

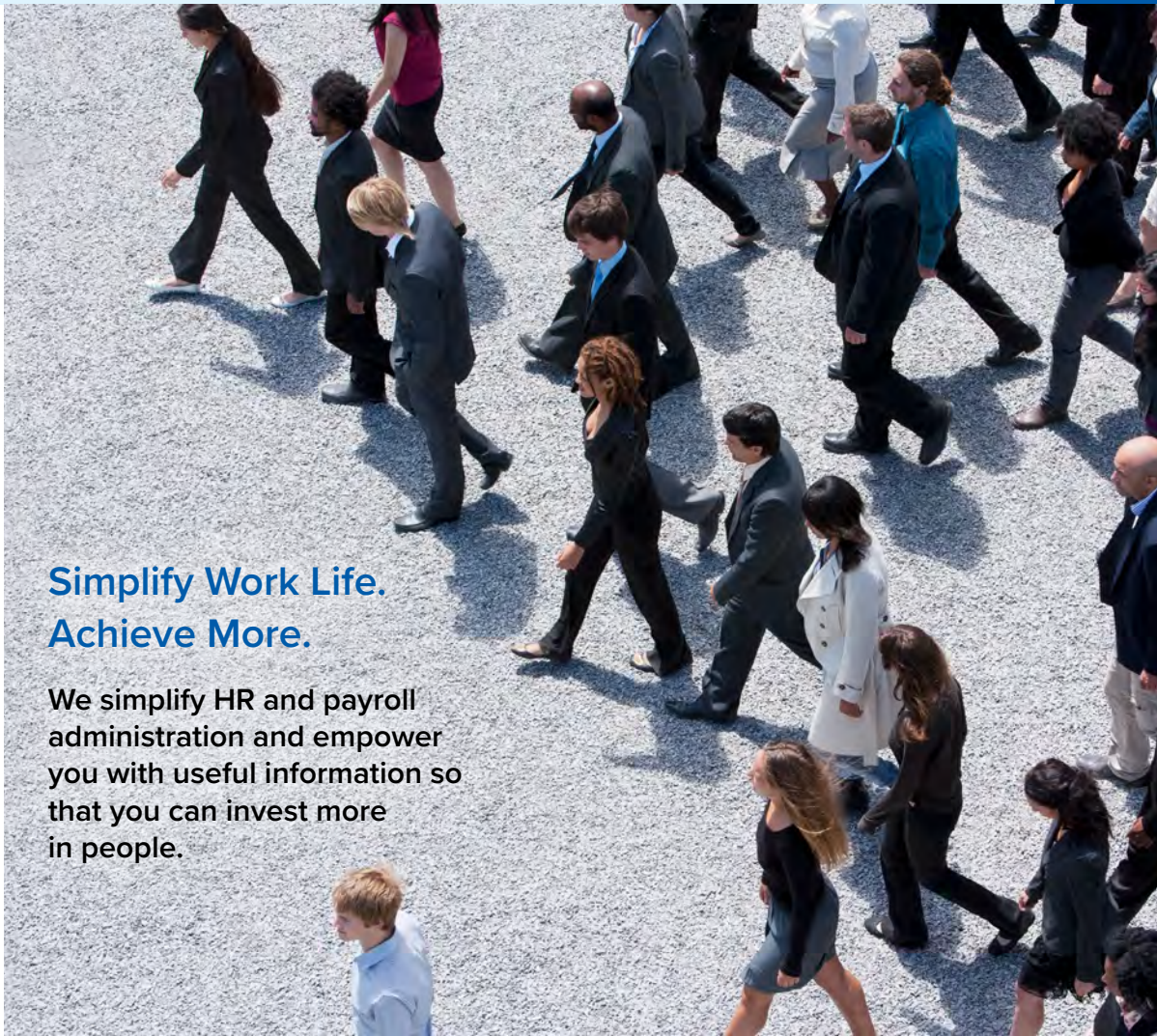
2022

Annual Report



Simplify work life. Achieve more.

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Simplify Work Life. Achieve More.

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

Payroll & HR Solutions that enable fully digital organisations - we simplify HR and payroll administration and empower customers with useful information so that they 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, Switzerland, France, Spain, India, Ireland, the UK, Singapore and Australia.

One global IT platform with local presence

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

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

One common multi-country solution satisfying GDPR requirements combines with competent resources saving complex customers with local competence and language.

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



1,500,000

Employees served monthly by Zalaris supported HR solutions



~ 1,100

Zalaris employees across the world



300,000+

Employees served monthly through payroll services



NOK 893m

Revenue 2022



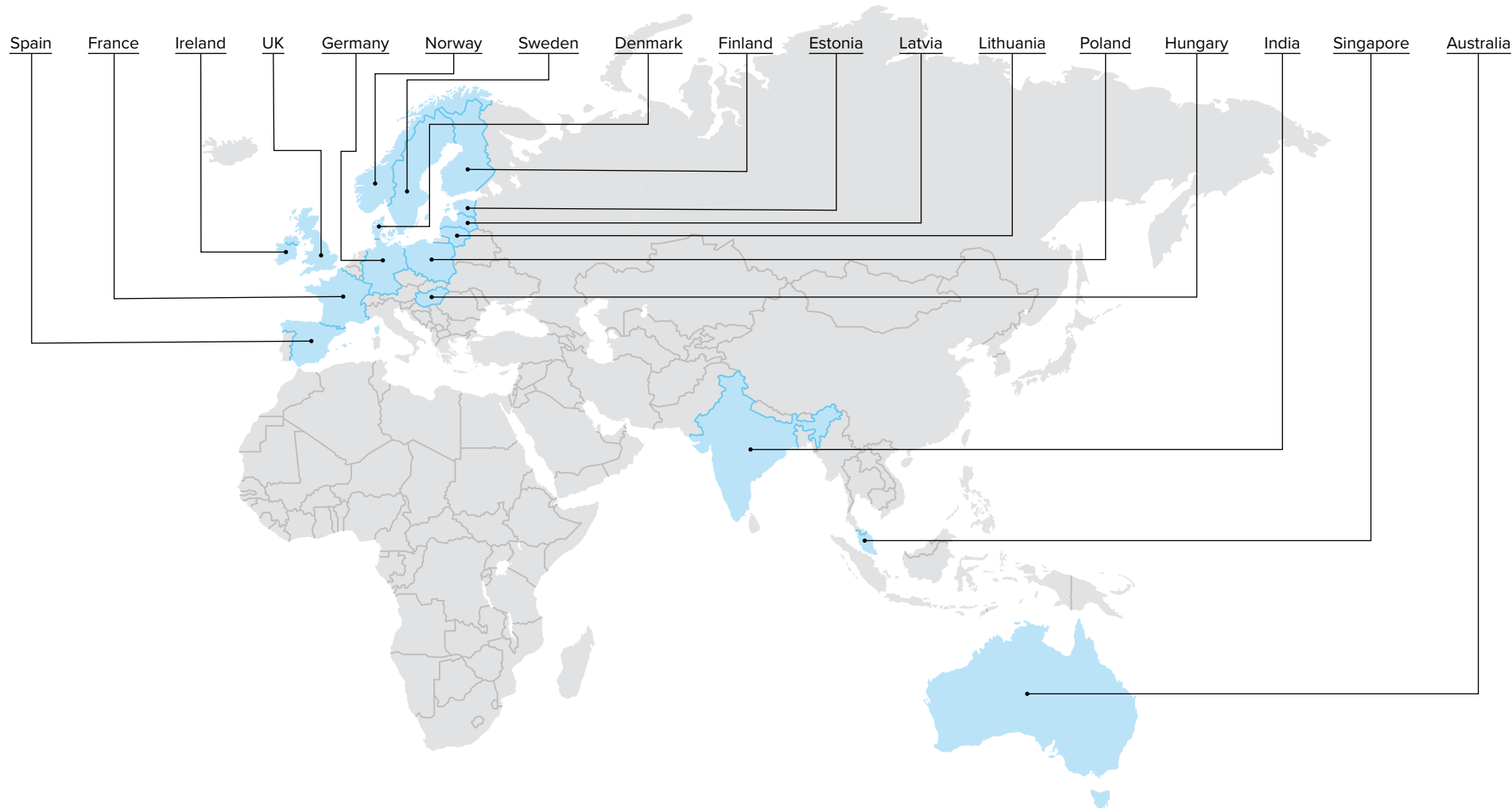
17 countries

With own services partners and expertise in local laws and regulations



150+ countries

With expertise in local laws and regulations, together with partners



Local Presence, One Global Platform

Zalaris' two distinct lines of business are both 100% focussed on HR & payroll technology and services.

- The first being Zalaris' outsourcing business; offering clients an impressive HR & payroll technology stack, known as PeopleHub, as a Software-as-a-Service (SaaS) platform. 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.
- The second being 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.



HR & Payroll Solutions

Powered by Zalaris ●●●

HR & Payroll Services

Powered by Zalaris ●●●

SAP Products & Services

Simplified by Zalaris ●●●

HR & Payroll Solutions

- Equipped with state-of-the-art automation, innovation and security, Zalaris People Hub is a complete HR platform to simplify HR administration for everyone. With this platform, 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.

HR & Payroll Services

- Zalaris becomes your HR & payroll department, handling some or all of your business' HR & payroll administration throughout the entire hire-to-retain 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.



HR & Payroll Solutions

Powered by Zalaris ●●●

Core HR Software ●●●

Talent Management Software ●●●

Payroll Software ●●●

Reporting & Analytics Software ●●●

Travel & Expense Software ●●●

Time Management Software ●●●

HR & Payroll Services

Powered by Zalaris ●●●

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.

SAP Products & Services

Simplified by Zalaris ●●●

SAP
Services ●●●

SAP
Analytics ●●●

SAP HCM
Hosting ●●●

SAP Employee
Experience ●●●

SAP HR
& Payroll ●●●

SAP
Add-ons ●●●

SAP Talent
Management ●●●

In 2022, Zalaris continued its growth journey ending the year with a revenue of NOK 893 million. This represented 15.2% year-on-year growth. We are well positioned to deliver on our target of generating NOK 1 billion in revenue in 2023. Adjusted EBIT excluding our investment in the build-up of our presence in Asia Pacific was NOK 52.4 million. This was up from NOK 50 million in 2021. Our EBIT improvement programme initiated late 2022 is on track. We are initially targeting an annualised adjusted EBIT of NOK 100 million in 2023, and see potential for further increase.

Organic growth continues to deliver. Zalaris exceeded its sales targets in 2022.

Managed Services, which includes our SaaS and Outsourcing division, delivered at a historic peak, reflecting our recent breakthrough in Germany. The total Annual Contract Value (ACV) sold amounted to approximately NOK 100 million for the year – slightly ahead of our sales target. We also extended 18 of our 19 agreements up for renewal, returning churn to historical low levels. This is a solid proof of our value proposition. By the end of 2022, we had a backlog of approximately NOK 72 million in Annual Recurring Revenue (ARR) from new signings. These will all go live and be recognised as revenue over 2023.

In Professional Services, our Consulting division, we sold NOK 280 million of new projects. This represent more than 130% of our sales target for the year, reflecting that the time of Covid is finally coming to an end. Approximately NOK 160 million (57%) was generated by our existing clients base. This demonstrates the long-term nature of the relationships we have with this customer group.

All our regions finished the quarter with a strong pipeline of projects. A number of new and significant agreements are expected to be signed during the first part of 2023.

Zalaris is targeting NOK 100 million annualised adjusted, run-rate EBIT by end of 2023.

In Q3 we launched an EBIT improvement programme targeting an annualised improvement in EBIT of NOK 40 - 50 million, which should result in an annualised EBIT of NOK 90-100 million by end of 2023.

Through the year we made good progress with delivering on our plans and saw positive results as we moved into 2023. As part of the plan, our current operating model used in Germany is being transformed to our Zalaris 4.0 delivery concept (as used in the Nordics), with increased levels of automation



Hans-Petter Mellerud, Chief Executive Officer, Zalaris

and standardised processes, as well as utilisation of our near- and offshore delivery centres. Germany is our largest and fastest growing market. 2023 will prove that we are a European Company targeting a market 7 x the size of our Nordic base. The improved operating model is already utilised by more customers and new clients at scale.

In parallel with the above initiatives, we aim to improve productivity through automation and process simplification. For 2023 our target is to identify opportunities for 10% productivity improvements. Our ongoing strategic project targeting 100% automated payroll is a key element to achieve this.

We continue to experience some cost inflation. However, Zalaris is reasonably protected through contracted price indexation clauses in the vast majority of our agreements, and the demonstrated ability to shift work to locations with significantly lower costs.

We remain laser focused on improving our competitive cost position delivering on our first EBIT milestone margin target of 10% by the end of 2023.

Continued optimism for the future

Significant global contracts won in 2022 underline the positive sentiment for our service offerings. Combined Professional- and Managed Services capabilities, supported by our strengthened brand in Germany and the UK, increasingly provide us with new opportunities to bid for relevant projects in these markets.

There is also a positive market for multi-country payroll and cloud-based HR services – which continue to grow at double-digit rates. Our target for Managed Services is minimum 15% growth year-on-year. Global solutions that rationalize payroll and HR solutions across whole enterprises is a growing trend, so is outsourcing non-core business and peripheral functions.

Zalaris is well positioned with proven worldwide delivery capability. The aim is to provide a single fully automated solution covering all countries where customers have employees. This will save multi-national companies time, money and resources. We aim to simplify work life and achieve more through automation, standardisation and seamless integration.

Eventually most, if not all, payroll will be digitised. More complex HR services are already becoming data-led and digitally supported. Think for example of the complexities around maternity leave and its implications for pay. In some countries this process is now supported, digital-first.

We're already helping clients access payroll data in real-time. This helps customers visualise human resource issues, analyse data sets and combine them with other useful information to add value. Zalaris can add further value through data analytics. Our solutions improve efficiencies in HR departments allowing human resources to deal with workers in person and their complex needs.

Introduction of mobile and web led payroll experiences will help make HR more personalized and our offerings more sticky, similarly the use of mobile phones as digital capture devices. Allowing for example forms generated during sick leave and doctor's visits to be digitized and bring the HR function closer to the individual. The digitalisation of personal, paper-based forms will increasingly happen at pace.

Unsettling times with high inflation, wage hikes and soaring energy bills push corporations to reflect on changing their fixed cost base to a more agile and modular structure. Outsourcing of payroll and HR services plays into this trend and I believe our recently improved growth trajectory is just the beginning of a longer trend following the three years of Covid.

Governments and tax authorities are increasingly digital-first and data-led in order to save money and time. Businesses need to integrate with these systems, yet this increasingly requires investment, particularly when operating multi-country. It is therefore easier to outsource to specialized suppliers like Zalaris.

Outsourcing is experiencing a significant pivot point, particularly in payroll, as well as HR solutions and services. Zalaris' one common global IT solution – Peoplehub, competent people supporting our customers locally, and entrepreneurial spirit are helping us win in this sector. We are agile and able to adapt the product and solutions to clients at speed.

