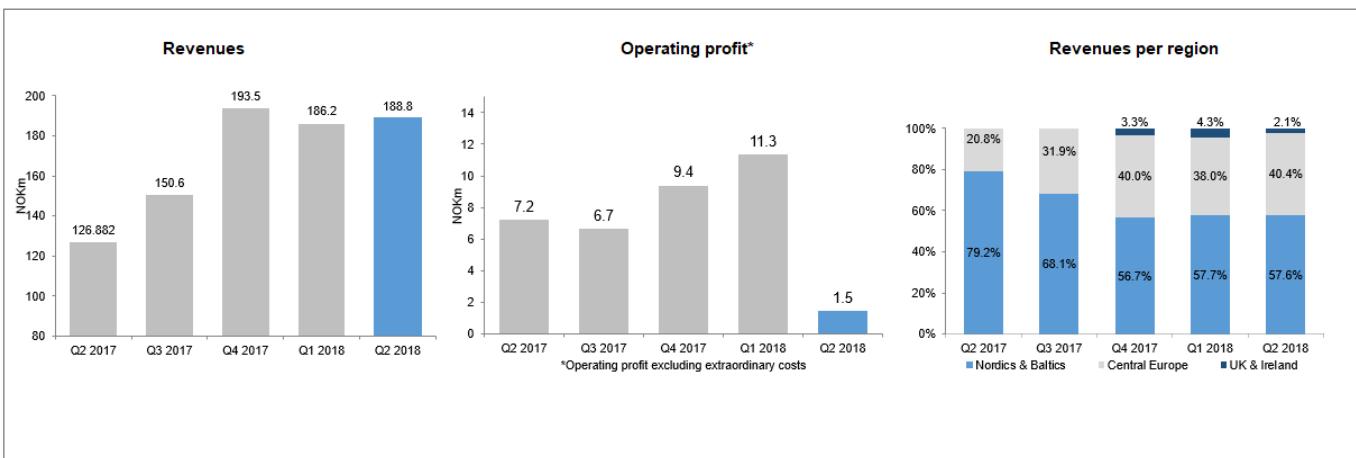




Campus Leipzig – now flying the Zalaris flag

Interim Report • Q2 & H1 2018

- Revenues reached NOK 189 million for the quarter, representing a 48.8% increase compared to Q2/17, with organic growth approximately at 8%. Operating profits were unsatisfactory, but at an expected level, marked by post-merger integration and GDPR related activities.
- Rebranding and system integration completed. All acquired entities are now flying the Zalaris flag. Successful comprehensive onboarding of internal solutions supporting scalability of operations.
- Successful launch of first BPO customer in UK – Statkraft. Substantial business wins in Central Europe supporting future growth. Milestone contract with a leading German-based engineering and project management company to help optimise its HR processes by using the highly recognised SAP SuccessFactors solutions.
- Extended BPO agreement with SAP for another 5 years. Continuing a long-term and mutually beneficial partnership for business process outsourcing solutions.





During the first six months of this year, we have completed the integration of the businesses that we acquired in 2017. We are now one Zalaris, reaching from the Alps and beyond the Arctic Circle, from Ireland in the west and into the Baltics, and with an important presence in India.

Operating revenues in the first half of 2018 were 61 per cent higher than in the corresponding period of 2017. Our team now counts 840 highly skilled employees, compared with around 500 at the end of June last year.

Operating profit was impacted by integration, business development and GDPR compliance activities.

Markets are responding well

Whereas each individual market is developing in its own pace, interest for Zalaris-type services is increasing. Talent management is becoming increasingly important, and our customers continue to look for partners who can support them in building the next generation multi-process HR solution on common digital platforms across borders.

One example is Statkraft, a leading company in hydropower and Europe's largest generator of renewable energy. Earlier this year we celebrated go-live for delivery of payroll and other transactional HR services for Statkraft in Norway. In Q2 we started our cloud platform based BPO operations in the UK with Statkraft as our first live customer.

In another recent example, we landed a milestone contract with a leading German-based engineering and project management company to help optimize its global HCM processes. We are now implementing SAP SuccessFactors as the new cloud based HCM solution for this client. This is a relevant example of how Zalaris is utilizing its newly acquired advisory capacity in combination with group wide capability to expand into new customer relationships.

"With technical integration and rebranding of Zalaris completed, we are changing focus to realize synergies and scale Zalaris in our new markets"

Integration completed

All acquired entities are now facing the market with one common identity under the Zalaris brand.

Less visible but equally important, we have completed a comprehensive technical onboarding of the new Zalaris entities. Our common solution for human capital management (HCM), accounting and IT enables us to operate as one integrated company. This is a scalable backbone for delivering on our financial performance and operational synergy ambitions.

Renewal of SAP BPO partnership

Our business process outsourcing (BPO) partnership with SAP has been an important part of our market success to date. In June we prolonged our existing agreement for another five years. This gives us predictive pricing and flexibility to continue service existing and new customers with our SAP powered cloud solutions.

GDPR – we are ready

Preparing for GDPR has been an ongoing process for more than 18 months. This effort peaked in Q2 involving external support in verifying internal and customer facing processes.

In the quarter, we also migrated to a new IT infrastructure that simplifies securing GDPR compliance, modified agreements and processes with customers and trained our colleagues to be in line with the new requirements.

