

28th of February 2025

Zalaris ASA

Presentation of financial results

Q4 2024

25 years

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Agenda

Today's presenters

Highlights

Financial review

Outlook

Q&A

Appendix: Company in brief



Hans-Petter Mellerud
CEO and Founder



Gunnar Manum
CFO



Highlights

All time high revenue and adj. EBIT in Q4 2024



- ✓ **Strong growth:** Revenue increased **16.5% YoY** to **NOK 365 million** with **Net Revenue Retention in Managed Services of 104%**
- ✓ **High EBIT:** adj. EBIT of **NOK 47.4 million (13.1%)**, up from NOK 33.4 (10.7%) last year
- ✓ **Strong sales pipeline** in both Managed Services and Professional Services securing continued growth
- ✓ **Improved cash flow:** Operating cash flow of **NOK 57 million**, up from NOK 44 million last year
- ✓ The board will propose a **dividend of NOK 0.90 per share** for 2024
- ✓ The **strategic review process** announced in April last year is **still ongoing**

Positive development in sales continued in Q4



Global Payroll Outsourcing and SuccessFactors for **IONOS for 5,400 employees** in 25 locations, including Germany, Spain, the United Kingdom, Romania, France, the USA, Philippines, Poland, and Austria.



City of Osnabrück for the first Privat Public Cloud contract covering **3,200 employees**



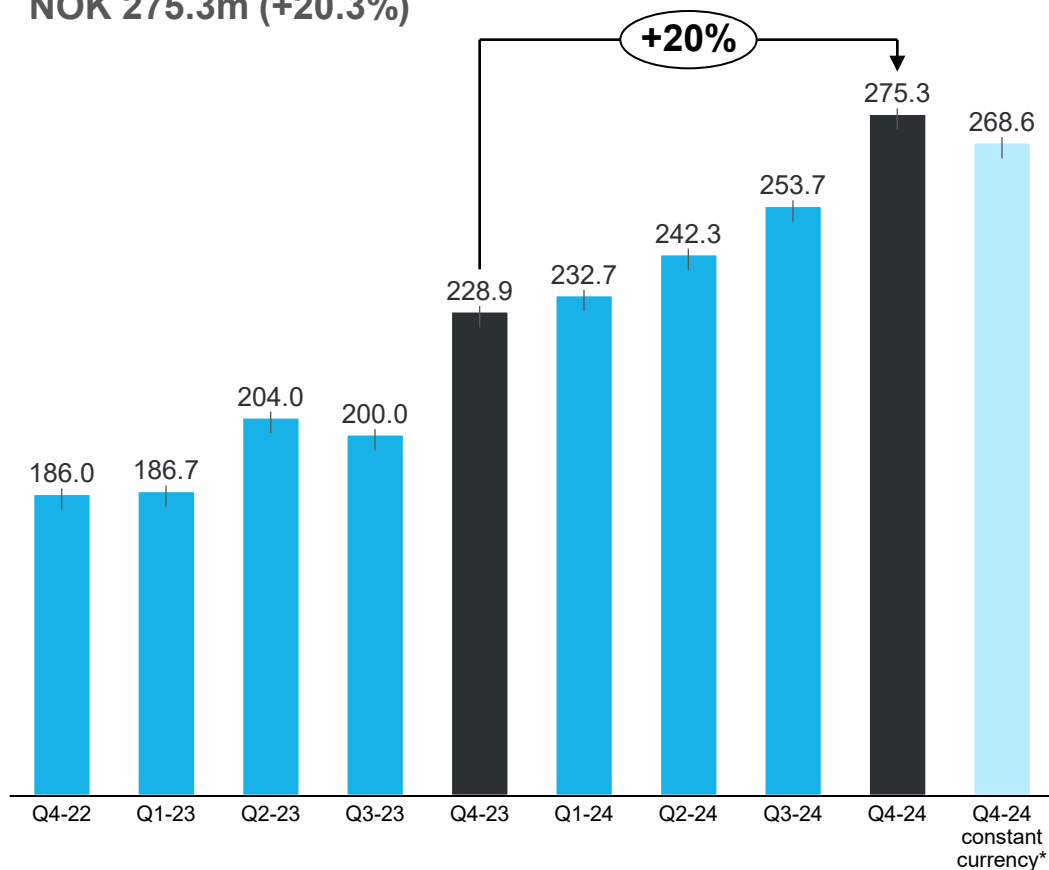
TechnipFMC UK for PeopleHub (SaaS) Payroll for up to **3,000 employees**



Highest Sales Quarter to date in APAC with closing of 37 deals and a total of EUR 2.6 Million sold.