In Zalaris we envisage our services as a “fifth utility”, after water, gas, electricity and the Internet. It just works like an electric plug in the wall or water from a tap. Businesses shouldn’t need to worry about maintaining and servicing this fifth utility. It should always work well, be cost efficient and maintain a close relationship with the most important resource of any company – its employees. Few companies contemplate building their own power plant or water reservoir – they just buy it as a service.

This is how we envisage payroll and HR services in the 21st Century, as the fifth utility. Watch this space.

A handwritten signature in blue ink, appearing to read 'Hans-Petter Mellerud'.

Hans-Petter Mellerud, CEO of Zalaris



“Zalaris is providing
a service that all
customers in business
need – payroll”

– Hans-Petter Mellerud
CEO and Founder of Zalaris



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



Katarzyna Kwiatkowska
Executive Vice President
Eastern Europe



Sami Seikkula
Executive Vice President
Northern Europe



Peter Martin
Executive Vice President
Central Europe



Will Jackson
Executive Vice President UK
& Ireland



Balakrishnan Narayanan
Executive Vice President
APAC



Mike Ellis
Executive Vice President
APAC



“We are very pleased with the successful implementation of Zalaris as our new BPO payroll provider”

– Arnhild Sivertsen
HR Director, Intrum Scandinavia



Adele Norman Pran
Chair of the Board



Liselotte Hägertz Engstam
Board Member



Jan M. Koivurinta
Board Member



Kenth Eriksson
Board Member



Erik Langaker
Board Member

Zalaris¹ mission is to simplify HR and payroll administration, and empower customers with useful information so that they 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 HR and finance.

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). Zalaris ASA is listed on the Oslo Stock Exchange (ZAL).

Operational highlights

Zalaris recorded revenue of NOK 893 million in 2022, compared to NOK 775 million in 2021. This is an increase of 15.2%, measured in constant currency the equivalent growth was 16.5%*. The increase was primarily a result of revenue from new customers within its Managed Services division that went live during 2022, and increased volumes from existing customers. Growth in full annual revenue was also buoyed by the acquisition of ba.se., a leading provider of payroll and related HR services in Germany, which was acquired in August 2021.

Within Managed Services, which includes our SaaS and outsourcing business, we signed new long-term contracts with a total Annual Contract Value (ACV) of approximately NOK 100 million in 2022 – reaching our sales targets for the year. We also extended 18 of our 19 agreements, which were up for renewal during this period. This returned the churn rate to historical low levels of 2 – 3% and validates the robustness of our business model. At the end of 2022, Zalaris had a backlog of approximately NOK 72 million in Annual

Recurring Revenue (ARR) from new signings. These contracts were yet to go live and generate revenue. Invoicing for most of these contracts will occur in 2023.

Included in the above contracts was a seven-year agreement with Finnish industrial company, Stora Enso, to deliver Zalaris’ PeopleHub payroll platform, as well as time and attendance services covering around 6,000 employees in Finland. Zalaris signed similar five-year contracts in the Nordic region with Swedish metal company, Boliden, Norwegian recycling company, Tomra, and Norges Bank (The Central Bank of Norway). Early in the year, a six-year renewal was signed with Siemens AB, the Germany company’s Swedish subsidiary, for delivery of payroll and transactional human resources services. The agreement expands the 16-year relationship Zalaris has with Siemens. This also includes the Company’s Danish and Finnish subsidiaries, and thus provides us with complete pan-Nordic coverage for Siemens.

Zalaris also strengthened its position outside the Nordic region. The Group signed a five-year agreement to deliver outsourced payroll services deploying the Company’s PeopleHub solution to the global biotechnology company CSL Behring’s 6,000 employees in Germany and Switzerland. Five-year agreements were also signed with the international hearing

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

* See definition and reconciliation of APM’s in a separate section of the annual report.

aid retailer, Amplifon, in Germany, and with the multinational industrial services provider, Kaefer, for their 3,000 employees in the UK and Ireland.

All our regions finished the year with a strong pipeline of projects, and a number of new and significant agreements are expected to be signed in the first half of 2023.

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 advanced stages.

In the Professional Services division, our consulting business, we sold NOK 280 million of new projects. This was 30% more than we expected from our sales targets for the year, 2022. Of these, approximately NOK 160 million was with some of our existing large clients. This demonstrates the long-term nature of the relationships we have with this customer group.

Within Professional Services the work is more project based compared to Managed Services. We have also seen a good inflow of consultancy projects for cloud payroll, HR transformation projects and change orders. Zalaris has also expanded the contracts with several customers for its Application

Maintenance Services (AMS). This helps customers maintain their in-house payroll and HR solutions. These contracts are mostly based on long-term agreements that are of a recurring nature. During 2022, Zalaris extended agreements with ABB and Hitachi Energy for global AMS services delivered out of Poland and a four-year AMS agreement with the government of the German state of Rhineland-Pfalz. We also signed an agreement with the European airline Ryanair for the implementation of SAP Employee Central Payroll in several European countries. During 2022, an increased share of Zalaris' consulting resources have been focusing on new customers contracts for Managed Services, when compared to 2021. This has resulted in additional deferred revenue on the balance sheet, which will be recognised as revenue in later reporting periods.

The adjusted EBIT* for 2022 was NOK 46.2 million, compared to NOK 49.6 million last year, and the adjusted EBIT margin was 5.2% in 2022, compared to 6.4% in 2021. The reduction is partly due to Zalaris establishing a new geographical region, encompassing the Asia-Pacific (APAC), headquartered in Australia. The region is a greenfield investment and had a negative adjusted EBIT of NOK 5.7 million in 2022. In addition, the Company's results have been negatively impacted by the onboarding of new customers, as well as the recruitment and

training of new personnel to deliver on new customers contracts.

Zalaris aims to increase its operating profit (EBIT) and has identified EBIT improvements of NOK 40 – 50 million. These gains are expected to be realised by the end of 2023. The increased EBIT will be realised through direct cost improvements and the improved allocation of resources. Both of these elements amount to NOK 25 - 30 million. Then there is the contribution that will be made from newly signed contracts, which is approximately NOK 20 - 25 million.

Consolidated financial results for the group

Zalaris' consolidated revenue for 2022 was NOK 892.7 million compared to NOK 775.3 million in 2021, an increase of 15.2% compared to the previous year. When adjusted for differences in currency exchange rates between 2022 and 2021, the revenue increase was approximately 16.5% (refer to the APMs section of the annual report for further details). The operating profit was NOK 23.7 million compared NOK 22.7 million in 2021, which gives an operating margin of 2.6% compared to 2.9% the previous year. Zalaris' ordinary profit, before tax, was negative NOK 16.4 million compared to positive NOK 15.0 million in 2021, including an unrealised currency

loss of NOK 15.6 million in 2022 compared to a gain of NOK 16.0 million the previous year. This mainly related to Zalaris' EUR denominated bond loan. The net result for the year 2022 was negative NOK 38.7 million compared to positive NOK 12.8 million in 2021, which includes a loss of NOK 16.0 million from discontinued operations. Zalaris had no discontinued operations in 2021.

When it comes to cash flow in 2022, net cash from operating activities amounted to NOK 0.4 million, compared to NOK 33.0 million in 2021. Net cash flow from investing activities was negative NOK 39.2 million compared to negative NOK 64.0 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 investing activities in 2021 included an initial cash payment of NOK 43.3 million (net of cash acquired), for the acquisition of ba.se. The remaining cash outflow from investing activities relates mainly to internal product development projects.

Net cash flow from financing activities was negative NOK 43.9 million in 2022 compared to positive NOK 84.4 million in 2021, which included the buy-back of Zalaris shares of NOK 17.8 million, a dividend payment for the financial year 2021 of NOK 7.6 million and payments of IFRS 16 lease liabilities of

17.9 million. The figure last year included net proceeds from a private placement of shares amounting to NOK 115.5 million. Subsequent to year-end, Zalaris refinanced the bond loan outstanding at 31 December 2022, which amounted to NOK 368.2 million, with a new bond loan of EUR 40 million, which will expire in March 2028. 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 163.6 million as of 31 December 2022 compared to NOK 209.0 million at the end of 2021. This corresponds to an equity ratio of 18.1% compared to 25.0% 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 2022 were NOK 905.7 million compared to NOK 826.6 million at the end of 2021, while total liabilities were NOK 742.1 million at the end of 2022 compared to 617.6 million the previous year.

Business segments

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

Managed Services had revenue of NOK 644.8 million in 2022 compared to NOK 529.7 million in 2021, an increase of 21.7% compared to the previous year. Measured in constant currency, revenue increased by 23.1% (refer to the APMs section of the annual report for further details). The increase is mainly due to revenue from new customers, as well as additional recurring revenue and changes orders from existing customers. All key geographical regions contributed to the increase. The acquisition of ba.se in August 2021, accounted for approximately 5.6% of the revenue growth year-on-year.

Operating profit for this segment in 2022 was NOK 64.2 million compared to NOK 62.0 million in 2021.

Professional Services had revenue of NOK 243.1 million in 2022 compared to NOK 245.6 million in 2021, a decrease of 1 % compared to the previous year. Measured in constant currency, revenue increased by 0.3%. Higher revenue in Poland was offset by lower revenue in Germany and UK. The reduction in Germany and UK is mainly due to Professional Services resources being utilised in new customer contracts for Managed Services, whereby the revenue is recorded in reporting on Managed Services.

Operating profit for this segment in 2022 was NOK 20.0 million compared to NOK 17.9 million in 2021.

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. APAC had a negative operating profit of NOK 5.7 million in 2022.

In February 2022, Zalaris acquired the assets of vyble AG, a payroll and HR solution start-up in Germany. The business is being operated through a 90% owned subsidiary, vyble GmbH ("vyble"). vyble has a complete suite of Payroll and HR solutions delivered as Software as a Service (SaaS) targeting small and medium-sized enterprises in Germany. Zalaris has engaged an investment bank to sell vyble to limit the future funding requirements and allowing Zalaris to focus entirely on the continued growth of its existing businesses. The investment in vyble has been reclassified to assets held for sale and as a discontinued operation. Vyble had operating loss of NOK 20.6 million in 2022.

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 2022 was NOK 149.8 million compared to NOK 144.1 million in 2021, which is an increase of 4.0% compared to the previous year. Results from operations was negative NOK 41.0 million compared to negative NOK 42.0 million in 2021. Zalaris ASA reported a net loss for the year of NOK 63.0 million compared to a net loss of NOK 6.8 million for 2021. For 2022, this included an unrealised currency loss of NOK 15.6 million, compared to a gain of NOK 16.0 million the previous year, and a provision for a loan to a subsidiary, vyble GmbH, of NOK 20.2 million.

Total shareholders' equity in Zalaris ASA as of 31 December 2022 was NOK 16.3 million compared to NOK 96.0 million at the end of 2021, corresponding to 3.1% of total assets compared to 15.9% at the end of the previous year.

Dividend payment

The board of directors will propose that a dividend of NOK 0.50 per share is paid for the financial year 2022, subject to the Company being in compliance with the incurrence test in the bond loan agreement.

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.

Operational risk

The Group has a broad customer base, but a large share of the revenues come from a relatively small number of significant customers. After contracts are entered into, the deterioration of relations with, or the termination of any major contracts by, Zalaris' major customers could have a material adverse effect on the Group's business, results for operations and financial conditions. In addition, should any of the Group's major customers divest large portions of their operations, experience consolidation, or a change of

control, the functions outsourced by such customers may face significant alteration. This could lead to shrinking contracts, or changes in the scope of, or termination of, major contracts with the Group.

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

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

As a result of these cyber security threat scenarios and their potential for severe disruptions to 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. If the Group fails to prevent any such disruptions, it could have a material adverse effect on Zalaris' reputation, business, results from its operations and its financial condition.

The Group is exposed to risks associated with handling personal data and other sensitive information. Zalaris is handling personnel data that may be linked to individual people and is required to handle such personnel data in compliance with the EU's GDPR regulation. The Group has invested in and continues to invest in processes and improvements to support its own, and customer, GDPR compliance. Compliance is tested as part of our annual System and Organisation Controls (SOC) audit and documented in an ISA3402-report. The Zalaris Group is ISO 9001 and ISO27001 certified. The Group is liable to its customers and regulatory authorities for damages caused by unauthorised disclosure of personal data,

as well as sensitive and confidential information. Any unauthorised disclosure of any such information may result in significant fines.

Financial 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 is the risk that the Group will be unable to meet its financial liabilities as it matures. Zalaris continuously estimates the need for cash to pay its liabilities as it matures, and ensures that cash is available at all times, both for operational and capitalised expenditures. Cash and cash equivalents amounted to NOK 91.8 million as of 31 December 2022 compared to NOK 176.2 million at the end of 2021. Most of the Group's interest-bearing debt at year-end relates to a bond loan of EUR 35 million (NOK 368.2 million), which expires end-September 2023. Subsequent to year end, the loan was repaid and replaced by a new bond loan of EUR 40 million, which expires end-March 2028.

At the end of 2022, the Group had interest-bearing debt of NOK 380.6 million compared to NOK 359.2 million at the end of 2021. NOK 368.2 million of the interest-bearing debt as of 31 December 2022 relates to a EUR 35 million bond loan. 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 by foreign subsidiaries, and the net income generated by these subsidiaries. The Group also has foreign currency-denominated cash deposits.

The Group provides services in countries with a different currency than the Norwegian Krone NOK and is consequently exposed to any fluctuations in the currency rate between these currencies and NOK. The Group also has variable interest rate borrowings and is thus exposed to interest rate fluctuations. The Group settles internal transactions on an ongoing basis to reduce the risk associated with movements in currencies and interest rates.

Despite the Group's focus on reducing risks through internal controls and risk management, there will still be risk factors that cannot be adequately handled through preventative measures. Further details on financial risk, including the sensitivity analysis required by IFRS, can be found in note 19 in the financial statements.

Other risk factors

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.

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 maximise 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 2022, which is available on www.zalaris.com.

The corporate social responsibility statement required under Section 3-3c of the Norwegian Accounting Act follows below.

Equal rights

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

Zalaris aims to have a balanced representation of gender, age, ethnicity and religion. Zalaris had 1,036 employees across 13 countries at the end of 2022 (2021: 876). Women are represented in all the Group's companies and units, comprising 62% (2021: 60%) of the workforce. At the end of the year, the Group's corporate management team was 17% female. 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.

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.

Zalaris' solutions help customers and their employees track work hours, overtime and leave with ease through effective mobile-based solutions. Our workforce planning solutions are used to secure optimal staffing over the year – building the foundation for a sound life-work balance. Our analytics solutions for reporting and analysing absence, as well as sick leave allow for the early detection of potential issues. Zalaris solutions also document management's responsibilities in getting colleagues with health issues back to work.

Our mobile and portal-based solutions delivering wholly digital payroll and HR processes. They also fully support flexible work arrangements and working from home. This was particularly evident during the global,

Covid-19 pandemic in 2021 and the first half of 2022 when most of the workforce worked from home. Our efforts in managing the Covid-19 pandemic were recognised by our employees. This resulted in high employee engagement scores across all countries.

Health, safety and environment (HSE) policy

The long-term business success of Zalaris depends on our ability to live up to our values of "Service Excellence, Quality-Focused Processes and Employees – our key assets." 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 maximises 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 3.7% in 2022 compared to 2.7% the previous year. No incidents of injury or accidents in the workplace were reported during 2022.