Priorities

With the integration of new businesses completed, we will now direct our focus on leveraging the capabilities of our scalable platform and combined organization to drive margin improvement and growth.

Hans-Petter Mellerud, CEO

Financial Review

(Figures in brackets = same period or balance date last year, unless otherwise specified)

All figures in NOK 1 000	2018	2017*	2018	2017*	2017*
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Revenue	188,840	126,883	375,006	233,272	577,338
Growth (y-o-y)	48.8 %	33.2 %	-2.3 %	20.4 %	54.0 %
Operating profit before other costs	1,452	7,225	12,791	17,971	33,992
Operating profit margin before other costs	0.8 %	5.7 %	3.4 %	7.7 %	5.9 %
EBITDA before other costs	17,124	20,552	44,294	41,714	89,090
EBITDA margin before other costs	9.1 %	16.2 %	11.8 %	17.9 %	15.4 %
Ordinary Profit before tax	910	(5,768)	13,622	1,224	(9,526)
Profit for the period	(1,118)	(4,573)	10,259	838	(12,187)
Earnings per share	(0.06)	(0.23)	0.51	0.04	(0.61)
Net cash from operating activities	590	31,108	560	32,301	52,644
Headcount end of the period	840	690	840	690	829

*Financial numbers for sumarum AG and ROC Global Solution Consulting Ltd. are consolidated from May and October 2017 respectively.

Group Revenues

In Q2/18 group total revenues amounted to NOK 188.8 million (NOK 126.9 million), representing a 48.8% growth compared to the corresponding quarter previous year. Growth rates were driven by the ROC and sumarum acquisitions.

Organic growth was 8% during the same period, positively affected by timing of project revenues. ISO certification, GDPR implementation, and integration projects was prioritised over shorter billable engagements. Substantial consulting capacity was also in the second quarter engaged with customer transformation projects.

The number of employees and group full time equivalent at the end of the quarter were 840 and 790 respectively.

Central Europe

Revenues in the second quarter amounted to NOK 76 million compared to NOK 26 million in Q2/17. Year over year growth is primarily attributable to previous year's acquisitions.

Consulting capacity in the region was utilized in customer implementation projects, internal system integration projects and business development activities, including participation in the SAP Success connect trade fair in Germany. Strong business wins in the second quarter support the region's future growth ambitions.

UK & Ireland

Consulting capacity engaged in projects in other regions have contributed to a temporary decline in external revenues compared to this year's first

quarter. Investment in business development activities have ensured a promising pipeline of potential contracts in the region. Statkraft launched as UK's first BPO customer during the period. Revenues amounted to NOK 4 million for the period (NOK 0 million).

Nordics & Baltics

Q2/18 revenues increased with 8.1% to NOK 109 million compared with Q2/18. The growth was positively affected by timing of project revenues in current quarter. The underlying growth amounted to 4.0% and was driven by the HR outsourcing segment. The consulting business was in line with previous year, while cloud business was down due to reduction in project revenues. Recurring cloud revenues showed a steady growth over the same period.

Group Profits

Group operating profit (EBIT) for Q2/18 was NOK 1.5 million, representing a 0.8% margin (NOK -3.6 million and -2.8%). Profit margin for the quarter was marked by post-merger integration activities, and other internal projects, including ISO certification and GDPR implementation, carrying extra-ordinary costs. Integration costs are estimated to NOK 3.5 million in Q1/18 and Q2/18, implying NOK 7.0 million cost in total.

There were no significant currency effects on the operating margin in Q2/18. Net financial costs for the quarter was NOK 0.5 million, including an unrealized foreign currency profit of NOK 3.3 million related to debt nominated in euro. Tax expense in the period was NOK 2 million and net loss for the period was NOK 1.1 million.

Segment information

Revenues

Q2/18 revenues in the **HR outsourcing segment** amounted to NOK 109.5 million, an increase of 19.5% compared with the same quarter previous year. The growth is mainly attributable to acquired business in Central Europe and timing of project revenues. Underlying organic growth amounted to 4.0% and was driven by BPO launches in previous quarters taking full effect, as well as an increase in change order activity for existing BPO customers.

The **Cloud services segment's** revenues in Q2/18 amounted to NOK 25.6 million (18.9 million). The year over year growth is mainly related to the acquisition of sumarum and ROC in 2017. Recurring cloud revenues increased while variable cloud revenues decreased because of consulting resources being utilized in HR outsourcing projects.

Revenues in the **Consulting segment** grew by NOK 37.4 million to NOK 53.8 million in Q2/18 due to last year's acquisitions. Consulting capacity was in the second quarter also engaged with customer implementation projects, internal system integration project, business development, and other internal projects, including GDPR implementation.

