3 475	158
Zalaris HR Services Finland OY		8	EUR	1 000	8	0	29 626	3 743
Zalaris HR Services Finland OY	2 450	0	EUR	0	0	24 216	-	-
Zalaris HR Services India Pvt Ltd		40 000	INR	4 000 000	10	5 824	8 711	3 223
Zalaris HR Services Ireland Ltd		0	EUR	100	1	0	818	98
Zalaris HR Services Latvia SIA		3	EUR	2 000	1	464	16 035	4 923
Zalaris HR Services Lithuania UAB		10	EUR	1 000	10	0	(106)	(249)
Zalaris HR Services Norway AS		100	NOK	1 000 000	0	1 933	7 177	2 005
Zalaris HR Services Sverige AB		300	SEK	3 000	100	10 163	(1 811)	4 610
Zalaris Magyarország Kft		3 000	HUF	1	3 000 000	82	49	(40)
Zalaris Polska Sp Z.o.o		5	PLN	100	50	12 473	17 815	(1 027)
Zalaris Singapore Pte Ltd		0	SGD	100	1	1	(310)	65
Zalaris UK Ltd		10	GBP	10 100	1	23 822	42 073	12 262
<b>Total</b>						<b>281 289</b>	<b>2 620</b>	<b>31 929</b>

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

## Note 11 – Other short-term receivables

(NOK 1,000)	2023	2022
Trade accounts receivable	400	0
Other receivables	2 901	4 775
Receivables group companies	208 726	127 940
<b>Total other short-term receivables</b>	<b>212 027</b>	<b>132 715</b>

## Note 12 – Cash and cash equivalents

(NOK 1,000)	2023	2022
Cash in hand and at bank – unrestricted funds	70 799	53 941
Deposit accounts – guarantee rent obligations	2 720	2 698
Employee withheld taxes - restricted funds	1 710	1 511
<b>Cash and cash equivalents in the balance sheet</b>	<b>75 229</b>	<b>58 149</b>

The company is included in a cash pool agreement through Nordea Bank ASA with its subsidiaries.

## Note 13 – Share capital, shareholder information and dividend

Shares	2023	2022
Shares - nominal value NOK 0,10	22 135 279	22 135 279
<b>Total number of shares</b>	<b>22 135 279</b>	<b>22 135 279</b>

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 31.12.2023 are:

Shareholder	Number of shares:	% of total	Type of account
Norwegian Retail AS	2 891 482	13,06%	Ordinary
Verdipapirfondet Alfred Berg Gamba	2 106 346	9,52%	Nominee
Danske Bank A/S	1 428 006	6,45%	Ordinary
Codee Holding AS	1 395 735	6,31%	Nominee
Verdipapirfondet DnB SMB	1 221 606	5,52%	Nominee
J.P. Morgan SE	1 044 168	4,72%	Nominee
Vestland Invest AS	940 659	4,25%	Ordinary
Vpf DnB Norge Selektiv	703 551	3,18%	Ordinary
Skandinaviska Enskilda Banken AB	653 734	2,95%	Ordinary
Verdipapirfondet Nordea Avkastning	507 705	2,29%	Ordinary
AS Mascot Holding	450 000	2,03%	Ordinary
Verdipapirfondet Nordea Kapital	367 540	1,66%	Ordinary
Ølja AS	349 650	1,58%	Ordinary
Næringslivets Hovedorganisasjon	333 217	1,51%	Nominee
Harlem Food AS	327 706	1,48%	Ordinary
Skandinaviska Enskilda Banken AB	300 000	1,36%	Ordinary
Verdipapirfondet Nordea Norge Plus	265 054	1,20%	Ordinary
Taconic AS	262 040	1,18%	Ordinary
BSN AS	240 000	1,08%	Ordinary
<b>Shares owned by the Company</b>	<b>490 070</b>	<b>2,21%</b>	
<b>Others</b>	<b>5 857 010</b>	<b>26,46%</b>	
<b>Total</b>	<b>22 135 279</b>	<b>100,00%</b>	

### Dividend

No dividend was paid for the financial year 2022. The board of directors will not propose a dividend for the financial year 2023. Dividend paid in 2022 relates to the 2021 financial year.