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. 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.

During 2022, we added CO2 mapping features to the travel expense solution. The new feature enables customers to automatically track the CO2 footprint for their business travel. In addition, an app was 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.

Business ethics

Zalaris' Code of Conduct is integral to the Company's formal governance. The Code defines the core principles and ethical standards that form the basis of how the Company creates value. The Code applies to Zalaris ASA and any subsidiary in which Zalaris, directly or indirectly, owns more than 50% of the voting shares.

It also applies to members of the board of directors, managers and other employees, and those acting on behalf of the Company.

Zalaris requires that the Company's business partners have appropriate ethical standards, at a minimum of those defined in the Company's Code of Conduct and other relevant policies. Zalaris does not want to be associated with business partners that do not have appropriate ethical standards. This is how we shall conduct business in Zalaris – and how we shall create value for our customers, investors, staff and anyone benefiting from our services.

Corporate Governance

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

Zalaris ASA is incorporated and registered in Norway and is subject to Norwegian law. According to the Accounting Act 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 2022 is based on the disposal in the Accounting Act No. 3-3b, as well as the disposal for Corporate Governance Policy for Zalaris ASA, as adopted by the board of directors on 7 April 2018, and has been included in a separate section of this annual report.

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

Subsequent to year end, the Company's bond loan of EUR 35 million was repaid and replaced by a new bond loan of EUR 40 million, which expires end-March 2028. No other events have occurred after the balance sheet date which have had a material effect on the issued accounts.

Outlook

Zalaris is well positioned for future revenue growth, having signed an all-time high level of new, long-term BPaaS/SaaS contracts within the Managed Services Division during the last 18 months. This high activity level is continuing in 2023, with several new, large multi-country contracts in the near- to medium term pipeline, where Zalaris has been

selected as the preferred supplier.

The increased scale of our operations from this revenue growth will be a key driver for higher profitability, as well as further cost optimisation. Zalaris has made a detailed plan for EBIT improvements of NOK 40 – 50 million by the end of 2023. This will come through cost improvements of NOK 25 – 30 million, and contributions from new signed contracts, amounting to NOK 20 – 25 million. Key targets for 2023 include further automation of our delivery processes and improved use of our near- and offshore delivery centres in Latvia, Poland and India. Significantly increased growth in Managed Services may have a short-term negative impact on margins due to on-boarding, until new employees are trained and can be fully utilised. However, Zalaris remains firm on its target EBIT margin of 10%.

Based on industry and market research reports, Zalaris' key markets, within multi-country payroll and HR outsourcing, are expected to continue growing in the foreseeable future. The company is well positioned to capture part of this growth through new customers, as demonstrated by the multi-country contracts with Metsä and Yunex Traffic, both won in 2021, and CSL Behring, won in 2022. Growth will also come from expanding the service offering to existing customers, particularly increasing geographic

coverage, as we have done with customers such as Siemens, Tryg, and Ericsson.

Zalaris has been expanding its geographical coverage both in Europe and the Asia-Pacific region to strengthen its competitive position. While the Company previously established its own subsidiaries in new countries, a revised expansion strategy is being implemented using in-country partners, who will use Zalaris' PeopleHub solution. This enables profitable geographic expansion globally with low and moderately size employee volumes.

The global macro picture with high inflation, increased interest rates, and fear of recession, have so far not impacted our business significantly. However, we are experiencing upward pressure on salaries, and the recruitment of new 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 entered 2023 with a solid pipeline of potential new sales in all regions. New contracts signed so far in 2023 indicate that the company will exceed the annual sales target of 10% revenue growth.

Oslo, 13 April 2023




Adele Norman Pran
Chair of the Board



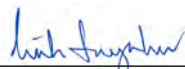
Liselotte Hægertz Engstam
Board Member



Jan M. Koivurinta
Board Member



Kenth Eriksson
Board Member



Erik Langaker
Board Member



Hans Petter Mellerud
Chief Executive Officer

We hereby confirm that the consolidated financial statements and the financial statements for the parent company for the period 1 January 2022 to 31 December 2022, 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, 13 April 2023



Adele Norman Pran
Chair of the Board



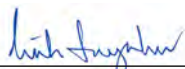
Liselotte Hægertz Engstam
Board Member



Jan M. Koivurinta
Board Member



Kenth Eriksson
Board Member



Erik Langaker
Board Member



Hans Petter Mellerud
Chief Executive Officer



– Armin Seiler
VP Human Resources, Yunex Traffic

“What we have accomplished in the last three months thanks to the extraordinary collaboration between Zalaris and our internal team is tremendous”



Consolidated Group Annual Accounts Report 2022 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

for the period ended 31 December	Notes	2022	2021
Revenue	2,3	892 743	775 265
Operating expenses			
License expense		80 198	67 481
Personell expenses	4	483 824	414 522 *
Other operating expenses	5	222 537	191 314 *
Depreciation and impairments	10	3 908	4 078
Depreciation right-of-use assets	11	18 535	16 114
Amortisation intangible assets	9	28 409	29 296
Amortisation implementation costs customer projects	3	31 638	29 874
Total operating expenses		869 049	752 679
Operating profit		23 694	22 585
Financial items			
Financial income	6	7 565	5 491
Financial expense	6,16,19	(47 667)	(13 063)
Net financial items		(40 102)	(7 571)
Profit/(loss) before tax from continuing operations		(16 408)	15 014
Tax expense	7	(6 295)	(2 203)
Profit/(loss) for the period from continuing operations		(22 703)	12 812
Profit/(loss) after tax for the year from discontinued operations	24	(16 018)	-
Profit/(loss) for the year		(38 721)	12 812

* Reclassified

for the period ended 31 December	Notes	2022	2021
Profit attributable to:			
- Owners of the parent		(37 119)	12 812
- Non-controlling interests		(1 602)	-
Earnings per share:			
Basic earnings per share (NOK)	8	(1.79)	0.60
Diluted earnings per share (NOK)	8	(1.79)	0.56
Earnings per share for continuing operations:			
Basic earnings per share (NOK)	8	(1.05)	0.60
Diluted earnings per share (NOK)	8	(1.05)	0.56
Consolidated statement of comprehensive income for the period ended 31 December			
(NOK 1000)	Note	2022	2021
Profit for the period		(38 721)	12 812
Other comprehensive income			
Items that may be reclassified to profit and loss in subsequent periods			
Currency translation differences		11 290	(11 664)
Total other comprehensive income		11 290	(11 664)
Total comprehensive income		(27 431)	1 148
Total comprehensive income attributable to:			
- Owners of the parent		(25 829)	1 148
- Non-controlling interests		(1 602)	-

Consolidated statement of financial position as at 31 December

(NOK 1000)	Note	2022	2021
Non-current assets			
Intangible assets	9	119 141	120 140
Goodwill	9	195 834	187 843
Total intangible assets		314 975	307 983
Deferred tax asset	7	29 837	26 999
Fixed assets			
Right-of-use assets	11	48 363	29 765
Property, plant and equipment	10	33 088	29 855
Total fixed assets		81 451	59 620
Total non-current assets		426 263	394 601
Current assets			
Trade accounts receivable	12	191 715	141 397
Customer projects assets	3	135 359	94 799
Other current assets	13	48 225	19 614
Cash and cash equivalents	14	91 796	176 224
Total current assets		467 095	432 034
Assets held for sale	24	12 384	-
TOTAL ASSETS		905 742	826 635

Consolidated statement of financial position for the period ended 31 December

(NOK 1000)	Note	2022	2021
EQUITY AND LIABILITIES			
Equity			
Paid-in capital			
Share capital	15	2 159	2 185
Other paid in equity		10 039	3 657
Share premium		141 898	157 370
Total paid-in capital		154 096	163 211
Other equity		14 519	14 519
Retained earnings		(3 417)	31 279
Equity attributable to equity holders of the parent		165 199	209 009
Non-controlling interest		(1 602)	-
Total equity		163 597	209 009
Liabilities			
Non-current liabilities			
Deferred tax liability	7	23 899	26 836
Interest-bearing loans and borrowings	16	10 891	357 887
Other long-term liabilities		659	3 134
Lease liabilities	11	32 328	16 445
Total long-term liabilities		67 777	404 303

(NOK 1000)	Note	2022	2021
Current liabilities			
Trade accounts payable		45 407	18 257
Customer projects liabilities	3	103 744	66 452
Interest-bearing loans	16	369 693	1 356
Lease liabilities, short term	11	17 783	14 423
Income tax payable	7	3 270	2 550
Public duties payable		37 686	36 113
Other short-term liabilities	18	92 003	73 921
Derivatives		-	249
Total short-term liabilities		669 586	213 322
Liabilities directly associated with the assets held for sale	24	4 783	-
Total liabilities		742 146	617 625
TOTAL EQUITY AND LIABILITIES		905 742	826 635

Oslo, 13 April 2023

 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	2022	2021
Cash flow from operating activities			
Profit (Loss) before tax from continued operation		(16 408)	15 014
Profit (Loss) before tax from discontinued operation		(20 536)	-
Net financial items	6	40 103	7 571
Share based program	22	8 706	5 679
Depreciation and impairments	10	3 907	4 077
Depreciation right-of-use assets	11	18 535	16 114
Amortisation intangible assets	9	28 409	29 296
Capitalisation implementation costs customer projects	3	(67 771)	(51 350)
Depreciation implementation costs customer projects	3	31 638	29 874
Customer project revenue deferred	3	62 134	41 356
Customer project revenue recognised	3	(20 807)	(21 701)
Taxes paid	7	(14 356)	(4 815)
Changes in accounts receivable	12,19	(50 318)	12 464
Changes in accounts payable	19	27 150	(3 525)
Changes in other items	18	(10 020)	(27 581)
Interest received	6	308	99
Interest paid	6	(20 252)	(19 536)
Net cash flow from operating activities		422	33 037
Cash flows to investing activities			
Investment in fixed and intangible assets	9,10	(27 845)	(20 630)
Acquisition of subsidiaries, net of cash	23	(11 317)	(43 322)
Net cash flow from investing activities		(39 163)	(63 952)

(NOK 1000)	Note	2022	2021
Cash flows from financing activities			
Sale of own shares		-	7 235
Buyback of own shares		(17 768)	(975)
Contribution from minority shareholder		2 203	-
Capital increase		-	115 508
Payment of lease liabilities	11	(17 884)	(15 767)
Repayment of loan	19	(2 901)	(1 919)
Dividend payments to owners of the parent	15	(7 558)	(19 639)
Net cash flow from financing activities		(43 909)	84 444
Net changes in cash and cash equivalents		(82 650)	53 529
Net foreign exchange difference		(120)	(2 151)
Cash and cash equivalents at the beginning of the period		176 224	124 843
Cash and cash equivalents at the end of the period		93 451	176 224

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
Equity at 01.01.2021		2 013	(50)	34 250	6 655	42 868	14 267	58 888	(11 664)	104 359		104 359
Profit of the year								12 812		12 812		12 812
Other comprehensive income									(11 664)	(11 664)		(11 664)
Sale of own shares			15	6 731		6 746		489		7 235		7 235
Purchase of own shares			(2)	(975)		(977)				(977)		(977)
Share based payments					5 679	5 679				5 679		5 679
Exercise of share based payments			8	1 858	(8 384)	(6 518)				(6 518)		(6 518)
Issue of Share Capital	8,15	201		120 537		120 738				120 738		120 738
Transaction costs related to issue of new shares				(5 032)		(5 032)				(5 032)		(5 032)
Other changes					(294)	(294)	252	2 056		2 015		2 015
Dividend	8							(19 638)		(19 638)		(19 638)
Equity at 31.12.2021		2 214	(29)	157 370	3 656	163 211	14 519	54 607	(23 328)	209 009		209 009
Equity at 01.01.2022		2 214	(29)	157 370	3 656	163 211	14 519	54 607	(23 328)	209 009		209 009
Profit/(loss) 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	22				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	8							(7 558)		(7 558)		(7 558)
Equity at 31.12.2022		2 214	(55)	141 898	10 039	154 095	14 519	8 622	(12 038)	165 198	(1 602)	163 597

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 Hoffsvæien 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 2022 were approved in a board meeting on 13 April 2023.

1.1 The basis for the preparation of the financial statements

The Group's consolidated financial statements of Zalaris ASA for the accounting year 2022 have been prepared in accordance with international accounting standards ("IFRS") as adopted by the European Union (EU).

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

1.2 Accounting principles

Basis of consolidation

The consolidated financial statements comprise the financial statements of Zalaris ASA and its subsidiaries (together referred to as "the Group"). Subsidiaries are all entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity to obtain benefits from its activities. The results of subsidiaries acquired or disposed during the year are included in the consolidated financial statement from the date when control is obtained, to the date the Group no longer has control. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intercompany balances and transactions have been eliminated upon consolidation.

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

Business combinations are accounted for using the acquisition method of accounting. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred, and the equity interests issued by the Group. The consideration transferred includes the fair

value of any asset or liability resulting from a contingent consideration arrangement. Transaction costs are expensed as incurred. The excess of the consideration transferred over the fair value of the identifiable net assets of the subsidiary acquired is recorded as goodwill. When acquisitions are deemed as asset acquisitions no deferred tax on initial differences between carrying values and tax bases are recorded, nor are any goodwill recorded at the date of acquisition.

Foreign currency

Functional currency, presentation currency and consolidation:

The Group's presentation currency is Norwegian Kroner (NOK). The functional currency of the Parent Company is NOK.

For consolidation purposes, the balance sheet figures for subsidiaries with a different functional currency than NOK are translated into the presentation currency (NOK) at the rate applicable at the balance sheet date. Income statements are translated at the average monthly exchange rate. Exchange differences from translating subsidiaries are 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 are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group's revenue consists of revenue from providing 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 number of employees, pay slips and expense claims produced. All the above-mentioned deliverables are considered to be highly interrelated and are therefore considered to not be separate identifiable, i.e. one performance obligation. Revenue from outsourcing contracts 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 considered to be "costs to fulfill a contract" and are recognised as customer project asset. The deferred costs are expensed evenly over the period 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 contain 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 on the basis of existing temporary differences between the carrying amounts of assets and liabilities in the financial statement and their tax bases, together with tax losses carried forward at the balance sheet date. Deferred tax assets and liabilities are calculated based on the tax rates and tax legislation that are expected to apply when the assets are 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 of time in exchange for consideration. To determine whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

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

b) Zalaris as a lessee

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

c) Recognition of leases and exemptions

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

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

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

d) Measuring the lease liability

The lease liability is initially measured at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date. The lease term represents the non-cancellable period of the

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

The lease payments included in the measurement comprise of:

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

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

e) *Measuring the right-of-use asset*

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

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

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

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

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

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate 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 analysed.

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

representative of customer's actual default in the future.

Cash and cash equivalents

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

Financial liabilities

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

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time 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 taking into account 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

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

Earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary

shares using the weighted average number of ordinary shares outstanding during the year after deduction of the average number of treasury shares held over the period.

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

- The profit/loss for the period attributable to ordinary shares is adjusted for changes in profit/loss that would result from the conversion of the dilutive potential ordinary shares.