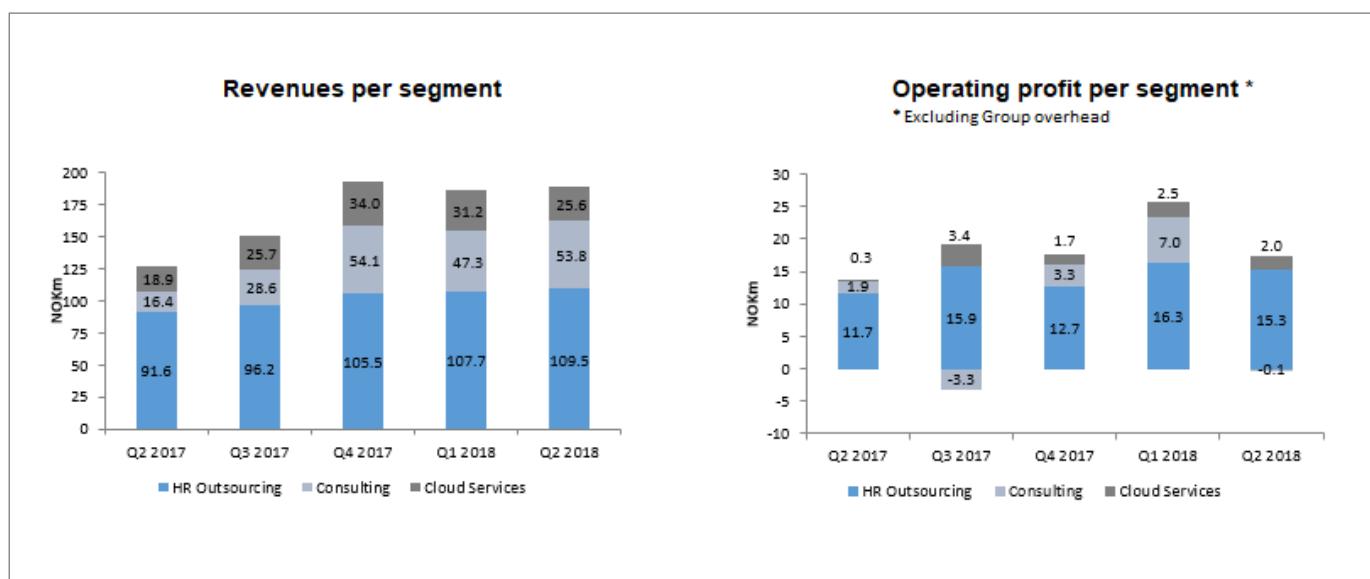
Profits

All business segments have been impacted by the extra-ordinary post-merger integration activities in the quarter.

Operating profit for the **HR Outsourcing segment** in Q2/18 amounted to NOK 15.3 million or 13.9% (NOK 11.7 million or 12.7%). The underlying business showed a positive margin development compared to same quarter previous year mainly driven by the increased level of variable billing with strong profit. Recognition of project revenues also contributed to the positive development.

The **Cloud business segment** had an operating profit of NOK 2.0 million in Q2/18 compared to NOK 0.3 million in the same quarter last year. The positive development reflects the increase in revenues.

The **Consulting business segment** had an operating loss of NOK 0.1 (profit of NOK 1.9 million) in the second quarter. The loss is mainly due to change in accounting estimates affecting profit allocation between first and second quarter in 2018.

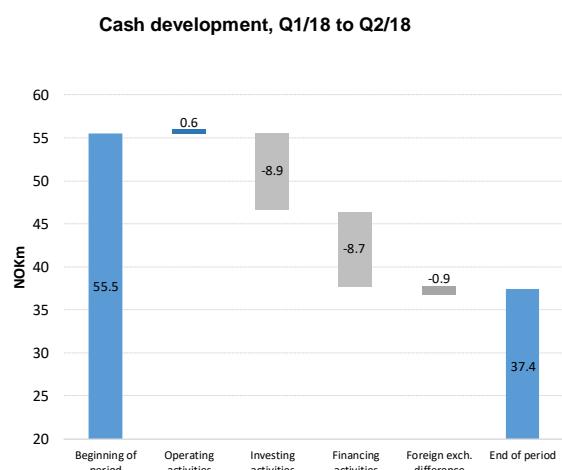
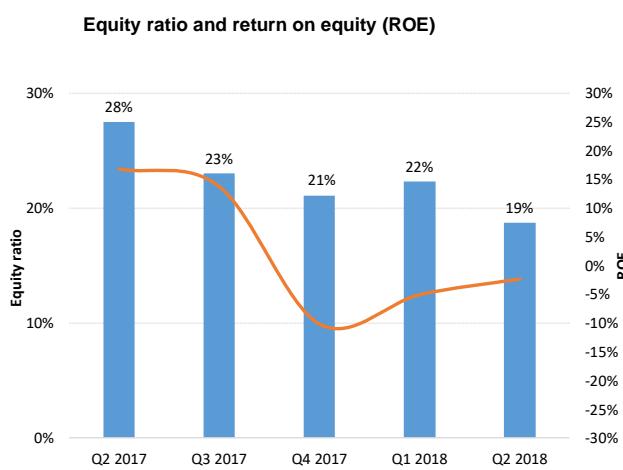


Financial position

As of 30 June, total assets amounted to NOK 564.2 million and total equity was NOK 105.6 million. This equals an equity ratio of 18.7% (27.5%).

Dividend distribution, net loss, negative currency translation effects, and debt-financed acquisition, including related costs, explains the decrease in the equity ratio. As of 30 June interest bearing debt, including overdraft, amounted to NOK 294.6 million (NOK 169.3 million).