## Note 14 – Interest-bearing loans and borrowings

2023

(NOK 1,000)					(NOK 1,000)		
Financial institution	Agreement	Maturity	Duration	Interest rate	Non-current	Current	Total
Oslo Stock Exchange*	Bond loan	46813	5 years	see below	439 205	-	439 205
De Lage Landen Finans	Software lease	Jan 2028	5 years	7,05%	759	251	1 010
Nordea Bank Norge ASA	Group cash pool				-	48 854	48 854
<b>Interest-bearing debt and borrowings</b>					<b>439 964</b>	<b>49 105</b>	<b>489 069</b>

2022

(NOK 1,000)					(NOK 1,000)		
Financial institution	Agreement	Maturity	Duration	Interest rate	Non-current	Current	Total
Oslo Stock Exchange*	Bond loan	Sept 2023	5 years	see below	-	368 208	368 208
De Lage Landen Finans	Software lease	Jan 2028	5 years	0,0705	1 016	251	1 267
Nordea Bank Norge ASA	Group cash pool				-	113 912	113 912
<b>Interest-bearing debt and borrowings</b>					<b>1 016</b>	<b>482 371</b>	<b>483 387</b>

\* Bond loan, Oslo Stock Exchange

The Company secured a EUR 40 million bond loan registered on the Oslo Stock Exchange in September 2023. The bond has maturity on 28 March 2028 with no principal payments before maturity. Interest rate to be paid is 3 months Euribor +5.25%.

The Company has deferred NOK 12.0 million in issuing costs (2.7 % of the bond loan), which

are being amortised over the term of the loan. The balance at 31 December 2023 is NOK 10.2 million (NOK 1.4 million).

### Assets Pledged as Security

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. Nordea has pledged guarantee of NOK 7 mill against assets in Zalaris ASA as security for bank deposits.

## Note 15 – Financial Instruments

2023

### Financial instruments by category

(NOK 1,000)	Loans and receivables	Fair value through profit or loss	Liabilities at amortized cost	Total book value
<b>Financial assets</b>				
Other short-term receivables to group companies	208 726			208 726
Other short-term receivables	2 901			2 901
Cash and cash equivalents	75 229			75 229
<b>Total</b>	<b>286 856</b>	-	-	<b>286 856</b>
<b>Financial liabilities</b>				
Borrowings, long term			439 964	439 964
Borrowings, short term, revolving credit			48 854	48 854
Borrowings, short term, loan			251	251
Short-term debt to group companies			18 777	18 777
Trade accounts payables			7 960	7 960
Public duties payable			3 628	3 628
Other short-term debt			20 426	20 426
<b>Total</b>	-	-	<b>539 860</b>	<b>539 860</b>

2022

### Financial instruments by category

(NOK 1,000)	Loans and receivables	Loans and receivables	Loans and receivables	Total book value
<b>Financial assets</b>				
Other short-term receivables to group companies	127 940			127 940
Other short-term receivables	4 775			4 775
Cash and cash equivalents	52 318			52 318
<b>Total</b>	<b>185 034</b>	-	-	<b>185 034</b>
<b>Financial liabilities</b>				
Borrowings, long term			1 016	1 016
Borrowings, short term, revolving credit			108 081	108 081
Borrowing, short term, bond loan			368 459	368 459
Other short-term debt to group company			7 465	7 465
Trade accounts payables			17 941	17 941
Public duties payable			2 249	2 249
Other short-term debt			8 524	8 524
<b>Total</b>	-	-	<b>513 735</b>	<b>513 735</b>

### 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.

It is assessed that the carrying amounts of financial instruments recognised at amortised 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.

### 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.

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 2023, the Company has a bond loan listed on the Oslo Stock Exchange. Per 31 December the Company had an unrealised currency gain amounting to NOK 1.3 million related to this loan. Otherwise, the Group has limited exposure to currency risk from assets and liabilities recognised as of 31 December 2023 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 2023

(Amounts in NOK 1,000)	Less than 3 months	3 to 12 months	1 to 5 years	Total
Borrowings, long term			439 964	439 964
Borrowings, short term	-	49 105		49 105
Trade creditors and other short term liabilities	7 960	42 831		50 791
<b>Total liabilities</b>	<b>7 960</b>	<b>91 936</b>	<b>439 964</b>	<b>539 860</b>

#### Per 31 December 2022

(Amounts in NOK 1,000)	Less than 3 months	3 to 12 months	1 to 5 years	Total
Borrowings, long term			1 016	1 016
Borrowings, short term	-	476 541		482 372
Trade creditors and other short term liabilities	17 941	18 238		36 179
<b>Total liabilities</b>	<b>17 941</b>	<b>494 779</b>	<b>1 016</b>	<b>519 566</b>

### Capital management

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

## Note 16 – Other short term debt

(NOK 1000)	2023	2022
Wages, holiday pay and bonus	6 655	6 233
Accrued expenses and other current liabilities	13 771	2 291
<b>Total</b>	<b>20 426</b>	<b>8 524</b>