The weighted average number of ordinary shares is increased by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary.

Share-based compensation

The Group operates an equity-settled compensation plan, under which the entity receives services from employees as consideration for equity instruments (options and restricted stock units (RSUs)) of the Group. The fair value of the employee services received in exchange for the grant of the

options or RSUs is 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 grant date and are not subsequently changed.

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

1.3 New and amended standards and interpretations

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

Standards issued and effective

The following standards effective as of 1st January 2022 (or before) does not have any implication for the Group, and hence had no effect on the figures presented as at 31 December 2022.

- Amendments to IFRS 16 Lease (2021)
- Amendments to IFRS 3 – Reference to the conceptual framework (1st January 2022)
- Amendments to IAS 16 – Property, plant and Equipment – Proceeds before intended use (1st January 2022)
- Amendments to IAS 37 – Onerous contracts – Cost of fulfilling a contract (1st January 2022)

Standards issued but not yet effective

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

- IFRS 17 - Insurance Contracts (1st January 2023)
- Amendments to IAS 1 – Classification of liabilities as current or non-current (1st January 2024)
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies (1st January 2024)
- Amendments to IAS 8 – Definition of Accounting Estimates (1st January 2023)
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (1st January 2023)

The group is evaluating the Amendment to IAS 1 and IFRS Practice Statement 2 and how and if this will 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.

Capitalisation 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 that 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 asset is 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 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 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-premise SAP solutions ("AMO"). The AMO services are generally of a recurring nature, and much of the services are based on long-term customer relationships.

For internal reporting and management purposes the financial information is 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 total cost in the period for the acquisition of assets that have an expected useful life of more than one year.

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)	(786 558)
EBITDA	108 221	29 273	(5 635)	(25 675)	106 184
Depreciation and amortisation	(43 994)	(9 281)	(63)	(29 151)	(82 489)
EBIT	64 227	19 992	(5 698)	(54 826)	23 695
Net financial income/(expenses)				(40 102)	(40 102)
Income tax				(6 295)	(6 295)
Profit for the period	64 227	19 992	(5 698)	(101 223)	(22 702)
Cash flow from investing activities					(39 163)

2021

(NOK 1000)	Managed Services	Professional Services	APAC	Gr.Ovhd & Unallocated	Total
Revenue, external	529 685	245 580	-	-	775 265
Operating expenses	(428 087)	(218 921)	-	(26 314)	(673 323)
EBITDA	101 598	26 659	-	(26 314)	101 942
Depreciation and amortisation	(39 598)	(8 717)	-	(31 042)	(79 357)
EBIT	62 000	17 942	-	(57 356)	22 586
Net financial income/(expenses)				(7 571)	(7 571)
Income tax				(2 203)	(2 203)
Profit for the period	62 000	17 942	-	(67 130)	12 812
Cash flow from investing activities					(14 345)

Geographic information

The Group's operations are carried out in several countries, and information regarding revenue based on geography based on geography per segment, where revenue in APAC has been included in the Professional

Services (PS) segment, 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.

	2022				2021			
	MS	PS	NOK 1000	as % of total	MS	PS	NOK 1000	as % of total
Norway	198 785	1 067	199 852	22%	199 415	1 460	200 875	26%
Northern Europe, excluding Norway	263 341	3 150	266 491	30%	218 728	2 318	221 046	29%
Central Europe	160 714	213 968	374 682	42%	100 083	214 457	314 540	41%
UK & Ireland	21 952	24 902	46 854	5%	11 555	27 249	38 804	5%
APAC	-	4 863	4 863	1%	-	-	-	0%
Total	644 792	247 950	892 742	100%	529 781	245 484	775 265	100%

Information about major customers

	2022		2021	
	as % of total	NOK 1000	as % of total	NOK 1000
Largest customer	10%	89 591	11%	88 720
5 largest customers	22%	197 362	24%	182 348
10 largest customers	34%	302 994	36%	281 054
20 largest customers	50%	441 600	54%	416 086

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

Note 3 – Revenue from contracts with customers

Disaggregated revenue information

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

Contract balances

(NOK 1000)	Note	2022	2021
Trade receivables	12	191 715	141 397
Customer project assets		135 359	94 799
Customer project liabilities		(103 744)	(66 452)

Trade receivables are non-interest bearing and are on general terms from 14 to 90 days credit. In 2022 NOK 125k (2021: NOK 234k) 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

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

Movements in customer project liabilities through the period:

(NOK 1000)	2022	2021
Opening balance 1 January	94 799	78 246
Cost capitalised	67 771	51 350
Amortisation	(31 638)	(29 874)
Currency	4 427	(4 923)
Customer projects assets	135 359	94 799

Movements in customer project liabilities through the period:

(NOK 1000)	2022	2021
Opening balance 1 January	(66 452)	(50 256)
Revenue deferred	(62 134)	(41 356)
Revenue recognised	20 807	21 701
Currency	4 035	3 458
Customer project liabilities	(103 744)	(66 453)

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 are typically not limited on customer-initiated transactions while transition and change projects can be limited. The transaction price

is distributed over the time the services has been rendered.

Remaining performance obligation

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)	2022	2021
Salary	416 264	357 333
Bonus	18 719	19 452
Social security tax	61 387	55 823
Pension costs (see note 17)	21 841	18 480
Share based payments (see note 22)	8 627	5 749
Other personnel expenses	14 992	11 906
Capitalised to internal development projects	(14 540)	(11 444)
Capitalised to customer project assets	(43 466)	(42 777) *
Total personnel expenses	483 824	414 522

*Reclassification 2021: Costs relating to customer projects performed by external consultants have been reclassified from personnel expenses to other operating costs with NOK 8.5 million

	2022	2021
Average number of employees	959	811
Average number of FTEs	884	733

See note 20 for transactions with related parties.

Note 5 – Other operating expenses

(NOK 1000)	2022	2021
External consultants for customer projects	97 214	95 287 *
External services	32 692	21 054
IT and telecom	41 706	37 516
Office premises	14 762	8 930
Travel and accomodation	15 096	7 910
Freight, postage etc.	11 532	6 506
Marketing	7 382	5 121
Audit & Accounting	4 691	5 154
Other expenses	(2 537)	3 836
Total other operating expenses	222 538	191 314

*Reclassification 2021: Costs relating to customer projects performed by external consultants have been reclassified from personnel expenses to other operating costs with NOK 8.5 million

(NOK 1000)	2022	2021
Auditors fee		
Auditor fee	3 231	2 559
Fee for tax services	668	458
Other attestation services	-	142
Other fees	350	-
Total	4 249	3 159

Note 6 – Finance income and finance expenses

(NOK 1000)	2022	2021
Interest income on bank accounts and receivables	304	99
Currency gain	6 028	19 988
Other financial income	1 232	1 372
Finance income	7 564	21 459
Interest expense on financial liabilities measured at amortised cost	18 522	17 625
Currency loss	21 079	5 685
Interest expense on leasing	2 237	1 281
Other financial expenses	5 829	4 440
Finance expenses	47 667	29 031
Net financial items	(40 103)	(7 572)

Note 7 – Income Taxes

(NOK 1000)	2022	2021
Tax paid / payable	(12 991)	(8 917)
Changes in deferred taxes	6 696	6 714
Tax expense	(6 295)	(2 203)
Effective tax rate:		
(NOK 1000)	2022	2021
Ordinary profit before tax	(16 407)	15 014
Tax at Zalaris ASA's statutory tax rate of 22 %	3 610	(3 303)
Effect of different tax rates and impact of changes in rates and legislation	280	3 607
Non tax deductible costs and other permanent differences	73	(2 386)
Losses not recognised as deferred tax assets	(9 773)	-
Adjustments in respect of prior years and other adjustments	(485)	-
Tax expense	(6 295)	(2 203)
Effective tax rate	-38,4 %	14,7 %
Tax payable in balance sheet:		
(NOK 1000)	2022	2021
Calculated tax payable	3 270	2 550
Total income tax payable	3 270	2 550
Specification of tax effects of temporary differences:		
(NOK 1000)	2022	2021
Property, plant, equipment and immaterial assets	66 678	82 557
Other differences	(3 393)	(3 155)
Tax losses carry forward	(114 189)	(99 028)
Total temporary differences	(50 904)	(19 626)
Deferred tax:		
(NOK 1000)	2022	2021
Total deferred tax assets	29 837	26 999
Total deferred tax liability	23 899	26 836
Net recognised deferred tax/(liability) 22 %	5 938	163

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 has an uncapitalised tax asset in the holding company of NOK 9.8 million. The tax loss carried forward relating to uncapitalised tax asset is NOK 44.4 million.

The Group has tax losses, which have arisen in Norway, of NOK 144.4 million as of 31 December 2022 that has no expiration date (NOK 101.9 million).

As of 31 December 2022 the Group has deferred tax liabilities of NOK 4.8 million on excess values in connection with the acquisition of vyble GmbH.

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 2022 and 31 December 2021 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)	2022	2021
Net profit/(loss) attributable to ordinary equity holders of the parent	(38 720)	12 812
Weighted average number of shares	21 594 586	21 293 532
Weighted average diluted number of shares	21 594 586*	22 736 146
Basic earnings per share (NOK)	(1,79)	0,60
Diluted earnings per share	(1,79)	0,56

* 2 126 541 shares (employee share options) are not included in average diluted number of shares as the company is presenting 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
Acquisition cost						
At 1st January 2021	38 473	99 931	11 068	106 178	160 418	416 068
Additions through acquisitions	936	2 006	14 509	-	-	17 451
Additions of the year	17 153	-	-	17 632	33 368	68 153
Disposals of the year	(19 889)	(25 974)	(4 627)	-	-	(50 490)
Reclassifications	-	13 615	(13 615)	-	-	-
Currency effects	(1 978)	(1 124)	1 258	(2 948)	(5 943)	(10 735)
At 31 December 2021	34 695	88 454	8 593	120 862	187 843	440 447
Additions through acquisitions	6 975	-	-	-	2 045	8 841
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
At 31 December 2022	37 437	97 901	20 841	125 956	195 834	477 969

(NOK 1000)	Licenses and software	Internally developed software	Internally developed software under construction	Customer Relationships & Contracts	Goodwill	Total
Amortisation						
At 1st January 2021	35 561	62 488	-	37 705	-	135 754
Disposals of amortisation and currency effects	(19 880)	(25 562)	-	-	-	(45 442)
Acquisitions	17 632	-	-	-	-	17 632
This year's ordinary amortisation	479	16 981	-	11 836	-	29 296
Miscellaneous	-	(1 602)	-	(1 146)	-	(2 748)
Currency effects	(950)	(339)	-	(739)	-	(2 028)
At 31 December 2021	32 842	51 966	-	47 656	-	132 464
Disposals of amortisation	(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
At 31 December 2022	36 497	64 289	-	62 208	-	162 994
Net book value						
At 31 December 2021	1 853	36 488	8 594	73 206	187 843	307 983
At 31 December 2022	940	33 612	20 841	63 748	195 834	314 975
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 110.6 million of the goodwill relates to Managed Services and NOK 77.3 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 2023 to 2027, 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
- Discount rate

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

A conservative growth assumption of 1.5% (2021: 1.5%) is applied in the terminal value,

which is slightly below the inflation targets for the markets in which the Group operates.

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

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

2021

 Managed Services
 Headroom sensitivity analysis in NOK million

		Weighted average cost of capital				
		6,0%	7,0%	8,0%	9,0%	10,0%
Percentage change in EBITDA	-20,0%	477	312	198	114	50
	-10,0%	719	510	365	259	178
	0,0%	961	708	533	404	306
	10,0%	1202	905	700	549	434
	20,0%	1444	1103	867	694	561

 Professional Services
 Headroom sensitivity analysis in NOK million

		Weighted average cost of capital				
		5,3%	6,3%	7,3%	8,3%	9,3%
Percentage change in EBITDA	-20,0%	537	391	295	227	177
	-10,0%	663	491	378	298	239
	0,0%	790	591	461	369	300
	10,0%	916	691	544	440	362
	20,0%	1042	792	627	510	424

Note 10 – Property, Plant and Equipment

(NOK 1000)	Land	Buildings	Vehicles	Furniture and fixtures	IT- equipment	Total
Acquisition cost						
At 1st January 2021	3 942	25 276	554	18 888	8 422	57 082
Additions through acquisition	-	28	-	3 500	-	3 528
Additions of the year	-	-	-	381	1 251	1 632
Disposals of the year	-	-	(473)	(3 093)	(2 042)	(5 608)
Currency effects	(183)	(1 173)	(26)	(228)	(82)	(1 692)
At 31 December 2021	3 759	24 131	55	19 448	7 549	54 942
Additions through acquisitions	-	-	-	-	-	-
Additions of the year	-	-	-	1 495	4 189	5 684
Disposals of the year	-	-	(57)	(4 879)	(2 085)	(7 021)
Miscellaneous	-	-	-	(1 097)	1 097	-
Currency effects	211	1 351	2	624	325	2 513
At 31 December 2022	3 970	25 482	-	15 591	11 075	56 118

(NOK 1000)	Land	Buildings	Vehicles	Furniture and fixtures	IT- equipment	Total
Depreciation						
At 1st January 2021	-	1 559	539	15 358	7 109	24 565
Accumulated depreciation at closing on additions through acquisitions	-	(19)	-	(3 402)	-	(3 421)
Disposals of ordinary depreciation	-	-	(473)	(3 093)	(2 042)	(5 608)
This year's ordinary depreciation	-	521	15	8 026	1 124	9 686
Currency effects	-	(72)	(25)	165	(201)	(133)
At 31 December 2021	-	1 989	56	17 054	5 990	25 089
Disposals of ordinary depreciation	-	-	(57)	(4 563)	(2 012)	(6 632)
This year's ordinary depreciation	-	489	-	999	2 419	3 907
Miscellaneous	-	-	-	(1 096)	1 096	-
Currency effects	-	133	2	413	119	667
At 31 December 2022	-	2 611	1	12 807	7 612	23 031
Net book value						
At 31 December 2021	3 759	22 144	(1)	2 394	1 559	29 856
At 31 December 2022	3 970	22 871	(1)	2 784	3 463	33 087
Economic life	indefinite	50 years	3 years	5 years	3 years	
Depreciation method	none	linear	linear	linear	linear	

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

Zalaris as a lessee

Right-of-use assets

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

Right-of-use assets (NOK 1000)	Buildings	Equipment	Vehicles	Total
Acquisition cost				
At 1 January 2021	51 490	4 329	6 991	62 810
Additions and adjustments	18 929	308	5 617	24 854
Disposals	(220)	-	(160)	(380)
Currency changes	(630)	22	238	(370)
31 December 2021	69 569	4 659	12 686	86 914
Additions and adjustments	35 301	1 542	1 833	38 676
Disposals	(1 812)	-	-	(1 812)
Currency changes	243	24	-	267
At 31 December 2022	103 301	6 225	14 519	124 045

