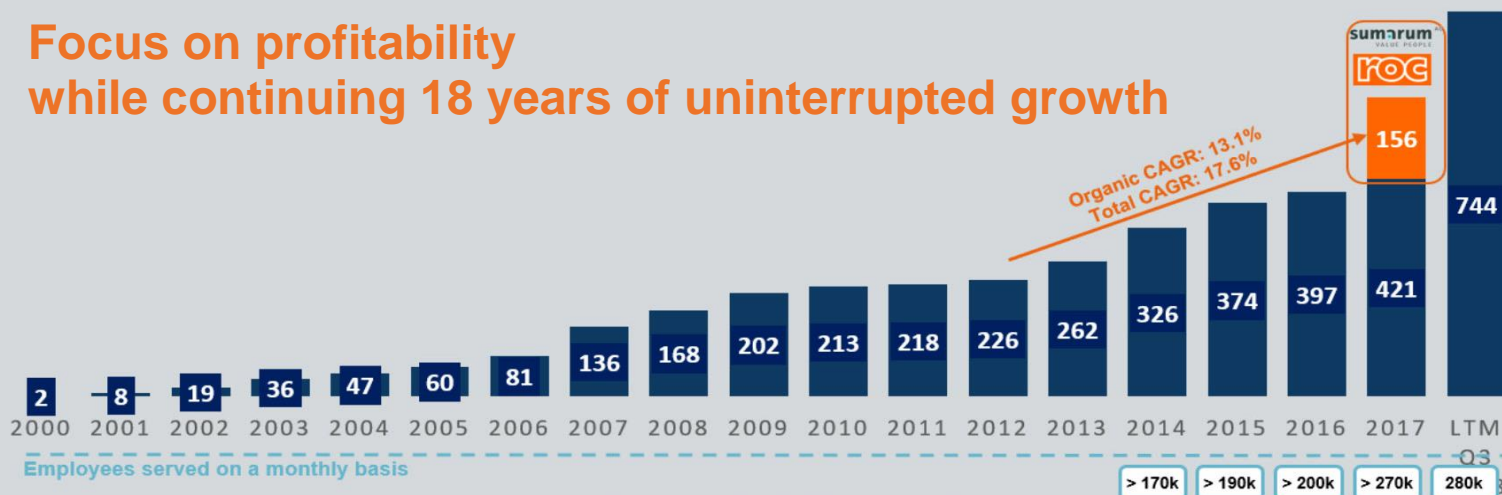
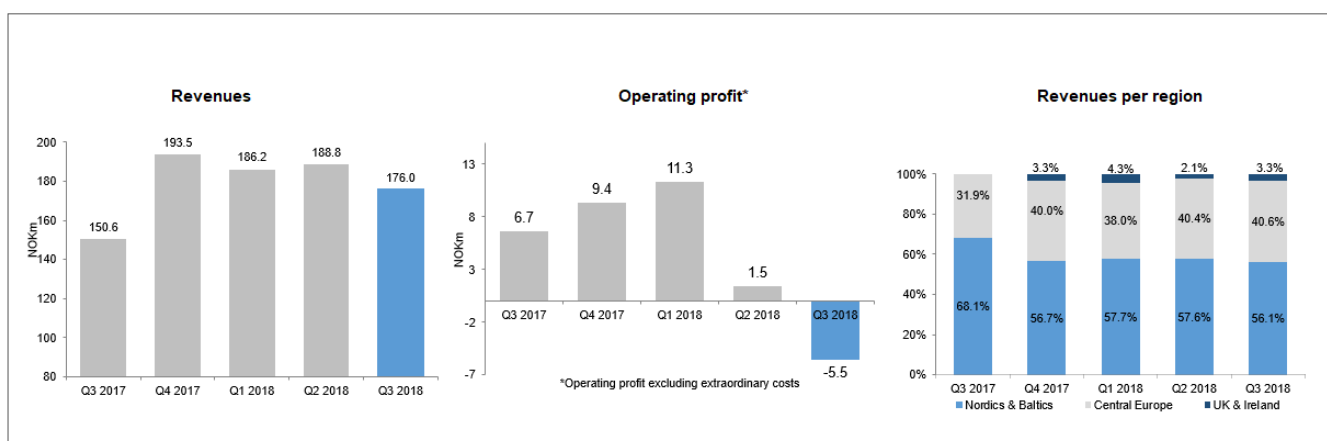