Group cash and cash equivalents were NOK 37.4 million as of the end of Q2/18. Cash generated from operating activities amounted to NOK 0.6 million. Investment activities relates to internal development of new and improved system solutions. Cash flow from financing activities reflects repayment of borrowings (NOK 14.7 millions) and dividend payments (NOK 13.0 million), partly offset by increased utilization of bank overdraft (NOK 18.7 million).



Outlook

Zalaris has entered a new phase as the company has integrated the recent acquisitions of sumarum AG and the ROC Group. These companies complement Zalaris' core competencies in HR and human capital management and will enable expansion into key markets across Northern Europe.

Integration and rebranding efforts in H1/18 aim to secure a scalable organization operating with common processes and systems, ready for realizing further organic and non-organic growth. One key priority going forward is to take full advantage of investments made in new systems, structures and geographical reach. The integration efforts enable synergy realization and margin improvement.

The pipeline of opportunities remains strong and management is optimistic about growth prospects in current and new markets, including Germany, UK and

Ireland. Strategic wins in Central Europe boost expectations for high activity levels going forward.

Zalaris seek to further capitalize as current industry trends gain more momentum. Cloud solutions and mobile innovations are among key focus areas for the company's offerings. Furthermore, new requirements associated with the General Data Protection Regulation (GDPR) contribute to a positive outlook because Zalaris' services, best practices and processes help enterprises achieve and maintain compliance.

Zalaris continues to serve customers across an increasingly diverse range of industries and geographies. Customers have transformation at the top of their minds as they seek to advance in the data-driven culture of the future.

Oslo, 15 August 2018
The Board of Directors of Zalaris ASA



Lars Laier Henriksen
(chairman)



Jon Erik Haug



Liselotte Hägertz Engstam



Adele Norman Pran



Jan M. Koivurinta

*This interim report was not reviewed by
The Company's auditors*

Interim consolidated condensed financial statements

Consolidated Statement of Profit and Loss

(NOK 1000)	Notes	2018	2017	2018	2017	2017
		Apr-Jun unaudited	Apr-Jun unaudited	Jan-Jun unaudited	Jan-Jun unaudited	Jan-Dec unaudited
Revenue	2	188,840	126,883	375,006	233,272	577,338
Operating expenses						
License costs		13,556	9,808	28,237	16,983	48,002
Personell expenses	3	113,070	69,184	213,488	125,797	308,935
Other operating expenses		45,089	27,339	88,987	48,778	131,311
Depreciations		882	1,483	1,770	1,947	2,217
Amortisation intangible assets	4	5,866	2,560	11,681	4,937	14,963
Amortisation implementation costs	5	8,925	9,284	18,052	16,859	37,918
Other costs		-	10,809	-	13,876	23,398
Total operating expenses		187,388	130,466	362,216	229,177	566,744
Operating profit		1,452	(3,584)	12,791	4,095	10,593
Financial items						
Financial income		377	383	758	1,132	1,498
Financial expense		(4,316)	(2,567)	(7,539)	(4,003)	(9,560)
Unrealized foreign currency profit/loss	7	3,397	-	7,612	-	(12,057)
Net financial items		(542)	(2,185)	831	(2,871)	(20,120)
Ordinary profit before tax		910	(5,768)	13,622	1,224	(9,526)
Income tax expense						
Tax expense on ordinary profit		2,027	(1,196)	3,363	386	2,661
Total tax expense		2,027	(1,196)	3,363	386	2,661
Profit for the period		(1,118)	(4,573)	10,259	838	(12,187)
Profit attributable to:						
- Owners of the parent		(1,118)	(4,573)	10,259	838	(12,187)
- Non-controlling interests		-	-	-	-	-
Earnings per share:						
Basic earnings per share (NOK)		(0.06)	(0.23)	0.51	0.04	(0.61)

Consolidated Statement of Comprehensive Income

(NOK 1000)	Notes	2018	2017	2018	2017	2017
		Apr-Jun <i>unaudited</i>	Apr-Jun <i>unaudited</i>	Jan-Jun <i>unaudited</i>	Jan-Jun <i>unaudited</i>	Jan-Dec
Profit for the period		(1,118)	(4,573)	10,259	838	(12,187)
Other comprehensive income						
Currency translation differences		(5,727)	6,205	(11,712)	6,895	14,003
Total other comprehensive income		(5,727)	6,205	(11,712)	6,895	14,003
Total comprehensive income		(6,845)	1,633	(1,453)	7,733	1,815
Total comprehensive income attributable to:						
- Owners of the parent		(6,845)	1,633	-1,453	7,733	1,815
- Non-controlling interests		-	-	-	-	-

Consolidated Statement of Financial Position

(NOK 1000)	Notes	2018	2017	2017	
		30 Jun	30 Jun	31 Dec	
<i>unaudited</i>					
ASSETS					
Non-current assets					
Intangible assets					
Other intangible assets	4	147,024	114,300	145,747	
Goodwill	4	146,259	104,986	151,075	
Total intangible assets		293,284	219,286	296,822	
Deferred tax asset		803	3,541	848	
Fixed assets					
Office equipment		1,614	1,538	1,546	
Property, plant and equipment		32,769	25,039	34,926	
Total fixed assets		34,383	26,577	36,472	
Total non-current assets		328,469	249,403	334,143	
Current assets					
Trade accounts receivable		156,906	103,008	157,493	
Customer projects	5	30,606	23,134	21,798	
Other short-term receivables		10,814	8,838	16,290	
Cash and cash equivalents		37,445	46,430	62,792	
Total current assets		235,770	181,409	258,372	
TOTAL ASSETS		564,240	430,813	592,515	