Right-of-use assets

(NOK 1000)	Buildings	Equipment	Vehicles	Total
Depreciation				
At1 January 2021	32 361	3 055	5 617	41 033
Depreciation	13 618	343	2 153	16 114
At 31 December 2021	45 979	3 398	7 770	57 147
Depreciation	14 325	748	3 253	18 326
Currency	37	8	163	208
At 31 December 2022	60 341	4 154	11 186	75 681
Carrying amount at 31 December 2021	23 588	1 261	4 916	29 765
Carrying amount at 31 December 2022	42 960	2 071	3 332	48 363

Lease liabilities

(NOK 1000)	2022	2021
Current	17 783	14 423
Non-current	32 328	16 445
Lease liabilities at 31 December 2022	50 111	30 868

Interest expense included (in finance cost)	2 237	1 281
Operating expenses related to short-term leases	-	160
Operating expenses related to low value assets	10	122
Total cash outflows for leases	20 121	17 048

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)	2022	2021
Gross trade accounts receivable	191 839	141 634
Provisions for losses	(125)	(237)
Trade accounts receivable	191 714	141 397

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

Movements in the provision for loss are as follows:	2022	2021
Opening balance	(237)	(350)
Provision of the year	(41)	(46)
Realised loss this year	153	159
Closing balance	(125)	(237)

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	148 809	32 500	6 680	1 360	2 490	191 839
Expected credit losses	0,03%	0,16%	0,19%	0,20%	0,20%	
Expected credit loss allowance	52	53	13	3	5	125

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 2022	191 715	148 795	32 500	6 680	1 365	2 375
31 December 2021	141 397	116 216	18 430	2 222	487	4 043
Expected credit loss allowance	52	53	13	3	5	125

Note 13 – Other Current Assets

(NOK 1000)	2022	2021
Advances to employees	1 352	341
Prepaid rent	903	550
Prepaid hardware	1 437	-
Prepaid software	1 193	558
Prepaid insurance	943	830
Prepaid other expenses	1 252	2 041
Prepaid maintenance and service	796	1 539
Accrued income	25 625	8 070
Public duties and taxes	6 671	2 653
Other receivables	1 809	3 031
Deposit accounts	6 244	-
Total other short-term receivables	48 225	19 613

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

(NOK 1000)	2022	2021
Cash in hand and at bank - unrestricted funds	87 706	170 034
Deposit accounts - guarantee rent obligations - restricted funds	-	2 078
Employee withheld taxes - restricted funds	4 090	4 112
Cash and cash equivalents in the balance sheet continuing operations	91 796	176 224
Cash discontinuing operation	1 655	-
Cash and cash equivalents in the balance sheet continuing and discontinuing operations	93 451	176 224

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)	2022	2021
Customer deposits	94	1 318

Note 15 – Share Capital and Shareholder information and dividend

Shares	2022	2021
Shares - nominal value NOK 0,10	22 135 279	22 135 279
Total number of shares	22 135 279	22 135 279

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%
Skandinaviska Enskilda Banken AB	2 170 440	9,81%
Verdipapirfondet Alfred Berg Gamba	2 056 346	9,29%
J.P. Morgan Se	1 044 168	4,72%
Protector Forsikring ASA	1 001 663	4,53%
Vestland Invest AS	910 659	4,11%
Vpof Dnb Norge Selektiv	720 642	3,26%
Verdipapirfondet DNB SMB	608 479	2,75%
Verdipapirfondet Nordea Avkastning	507 705	2,29%
Verdipapirfondet Nordea Norge Plus	466 816	2,11%
Verdipapirfondet Nordea Kapital	367 540	1,66%
Tigerstaden Invest AS	351 700	1,59%
Ølja AS	349 650	1,58%
AS Mascot Holding	320 000	1,45%
Skandinaviska Enskilda Banken AB	300 000	1,36%
Næringslivets Hovedorganisasjon	283 217	1,28%
Harlem Food AS	265 533	1,20%
Taconic AS	262 040	1,18%
BSN AS	240 000	1,08%
Shares owned by the Company	540 693	2,44%
Others	6 476 506	29,26%
Total	22 135 279	100,00%

Equity and dividend

The General Meeting held on 20 May 2022, approved a dividend of NOK 0.35 per share, amounting to NOK 7.6 million, which was paid in June 2022. The board will propose to pay a dividend for 2022 of NOK 0.50 per outstanding share, which amounts to NOK 21.6 million, to be paid to the shareholders of the parent company, subject to the Company being in compliance with the incurrence test in the bond loan agreement. The Company has not accrued for the proposed dividend for 2022.

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)					2022			2021		
<i>Financial institution</i>	<i>Maturity</i>	<i>Duration</i>	<i>Interest rate</i>	<i>non-current</i>	<i>current</i>	<i>Total</i>	<i>non-current</i>	<i>current</i>	<i>Total</i>	
Oslo Stock Exchange*	Agreement	-	-	-	-	368 208	368 208	346 806	-	346 806
Commerzbank, Bank**	Bank loan	Dec 2031	14 years	1.3%	9 874	1 234	11 108	10 519	1 169	11 688
KfW Bank, Germany	Bank loan	Dec 2022	10 years	2,45 - 4 %	-	-	-	562	187	749
De Lage Landen Finans	Leasing	Jan 2028	5 years	7,05%	1 017	251	1 268	-	-	-
Interest-bearing debt and borrowings					10 891	369 693	380 584	357 887	1 356	359 243

*The bond loan was repaid in March 2023. 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.

Total loans

(NOK 1000)	2022			2021		
	<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 2022	30 869	359 243	390 112	22 896	377 077	399 973
Additions	39 363	-	40 714	24 102	-	25 020
Payments 2022	(20 121)	(2 650)	(23 022)	(17 048)	(1 919)	(18 967)
Currency changes	-	23 990	23 990	918	(15 914)	(15 914)
At 31 December 2022	50 110	380 583	431 794	30 868	359 244	390 112

Guarantees and commitments

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

The Company is a certified SAP BPO partner. SAP BPO Partners offer the full stack of business process outsourcing services based on SAP SF and SAP HCM business applications. Certified providers undergo a rigorous assessment of their delivery and support capabilities every two years by SAP's outsourcing partner certification group. The agreement involves commitments for future purchases of licenses and maintenance fees amounting to NOK 21.6 million (NOK 25.9 million).

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

The pension expenses equal the calculated contribution for the year and is NOK 4.4 million (NOK 5.3 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 premium paid during 2022 was 2.6% of salary between 1 G and 7.1 G. 1G equals NOK 111.5k as of 31 December 2022 (NOK 106.4k).

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 28 people end of the year. Finland has a defined contribution plan for all its employees, a total of 45 employees. Sweden has a defined contribution plan for all employees, a total of 54 employees. UK has a

defined contribution plan for all employees, a total of 40 employees. Germany has defined contribution plan for executive employees.

Total expenses recognised related to pension in 2022 amounted to NOK 21.8 million (NOK 18.5 million).

Note 18 – Other Short-Term Liabilities

(NOK 1000)	2022	2021
Prepayments from customers*	18 711	9 474
Wages, holiday pay and bonus	26 139	21 632
Accrued expenses and other current liabilities	47 153	42 815
Total	92 003	73 921

* 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				
2022	Financial assets at amortised cost	Fair value through profit or loss	Financial liabilities at amortised cost	Total book value
(NOK 1000)				
Financial assets				
Trade accounts receivable			191 715	191 715
Other short-term receivables	41 981			41 981
Cash and cash equivalents	91 796			91 796
Total	331 736	-	-	331 736
Financial liabilities at amortised cost				
Contingent considerations		659		659
Borrowings, long term			10 891	10 891
Borrowings, short term			369 693	369 693
Trade accounts payables			45 407	45 407
Other short-term debt			92 003	92 003
Total	-	659	517 994	518 653

2021	Financial assets at amortised cost	Fair value through profit or loss	Financial liabilities at amortised cost	Total book value
(NOK 1000)				
Financial assets				
Trade accounts receivable	141 397			141 397
Other short-term receivables	19 614			19 614
Cash and cash equivalents	176 224			176 224
Total	337 235	-	-	337 235
Financial liabilities at amortised cost				
Derivatives, Interest rate swaps		249		249
Contingent considerations		4 065		4 065
Borrowings, long term			357 887	357 887
Borrowings, short term			1 356	1 356
Trade accounts payables			18 257	18 257
Other short-term debt			73 921	73 921
Total	-	4 314	451 421	455 735

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.

In 2022 the Group realised a gain of NOK 0.8 million (2021 NOK 0.0) on fair value through profit and loss.

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 35 million (ref. Note 16), which has an interest rate equal to the 3 months Euribor plus 4.75%. Any +0.5 percentage point increase in the 3 months Euribor would increase the Group's annual interest expense by approximately NOK 1.9

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 2022 the Company has a Euro-based bond loan of EUR 35 million. Per 31 December 2022 the Company had an unrealised currency loss amounting to NOK 44,7 million (2021 NOK 25.1 million) related to this loan. Otherwise, the Group has limited exposure to currency risk from assets and liabilities recognised as of 31 December 2022 that are denominated in currencies other than the functional currency of the Group entities. As of 31 December 2022 the Group has currency exposure from EUR, DKK, INR,

SEK, GBP, CHF and PLN. It is mainly the EUR exchange rate that constitutes a currency risk for the Company. A +/-5% change in the exchange rate of EUR vs NOK would have resulted in a finance gain/loss pre-tax of approximately NOK 17.7 million, with most of the potential loss/gain related to the EUR 35 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 located in several jurisdictions and industries and operate in largely independent markets.

Liquidity risk

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

maintaining enough cash and the availability of appropriate funding.

The table below details the contractual maturities for the Group's financial liabilities.

NOK 368.2 million of the short-term borrowings

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 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
Total liabilities	49 765	456 409	52 908	9 022	568 104

Per 31 December 2021

(NOK 1000)	Less than 3 months	3 to 12 months	1 to 5 years	6 to 10 years	Total
Borrowings, long term			352 628	5 259	357 887
Borrowings, short term	330	1 027			1 357
Trade creditors and other short term liabilities	18 257	64 447	9 474		92 178
Leasing IFRS 16	3 588	10 764	16 517		30 869
Total liabilities	22 175	76 238	378 619	5 259	482 291

of NOK 369.3 million relates to the bond loan repaid in March 2023. See note 25 for further information.

Capital management

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

The Company has a long-term equity ratio target of between 25 – 30%. The equity ratio as of 31 December 2022 was 18.1% (2021: 25.3%).

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.

In order to maintain or adjust the capital structure, the Company may issue new shares or obtain new loans.

Note 20 – Transactions with Related Parties

a) Purchase from related parties			
Related Party	Transaction	2022	2021
Rayon Design AS ¹⁾	Management Services	2 815	2 274
Total		2 815	2 274
1) Norwegian Retail AS, a company owned 100% by Hans-Petter Møllerud, CEO of Zalaris ASA, owns 40% of the shares in Rayon Design AS. All pricing is done on arm's length principle			
b) Remuneration to senior group management and the board			
(NOK 1000)		2022	2021
Short-term benefit		14 172	13 270
Pension benefits		783	758
Share-based payment		5 775	9 614
Total		20 730	23 642
Further details can be found in the annual remuneration report for 2022 published on 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 AG	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)	2022	2021
Restricted Stock Units	1 101	5 749
Employee share options	7 526	318
Accrued social security costs	(110)	1 444
Total recognised costs	8 517	7 511
Accrued payroll tax at the end of the period	118	643

Restricted stock units

The general meeting of Zalaris ASA held on 18 May 2021, 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 41,031 RSUs were granted in 2022 (2021: 18,041).

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	2022	2021
Outstanding at the beginning of the period	125 268	307 152
Granted	41 031	18 041
Released	(100 000)	(199 925)
Outstanding at the end of the period	66 299	125 268

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

The weighted average assumptions used	2022	2021
Expected life of RSUs (year)	3,00	3,00
Weighted average share price	47,00	66,00

Share Option Program

The general meeting of Zalaris ASA held on 18 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 807,000 options were granted in 2022 (2021: 971,500). The options were granted at an average exercise price of NOK 37.06 (2021: NOK 59.59).

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

	2022		2021	
	Number of options	WAEP (NOK)	Number of options	WAEP (NOK)
Outstanding at the beginning of the period	1 519 500	51,87	618 000	38,55
Granted	807 000	37,06	971 500	59,59
Terminated	(83 000)	51,02	(70 000)	41,41
Outstanding at the end of the period	2 243 500	46,57	1 519 500	51,87
Exercisable at the end of the period	-	-	-	-

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 2022 was NOK 11.12 per option (NOK 17.35). The following table lists the key inputs to the model used for the year ended 31 December:

The weighted average assumptions used	2022	2021
Expected volatility (%)	44,22	43,17
Risk-free interest rate (%)	2,97	0,92
Expected life of options (year)	3,2	3,0
Weighted average share price	34,78	58,70
Expected dividend	-	-

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 2022. As part of the program, Zalaris has sold 44,798 own shares to employees at a subscription price of NOK 20.28 per share for Norwegian employees and NOK 19.09 for non-Norwegian employees. The shares were transferred to the employees in February 2023. The subscription price was based on the volume-weighted average share price in the period between 18 November to 30 November 2022, less a 20 % discount. To receive the discount the shares have a 12 months lock-up period.

See Executive Remuneration Policy available at www.zalaris.com for detailed information on the Group's share based payment plan.

Note 23 – Acquisition

On 1 February 2022, the Group acquired 90% of the voting shares of vyble GmbH, a non-listed company based in Germany without previous activity. Subsequently vyble GmbH purchased assets from vyble AG, a payroll and HR solution start-up located in Rostock and Hamburg, Germany. vyble has a complete suite of Payroll and HR solutions delivered as Software as a Service (SaaS) targeting the SME market in Germany.

The company was acquired by free cash. The assets acquired were intangible assets at NOK 6.8 million, fixed assets at NOK 0.6 million and customer relations at NOK 1.9 million.

(NOK 1 000)	Amount
Estimated purchase consideration	11 317
Identified assets to fair value*	9 272
Goodwill**	2 045

* Whereof: customer contracts, deferred tax

** The acquired goodwill is not tax deductible and mainly relates to human relations

In addition an amount of NOK 0.3 million has been considered as obligation for payroll of employees terminating employment with the company.

The amount of the non-controlling interest is recognised with NOK 1.1 million. The acquired company is at the balance date not consolidated and both revenue, costs and assets and liabilities has been classified as discontinued operations held for sale.

The Group has elected to measure the non-controlling interests in the acquiree at fair value.

Following is a preliminary purchase prices analysis ("PPA") for the acquisition of vyble.

The goodwill is calculated on the basis of expected synergies between Zalaris' experience and technical solutions and vyble's market presence, and established customer

relations, in addition to the assembled workforce. The intangible assets in vyble are license costs posted at fair value. There are no contingent agreements. There are no transactions recognised separately from the acquisition of the assets and liabilities.

vyble GmbH was included in Zalaris' consolidated figures in Q1 2022. However it was in June 2022 decided to sell the company and hence it is shown as discontinued operations in the year-end figures of 2022. See note 24 – Discontinued operations for further details.