Managed Services grew 20% YoY to MNOK 275 and 75% of total revenue.

Revenue Managed Services
NOK 275.3m (+20.3%)

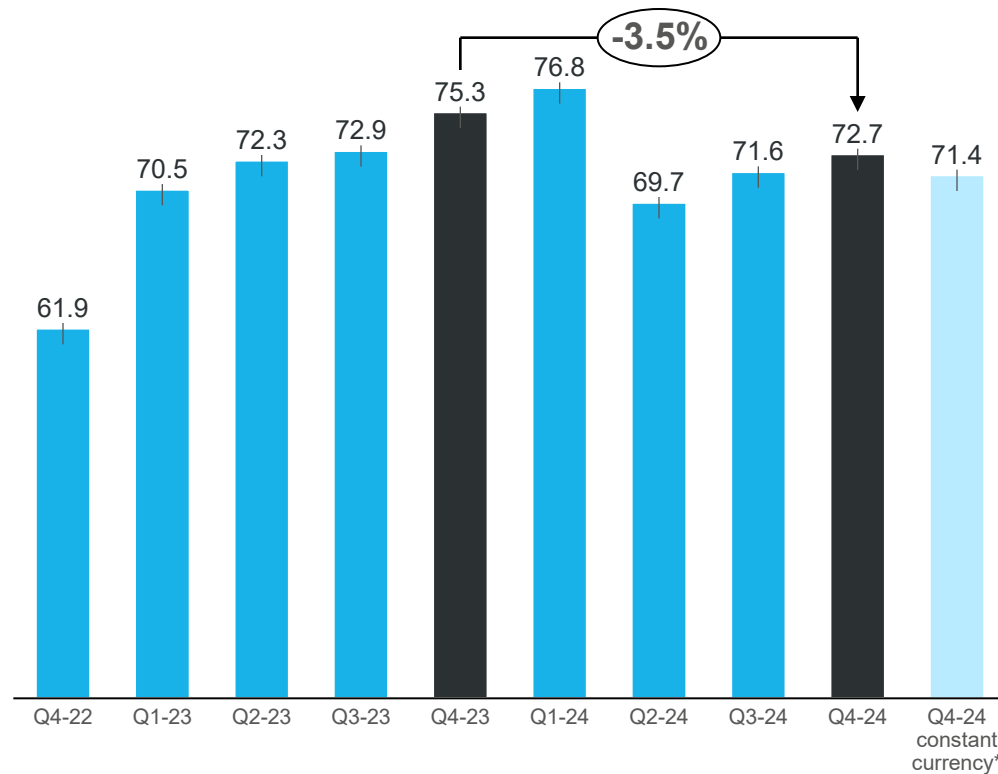


*Revenue in local currency converted to NOK using the avg. currency rate from the quarter last year. See the interim financial report for definitions of APMs

- ✓ **Revenue in Managed Services grew by 20.3% YoY** (+17.3% growth YoY when adj. for currency effects)
- ✓ **104% Net Revenue Retention** YoY in constant currency as existing customers expand their geographic footprint and functionalities
- ✓ **Significant growth in all regions in local currency.**
 - ✓ DACH: +25%
 - ✓ Northern Europe: +15%
 - ✓ UK&I: +7%

Consulting revenue was 3% lower YoY mainly due to less consulting projects in UK

Revenue Consulting (Professional Services)
NOK 72.7m (-3.5%)