## Note 17 – 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 recognised for the share-based payment plan are shown in the following table:

(NOK 1000)	2023	2022
Restricted Stock Units	1 656	1 101
Employee share options	9 933	7 526
Accrued social security costs	3 014	(110)
<b>Total recognized costs</b>	<b>14 603</b>	<b>8 517</b>
<b>Accrued payroll tax at the end of the period</b>	<b>1 816</b>	<b>118</b>

### Restricted stock units

The general meeting of Zalaris ASA held on 23 May 2023, 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 RSUs 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 82,343 RSUs were granted in 2023, and the following table illustrates the number of RSUs outstanding:

Number of RSUs	2023	2022
Outstanding at the beginning of the period	66 299	125 268
Granted	82 343	41 031
Released	(11 979)	(100 000)
<b>Outstanding at the end of the period</b>	<b>136 663</b>	<b>66 299</b>

The fair value of the RSUs is the weighted average share price at grant date:

The weighted average assumptions used	2023	2022
Expected life of RSUs (year)	3.00	3.00
Weighted average share price	41.00	47.00

### Share Option Program

The general meeting of Zalaris ASA held on 20 May 2021, 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 1,000,000 options were granted in 2023. The options were granted at an average exercise price of NOK 37.18.

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

	2023		2022	
	Number of options	WAEP (NOK)	Number of options	WAEP (NOK)
Outstanding at the beginning of the period	2 246 500	46.57	1 522 500	51.87
Granted	1 000 000	37.18	807 000	37.06
Exercised	(34 212)	35.04	-	-
Terminated	(340 800)	44.92	(83 000)	51.02
Expired	(139 488)	31.75	-	-
<b>Outstanding at the end of the period</b>	<b>2 732 000</b>	<b>44.25</b>	<b>2 246 500</b>	<b>46.57</b>
<b>Exercisable at the end of the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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 16.49 per option (NOK 11.12). The following table lists the key inputs to the model used for the year ended 31 December:

The weighted average assumptions used	2023	2022
Expected volatility (%)	47.16	44.22
Risk-free interest rate (%)	3.19	2.97
Expected life of options (year)	3.0	3.2
Weighted average share price	41.21	34.78

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 2023. As part of the program, Zalaris has sold 24,511 own shares to employees at a subscription price of NOK 33.41 per share to Norwegian employees and NOK 31.45 per share to non-Norwegian employees per share. The shares were transferred to the employees in January 2024. The subscription price was based on the volume-weighted average share price in the period between 10 November to 7 December 2023, less a 20 % discount. To receive the discount the shares have a 12 months lock-up period.

See Executive Remuneration Policy for detailed information.

## **Note 18 – 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.





“As a Cloud Consultant, I’m honoured to have been part of the journey that has reshaped our financial narrative. Our achievements highlight the strategic impact of cloud solutions in driving efficiency, scalability, and ultimately, financial success.”

– Vivian Chiha  
Zalaris SAP SuccessFactors  
Consultant



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 No. 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. This is in accordance with NUES, the Norwegian Code of Practice for Corporate Governance (In Norwegian it's known as "Norsk anbefaling for eierstyring og selskapsledelse"), issued by the Norwegian Corporate Governance Board. It was most recently revised on 14 October 2021.

The statement for the fiscal year 2023 follows the provisions in the Accounting Act No. 3-3b, and also follows the provisions for Corporate Governance Policy for Zalaris ASA, and the Board of Directors approved it 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](http://www.nues.no).
3. The Board of Directors has below made a statement of corporate governance and comments on any deviations are made under each chapter.
4. In chapter 10, the main elements of Zalaris' risk and internal control in the financial reporting process are described.
5. Zalaris has no shareholder decisions that expand or differ from the Norwegian Public Limited Liability Companies Act, chapter 5.
6. The composition of the Board, the remuneration committee, the nomination committee and the audit committee are described in chapter 7, 8 and 9. The main elements of their instructions and guidelines are described in chapter 8 and 9.
7. Shareholder decisions that regulate the election period for the Board of Directors are described in chapter 8.
8. Shareholder decisions and Board of Directors authorizations for issue of new shares or purchase of own shares are described in chapter 3.

## 1. Statement on Corporate Governance

Zalaris follows the Code of Practice. The code matches how Zalaris operates. The Board is responsible for making sure that the Company has good corporate governance. Zalaris gives a comprehensive overview of the Company's corporate governance in the Company's annual report (herein). Also, the Company's website will have a description of the main corporate governance principles of the Company for external stakeholders to see.