Note 24 – 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, established in January 2022, 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)	2022
Revenue	3 378
Operating expenses	23 992
Operating loss	(20 614)
Finance costs	167
Profit/(loss) before tax from discontinued operation	(20 781)
Tax expense	4 763
Profit/(loss) for the year tax from discontinued operation	(16 018)

The accumulated loss attributed to non-controlling interest NOK 1,6 million, which is also this years 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) Assets	2022
Intangible assets	9 628
Property, plant and equipment	11
Trade accounts receivable	1 089
Cash and cash equivalents	1 655
Total assets held for sale	12 383
Liabilities	
Creditors	1 500
Interest-bearing loans and borrowings	3 283
Liabilities directly associated with assets held for sale	4 783
Net assets directly associated with disposal group	7 600

The net cash flows incurred by vyble are as follows:

Cash flow	
(NOK 1000)	2022
Operating	(18 828)
Investing	(11 592)
Net cash outflow	(30 420)

Note 25 – Events After the Balance Sheet Date

Subsequent to year-end, the Company's bond loan of EUR 35 million (NOK 368.2 million) outstanding 31 December 2022 was repaid and replaced by a new bond loan of EUR 40 million. This new bond loan matures at the end of March 2028, with no down payments before maturity. Interest rate to be paid is 3 months Euribor plus 5.25% compared to 3 months Euribor plus 4.75% for the loan outstanding at the end of December 2022. Upon calling the previous bond loan unamortised transaction costs of NOK 1.2 million were expensed. The realised currency exchange loss relating to the bond loan repaid is NOK 15.5 million in 2023.

The new bond loan is valued at NOK 439.8 million, net of estimated transaction costs, based on the EUR/NOK exchange rate at 28 March 2023.

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



– Richard Cockbill
Director of IT at Marston's



“Zalaris PeopleHub is the solution of our choice. We’re delighted to have partnered with Zalaris to modernize our HR and payroll”



Parent Company Annual Accounts Report 2022 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	2022	2021
Other revenue	2	149 796	144 062
Total Revenue		149 796	144 062
Operating expenses			
License costs		45 469	45 719
Personell expenses	3	28 816	36 447
Other operating expenses	4	102 574	89 004
Amortisation intangible assets	5	13 703	14 639
Depreciation and impairments	6	281	233
Total operating costs		190 843	186 043
Operating profit		(41 047)	(41 981)
Financial items			
Financial income	15	38 379	41 277
Financial expenses	15	(44 602)	(22 011)
Unrealised foreign currency loss	14, 15, 16	(15 773)	15 867
Net financial items		(21 996)	35 134
Ordinary profit before tax		(63 043)	(6 848)
Income tax expense			
Tax expense on ordinary profit	7	-	(2 011)
Total tax expense		-	(2 011)
Profit for the year		(63 043)	(4 836)
Attributable to:			
Other Equity		(63 043)	(4 836)

BALANCE SHEET at 31 December

(NOK 1000)	Note	2022	2021
ASSETS			
Non-current assets			
Intangible assets			
Deferred tax asset	7	22 934	22 934
Other intangible assets	5	40 155	39 399
Total intangible assets		63 089	62 332
Fixed assets			
Property, plant and equipment	6	1 068	95
Total fixed assets		1 068	95
Financial non-current assets			
Shares in subsidiaries	8	277 189	273 621
Total financial non-current assets		277 189	273 621
Total non-current assets		341 346	336 049
Current assets			
Prepayments		3 631	2 508
Other short-term receivables	9	4 775	1 213
Other short-term receivables to group companies	9	127 940	113 830
Cash and cash equivalents	10	58 149	148 466
Total current assets		194 496	266 017
TOTAL ASSETS		535 842	602 066

Oslo, 13 April 2023

 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

BALANCE SHEET at 31 December

(NOK 1000)	Note	2022	2021
EQUITY AND LIABILITIES			
Equity			
Paid-in capital			
Share capital		2 159	2 185
Other paid in equity		10 038	3 657
Share premium		141 898	157 370
Total paid-in capital		154 095	163 211
Other equity		(137 820)	(67 220)
Total earned equity		(137 820)	(67 220)
Total equity		16 275	95 991
Non-current liabilities			
Interest-bearing loans and borrowings	16	1 016	346 806
Total long-term debt		1 016	346 806
Current liabilities			
Trade accounts payable		17 941	4 479
Interest-bearing loans	16	368 459	-
Interest-bearing loans group companies	16	113 912	133 784
Short-term debt to group companies		7 465	4 845
Derivatives	14	-	249
Income tax payable	7	-	-
Public duties payable		2 249	1 951
Other short-term debt	17	8 524	13 960
Total short-term debt		518 550	159 269
Total liabilities		519 566	506 075
TOTAL EQUITY AND LIABILITIES		535 842	602 066

STATEMENT OF CASH FLOWS 1 January - 31 December

(NOK 1000)	Note	2022	2021
Cash flows from operating activities			
Ordinary profit before tax		(63 042)	(6 847)
Net financial items		(16 361)	(21 063)
Amortisation and depreciation		13 983	14 873
Changes in trade accounts receivable and payables		13 462	(4 870)
Changes in other accruals		1 097	(30 033)
Stock purchase program		5 215	(836)
Interest received		5 776	2 128
Interest paid		(19 248)	(17 669)
Net cash flows from operating activities		(59 118)	(64 318)
Cash flows from investing activities			
Purchases of Intangible assets and property, plant and equipment		(15 713)	(9 998)
Purchase and investment in subsidiary	8	(121)	7 079
Net cash flows from investing activities		(15 834)	(2 919)
Cash flows from financing activities			
Group contribution and dividends from subsidiaries		30 961	37 275
Own shares		(17 768)	6 258
Issuance of new shares		-	115 706
Revolving credit		(19 872)	66 400
Paid dividend payment		(7 558)	(19 639)
Net cash flows from financing activities		(14 237)	206 001
Net changes in cash and cash equivalents		(89 188)	138 764
Net foreign exchange difference		(1 128)	(671)
Cash and cash equivalents at the beginning of the year		148 466	10 373
Cash and cash equivalents at the end of the year		58 150	148 466

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
Equity at 01.01.2021	2 013	(50)	34 251	6 359	42 572	(44 060)	(1 488)
Income for the year			-	-	-	(4 836)	(4 836)
Paid dividend			-	-	-	(19 639)	(19 639)
Issue of share capital	201		115 505		115 706	-	115 706
Share based payments			-	5 679	5 679	-	5 679
Settlement of share based payments		8	1 858	(8 382)	(6 516)	-	(6 516)
Sale of own shares		16	6 730	-	6 746	489	7 235
Purchase of own shares		(2)	(975)	-	(977)	-	(977)
Other changes in equity			-	-	-	826	826
Equity at 31.12.2021	2 214	(29)	157 370	3 656	163 211	(67 220)	95 990
Income for the year			-	-	-	(63 042)	(63 042)
Paid dividend			-	-	-	(7 558)	(7 558)
Share based payments			-	5 215	5 215	-	5 215
Share based payments subsidiaries				3 447	3 447	-	3 447
Exercise of share based payments		10	2 271	(2 281)	-	-	-
Purchase of own shares		(35)	(17 743)	-	(17 778)	-	(17 778)
Equity at 31.12.2022	2 214	(55)	141 898	10 037	154 096	(137 820)	16 275

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 Hoffsvæien 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 2022 were approved in a board meeting on 13 April 2023.

1.1 The basis for the preparation of the financial statements

The financial statements of Zalaris ASA for the accounting year 2022 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.

Covid-19

All significant estimates and underlying assumptions to the accounting areas above have been reviewed in light of Covid-19. Zalaris has not experienced any major disruption to its operations or experienced significant financial effects due to Covid-19 in 2022. As a result,

Zalaris has not identified significant Covid-19 impact to the consolidated financial statements as of 31 December 2022.

Note 2 – Segment information

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

The company is providing shared services to its subsidiaries within accounting, IT solutions both for internal use and further customer deliveries and consulting services through the subsidiaries. Items that are not allocated are mainly sales activities, executive management,

HR, interest-bearing loans and other associated expenses and assets related to administration of the Group. The key management in the Company is the chief decision maker in the Group. The investing activities comprise total expenses in the period for the acquisition of assets that have an expected useful life of more than one year.

Geographic information

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

(NOK 1,000)	as % of total	2022	as % of total	2021
Norway	41%	61 651	44%	63 906
Sweden	18%	26 956	18%	25 946
Denmark	11%	16 840	11%	16 060
Finland	9%	13 212	9%	13 424
Germany	11%	15 893	8%	11 712
Latvia	3%	4 525	3%	4 263
UK	2%	3 079	2%	2 237
Poland	3%	5 200	3%	3 628
Other	2%	2 439	2%	2 886
Total	100%	149 795	100%	144 062

Note 3 – Personnel expenses

(NOK 1,000)	2022	2021
Salary	25 475	36 637
Social security tax	4 619	6 885
Pension costs (see note 12)	933	1 573
Share based payments	4 619	6 885
Capitalised development expenses	(15 878)	(9 769)
Other expenses	8 451	(2 485)
Total personnel costs	28 816	36 446

	2022	2021
Average number of employees	23	25
Average number of FTE	21	24

See note 13 for transactions with related parties.

Note 4 – Other operating expenses

(NOK 1,000)	2022	2021
External services	61 268	53 372
IT services and telecom	30 193	28 162
Office premises	4 039	2 356
Travel and transport	983	289
Postage and freight	46	37
Other expenses	6 045	4 788
Total other operating expenses	102 574	89 004

Auditors fee

(NOK 1000)	2022	2021
Auditor fee	1 969	1 850
Other attestation services	-	19
Other fees	904	295
Total, excl VAT	2 873	2 164

Note 5 – Other intangible assets

(NOK 1,000)	Licenses and software	Internally developed software	Internally developed software under construction	Total
Acquisition cost				
Accumulated 1 January 2021	25 297	87 110	10 851	123 258
Additions of the year	-	1 985	7 989	9 974
Disposals	(20)	(25 500)	(9)	(25 529)
Internal AUC reclassified	-	10 238	(10 238)	-
Accumulated 31 December 2021	25 277	73 833	8 593	107 703
Accumulated 1 January 2022	25 277	73 833	8 594	107 703
Additions of the year	-	4 750	9 709	14 459
Disposals	(227)	(3 594)	-	(3 821)
Internal AUC reclassified	-	6 467	(6 467)	-
Accumulated 31 December 2022	25 050	81 456	11 836	118 341
Depreciation				
Accumulated 1 January 2021	24 128	54 625	-	78 753
This year's ordinary amortisation	671	13 968	-	14 639
Disposals of amortisation	-	(25 088)	-	(25 088)
Accumulated 31 December 2021	24 799	43 505	-	68 304
Accumulated 1 January 2022	24 799	43 505	-	68 304
This year's ordinary amortisation	335	13 368	-	13 703
Disposals of amortisation	(227)	(3 594)	-	(3 821)
Accumulated 31 December 2022	24 907	53 279	-	78 186
Book value at 31 December 2021	478	30 328	8 593	39 399
Book value at 31 December 2022	143	28 177	11 836	40 156

Note 6 – Property, plant and equipment

(NOK 1,000)	Furniture and fixtures	IT-equipment	Total
Acquisition cost			
Accumulated 1 January 2021	3 001	891	3 892
Additions of the year	24	-	24
Disposals of the year	(22)	(395)	(417)
Accumulated 31 December 2021	3 003	496	3 499
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)
Accumulated 31 December 2022	774	544	1 318
Depreciations			
Accumulated 1 January 2021	2 923	665	3 588
This year's ordinary depreciation	46	188	234
Disposals of the year	(22)	(395)	(417)
Accumulated 31 December 2021	2 947	458	3 405
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)
Accumulated 31 December 2022	83	168	251
Book value at 31 December 2021	55	40	95
Book value at 31 December 2022	690	378	1 067

Note 7 – Income taxes

Income tax expense:		
(NOK 1,000)	2022	2021
Changes in previous years	-	(498)
Changes in deferred taxes	-	(1 514)
Tax expense/income	-	(2 012)

Tax payable in balance sheet:		
(NOK 1,000)	2022	2021
Ordinary profit before tax	(63 042)	(6 847)
Permanent differences	18 586	(32)
Change in temporary differences	2 031	2 889
Basis for tax payable	(42 425)	(3 990)
Tax payable	(9 334)	(878)

Reconciliation of effective tax rate:		
Ordinary profit before tax *	(63 042)	(6 847)
Calculated tax	(13 869)	(1 506)
Other permanent differences	4 096	(505)
Deferred tax not capitalised	9 733	-
Tax expense	-	(2 011)
Effective tax rate	0%	29%

Specification of tax effects of temporary differences:		
(NOK 1,000)	2022	2021
Property, plant and equipment	(5 651)	(5 422)
IFRS amortisation loan	1 352	3 155
Tax losses carry forward	(99 945)	(101 976)
Total temporary differences	(104 243)	(104 243)
Temporary differences not included in deferred tax assets	(44 424)	-
Total deferred tax assets	(22 934)	(22 934)
Total deferred tax liability	-	-
Net deferred tax	(22 934)	(22 934)

* Exclusive group contribution from subsidiaries

The company is utilising a government grant (skattefunn) on R&D that gives a net tax deduction, which in 2022 amounted to NOK 1.4 million (2021 NOK 0.8 million).

Note 8 – Overview of subsidiaries

Company	Consolidated	Location	Ownership
Zalaris Australia Pty Ltd	01/12/22	Sydney	100%
Zalaris Deutschland AG	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	Rīga	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 Magyarország 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%
Indirect owned subsidiaries			
ba.se service & consulting GmbH	03/08/21	Hagen	100%
Held for sale			
vyble GmbH*	N/A	Hamburg	90%

* vyble GmbH was acquired by the company in February 2022. See note 23 in the Group accounts for further information on acquisition and note 24 for information about vyble as discontinued operation.