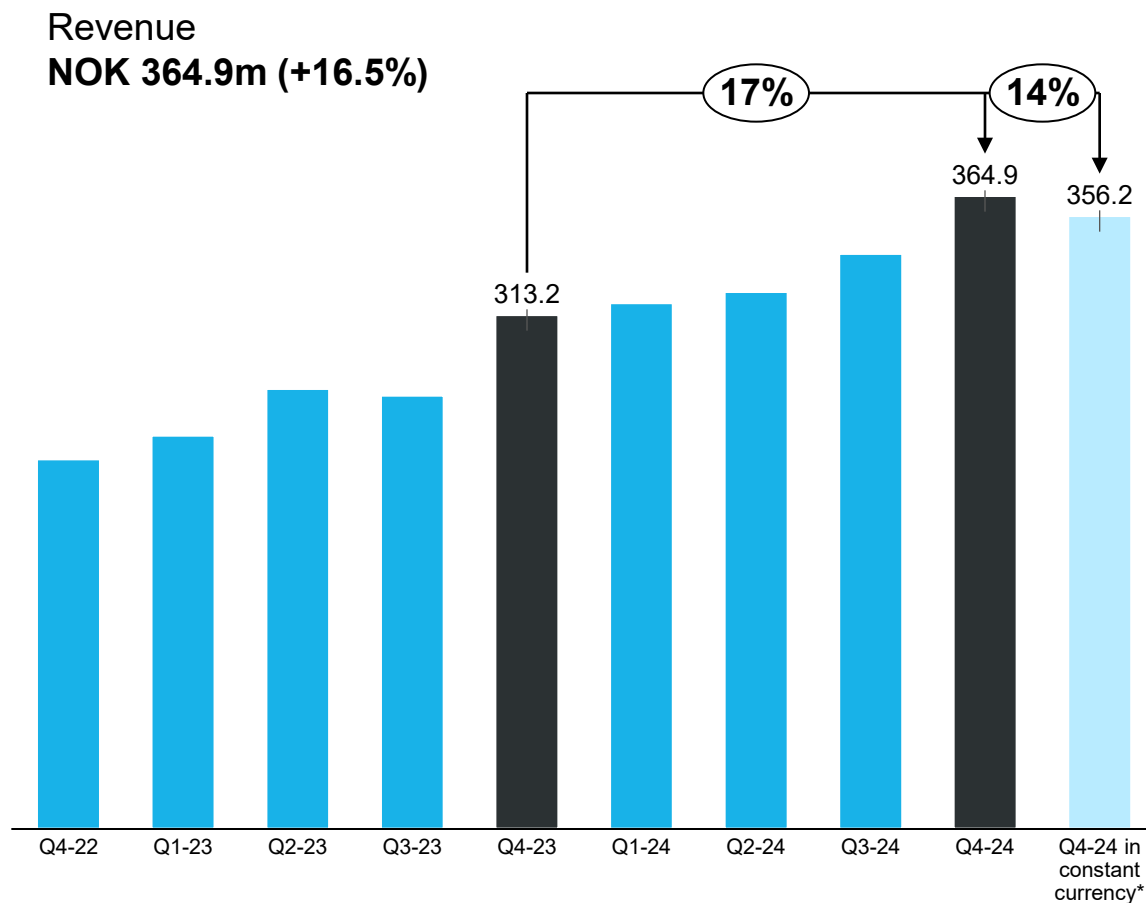
*Revenue in local currency converted to NOK using the avg. currency rate from the quarter last year. See the interim financial report for definitions of APMs

- ✓ **Revenue** in Professional Services was **3.5% lower YoY** (-5.3% when adjusted for currency effects). Revenue reduction is mainly due to the partial completion of a large consulting project in UK
- ✓ Significant **PS capacity** being utilized to support **Managed Services in implementing new customers** (transformation projects) or delivering **change orders**. Particularly in Germany