Focus on profitability while continuing 18 years of uninterrupted growth



Interim Report • Q3 2018

- Revenues for the quarter amounted to NOK 176 million, an increase of 17.1 per cent compared to the same quarter last year. The increase compared to Q3/17 is related to the ROC acquisition in Q4/17. Short term implications of contract renewals and timing of cloud revenues negatively impacted revenues and profit for the quarter.
- Operating loss for the period of NOK 5.5 million was marked by timing of cloud revenues and impact from contract renewals, in addition to some non-recurring costs. Organizational ramp-up made to support further growth also impact performance as costs are currently preceding revenue growth. This is however expected to change in the coming quarters.
- Successful bond placement at favourable terms securing flexibility for further growth. Zalaris raised EUR 35 million in a senior secured bond, with a borrowing limit of EUR 70 million.
- Commitments from three of our largest HRO customers to extend service delivery agreements for additional three, five and six-year terms.
- Strong pipeline firming up. Expected to materialize in new contracts and revenue growth in Q4. Particularly positive development in the UK and Poland.





Being known for our endurance and long-term focus, we are determined to demonstrate that the financial results in the third quarter represents a temporary low.

At first glance you may consider our financial performance in the third quarter a disappointment. An operating loss of NOK 5.5 million is clearly below our target – and I suspect, below yours. But there is more to this report than meets the eye.

The third quarter of the year was again marked by usual seasonality effects as Europe slows down during summer. Adding to this, income from cloud services that we usually have booked in the third quarter will this year be booked in later periods, and we have seen profits temporarily weakened as we have renewed long-term agreements with key customers.

Stronger market

In previous quarterly letters to shareholders, I have explained that current and prospective customers expect that service providers like Zalaris provide a broader range of HR and payroll services. This trend continued in the third quarter. In UK & Ireland we are in the process of firming up new agreements involving SAP SuccessFactors cloud solutions. Our new joint Zalaris Group capabilities are cited as instrumental to win. This marks a significant trend shift for our new and integrated business in this region.

In the Nordics, we have signed memorandums of understanding/letter of intents for the extension of two of our largest HR outsourcing agreements and have received a confirmed extension combined with significant increase in service scope. In total this secures a significant part of group long term recurring revenue. These are long-term contracts that we have managed to secure through negotiation, which we think is a clear sign that our customers acknowledge and appreciate our ability to deliver quality according to expectations. We are honoured and grateful and inspired to continue to improve.

Organisational quality

With the technical integration of new businesses successfully completed, we are now again turning our full attention to customer relations, business development, operational improvements and synergy realization. Whereas these efforts have not yet resulted in improved results, we already see a much firmer pipeline of new opportunities.

We are also satisfied that our new systems and procedures are providing better insight and control of the business. We can detect and instantly move to correct deviations and continually improve. I believe such underlying organisational improvements and strong market prospects were at least part of the reason why bond investors offered us financing at competitive terms when we recently raised EUR 35 million in a senior secured bond.

Rebound ahead

In Zalaris we are proud about our ability to grow. In 2000 we started out as a small Norwegian business. We soon expanded through the Nordics and we are now an established pan-European player and market leader with ability to deliver on other continents as well. We have delivered 18 years of uninterrupted growth and growth has been particularly strong during the past 12-18 months.

As explained above, this growth has come with a cost. Our efforts are now concentrated on utilizing our position to deliver additional value to our customers and streamline our combined organization to target profitability.

Being known for our endurance and long term focus, we are determined to demonstrate that the financial results in the third quarter represents a temporary low. We are encouraged by the response from customers, colleagues and the market and see that the enlarged Zalaris is gaining speed.