The annual review of the Company's compliance with the Code of Practice was adopted on 10 April 2024.

## 2. Business

Zalaris ASA and its subsidiaries offer complete outsourcing and consulting services for various human resources (HR) functions, such as payroll, payroll accounting, personnel administration, travel expenses, statutory leave, recruiting, performance management, learning process administration and so on, and the sale of related software. They also own shares in other companies and engage in other activities related to this.

Zalaris aims to achieve high efficiency and high customer satisfaction and a close relationship with its customers, which involves local service centres in all the countries where we operate, supported by dedicated service delivery centres in Latvia, Poland and India, automation of processes, and use of cloud and AI. Local staff with high expertise in HR function processes ensure lasting and successful partnerships with our customers.

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

The Board of Directors has made a yearly plan that concentrates on its work to set goals, strategy and risk profiles for the Company in a way that Zalaris delivers value to shareholders sustainably, and to monitor the execution of this once a year. Moreover, the Board of Directors performs supervision to make sure that the Company achieves its specified targets and that the Company has adequate risk management.

Sustainability is an important factor in the Company's operations and value creation. Please refer to Zalaris' ESG report, which can also be found on [www.zalaris.com](http://www.zalaris.com).

Corporate ethics are about our actions towards others and the environment. It involves human rights, employee rights and social issues, the external environment, the anti-corruption policy,

the work environment, non-discrimination and equality, and environmental impact. Everyone who works with Zalaris must follow the rules and guidelines that are based on Zalaris' core values. At Zalaris, we want everyone to help create a healthy corporate culture.

Zalaris has issued a separate Remuneration Report which is available on [www.zalaris.com](http://www.zalaris.com).

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

### 3. Equity and Dividends

#### Equity

Zalaris believes in further profitable growth in the years to come. For this, the Company needs to have a strong capital structure and liquidity.

Zalaris' consolidated equity amounted to NOK 203.0 million as of 31 December 2023, which corresponds to an equity ratio of 18.3%.

Cash and cash equivalents were NOK 135.7 million as of 31 December 2023

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

#### Dividend Policy

The Board shall set a transparent and consistent dividend policy that guides its recommendations for dividend distributions to the general meeting. The dividend policy shall be available on the Company's IR website.

The board of directors will not propose a dividend for the financial year 2023.

#### 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. The Board has currently no authorization to issue new shares.

#### Authorization to Purchase Own Shares

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

At Zalaris' annual general meeting on 23 May 2023, the Board of Directors was granted an

authorization to acquire shares with a total nominal value up to NOK 221,353. The highest amount which can be paid per share is NOK 160.00 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 valid until either the regular general meeting in 2024 or 30 June 2024, whichever comes first.

## 4. Equal Treatment of Shareholders

#### 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.

## 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.

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 should not include the Company's CEO or any other any executive personnel or any member of the Company's Board of Directors.

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 23 May 2023 elected Bård Brath Ingerø (Leader), Ragnar Horn and Sven Thoren to the nominating committee for a period until the annual general meeting in 2024.

## 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 2023, the Zalaris' Board of Directors consisted of five members — two women and three men. The CEO of Zalaris is not part of the Board.

The Board of Directors in Zalaris has broad representation from countries in the Nordic region, 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](http://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.

An overview of the shares owned by related parties as of 31 December 2023, including board members, is available in the Remuneration report for 2023.

## 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 (CEO) 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 organised 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.

### Conflicts of interest and disqualifications

The Board's rules of procedure states that a member of the Board, or the CEO, may not participate in the discussion or decision of issues of such special importance to the person in question, or to any closely related party of said person, that the Board member must be regarded as having a distinct personal or financial interest in the matter. Zalaris' Code of Conduct also covers conflict of interest and how this should be dealt with, and the code applies to all the board members and employees of Zalaris. There were no transactions that were material between the Group and its shareholders, board members, executive management, or related parties in 2022.

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. During 2023, the Board of Directors held 9 board meetings.

In accordance with Norwegian Public Limited Companies Act No. 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 CEO 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 have two to four Board members. The committee shall follow the rules 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 Norman Pran (leader) and Erik Langaker.

### 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 Hågertz Engstam (leader) and Adele Norman Pran.

#### Annual Evaluations

The Board has conducted an evaluation of its performance and expertise in 2023.