Financial Review

Revenue increased by 17% for the quarter YoY in constant currency

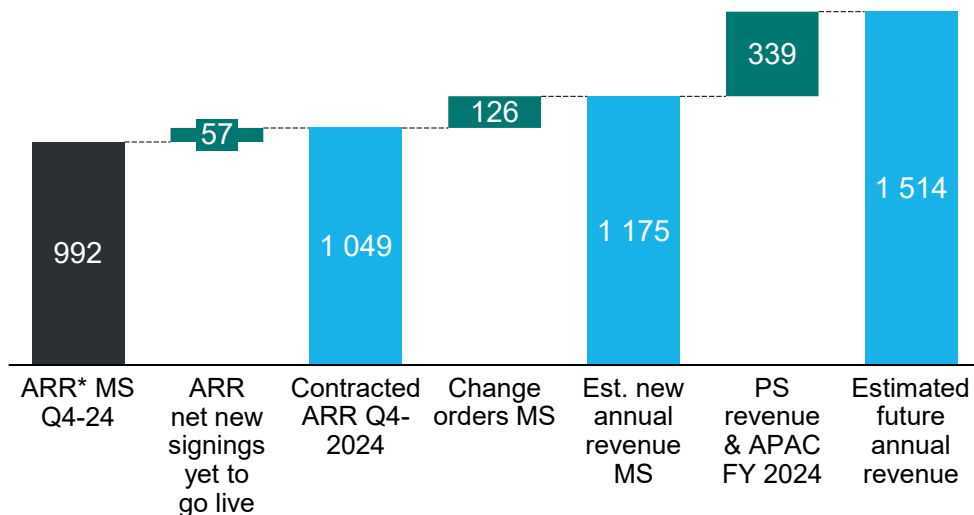


- ✓ **Revenue growth** (as reported) for the quarter YoY: **+16.5%**
- ✓ **Revenue growth +13.6%** YoY in constant currency*
- ✓ **MS +20.3%** to NOK 275m
 - Net retention of 104%
- ✓ **PS -3.5%** to NOK 73m
- ✓ **Net new SaaS/BPaaS contracts signed**, but yet to go live, has **annual recurring revenue*** of **~NOK 57m**

*See the interim financial report for definitions of APMs

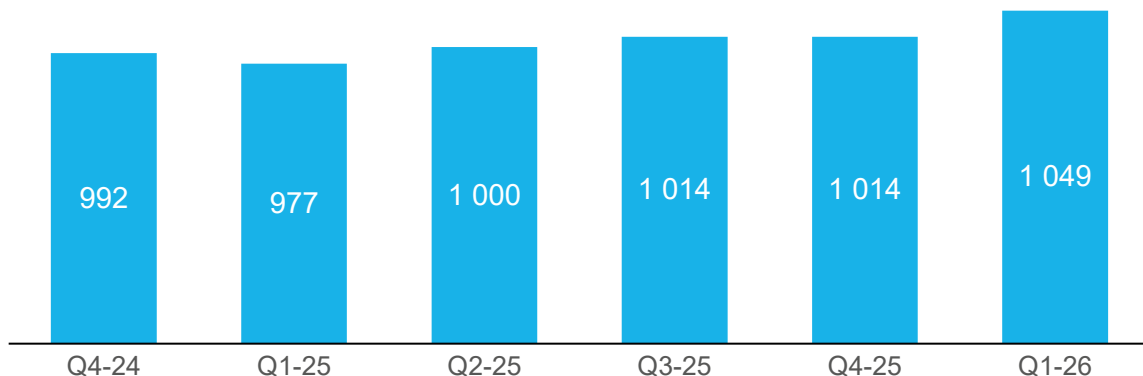
Strong revenue visibility through 2025/26 - full annual effect of new BPO customers should result in >12% revenue increase compared to revenue FY 2024

Revenue development based on signed MS contracts (NOKm)



- ✓ Total annual revenue expected to increase by ~NOK 168m (+12%) vs. FY 2024 by Q1'26, based on already signed contracts (assuming no material churn and based on avg. currency rates for Q4'24)
- ✓ Estimated future revenue increased by NOK 44m vs. Q3'24, due to new contracts in Q4'24 (NOK 28m) and higher recurring revenue from existing customers in the quarter
- ✓ The new contracts will normally generate full monthly recurring revenue when the customer has gone live on the PeopleHub platform
 - All current contracts expected to be fully implemented by Q1'26
- ✓ Estimated future annual revenue assumes MS change order level at historical ~12% of recurring revenue, and revenue from PS & APAC FY 2024