Consolidated Statement of Financial Position

(NOK 1000)	Notes	2018	2017	2017	
		30 Jun	30 Jun	31 Dec	
<i>unaudited unaudited</i>					
EQUITY AND LIABILITIES					
Equity					
Paid-in capital					
Share capital		2,012	1,984	2,012	
Own shares - nominal value		(6)	(6)	(6)	
Other paid in equity		1,589	740	1,116	
Share premium		45,198	46,312	58,217	
Total paid-in capital		48,793	49,030	61,339	
Other equity		(2,038)	(4,039)	(2,114)	
Retained earnings		58,884	68,987	60,461	
Equity attributable to equity holders of the parent		105,640	113,979	119,686	
Non-controlling interests		-	4,707	-	
Total equity		105,640	118,685	119,686	
Non-current liabilities					
Deferred tax		29,983	24,013	29,482	
Interest-bearing loans and borrowings	7	199,414	161,764	220,225	
Total long-term debt		229,397	185,777	249,707	
Current liabilities					
Trade accounts payable		13,312	23,310	24,211	
Bank overdraft		42,557	-	25,135	
Interest-bearing loan from shareholders		7,535	7,560	7,775	
Interest-bearing loans		45,141	-	41,782	
Income tax payable		3,266	6,473	4,773	
Public duties payable		32,717	27,814	36,418	
Other short-term debt		84,029	61,193	82,773	
Derivatives		646	-	255	
Total short-term debt		229,203	126,351	223,123	
Total liabilities		458,600	312,128	472,829	
TOTAL EQUITY AND LIABILITIES		564,240	430,813	592,515	

Consolidated Statement of Cash Flow

(NOK 1000)	Notes	2018		2017		2018 Jan-Jun unaudited	2017 Jan-Jun unaudited	2017 Jan-Dec
		Apr-Jun unaudited	Apr-Jun unaudited	Jan-Jun unaudited	Jan-Jun unaudited			
Cash Flow from operating activities								
Profit before tax		910	(5,768)	13,622	1,224	(9,526)		
Financial income		(3,774)	(261)	(8,370)	(803)	(1,169)		
Financial costs		3,361	529	5,549	1,445	18,546		
Depreciations and impairments		882	640	1,770	1,104	2,217		
Amortisation intangible assets		5,866	3,435	11,681	5,812	14,963		
Amortisation implementation costs customer projects		8,925	9,284	18,052	16,859	37,918		
Customer projects		(16,213)	(10,117)	(26,860)	(16,881)	(36,603)		
Taxes paid		(3,606)	719	(4,825)	(428)	(1,711)		
Changes in accounts receivable and accounts payable		(5,228)	(20,988)	(10,312)	(19,602)	(73,188)		
Changes in other short term debt and disposals		11,462	54,091	4,191	40,365	106,222		
Interest received		38	28	72	36	129		
Interest paid		(2,031)	(483)	(4,010)	(868)	(5,155)		
Net cash flow from operating activities		590	31,108	560	28,262	52,644		
Cash flows from investing activities								
Purchase of fixed and intangible assets		(8,947)	(98,396)	(16,510)	(103,095)	(24,755)		
Purchase of goodwill		-	(104,986)	-	(104,986)	(276,748)		
Net cash flow from investing activities		(8,947)	(203,382)	(16,510)	(208,081)	(301,503)		
Cash flows from financing activities								
Changes minorities		-	4,707	-	4,707	-		
Stock purchase program		240	275	492	618	992		
Issuance of new shares		-	25,893	-	25,893	35,713		
Transaction costs related to issuance of new shares		-	-	-	-	(3,411)		
Bank overdraft		18,790	-	17,422	-	25,135		
Proceeds from issue of new borrowings		(59)	168,250	1,238	168,250	258,327		
Repayments of borrowings		(14,668)	(294)	(14,677)	(362)	(31,507)		
Dividend payments		(13,020)	(16,557)	(13,020)	(16,557)	(16,557)		
Net cash flow from financing activities		(8,717)	182,273	(8,545)	182,548	268,692		
Net changes in cash and cash equivalents		(17,074)	9,999	(24,494)	2,730	19,834		
Net foreign exchange difference		(991)	187	(853)	191	(550)		
Cash and cash equivalents at the beginning of the period		55,510	36,244	62,793	43,509	43,509		
Cash and cash equivalents at the end of the period		37,445	46,430	37,445	46,430	62,792		
Unused credit facilities		6,058	15,000	6,058	15,000	24,439		