## 10. Risk Management and Internal Control

The Board and the management in Zalaris emphasise 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 Covid-19 were added in 2021, and continued to be carried out through the first quarter of 2022. High employee engagement is important to achieve the Company's overall financial targets. The Company measures employees' Net Promoter Scores (NPS) on a quarterly basis, and has established clear 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 regular 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 holds monthly meetings with each region to present and discuss their financial performance and key performance indicators in areas such as customer deliveries,

personnel statistics and risk areas. The purpose of these meetings is to detect risks of variation in any of these areas that can affect financial outcomes compared to the set goals as soon as possible and start taking measures to mitigate potential risks sooner. The regional manager, business unit managers, CEO and CFO are part of these meetings.

#### Customer Satisfaction

Zalaris' goal is to help our clients get the most out of their human resources by providing excellent HR processes, and, therefore, customer satisfaction is a priority 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.

Board members and/or their associated companies shall usually not perform any specific work for the Company besides their roles as Board members. If they do perform such work, they must inform the Board and the Board must approve the compensation for such extra duties.

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 2023 will be included in the remuneration report to be presented to the annual general meeting in 2024 for an advisory vote, and the report will also be published on [www.zalaris.com](http://www.zalaris.com) when available.

## 12. Salary and other remuneration of executive personnel

The Board has established an Executive Remuneration Policy setting out the main principles applied in determining the salary and other remuneration of the executive personnel. This policy is considered and approved

at the annual general meeting. The latest updated Executive Remuneration Policy will be presented for a vote at the annual general meeting in 2024, and the policy will also be published on [www.zalaris.com](http://www.zalaris.com).

The main criteria for setting the salaries and other compensation for the CEO and other executive staff in Zalaris are that salaries should be reasonable and fair, and match the local market conditions, as Zalaris wants to keep and recruit good leaders. Also, Zalaris should offer terms that motivate the executive staff to create value for Zalaris and its shareholders, that foster loyalty to the Company and align the interests of the executive staff and shareholders.

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

The termination period for the CEO is six months. The other executives at Zalaris have termination periods from three to six months. The termination period starts from the last day of the month on which the written notice of termination is given.

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

An overview of the remuneration for Corporate Management for 2023 will be included in the remuneration report to be presented to the annual general meeting in 2024 for an advisory vote, and the report will also be published on [www.zalaris.com](http://www.zalaris.com).

## 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 times 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.

Every quarter, Zalaris shares its financial performance and priorities for the past quarter, as well as its views on the market and any special events that the Company thinks are important for its shareholders, through online presentations. The CEO and the CFO of the Company lead the presentations. The quarterly reports and the presentations are available on Zalaris' website.

The Board of Director approves the financial calendar for Zalaris, which sets the date and time for releasing interim reports, annual financial statement and having the annual general meeting. The financial calendar is posted 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.





– Andra Stoica  
Zalaris Solution Architect

“The meaningful work, the team collaboration and the dedication to delivering quality have not only shaped my career but has also become fundamental elements of my identity as a professional consultant. I look forward to the continued journey of growth and success with Zalaris.”



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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 (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the balance sheet as at 31 December 2023 and the income statement, statement of cash flows and statement of 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 of the Group comprise the statement of financial position as at 31 December 2023, the statement of profit or loss, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable legal requirements.
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

#### Basis for opinion

We conducted our audit in accordance with 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 requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities 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.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 22 years from the election by the general meeting of the shareholders on 5 June 2002 for the accounting year 2002.

#### 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 2023. 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



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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.

#### Revenue from outsourcing contracts

##### Basis for the key audit matter

For the year ended 31 December 2023 the Group recognized NOK 828.1 million of revenue related to outsourcing contracts. Revenue recognition from outsourcing contracts of the various customer projects involves management judgement in identifying performance obligations and determining when they are satisfied, as well as in the allocation of transaction price relating to the service provided. Accounting for revenue from outsourcing contracts was a key audit matter due to the complexity of the various terms of the agreements and the significant management judgement involved.

##### Our audit response

We obtained an understanding of the revenue recognition process for outsourcing contracts and how management identifies the performance obligations as well as the determination and allocation of transaction price to separate performance obligations. 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. We further reviewed subsequent amendments to the contracts and assessed their impact on revenue recognition. Further, we assessed the adequacy of the disclosures in notes 1, 2 and 3 of the consolidated financial statements.

#### Customer project assets

##### Basis for the key audit matter

The Group capitalizes costs incurred during the implementation phase related to outsourcing contracts as customer project assets. Customer project assets amounted to NOK 197.1 million as of 31 December 2023.

Costs capitalized as customer project assets are internal hours multiplied by hourly rates. The estimated hourly rates applied are calculated based on an assessment of the cost base. Costs incurred prior to the signing of the contract are only capitalized when they are reimbursable from the customer. Costs incurred from the signing of the contract and until the implementation is completed is amortized over the period the outsourcing services are provided. Accounting for customer project assets was a key audit matter due to the significant management judgement of the variable cost element in the cost base applied in the calculation of hourly rates and the criteria for capitalization.