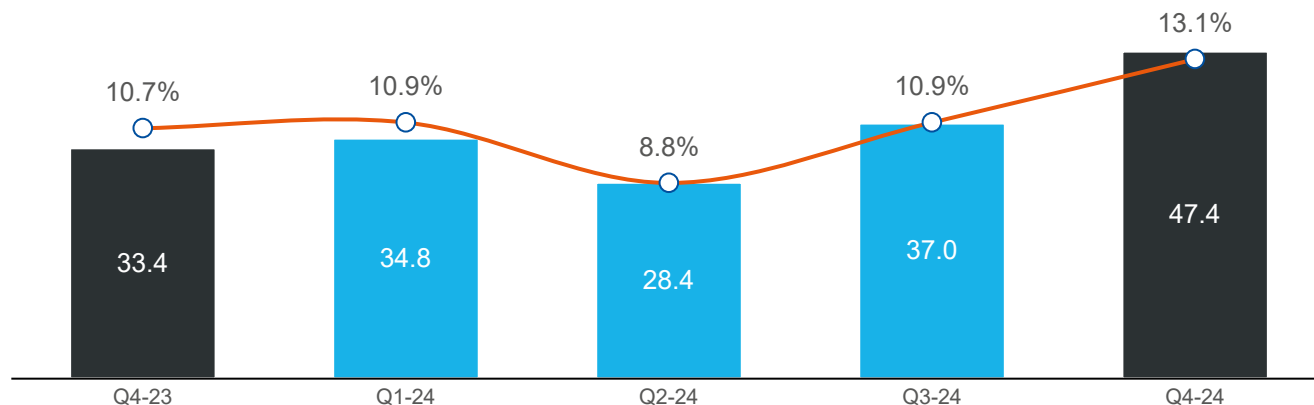
Contracted ARR* development over time (NOKm)



*The ARR for the quarter is an estimate calculated by annualising the actual recurring revenue (according to contract revenue and additional services) for the quarter, for customers at the end of the quarter. Please refer to the APMs section of the interim financial report for further details.

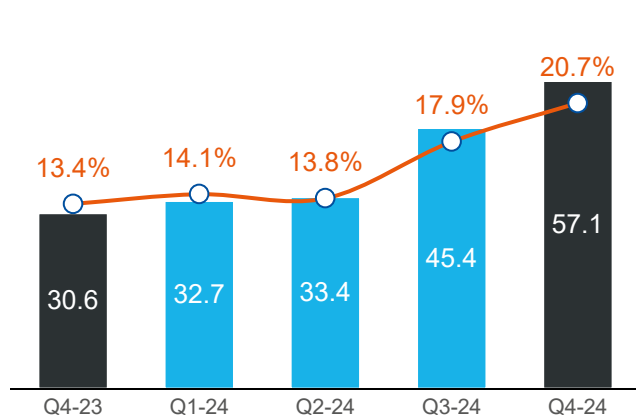
All time high adj. EBIT for the quarter

Adj. EBIT* (NOKm) and margin (%)

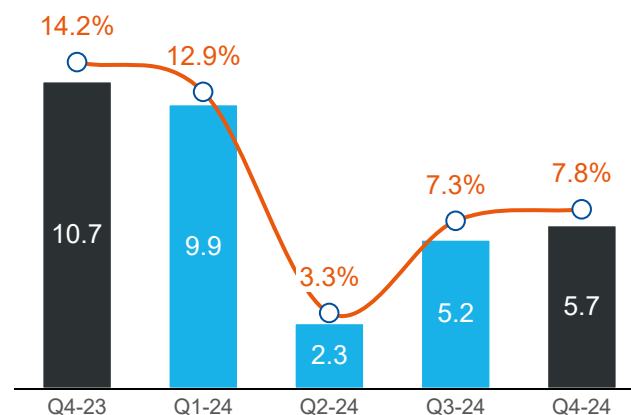


- ✓ **Adj. EBIT NOK 47.7** (NOK 33.4m) +42%
- ✓ **Adj. EBIT margin 13.1%** (+2.4pp)
 - ✓ EBIT and margin **improvements from increased revenue** (lower unit cost) and **operational improvements in NE and Germany** (e.g. larger share of services in MS delivery from near-shore and offshore locations)
 - ✓ **APAC** contributing with a **positive EBIT** for the quarter