Consolidated Statement of Changes in Equity

(in NOK 1000)	Share capital	Own shares	Share premium	Other paid in equity	Total paid-in equity	Cumul. translation differences	Other equity	Non-controlling interests	Total equity
Equity at 01.01.2018	2,012	(6)	58,217	1,116	61,339	10,770	47,576	-	119,686
Profit of the period					-		10,259		10,259
Other comprehensive income				(19)	(19)	(11,694)			(11,712)
Share based payments				492	492				492
Issue of Share Capital					-				-
Transaction costs related to issue of new shares					-				-
Other changes					-		(66)		(66)
Dividend				(13,020)	(13,020)				(13,020)
Equity at 30.06.2018	2,012	(6)	45,198	1,589	48,793	(923)	57,770	-	105,640
<i>unaudited</i>									
Equity at 01.01.2017	1,912	(6)	37,048	122	39,076	(2,662)	64,209	-	100,624
Profit of the period					-		838		838
Other comprehensive income					-	6,895	-		6,895
Share based payments				618	618				618
Issue of Share Capital	72		25,821		25,893		(3,958)	4,707	26,642
Transaction costs related to issue of new shares					-				-
Other changes					-	36	(411)		(375)
Dividend				(16,557)	(16,557)				(16,557)
Equity at 30.06.2017	1,984	(6)	46,312	740	49,030	4,269	60,678	4,707	118,685
<i>unaudited</i>									
Equity at 01.01.2017	1,912	(6)	37,048	122	39,076	(2,661)	64,209	-	100,624
Profit of the period					-		(12,187)		(12,187)
Other comprehensive income				2	2	14,001			14,003
Share based payments				992	992				992
Issue of Share Capital	100		37,727		37,827		(2,114)		35,713
Transaction costs related to issue of new shares							(3,411)		(3,411)
Other changes					-	(570)	1,080		510
Dividend				(16,557)	(16,557)				(16,557)
Equity at 31.12.2017	2,012	(6)	58,217	1,116	61,339	10,770	47,576	-	119,686

Notes to the interim consolidated condensed financial statements

Note 1 – General Information and basis for preparation

General information

Zalaris ASA is a public limited company incorporated in Norway. The Group's main office is located in Hovfaret 4, Oslo, Norway. The Group delivers full-service outsourced personnel and payroll services.

Zalaris' interim financial statements for the second quarter of 2018 were authorized for issue by the board of directors on 15th August 2018.

Basis for preparation

These interim consolidated condensed financial statements are prepared in accordance with International Accounting Standard 34 Interim Financial Reporting as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU). The condensed interim financial statements do not include all of the information and disclosures required by International Financial Reporting Standards (IFRS) for a complete set of financial statements, and these condensed interim financial statements should be read in conjunction with the annual financial statements. The interim condensed consolidated financial statements for the nine months ended 30 September, have not been audited or reviewed by the auditors.

A description of the significant accounting policies is included in Zalaris' annual financial statements for 2017 and applies to these interim consolidated condensed financial statements. New and amended standards applicable for the period starting 1 January 2018 did not have any effect for the Company.

Going concern

With reference to the Norwegian Accounting Act § 3-3, the Board confirms its belief that conditions exist for continuing operations and that these interim consolidated condensed financial statements have been prepared in accordance with the going concern principle.

Note 2 – Segment Information

The Company has three operating segments, which are Outsourcing, Cloud Services and Consulting Outsourcing, offering a full range of payroll and HR outsourcing services, including payroll processing, time and attendance and travel expenses. Consulting delivers turnkey projects based on Zalaris templates or implementation of customer-specific functionality. They also assist customers with cost-effective maintenance and support of customers' own on-premise solutions. The Cloud services unit is offering additional cloud-based HR functionality to existing outsourcing customers as talent management, digital personnel archive, HR analytics, mobile solutions, etc.

Information is organized by business area and geography. The reporting format is based on the Group's management and internal reporting structure. Items that are not allocated are mainly intercompany sales, interest-bearing loans and other associated expenses and assets related to administration of the Group. The Group's key management 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.

2018 Jan-June

(NOK 1.000)	HR Outsourcing	Cloud- services	Consulting	Gr.Ovhd & Unallocated	Total
Other operating income, exte	217 113	56 832	101 061	-	375 006
Other operating expenses	(166 287)	(48 294)	(91 992)	(24 140)	(330 712)
Depreciation and amortisation	(19 206)	(4 062)	(2 100)	(6 135)	(31 503)
Transaction related costs					-
Operating profit/(loss)	31 620	4 476	6 969	(30 275)	12 791
Net financial income/(expenses)				831	831
Income tax				(3 363)	(3 363)
Profit for the period	31 620	4 476	6 969	(32 807)	10 259
Cash flow from investing activities					(16 510)

2017 Jan-Jun

(NOK 1.000)	HR Outsourcing	Cloud- services	Consulting	Unallocated	Total
Other operating income, exte	182 235	32 412	18 625		233 272
Other operating expenses	(138 194)	(26 483)	(15 338)	(11 543)	(191 559)
Depreciation and amortisation	(18 522)	(3 285)	(230)	(1 706)	(23 743)
Transaction related costs				(13 876)	(13 876)
Operating profit/(loss)	25 519	2 644	3 057	(27 125)	4 095
Net financial income/(expenses)				(2 871)	(2 871)
Income tax				(386)	(386)
Profit for the period	25 519	2 644	3 057	(30 382)	838
Cash flow from investing activities				(208 081)	(208 081)