Hans-Petter Møllerud, CEO

Financial Review

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

	2018	2017*	2018	2017*	2017*
All figures in NOK 1 000	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Revenue	176 275	150 555	551 282	383 827	577 338
Growth (y-o-y)	17.1 %	54.1 %	43.6 %	31.7 %	45.6 %
EBITDA before other costs	10 203	21 144	54 497	62 858	89 090
EBITDA margin before other costs	5.8 %	14.0 %	9.9 %	16.4 %	15.4 %
Operating profit before other costs	(5 472)	6 659	7 319	24 629	33 992
Operating profit margin before other costs	-3.1 %	4.4 %	1.3 %	6.4 %	5.9 %
Ordinary Profit before tax	(8 548)	4 746	5 074	5 970	(9 526)
Profit for the period	(7 307)	3 811	2 952	4 649	(12 188)
Earnings per share	(0.36)	0.19	0.15	0.24	(0.61)
Net cash from operating activities	8 386	(5 656)	8 946	32 301	52 644
Headcount end of the period	839	821	839	821	829

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

Group Revenue

Revenues in the third quarter 2018 amounted to NOK 176.2 million (NOK 150.5 million), a 17.1% growth compared to the corresponding quarter last year. The growth reflects the ROC acquisition included in the fourth quarter 2017. Revenue was negatively impacted from the timing of cloud revenues resulting from a contract extension which will be booked in later periods.

Revenues were also impacted by price reductions on an HR outsourcing agreement that was extended during the quarter. Efficiency gains from implementing a new cloud based solution was awarded to the customer, while Zalaris in turn received significant upsell potential for additional cloud services. Compared to Q2, seasonal effects should be taken into consideration. These effects are mainly related to the consulting segment with Q3 being the main season for summer vacation.

The number of employees and group full time equivalent at the end of the quarter were 839 and 821 respectively.

Central Europe

Revenues in Central Europe grew by NOK 22 million from NOK 48 million in Q3/17 to NOK 70 million in Q3/18. The growth is attributable to the ROC acquisition included from Q4/17. The German consulting business is performing well with strong demand and high utilization.

UK & Ireland

Revenues in the region grew by NOK 1.9 million from NOK 3.9 million in Q2/18 to NOK 5.8 million in Q3/18. The pipeline in the region continue to firm up

and new cloud projects based on temporary agreements are expected to be finalized in Q4/18.

Nordics & Baltics

Revenues declined from NOK 103 million in Q3/17 to NOK 99 million in Q3/18, negatively impacted by timing of cloud revenues and contract renewals. When final agreements are in place the renewed HRO agreements secures a significant portion of the group's recurring revenues for additional six-, five- and three- year terms and opens the potential for upselling of additional services.

Group Profits

Operating loss (EBIT) for the quarter was NOK 5.5 million, compared to an operating profit of NOK 6.7 million in the corresponding quarter last year.

In addition to the impact from contract renewals and timing of cloud revenues, the operating result was negatively impacted by increased purchase price amortization, restructuring costs, and additional start up costs for new and renewed BPO agreements. Higher level of group overhead from strengthening the groups central functions has also put its mark on profitability.

Net financial costs for the quarter was NOK 3.1 million, including a non-cash foreign currency loss of NOK 7.7 million related to debt nominated in euro. Tax on ordinary profit was positive by NOK 1.2 million and net loss for the period was NOK 7.3 million.

Segment information

Revenues

Q3/18 revenues in the **HR outsourcing segment (HRO)** amounted to NOK 108.3 million, an increase of 17.5% compared with the same quarter previous year (NOK 96.2 million). The increase is mainly related to growth in the German HRO business, partly attributable to the reclassification of revenues between segments. Growth in the newly established UK and Irish HRO business also contributed positive, while revenues in Northern Europe declined as a result of price reductions from contract renewals.

The **Cloud services segment's** revenues in Q3/18 amounted to NOK 23.3 million (25.7 million). Non-organic growth related to the Q4/17 ROC acquisition was offset by change in timing of revenues resulting from a contract extension and reclassification of customers from cloud to the HRO segment following upselling of BPO services.

Revenues in the **Consulting segment** grew by NOK 16.1 million to NOK 44.7 million in Q3/18. Last year's acquisition of ROC was the key driver behind the growth. Because of the acquisitions the group's share of consulting revenues has increased. This

has introduced higher seasonal volatility mainly coming from the number of available working days per quarter. This being defined by the number of public holidays and popular periods from taking vacation – frequently aligned with school holidays.