MS – adj. EBIT* (NOKm) and margin (%)



PS – adj. EBIT* (NOKm) and margin (%)



- ✓ **MS: Adj EBIT NOK 45.4m** (NOK 29.3m) +55%
 - ✓ Positively impacted by operational improvements in NE and Germany (ref. above)
- ✓ **PS: Adj. EBIT NOK 5.7m** (10.7m) -47%
 - ✓ Adversely impacted by lower revenue, however **increased utilisation** vs. Q3'24 had a positive impact on margins

*See the interim financial report for definitions of APMs
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Condensed Profit and Loss

(NOK 1 000)

	2024	2023	2024	2023 *
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Revenue	364 876	313 211	1 346 282	1 133 971
License costs	28 711	26 498	108 074	103 231
% of revenue	7,9 %	8,5 %	8,0 %	9,1 %
Personnel expenses	174 545	153 650	674 778	589 845
% of revenue	47,8 %	49,1 %	50,1 %	52,0 %
Other operating expenses	92 107	81 229	347 642	287 068
% of revenue	25,2 %	25,9 %	25,8 %	25,3 %
(Gain)/loss on sale of assets			(10 503)	-
Amortisation implementation costs customer projects	15 542	9 915	49 581	33 765
Depreciation, amortisation and impairments	16 253	15 719	63 058	59 940
EBIT	37 718	26 200	113 652	60 122
Adjustment items**	9 710	7 200	33 862	35 647
Adjusted EBIT	47 428	33 400	147 514	95 768
Net financial income/(expense)	(12 993)	(15 693)	(64 196)	(74 630)
Profit/(loss) for the period	13 404	20 881	33 446	(2 962)
Total comprehensive income	15 966	22 473	56 864	26 798

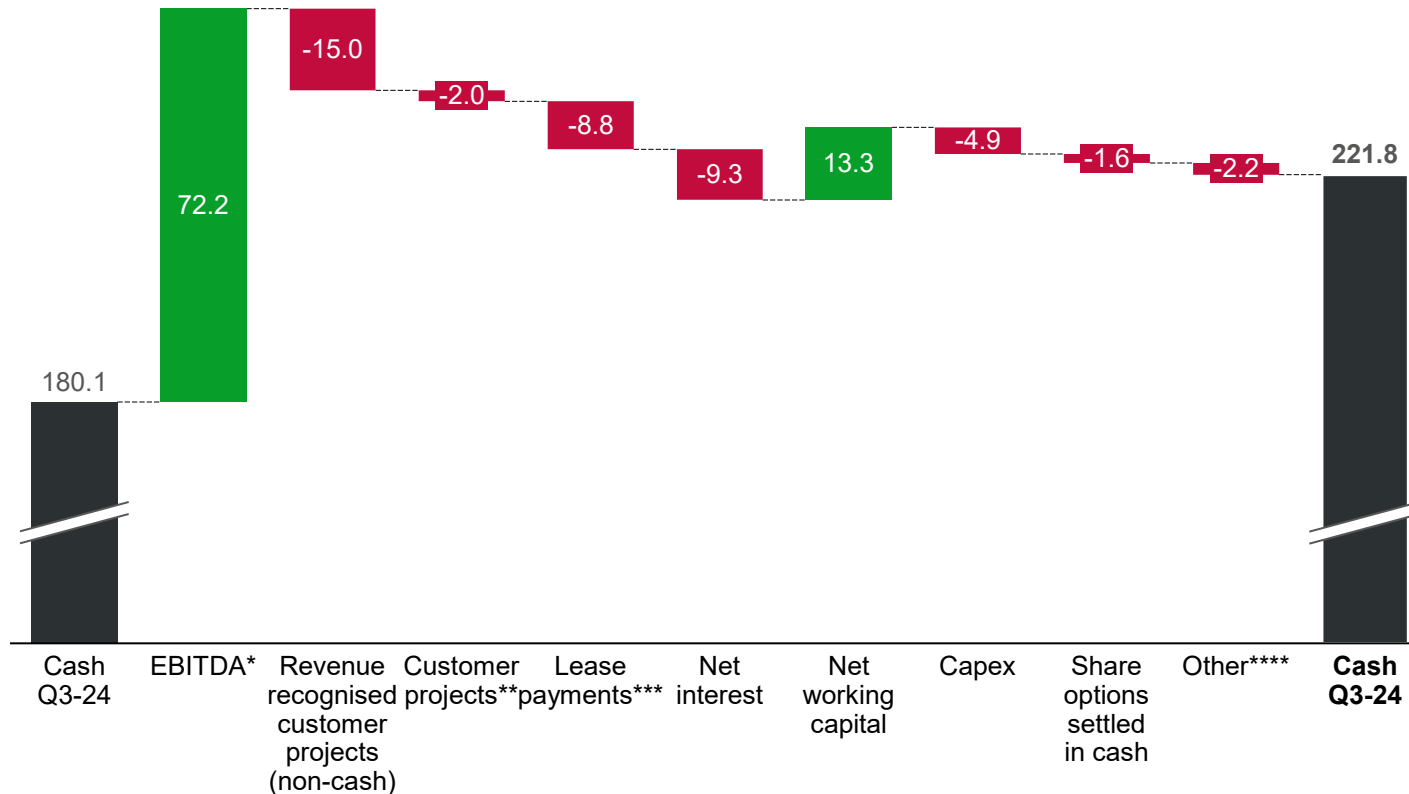
* 2023 accounts are reclassified with vyble from discontinued to continued operations