Company	Other equity *	Share capital in local currency	Local currency	Number of shares	Nominal value per share	Carrying value	Equity	"Profit/(loss)"
Zalaris Australia Pty Ltd		-	AUD	100	1	1	-6 422	-4 463
Zalaris Deutschland AG		55	EUR	54 552	1	192 021	35 284	-5 728
Zalaris France SAS		1	EUR	1 000	1	10	-120	-102
Zalaris HR Services Denmark A/S		500	DKK	5 000	100	5 885	33 970	7 264
Zalaris HR Services España SL		4	EUR	3 600	1	37	-242	-277
Zalaris HR Services Estonia		3	EUR	2 500	1	2 418	3 121	91
Zalaris HR Services Finland OY		8	EUR	1 000	8	67	47 180	5 317
Zalaris HR Services Finland OY	2 450	-	EUR	-	-	23 036	0	0
Zalaris HR Services India Pvt Ltd		40 000	INR	4 000 000	10	5 433	9 756	1 700
Zalaris HR Services Ireland Ltd		-	EUR	100	1	-	900	974
Zalaris HR Services Latvia SIA		3	EUR	2 000	1	214	10 308	2 923
Zalaris HR Services Lithuania UAB		10	EUR	1 000	10	0	107	804
Zalaris HR Services Norway AS		100	NOK	1 000 000	-	981	42 867	760
Zalaris HR Services Sverige AB		300	SEK	3 000	100	9 900	49 760	8 094
Zalaris Magyarország Kft		3 000	HUF	1	3 000 000	82	82	0
Zalaris Polska Sp Z.o.o		5	PLN	100	50	12 701	16 357	6 175
Zalaris Singapore Pte Ltd		-	SGD	100	1	1	-429	-427
Zalaris UK Ltd		10	GBP	10 100	1	24 402	31 375	7 768
Total						277 189	273 854	30 873

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

Note 9 – Other short-term receivables

(NOK 1,000)	2022	2021
Receivables group companies	127 940	113 830
Other receivables	4 775	1 213
Total other short-term receivables	132 715	115 043

Note 10 – Cash and cash equivalents

(NOK 1,000)	2022	2021
Cash in hand and at bank - unrestricted funds	53 941	146 916
Deposit accounts - guarantee rent obligations	2 698	-
Employee withheld taxes - restricted funds	1 511	1 549
Cash and cash equivalents in the balance sheet	58 149	148 465

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

Note 11 – Share capital, shareholder information and dividend

Shares	2022	2021
Shares - nominal value NOK 0,10	22 135 279	22 135 279
Total number of shares	22 135 279	22 135 279

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 31.12.2022 are:

Shareholder	Number of shares:	% of total	Type of account
Norwegian Retail AS	2 891 482	13,06%	Ordinary
Skandinaviska Enskilda Banken AB	2 170 440	9,81%	Nominee
Verdipapirfondet Alfred Berg Gamba	2 056 346	9,29%	Ordinary
J.P. Morgan SE	1 044 168	4,72%	Nominee
Protector Forsikring ASA	1 001 663	4,53%	Nominee
Vestland Invest AS	910 659	4,11%	Nominee
Vpf Dnb Norge Selektiv	720 642	3,26%	Ordinary
Verdipapirfondet DNB SMB	608 479	2,75%	Ordinary
Verdipapirfondet Nordea Avkastning	507 705	2,29%	Ordinary
Verdipapirfondet Nordea Norge Plus	466 816	2,11%	Ordinary
Verdipapirfondet Nordea Kapital	367 540	1,66%	Ordinary
Tigerstaden Invest AS	351 700	1,59%	Ordinary
Ølja AS	349 650	1,58%	Ordinary
AS Mascot Holding	320 000	1,45%	Nominee
Skandinaviska Enskilda Banken AB	300 000	1,36%	Ordinary
Næringslivets Hovedorganisasjon	283 217	1,28%	Ordinary
Harlem Food AS	265 533	1,20%	Ordinary
Taconic AS	262 040	1,18%	Ordinary
Bsn AS	240 000	1,08%	Ordinary
Shares owned by the company	540 693	2,44%	
Others	6 476 506	29,26%	
Total	22 135 279	100,00%	

Dividend

The General Meeting held on 20 May 2022, approved a dividend of NOK 0.35 per share, amounting to NOK 7.6 million, which was paid in June 2022. The board will propose to pay a dividend for 2022 of NOK 0.50 per outstanding share, which amounts to NOK 21.6 million, to be paid to the shareholders of the parent company, subject to the Company being in compliance with the incurrence test in the bond loan agreement. The Company has not accrued for the proposed dividend for 2022.

Note 12 – Pensions

The Company is required to have an occupational pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon"). The Group's pension schemes satisfy the requirements of this law, and represents a defined contribution plan, with disability coverage. At the end of year there were 22 participants (24) in this defined contribution plan.

Expenses equals this year's calculated contribution and amounts to NOK 1.6 mill (NOK 1,27 mill). The scheme is administered by Storebrand.

Note 13 – Transactions with related parties

Purchase from related parties

Related Party	Transaction	2022	2021
Rayon Design AS1)	Management Services	2 815	2 274
Total		2 815	2 274

1) Norwegian Retail AS, a company owned 100% by Hans-Petter Møllerud, 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.

Note 14 – Financial instruments

2022

Financial instruments by category (NOK 1,000)	Loans and receivables	Fair value through profit or loss	Liabilities at amortised cost	Total book value
Financial assets				
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
Total	185 033	-	-	185 033

Financial liabilities

Borrowings, long term			1 016	1 016
Borrowings, short term, revolving credit			108 081	108 081
Borrowings, 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
Other short-term debt			8 524	8 524
Public duties payable			2 249	2 249
Total	-	-	513 735	513 735

2021

Financial instruments by category (NOK 1,000)	Loans and receivables	Loans and receivables	Loans and receivables	Total book value
Financial assets				
Other short-term receivables to group companies	113 830			113 830
Other short-term receivables		1 213		1 213
Cash and cash equivalents	148 466			148 466
Total	263 509	-	-	263 509
Financial liabilities				
Derivatives, Interest rate swaps		249	-	249
Borrowings, long term			346 806	346 806
Borrowings, short term, revolving credit			133 784	133 784
Other short-term debt to group company			4 845	4 845
Trade accounts payables			4 479	4 479
Other short-term debt			15 911	15 911
Total	-	249	505 826	506 075

Fair value of financial instruments

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

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

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

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

The fair value of the interest rate swap is determined by discounting expected future cash flows to present value through the use of observed market interest rates from Nordea. The interest swap was terminated in 2022, but the fair value measurement for interest swap at period-end 2022 using level 2 was NOK 0.2 million.

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. As described above, the company has entered swap arrangement to hedge its interest exposures arising from its debt obligations (ref. Note 16).

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is primarily exposed to foreign exchange risk arising from various currency exposures with respect to the USD, EUR and GBP in relation to its debt obligations as well as from certain commercial transactions. As described above, the company has entered swap arrangement to hedge its interest exposures arising from its debt obligations (ref. Note 16).

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

As of 31 December 2022, the Company has a bond loan listed on the Oslo Stock Exchange. Per 31 December the Company had an unrealised currency loss amounting to NOK 38 million related to this loan. Otherwise, the Group has limited exposure to currency risk from assets and liabilities recognised as of 31 December 2022 that are denominated in currencies.

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		476 541
Trade creditors and other short term liabilities	17 941	18 238		36 179
Total liabilities	17 941	494 778	1 016	513 735
Per 31 December 2021				
(Amounts in NOK 1,000)	Less than 3 months	3 to 12 months	1 to 5 years	Total
Borrowings, long term			346 806	346 806
Borrowings, short term	-	133 784		133 784
Trade creditors and other short term liabilities	4 479	20 756		25 236
Total liabilities	4 479	154 540	346 806	505 826

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.

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 15 – Financial items

(NOK 1,000)	2022	2021
Interest income on bank accounts and receivables	5 776	2 128
Group contribution	30 961	37 275
Foreign exchange gains	1 642	1 874
Finance income	38 379	41 277
Interest expenses	18 549	17 669
Foreign exchange loss	2 770	2 545
Impairment subsidiaries	20 159	-
Other financial expenses	3 124	1 797
Finance expenses	44 602	22 011
Unrealised foreign currency gain/(loss)	(15 773)	15 867
Net financial items	(21 996)	35 133

Impairment subsidiaries are relating to receivables from vyble GmbH.

Note 16 – Interest-bearing loans and borrowings

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	7,05%	1 016	251	1 267
Nordea Bank Norge ASA	Group cash pool				-	113 912	113 912
Interest-bearing debt and borrowings					1 016	482 371	483 387

2021

(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	346 806	-	346 806
Nordea Bank Norge ASA	Group cash pool				-	133 784	133 784
Interest-bearing debt and borrowings					346 806	133 784	480 590

* Bond loan , Oslo Stock Exchange

The Company secured a EUR 35 million bond loan registered on the Oslo Stock Exchange in September 2018. The bond has maturity on 29 September 2023 with no principal payments before maturity. Interest rate to be paid is 3 months Euribor +4.75%. The Company has deferred NOK 7.5 million in issuing costs (2 % of the bond loan), which are being amortised over the term of the loan. The balance at 31 December 2022 is NOK 1.4 million.

Subsequent to year-end the Company has secured a new bond loan of EUR 40 million

and repaid the bond loan outstanding at 31 December 2022. See note 19 for further details.

Assets Pledged as Security

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

Guarantees and Commitments

There are not issued any guarantees from the parent company on behalf of the Company against third parties. Nordea has pledged guarantee of NOK 7 mill against assets in Zalaris ASA as security for bank deposits.

The Company is a certified SAP BPO partner. SAP BPO Partners offer the full stack of business process outsourcing services based on SAP HCM business applications. Certified providers undergo a rigorous assessment of their delivery and support capabilities every

two years by SAP's outsourcing partner certification group. The agreement involves commitments for future purchases of licenses and maintenance fees amounting to NOK 20.1 million.

Note 17 – Other short term debt

(NOK 1000)	2022	2021
Wages, holiday pay and bonus	6 233	6 262
Accrued expenses and other current liabilities	2 291	7 698
Total	8 524	13 960

Note 18 – Share-based payment plan

Zalaris ASA (the “Company”) operates a share-based payment plan for members of the executive management and key employees. The share-based payment plan consists of a share option program and restricted stock units (“RSUs”).

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

(NOK 1000)	2022	2021
Restricted Stock Units	1 101	5 749
Employee share options	7 526	318
Accrued social security costs	(110)	1 444
Total recognised costs	8 517	7 511
Accrued payroll tax at the end of the period	118	643

Restricted stock units

The general meeting of Zalaris ASA held on 18 May 2021, gave the Board the authority to grant up to 135,000 RSUs annually to executive management, with matching requirements. Under this plan the executive management may convert up to 50% of approved bonuses to RSU's at a 100% higher value (e.g. NOK 50k of annual bonus is converted to NOK 100k worth of RSUs). The purpose of the RSUs is to further align the interests of the Company, its subsidiaries and its shareholders by providing long term incentives in the form of an own investment in the Company done by the participant and matching awards (the RSUs).

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

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

A total of 41,031 RSUs were granted in 2022, and the following table illustrates the number of RSUs outstanding:

Number of RSUs	2022	2021
Outstanding at the beginning of the period	125 268	307 152
Granted	41 031	18 041
Released	(100 000)	(199 925)
Outstanding at the end of the period	66 299	125 268

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

The weighted average assumptions used	2022	2021
Expected life of RSUs (year)	3,00	3,00
Weighted average share price	47,00	66,00

Share Option Program

The general meeting of Zalaris ASA held on 18 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 807,000 options were granted in 2022. The options were granted at an average exercise price of NOK 37.06.

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

	2022		2021	
	Number of options	WAEP (NOK)	Number of options	WAEP (NOK)
Outstanding at the beginning of the period	1 519 500	51,87	618 000	38,55
Granted	807 000	37,06	971 500	59,59
Terminated	(83 000)	51,02	(70 000)	41,41
Outstanding at the end of the period	2 243 500	46,57	1 519 500	51,87
Exercisable at the end of the period	-	-	-	-

The fair value of the share options is estimated at the grant date using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the share options were granted. The weighted average fair value of share options granted to employees during the period was NOK 11.12 per option (NOK 17.35). The following table lists the key inputs to the model used for the year ended 31 December:

The weighted average assumptions used	2022	2021
Expected volatility (%)	44,22	43,17
Risk-free interest rate (%)	2,97	0,92
Expected life of options (year)	3,2	3,0
Weighted average share price	34,78	58,70
Expected dividend	-	-

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 2022. As part of the program, Zalaris has sold 44,798 own shares to employees at a subscription price of NOK 20.28 per share to Norwegian employees and NOK 19.09 per share to non-Norwegian employees per share. The shares were transferred to the employees in February 2023. The subscription price was based on the volume-weighted average share price in the period between 7 December to 20 December 2022, 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 19 – Events after the balance sheet date

Subsequent to year-end, the Company's bond loan of EUR 35 million (NOK 368.2 million) outstanding 31 December 2022 was repaid and replaced by a new bond loan of EUR 40 million. This new bond loan matures at the end of March 2028, with no down payments before maturity. Interest rate to be paid is 3 months Euribor plus 5.25% compared to 3 months Euribor plus 4.75% for the loan outstanding at the end of December. See note 25 in Group statement for further details.

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

“Using the same tools internally that we sell to our customers is of great value”

– Hilde Karlsmyr
CHRO at Zalaris

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 fiscal year 2022 is based on the disposal in the Accounting Act No. 3-3b, as well as the disposal for Corporate Governance

Policy for Zalaris ASA, and was adopted by the Board of Directors on 26 April 2018:

1. Zalaris' corporate governance is in compliance with the Code of Practice.
2. The Code of Practice is available on www.nues.no
3. The Board of Directors has below made a statement of corporate governance and comments on any deviations are made under each chapter.
4. In chapter 10, the main elements of Zalaris' risk and internal control in the financial reporting process are described.
5. Zalaris has no shareholder decisions that expand or differ from the Norwegian Public Limited Liability Companies Act, chapter 5.
6. The composition of the Board, the remuneration committee, the nomination committee and the audit committee are described in chapter 7, 8 and 9. The main elements of their instructions and guidelines are described in chapter 8 and 9.
7. Shareholder decisions that regulate the election period for the Board of Directors are described in chapter 8.
8. Shareholder decisions and Board of Directors authorisations for issue of new shares or purchase of own shares are described in chapter 3.

1. Statement on Corporate Governance

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

The annual review of the Company's compliance with the Code of Practice was adopted on 13 April 2023.

2. Business

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

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

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

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

Considerations of sustainability are closely linked with the Company's activities and value creation. Please see Zalaris' ESG report, which is also available on www.zalaris.com.

Corporate ethics are about how we behave towards each other and the world around us. It relates to human rights, employee rights and social matters, the external environment, the prevention of corruption, the working environment, equal treatment discrimination,

and environmental impact. Everyone associated with Zalaris shall comply with the rules and guidelines that build on Zalaris' basic values. At Zalaris, we want everyone to contribute to a sound corporate culture.

Zalaris has issued a separate Remuneration Report which is available on 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.

3. Equity and Dividends

Equity

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

Zalaris' consolidated equity amounted to NOK 163.6 million as of 31 December 2022, which corresponds to an equity ratio of 18.1%.

Cash and cash equivalents were NOK 91.8 million as of 31 December 2022

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

Dividend Policy

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

The Board of Directors will propose that a dividend of NOK 0.50 per share is being paid for the financial year 2022, subject to the Company being in compliance with the incurrence test in the bond loan agreement.

Authorisations to Increase Share Capital

Authorisations granted to the Board to increase the Company's share capital shall be restricted to defined purposes. If the general meeting is to consider authorisations to the Board for the issuance of shares for different purposes, each authorisation shall be considered separately by the general meeting. Authorisations granted to the Board shall be limited in time to no longer than until the next annual general meeting.

At Zalaris' annual general meeting on 19 May 2022, pursuant to Section 10-14 of the Norwegian Public Limited Companies Act, the Board of Directors was granted an authorisation to increase the Company's share capital to NOK 221,353. The shareholders' preferential rights pursuant to Section 10-4 of the Norwegian Public Limited Companies Act can be deviated from.

The authorisation can be used at the Board's

discretion for the purpose of realising the Company's growth ambitions and for general corporate purposes.

The authorisation was limited until the earliest occurring date of either the ordinary general meeting in 2022 or 30 June 2022.