##### Our audit response

For capitalization of customer project assets, we obtained an understanding of management's process for determining the cost base and estimation of the hourly rates. We verified fixed employee cost to contracts, assessed the various elements of the cost base and recalculated the hourly rates. Further we tested hours booked for a sample of projects, and performed analytical procedures related to hours utilized. We also assessed management's detailed analysis of estimated variable cost vs actual variable cost for 2023. We assessed the expenses capitalized to the criteria for capitalizing cost to obtain a contract.

We refer to notes 1 and 3 of the consolidated financial statements.



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### Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the Chief Executive Officer) is 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 board of directors' report, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable legal requirements and 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 the other information is materially inconsistent with the financial statements, there is a material misstatement in this other information or that the information required by applicable legal requirements is not included in the board of directors' report, the statement on corporate governance or the statement on corporate social responsibility, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility are consistent with the financial statements and contain the information required by applicable legal requirements.

### Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements of the Company that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible 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 and the Group'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 the Group, 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 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 and the Group'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 and the Group'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 and the Group 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 the board of directors 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 the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 the board of directors, 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 requirement

#### Report on compliance with regulation on European Single Electronic Format (ESEF)

##### Opinion

As part of the audit of the financial statements of Zalaris ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name zalarisasa-2023-12-31-en.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of



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the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and XBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF Regulation.

#### *Management's responsibilities*

Management is responsible for the preparation of the annual report in compliance with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

#### *Auditor's responsibilities*

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation. We conduct our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we perform procedures to obtain an understanding of the company's processes for preparing the financial statements in accordance with the ESEF Regulation. We test whether the financial statements are presented in XHTML format. We evaluate the completeness and accuracy of the XBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the XBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 17 April 2024  
ERNST & YOUNG AS

*The auditor's report is signed electronically*

Alexandra van der Zalm Bristol  
State Authorised Public Accountant (Norway)

Per memo document key: 020120-159167-14167-ANB236-448186-394117

“Delivering services based on one common IT platform – Zalaris PeopleHub – supported by local competent resources has been main differentiators and key to our success”

– Hans-Petter Mellerud  
CEO and founder of Zalaris





### Introduction

There were 22,135,179 issued shares at the end of 2023, of which 490,070 were owned by the Company. A total of 7.4 million Zalaris shares were traded on the Oslo Stock Exchange ("OSE") during 2023, compared to 7.4 million in 2022. The total value the shares traded during 2023 was NOK 268 million, compared to NOK 232 million in the previous year. The average daily trading volume in Zalaris shares on the OSE during 2023 was 29k shares compared to 30k shares in 2022. Zalaris' share price closed at NOK 46.60 at the end of 2023.

Zalaris' shares are listed on the Oslo Stock Exchange.

### Key Figures for Zalaris Share

Key figures							
(All figures in NOK unless stated)	2023	2022	2021	2020	2019	2018	2017
Share price high (close)	47.20	54.60	72.80	53.20	27.60	58.20	58.50
Share price low (close)	27.30	20.70	49.60	22.00	19.90	25.20	33.00
Share price average (close)	39.36	36.03	58.06	36.35	23.63	40.55	44.62
Share price year-end	46.60	29.20	54.00	51.80	27.60	25.20	56.00
Earnings per share	(0.14)	(1.79)	0.60	(0.53)	(0.36)	(0.06)	(0.61)
Dividend per share	0.00	0.00	0.35	1.00	0.00	0.00	0.65
(Figures in 1000)	2022	2022	2021	2020	2019	2018	2017
Outstanding shares, average	21 645	21 595	21 294	19 647	19 729	20 030	19 637
Diluted** shares, average	24 514	23 721	22 736	20 301	20 123	20 177	20 265
Outstanding shares, year-end	21 645	21 595	21 847	19 620	19 568	20 030	20 030
Diluted** shares, year-end	24 514	23 904	23 492	20 505	20 196	20 177	20 230

\* Including employee share options and restricted stock units (RSUs)

### 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 not propose a dividend for the financial year 2023.

### 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 has not bought back any shares during 2023.

## 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 31 December 2023, the number of shareholders in Zalaris was 1,196, of which 94.5 percent were in the Nordic countries.