- ✓ **License costs:** Increased due to higher revenue from Payroll/HR solutions that incurs license costs
- ✓ **Personnel expenses: Revenue per FTE** in constant currency **increased by ~9%**. Cost increase mainly due to increased number of FTEs YoY (+44) and currency impact.
- ✓ **Other op. exp.: Reduced as a % of revenue (-0.7pp)**. Higher expenses mainly from use of external payroll providers for global payroll, external hosting,

**Items excluded in adjusted EBIT Q4 2024: share-based payments (NOK 5.1m), amortization of excess values on acquisitions (NOK 3.6m), strategic process costs (NOK 0.8m) and negative EBIT vyble (NOK 0.3m) - see definition of adj. EBIT under APMs in the interim financial report

Operating cash flow increased by NOK 13m YoY to NOK 57m

Development in cash balance (NOKm)



* Before share based payment costs (ex. payroll taxes)

** Revenue deferred less project costs capitalised

*** Relates mainly to rental costs for office premises

**** Including currency movements

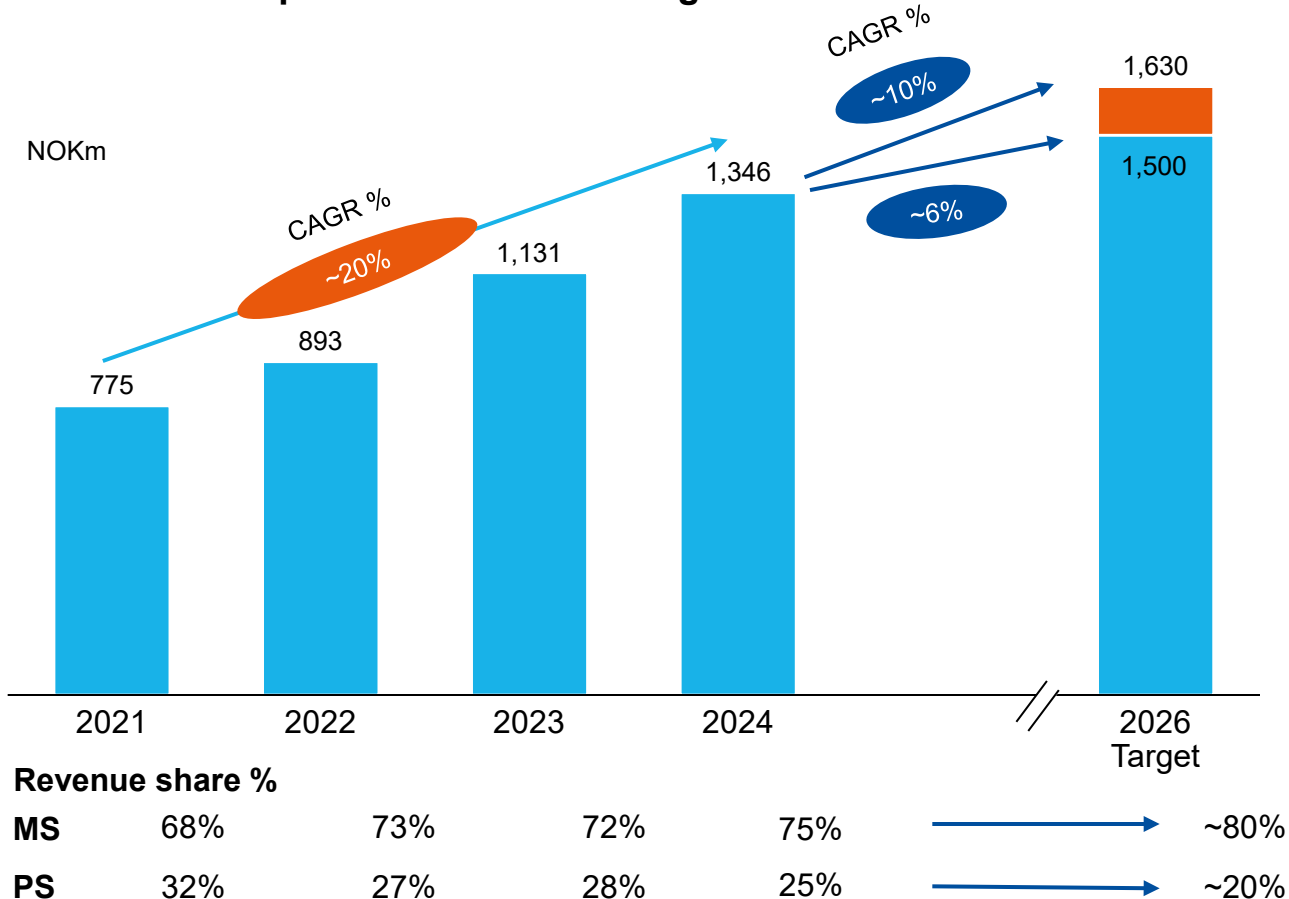
- ✓ Cash flow from operating activities of NOK 57.4m vs. NOK 44.1m last year
- ✓ Cash balance at 31 December **NOK 221.8m** (+NOK 41.7m from Q3)
- ✓ Net interest-bearing **debt of NOK 247.5m** vs. NOK 286.4m at the end of previous quarter

Outlook



On track delivering target revenue of NOK 1.5bn by 2026 and tightening adj. EBIT target to 13-15% based on 2024 actuals

Revenue development and revenue target



Key growth and margin initiatives

- 1 Revenue growth ahead of target run rate of NOK 1.5 billion by 2026 as this likely will be met in 2025.
- 2 German improvement program deliveries in Q4 now support revising EBIT target range from 12-15% to 13-15% to materialized by end of the year
- 3 Results from introducing AI tools start to show as faster speed, improved productivity and quality

Summary: Q4 all-time high revenue and EBIT as improvements in Germany continue to materialize

- **Revenue grew 16,5% to NOK 365 million** for the quarter and **well positioned to deliver revenue target of 1,5 billion** in 2025
- **Growth continue with** contract signings of almost 140 million to be recognized over the coming years
- **EBIT improvements continued** delivering more than 13% EBIT in the quarter. **Support tightening target EBIT range going forward from 12-15% to 13-15%**
- **Cash flow of 57 million**, up from 44 million last year. Cash reserves increased almost 90 million Y-o-Y
- Board will propose a **dividend of NOK 0.90 per share**
- **Strategic Review is progressing**





Q&A

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