Authorisation to Purchase Own Shares

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

At Zalaris' annual general meeting on 29 May 2022, the Board of Directors was granted an authorisation 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 authorised to acquire and sell shares as the Board finds it appropriate. Acquisition can nevertheless not be done by subscription for shares.

The authorisation was limited until the earliest occurring date of either the ordinary general meeting in 2022 or 30 June 2022.

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 authorisation 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 organisation 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 19 May 2022 elected Bård Brath Ingerø (Leader), Ragnar Horn and Sven Thoren to the nominating committee for a period until the annual general meeting in 2023.

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 2022, 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 Germany, and experience from different industries like IT, finance, industrial and consulting, as well as competencies within organisation, management, finance, HR and marketing.

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

Board Independency

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

An overview of the shares owned by related parties as of 31 December 2022, including board members, is available in the Remuneration report for 2022.

9. The Work of the Board

General

The Board of Directors is responsible for the management of the Company, including the appointment of a Chief Executive Officer to assume the daily management of the Company. The Board members shall perform their duties in a loyal manner, attending to the interests of the Company, and ensure that its activities are 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 authorisations 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 2022, the Board of Directors held 14 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, authorisations and conditions for CEO.

Audit Committee

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

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

The committee shall meet as often as it shall determine, but not less frequently than in connection with the interim financial report

(four times per year), preparation of the annual report and the annual budget. The committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the committee or to meet with any members of, or any advisor or consultant to, the committee.

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

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

Members of the current audit committee are Adele 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 organisation'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 2022.

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 has monthly business reviews with each geographical region in which financial results for the region and their business units, status on key performance indicators in the customer deliveries, personnel

statistics and risk areas are presented and commented on by each regional manager. The target of these business reviews is to identify risks of deviation in all these areas, which can cause financial discrepancies to adopted targets as early as possible to be able to initiate actions to reduce potential risks at the earliest. The regional manager, business unit managers, CEO and CFO participate in these reviews.

Customer Satisfaction

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

11. Remuneration of the Board

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

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

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

Any remuneration in addition to normal fees to the members of the Board shall be specifically identified in the annual report. An overview of the remuneration for the Board for 2022 will be included in the remuneration report to be presented to the annual general meeting in 2023 for an advisory vote, and the report will also be published on 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 2023, and the policy will also be published on www.zalaris.com.

The main principles for determining salaries and other remuneration to the CEO and other executive personnel in Zalaris is that salaries shall be competitive and fair, and reflect local market conditions as Zalaris wants to attract and retain attractive leaders. Further, Zalaris should offer terms that encourage value creation for Zalaris and its shareholders, that promote loyalty to the Company and ensure the executive personnel and shareholders have convergent interests.

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

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

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

An overview of the remuneration for executive personnel for 2022 will be included in the remuneration report to be presented to the annual general meeting in 2023 for an advisory

vote, and the report will also be published on 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 time to publish all relevant information in a timely, correct, non-discriminatory and efficient manner to the market. All relevant information will be published on the Company's websites and on the website of the Oslo Stock Exchange.

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

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

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

14. Take-overs

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

The Board shall not attempt to prevent or impede the takeover bid unless this has been decided by the general meeting in accordance with applicable laws. The main underlying principles shall be that the Company's shares

shall be kept freely transferable and that the Company shall not establish any mechanisms which can prevent or deter takeover offers unless this has been decided by the general meeting in accordance with applicable law.

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

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

The Board shall consider whether to arrange a valuation from an independent expert. If any member of the Board, or close associates of such member, or anyone who has recently held a position but has ceased to hold such a position as a member of the Board, is either the bidder or has a particular personal interest in the bid, the Board shall arrange an independent valuation. This shall also apply if the bidder is a major shareholder (as defined in Section 8 herein). Any such valuation should either be enclosed with the Board's statement or reproduced/referred to in the statement.

15. Auditor

Zalaris is audited by EY.

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

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

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

The Board reports the remuneration paid to the auditor to the shareholders at the annual general meeting, including details of the fee paid for audit work and any fees paid for other specific assignments. An overview of the remuneration paid to the auditor is available in the financial statement note 5.



“We are unwaveringly committed to keeping all information safe and maintaining our customers’ trust”

– Halvor Leirvåg
CTO at 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 2022 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 2022, 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 a summary of significant accounting policies.

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 2022 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 2022 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting 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 21 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 2022. 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 2022 the Group recognized NOK 644.8 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 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 135.3 million as of 31 December 2022.

Costs capitalized as customer project assets are internal hours multiplied with 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 2022. 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.

Memo document key: 8280N-TX702-H5EH3-70076-EL-YEB-M00K7



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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 and fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's 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 skepticism throughout the audit. We also:

- 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,



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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-2022-12-31-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 the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL 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.



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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 iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL 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 2023
ERNST & YOUNG AS

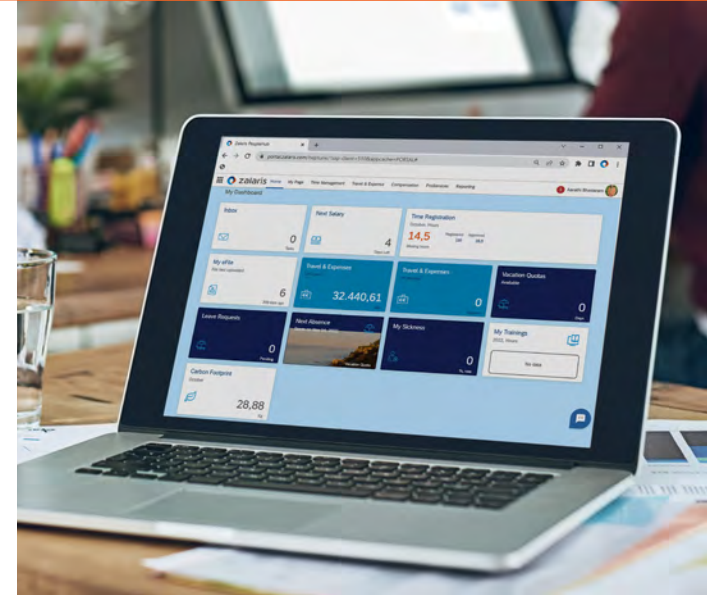
The auditor's report is signed electronically

Alexandra Bristol
State Authorised Public Accountant (Norway)

Permisje dokument key: 82830N-7X702-HSEFH-70076-ELYEB-M00K7

“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 2022, of which 540,693 were owned by the Company. A total of 7.4 million Zalaris shares were traded on the Oslo Stock Exchange ("OSE") during 2022, compared to 11.2 million in 2021. The total value the shares traded during 2022 was NOK 232 million, compared to NOK 650 million in the previous year. The average daily trading volume in Zalaris shares on the OSE during 2022 was 30k shares compared to 45k shares in 2021. Zalaris' share price closed at NOK 29.20 at the end of 2022.

Zalaris' shares are listed on the Oslo Stock Exchange.

Key Figures for Zalaris Share

Key figures						
(All figures in NOK unless stated)	2022	2021	2020	2019	2018	2017
Share price high (close)	54,60	72,80	53,20	27,60	58,20	58,50
Share price low (close)	20,70	49,60	22,00	19,90	25,20	33,00
Share price average (close)	36,03	58,06	36,35	23,63	40,55	44,62
Share price year-end	29,20	54,00	51,80	27,60	25,20	56,00
Earnings per share	(1,76)	0,60	(0,53)	(0,36)	(0,06)	(0,61)
Dividend per share	*1,00	0,35	1,00	0,00	0,00	0,65
(Figures in 1000)	2022	2021	2020	2019	2018	2017
Outstanding shares, average	21 595	21 294	19 647	19 729	20 030	19 637
Diluted** shares, average	23 721	22 736	20 301	20 123	20 177	20 265
Outstanding shares, year-end	21 595	21 847	19 620	19 568	20 030	20 030
Diluted** shares, year-end	23 904	23 492	20 505	20 196	20 177	20 230

* To be proposed by the Board of Directors for 2022, subject to the Company being in compliance with the incurrence test in the bond loan agreement.

** 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 propose a dividend of NOK 0.50 per share for the fiscal year 2022, subject to the Company being in compliance with the incurrence test in the bond loan agreement.

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 authorisations to be considered and approved by the Annual General Meeting. Authorisations are granted for a specific time period and for a specific share price interval during which share buybacks can be made. Zalaris has bought back 352,200 shares during 2022.

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 2022, the number of shareholders in Zalaris was 1,315, of which 94.3 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.

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 and CFO: Gunnar Manum: gunnar.manum@zalaris.com.

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VPS Registrar

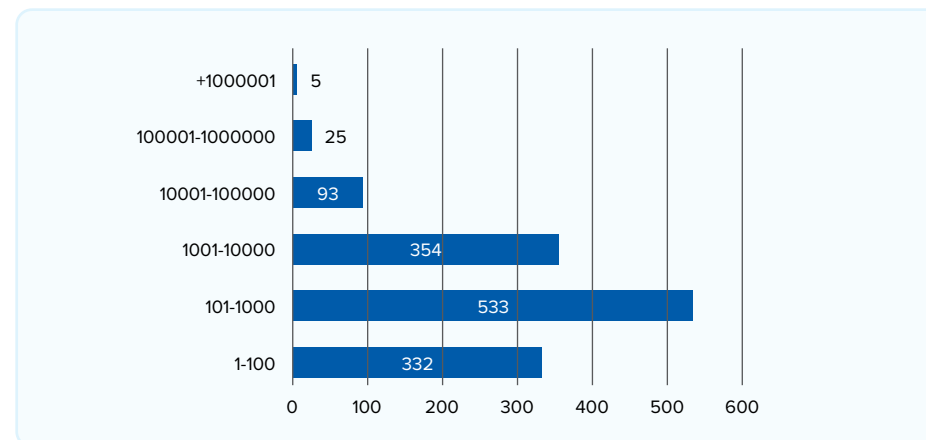
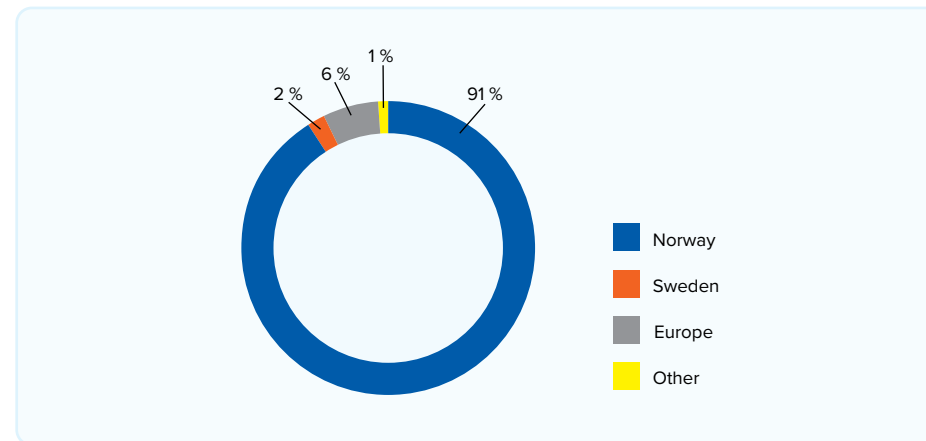
Nordea Bank Norway ASA
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Financial Calendar 2023

- Results Q1: 27 April 2023
- Annual General Meeting: 23 May 2023
- Results Q2: 24 August 2023
- Results Q3: 26 October 2023

As of 8 March 2023

Rank	Investor	Number of shares	Shareholding (%)	Type
1	NORWEGIAN RETAIL AS	2 891 482	13,06%	Ordinary
2	SKANDINAVISKA ENSKILDA BANKEN AB	2 170 458	9,81%	Nominee
3	VERDIPAPIRFONDET ALFRED BERG GAMBAK	2 056 346	9,29%	Ordinary
4	VERDIPAPIRFONDET DNB SMB	1 221 606	5,52%	Ordinary
5	J.P MORGAN SE	1 044 168	4,72%	Nominee
6	VESTLAND INVEST A/S	940 659	4,25%	Ordinary
7	VERDIPAPIRFONDET NORGE SELEKTIV	717 221	3,24%	Ordinary
8	VERDIPAPIRFONDET NORDEA AVKASTNING	507 705	2,29%	Ordinary
9	ZALARIS ASA	495 895	2,24%	Ordinary
10	AS MASCOT HOLDING	467 548	2,11%	Ordinary
11	ØLJA AS	414 650	1,87%	Ordinary
12	HEARTMAKERMUSIC AS	406 700	1,84%	Ordinary
13	VERDIPAPIRFONDET NORDEA KAPITAL	367 540	1,66%	Ordinary
14	TIGERSTADEN INVEST AS	350 000	1,58%	Ordinary
15	SKANDINAVISKA ENSKILDA BANKEN AB	300 000	1,36%	Nominee
16	HARLEM FOOD AS	295 533	1,34%	Ordinary
17	NÆRINGSLIVETS HOVEDORGANISASJON	283 217	1,28%	Ordinary
18	VERDIPAPIRFONDET NORDEA NORGE PLUS	265 054	1,20%	Ordinary
19	TACONIC AS	262 040	1,18%	Ordinary
20	BSN AS	240 000	1,08%	Ordinary
	Other shareholders	6 437 357	29,08%	
	Total number of shares	22 135 179	100,00%	
	The largest 20 shareholders (incl Zalaris)		70,92%	



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.

	2022	2021
(NOK 1 000)		
EBITDA	106 184	101 948
Restructuring costs*	-	275
Mergers & Acquisitions	-	7 677
Settlement of VAT dispute from 2018-2019	-	1 844
Cost incurred in establishing AMS centre in Poland	1 906	-
Share-based payments	8 706	5 723
Depreciation right-of-use assets (IFRS 16 effect)	(18 535)	(16 114)
Adjusted EBITDA	98 261	101 353

	2022	2021
(NOK 1 000)		
EBIT	23 695	22 585
Restructuring costs*	-	275
Mergers & Acquisitions	-	7 677
Settlement of VAT dispute from 2018-2019	-	1 844
Cost incurred in establishing AMS centre in Poland	1 906	-
Share-based payments	8 706	5 723
Amortisation of excess values on acquisition	11 935	11 469
Adjusted EBIT	46 242	49 574

*Relates mainly to redundancy costs/severance pay for employees

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 is 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.

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.

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

Revenue growth 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.

	2022	2021
Revenue growth, as reported	15,2 %	-2,2 %
Impact of foreign currency	1,3 %	3,2 %
Revenue growth, constant currency	16,5 %	1,0 %
Managed Services revenue growth, as reported	21,7 %	-2,7 %
Adj. for customers moved from MS to PS in Q2 2020	0,0 %	1,2 %
Impact of foreign currency	1,4 %	2,1 %
Managed Services revenue growth, constant currency	23,1 %	0,6 %
Professional Services revenue growth, as reported	-1,0 %	-1,0 %
Adj. for customers moved from MS to PS in Q2 2020	0,0 %	-2,6 %
Impact of foreign currency	1,3 %	5,3 %
Professional Services revenue growth, constant currency	0,3 %	1,7 %



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