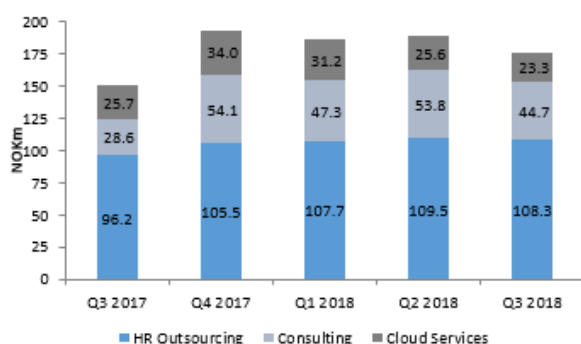
Profits

Operating profit for the **HR Outsourcing segment** in Q3/18 amounted to NOK 8.1 million compared to NOK 14.1 million in the same quarter last year. The decline in profitability is mainly related to contract renewals, employee severance payments, and additional start-up costs for new and renewed BPO agreements.

The **Cloud services segment** had an operating profit of NOK 1.4 million in Q3/18 compared to NOK 3.8 million in the same quarter last year. The decline reflects the change in timing of revenues resulting from a contract extension.

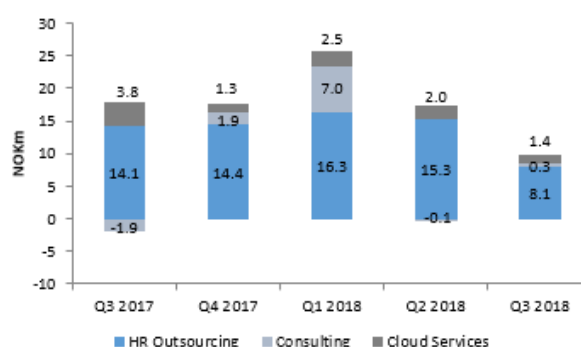
The **Consulting services segment** had an operating profit of NOK 0.3 (loss of NOK -1.9 million) in the third quarter. Despite lower revenues, due to seasonality, with much the same cost base, the segment still delivered positive operating profits.

Revenues per segment



Operating profit per segment *

* Excluding Group overhead



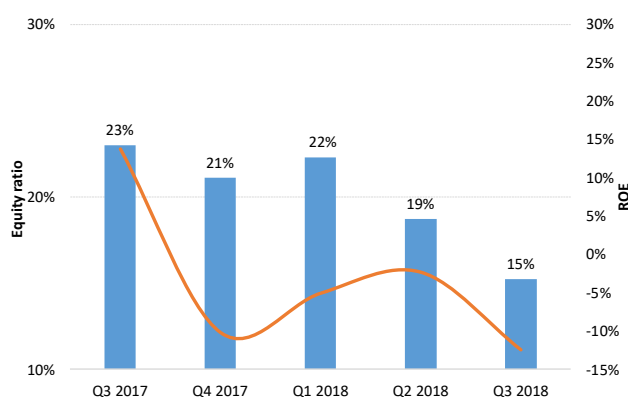
Financial position

While total assets increased by NOK 63.9 million to NOK 628.1 in Q3/18, equity decreased from NOK 105.6 million to NOK 95.6 million. Equity ratio was consequently reduced from 18.7% to 15.2%. Total assets have increased as a result of the bond issue of EUR 35 million in Q3/18. The net loss for the period of NOK 7.3 million and negative translation differences of NOK 2.8 million explains the decline in equity.

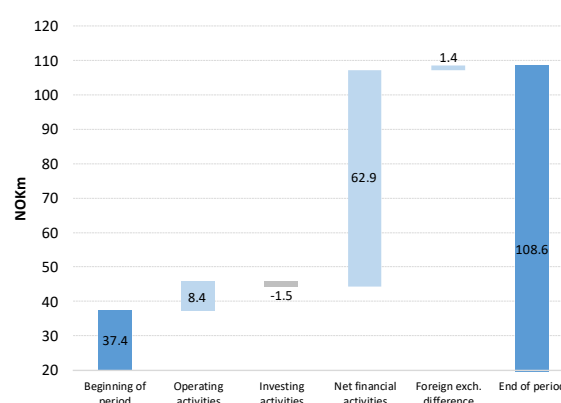
Cash and cash equivalents were NOK 108.6 million as of the end of Q3/18, up from 37.4 million as of the end of Q2/18. Cash generated from operating activities

after interest payments amounted to NOK 8.4 million, sufficient to fund investment activities of NOK 1.5 million. Cash flow from financing activities reflects the receipt of funds from the bond issue (EUR 35 million) less capitalized arrangement fees (EUR 700 thousand). Most of the funds were subsequently used to repay the bank debt and bank overdraft facility. Net interest bearing debt decreased from NOK 257.2 million at the end of the last quarter to NOK 253 million due to a positive cash flow from operations.