2017 Jan-Dec

(NOK 1.000)	HR Outsourcing	Cloud- services	Consulting	Unallocated	Total
Other operating income, exte	383 924	92 062	101 352		577 338
Other operating expenses	(290 321)	(76 189)	(97 499)	(24 238)	(488 247)
Depreciation and amortisation	(39 510)	(8 111)	(769)	(6 708)	(55 098)
Transaction related costs				(23 398)	(23 398)
Operating profit/(loss)	54 093	7 762	3 084	(54 344)	10 595
Net financial income/(expenses)				(20 120)	(20 120)
Income tax				(2 661)	(2 661)
Profit for the period	54 093	7 762	3 084	(77 125)	(12 187)
Cash flow from investing activities				(301 503)	(301 503)

Geographic Information

The Group's operations are carried in several countries, and information regarding revenue based on geography is provided below. Information is based on location of the entity generating the revenue, which to a large extent, corresponds to the geographical location of the customers.

Revenue from external customers attributable to:

(NOK 1000)	as % of	2018	as % of	2017	as % of	2018	as % of	2017	as % of	2017
	total	Apr-Jun	total	Apr-Jun	total	Jan-Jun	total	Jan-Jun	total	Jan-Dec
Northern Europe	58%	108 819	79%	100 433	58%	216 179	88%	204 510	72%	416 729
Central Europe	40%	76 145	21%	26 450	39%	146 872	12%	28 740	27%	154 173
UK & Ireland	2%	3 876			3%	11 956	0%	-	1%	6 436
Total	100%	188 840	100%	126 883	100%	375 007	100%	233 250	100%	577 338

Information about major customers

(NOK 1000)	as % of	2018	as % of	2017	as % of	2018	as % of	2017	as % of	2017
	total	Apr-Jun	total	Apr-Jun	total	Jan-Jun	total	Jan-Jun	total	Jan-Dec
5 largest customers	26%	50 038	39%	49 317	27%	100 544	44%	102 285	36%	208 328
10 largest customers	38%	72 237	54%	68 387	38%	143 593	61%	141 907	51%	291 821
20 largest customers	54%	102 708	68%	86 206	54%	201 895	75%	174 192	64%	370 349

Note 3 – Personnel Costs

(NOK 1000)	2018	2017	2018	2017	2017
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Salary	91 654	62 253	182 823	111 954	276 540
Tantieme and variable compensation	13 250	903	13 562	1 373	8 692
Social security tax	13 030	7 982	27 627	15 790	41 286
Pension costs	5 043	4 877	10 279	9 409	19 619
Other expenses	4 747	3 581	11 572	6 579	13 426
Capitalised development expenses	(4 639)	(2 633)	(8 229)	(4 801)	(10 360)
Capitalised implem. costs customer projects	(10 015)	(7 779)	(24 146)	(14 507)	(40 269)
Total	113 070	69 184	213 488	125 797	308 935

Note 4 – Intangible Assets

(NOK 1000)	Licenses and software	Intern. and developed software	Internally developed AuC	Customer Relation & Contracts	Goodwill	Total
Book value 01.01.2018	8,940	31,458	10,555	94,794	151,075	296,822
Additions of the period	1,369	-	14,932	-	-	16,301
Reclassifications	-	6,403	(6,403)	-	-	-
Disposals and currency effects	(138)	(235)	-	(2,970)	(4,815)	(8,158)
This period ordinary amortisation	(1,390)	(5,402)	-	(4,890)	-	(11,681)
Book value 30.06.2018	8,781	32,224	19,084	86,935	146,259	293,284
Book value 01.01.2017	6,613	22,853	9,589	-	-	39,054
Net additions through acquisition	-	-	-	-	104,986	104,986
Additions of the period	2,630	2,921	7,836	70,024	-	83,411
Reclassifications	-	-	(2,516)	-	-	(2,516)
Disposals and currency effects	26	117	20	(875)	-	(712)
This period ordinary amortisation	(942)	(3,995)	-	-	-	(4,937)
Book value 30.06.2017	8,327	21,896	14,929	69,149	104,986	219,286
Book value 01.01.2017	6,613	22,853	9,589	-	-	39,054
Net additions through acquisition	841	416	-	95,535	144,337	241,129
Additions of the period	3,337	-	17,121	-	-	20,458
Reclassifications	-	16,210	(16,210)	-	-	-
Disposals and currency effects	143	(13)	56	4,221	6,738	11,145
This period ordinary amortisation	(1,993)	(8,008)	-	(4,962)	-	(14,963)
Book value 31.12.2017	8,940	31,458	10,555	94,794	151,075	296,822

Useful life
Depreciation method

3-10 years
linear

5 years
linear

10 years
linear

Note 5 – Customer Projects

Costs related to delivering outsourcing contracts are recognized as they are incurred. However, a portion of costs incurred in the initial phase of outsourcing contracts may be deferred when they are specific to a given contract, relate to future activity on the contract, will generate future economic benefits and are recoverable. These costs are capitalized as "customer projects" and any prepaid revenues by the client are recorded as a deduction from the costs incurred in the balance for customer projects. The deferred costs are expensed evenly over the period the outsourcing services are provided and included in the line item "Amortization implementation cost customer projects." Deferred revenue is recognized over the corresponding period.