## 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](mailto:ir@zalaris.com).

Zalaris strives at all time to publish all relevant information in a timely, correct, non-discriminatory and efficient manner to the market. All relevant information will be published on the 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 Møllerud [hans-petter.mollerud@zalaris.com](mailto:hans-petter.mollerud@zalaris.com) and CFO: Gunnar Manum [gunnar.manum@zalaris.com](mailto:gunnar.manum@zalaris.com).

## Analyst Coverage

**ABG Sundal Collier:**  
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## VPS Registrar

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N-0107 Oslo, Norway

## Financial Calendar 2024

- Results Q1: 7 May 2024
- Annual General Meeting: 19 June 2024
- Results Q2: 22 August 2024
- Results Q3: 24 October 2024

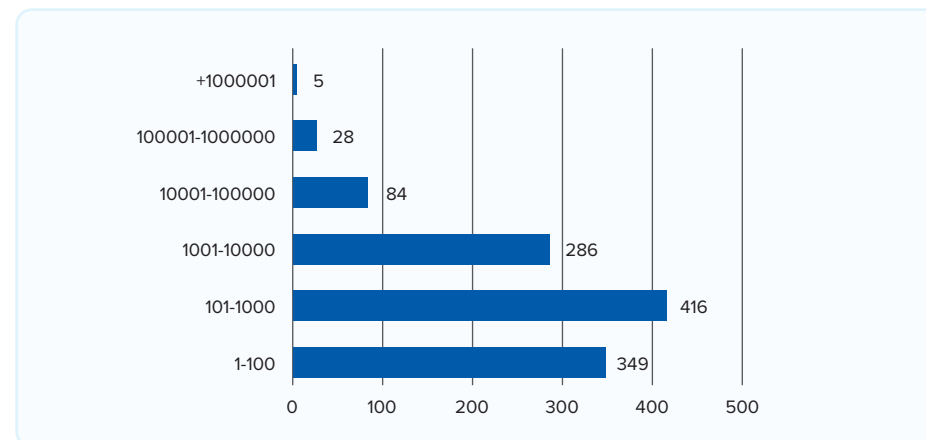
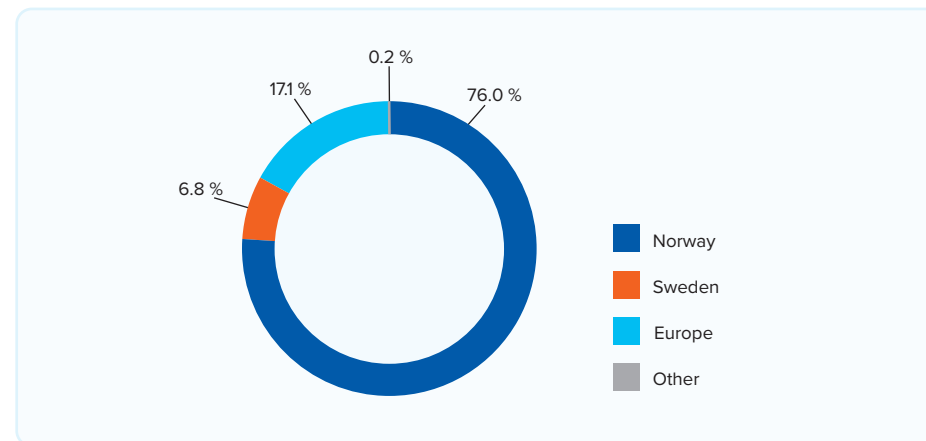
Rank	Investor	Number of shares	Shareholding (%)	Type
1	Norwegian Retail AS	2 891 482	13.06%	Ordinary
2	Verdipapirfondet Alfred Berg Gamba	2 106 346	9.52%	Ordinary
3	Codee Holding AS	1 445 735	6.53%	Ordinary
4	Danske Bank A/S	1 428 006	6.45%	Nominee
5	Verdipapirfondet DnB SMB	1 224 099	5.53%	Ordinary
6	J.P. Morgan SE	1 079 168	4.88%	Nominee
7	Vestland Invest AS	940 659	4.25%	Ordinary
8	Vpf DnB Norge Selektiv	703 551	3.18%	Ordinary
9	Skandinaviska Enskilda Banken AB	653 734	2.95%	Nominee
10	Verdipapirfondet Nordea Avkastning	507 705	2.29%	Ordinary
11	Zalaris ASA	465 559	2.10%	Ordinary
12	AS Mascot Holding	460 000	2.08%	Ordinary
13	Ølja AS	351 261	1.59%	Ordinary
14	Næringslivets Hovedorganisasjon	333 217	1.51%	Ordinary
15	Harlem Food AS	327 706	1.48%	Ordinary
16	Skandinaviska Enskilda Banken AB	300 000	1.36%	Nominee
17	Verdipapirfondet Nordea Norge Plus	265 054	1.20%	Ordinary
18	Taconic AS	262 040	1.18%	Ordinary
19	BSN AS	240 000	1.08%	Ordinary
20	A/S Skarv	225 000	1.02%	Ordinary

Other shareholders 5 924 857 26.77%

**Total number of shares 22 135 179 100.00%**

The largest 20 shareholders (incl Zalaris) 73.23%

Please refer to separate section for shares held by management and board members (insert link)





## Alternative Performance Measures (APMs)

Zalaris' financial information is prepared in accordance with IFRS. In addition, financial performance measures (APMs) are used by Zalaris to provide supplemental information to enhance the understanding of the Group's underlying financial performance. These APMs take into consideration income and expenses defined as items regarded as special due to their nature and include among others restructuring provisions and write-offs. Financial APMs should not be considered as a substitute for measures of performance in accordance with IFRS. Disclosures of APMs are subject to established internal control procedures.

## Adjusted EBITDA and EBIT

EBIT, earnings before interest and tax is defined as the earnings excluding the effects of how the operations were financed, taxed and excluding foreign exchange gains & losses. EBIT is used as a measure of operational profitability. EBITDA is before depreciation, amortisation and impairment of tangible assets and in-house development projects. To abstract non-recurring or income not reflective of the underlying operational performance, the Group also lists the adjusted EBIT and EBITDA. Adjusted EBIT is defined as EBIT excluding non-recurring

costs, costs relating to share-based payments to employees, and amortisation of excess values on acquisition. Adjusted EBITDA is EBITDA excluding non-recurring costs and costs relating to share-based payments to employees, but after depreciation of right-of-use assets.

	2023	2022
(NOK 1 000)	Jan-Dec	Jan-Dec
EBITDA	162 607	106 184
Cost incurred in establishing AMS centre in Poland	-	1 906
Share-based payments	11 575	8 706
Depreciation right-of-use assets (IFRS 16 effect)	(23 002)	(18 535)
<b>Adjusted EBITDA</b>	<b>151 180</b>	<b>98 261</b>

	2023	2022
(NOK 1 000)	Jan-Dec	Jan-Dec
EBIT	70 503	23 695
Cost incurred in establishing AMS centre in Poland	-	1 906
Share-based payments	11 575	8 706
Amortization of excess values on acquisition	13 690	11 935
<b>Adjusted EBIT</b>	<b>95 768</b>	<b>46 242</b>

## Free cash flow

Free cash flow represents the cash flow that Zalaris generates after capital investments in the Group's business operations have been made. Free cash flow is defined as operational cash flow.

## Net interest-bearing debt (NIBD)

Net interest-bearing debt (NIBD), consists of interest-bearing liabilities, less cash and cash equivalents. The Group risk of default and financial strength is measured by the net interest-bearing debt.

## Annual recurring revenue (ARR)

ARR and ACV are defined as the annualised value of revenue the Company expects to receive from SaaS (software as a service) and BPaaS (business process as a service) contracts with customers but excludes change orders that do not result in regular future revenue. The measure is primarily used in Managed Services, where customer contracts normally have a term of five years, with mostly stable monthly revenue.

## Total contract value (TCV)

The total revenue that a customer contract is expected to generate is called TCV. This metric is mainly used in Professional Services to assess the overall value of consulting projects that are contracted.

## Revenue growth in constant currency

The following table reconciles the reported growth rates to a revenue growth rate adjusted for the impact of foreign currency. The impact of foreign currency is determined by calculating the current year revenue using foreign exchange rates consistent with the prior year.

	2023	2022
	Jan-Dec	Jan-Dec
Revenue growth, as reported	26.7 %	15.2 %
Impact of foreign currency	-10.7 %	1.3 %
<b>Revenue growth, constant currency</b>	<b>16.0 %</b>	<b>16.5 %</b>
Managed Services revenue growth, as reported	27.1 %	21.7 %
Impact of foreign currency	-9.3 %	1.4 %
<b>Managed Services revenue growth, constant currency</b>	<b>17.8 %</b>	<b>23.1 %</b>
Professional Services revenue growth, as reported	19.8 %	-1.0 %
Impact of foreign currency	-14.3 %	1.3 %
<b>Professional Services revenue growth, constant currency</b>	<b>5.5 %</b>	<b>0.3 %</b>

## Full time equivalents (FTEs)

The ratio of the total number of normal agreed working hours for all employees (part-time or full-time) by the number of normal full-time working hours in that period (i.e. one FTE is equivalent to one employee working full-time).



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