(NOK 1000)	2018	2017	2017
	30 Jun	30 Jun	31 Dec
Deferred costs related to customer projects	94,739	90,535	95,284
Deferred revenue related to customer projects	(64,133)	(67,402)	(73,487)
Net customer implementation costs	30,606	23,134	21,798

Note 6 – Transactions with Related Parties

Related party (NOK 1000)	Transaction	2018	2017	2017
		Apr-Jun	Apr-Jun	Jan-Dec
Rayon Design AS ¹⁾	Management Services	482	269	902
Total		482	269	902

¹⁾ Hans-Petter Mellerud, CEO, is director of the board and Norwegian Retail AS, a company 100% owned by Hans-Petter Mellerud, owns 45% of the shares in Rayon Design AS since September 2016.

Note 7 – Unrealized foreign currency profit/loss

In connection with the acquisitions in FY 2017, the company entered into a new loan agreement amounting to EUR 25.8 million. Due to fluctuations in the exchange rates the company has had an unrealized profit related to this loan in Q2/18 amounting to NOK 3.4 million. The maturity of the loan is 02.05.2022.

Note 8 – Events after Balance Sheet Date

There have been no further events after the balance sheet date significantly affecting the Group's financial position.

Responsibility statement

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period from January 1 to June 30 2018 has been prepared in accordance with IAS 34 – Interim Financial Reporting, and gives a true and fair view of the Group's assets, liabilities, financial position and profit or loss as a whole. We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties transactions.

Oslo, 15 August 2018
The Board of Directors of Zalaris ASA



Lars Laier Henriksen
(chairman)



Jon Erik Haug



Liselotte Hägertz Engstam



Adele Bugge Norman Pran



Jan M. Koivurinta

*This interim report was not reviewed by
The Company's auditors*

Key Figures

Key financials	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
NOKm except per share figures						
Revenues	106.4	126.9	150.6	193.5	186.2	188.8
Revenue growth (y-o-y)	8.0 %	33.2 %	54.2 %	83.9 %	75.0 %	48.8 %
EBITDA excl. Extraordinary items	13.6	11.3	11.8	23.6	19.3	25.0
EBITDA margin	13%	9%	8%	12%	10%	13%
EBIT excl. extraordinary items	10.7	7.2	6.7	9.4	11.3	1.5
EBIT margin	10.1 %	5.7 %	4.4 %	4.8 %	6.1 %	0.8 %
Profit Before Tax	7.0	-5.8	4.7	-15.5	12.7	0.9
Income Tax Expense	1.6	-1.2	0.9	1.3	1.3	2.0
Non- Controlling Interests						
Net income	5.4	-4.6	3.8	-16.8	11.4	-1.1
Profit margin	5.1 %	-3.6 %	2.5 %	-8.7 %	6.1 %	-0.6 %
Weighted # of shares outstanding (m)	19.2	19.6	20.1	20.2	20.3	20.3
Basic EPS	0.3	-0.2	0.2	-0.8	0.6	-0.1
Diluted EPS	0.3	-0.2	0.2	-0.8	0.6	-0.1
DPS		0.9				
Cash flow items						
Cash from operating activities	-2.8	31.1	-5.7	30.0	-2.3	2.9
Investments	-4.7	-203.4	-75.3	-18.1	-5.3	-11.3
Net changes in cash and cash equi.	-7.3	10.0	10.6	-18.6	-6.1	-2.5
Cash and cash equivalents end of period	36.2	42.2	56.7	37.7	31.7	-24.5
Net debt	-59.9	130.7	183.0	224.4	231.6	214.6
Equity	107.6	118.7	128.4	119.7	125.3	106
Equity ratio	57%	28%	23%	21%	22%	19%
ROE	26%	17%	14%	-10.2%	-5.1%	-2.3%
Number of FTE (Period End)	461	643	786	768	779	792

Segment overview	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
NOKm						
Revenues	106.4	126.9	150.6	193.5	186.2	188.8
HR Outsourcing	90.6	91.6	96.2	105.5	107.7	109.5
Consulting	2.2	16.4	28.6	54.1	47.3	53.8
Cloud Services	13.6	18.9	25.7	34.0	31.2	25.6
Adjustments						
EBIT	7.7	-3.6	6.4	0.1	11.3	1.5
HR Outsourcing	13.8	11.7	15.9	12.7	16.3	15.3
Consulting	1.2	1.9	-3.3	3.3	7.0	-0.1
Cloud Services	2.4	0.3	3.4	1.7	2.5	2.0
Gr.ovhd & Unallocated	-6.6	-6.6	-9.3	-8.4	-14.5	-15.7
Unallocated Other costs	-3.1	-10.8	-0.2	-9.3		
HR Outsourcing	15.3 %	12.8 %	16.5 %	12.1 %	15.2 %	14.0 %
Consulting	54.4 %	11.3 %	-11.4 %	6.1 %	14.9 %	-0.1 %
Cloud Services	17.4 %	1.5 %	13.2 %	5.1 %	8.0 %	7.7 %

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Financial information

Interim report Q2 2018 to be published 16. August 2018.
Interim report Q3 2018 to be published 25. October 2018.
Interim report Q4 2018 to be published ultimo February 2019.

All financial information is published on the Zalaris' website:
<http://www.zalaris.com/Investor-Relations/>

Financial reports can also be ordered at ir@zalaris.com.

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