Equity ratio and return on equity (ROE)



Cash development, Q2/18 to Q3/18



Outlook

During 1H/2018 the group invested significant time and resources in the rebranding and technical integration of acquired businesses. The direct costs and opportunity costs have had a negative impact on margins over the last quarters, including Q3/18.

Zalaris will now utilize its new resources and capabilities gained by the investments in infrastructure and corporate systems and processes, to improve profit margins and continue the growth journey.

With the successful bond placement in September this year, the company has secured funding flexibility supporting further growth, including the funding of customer transformation projects, product development, and targeted acquisitions.

From the third quarter this year, focus has gradually shifted to concentrate efforts on customer relations, business development and operational improvements.

The pipeline of new business is steadily firming up, partly driven by the increased cross selling of our complementary solutions and strengths into new regions, which is expected to result in several signed agreements in the coming months.

UK is particularly showing a solid pipeline and is likely to finalize several agreements before year end. Good opportunities are also seen in other geographies and across industries and verticals.

As this report for the third quarter shows, it takes time to convert business opportunities to revenues and improved margins, however the company is confident that the third quarter represent a low in terms of profits and margin, and that the fourth quarter will return in the direction of target profitability.

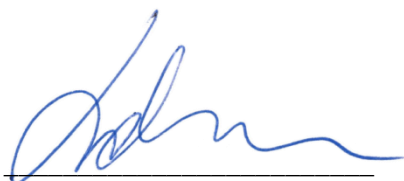
Oslo, 24 October 2018
The Board of Directors of Zalaris ASA



Lars Laier Henriksen
(chairman)



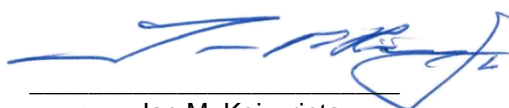
Jon Erik Haug



Liselotte Hægert 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
		Jul-Sep <i>unaudited</i>	Jul-Sep <i>unaudited</i>	Jan-Sep	Jan-Sep	Jan-Dec
Revenue	2	176,275	150,555	551,282	383,827	577,338
Operating expenses						
License costs		13,620	14,771	41,856	31,755	48,002
Personell expenses	3	108,877	82,316	322,365	208,113	308,935
Other operating expenses		43,576	32,323	132,563	81,101	131,311
Depreciations		921	720	2,692	1,825	2,217
Amortisation intangible assets	4	5,868	4,400	17,549	10,180	14,963
Amortisation implementation costs	5	8,886	9,365	26,937	26,224	37,918
Other costs		-	240	-	14,116	23,398
Total operating expenses		181,747	144,136	543,963	373,313	566,744
Operating profit		(5,472)	6,419	7,319	10,513	10,594
Financial items						
Financial income		1,557	269	7,928	1,401	1,498
Financial expense		(4,643)	(1,941)	(10,126)	(5,944)	(9,560)
Unrealized foreign currency loss/ gain	7	10	-	(46)	-	(12,057)
Net financial items		(3,076)	(1,672)	(2,245)	(4,543)	(20,120)
Profit before tax		(8,548)	4,746	5,074	5,970	(9,526)
Income tax expense						
Tax expense on ordinary profit		1,241	(935)	(2,122)	(1,321)	(2,661)
Total tax expense		1,241	(935)	(2,122)	(1,321)	(2,661)
Profit for the period		(7,307)	3,811	2,952	4,649	(12,188)
Profit attributable to:						
- Owners of the parent		(7,307)	3,811	2,952	4,649	(12,187)
- Non-controlling interests		-	-	-	-	-
Earnings per share:						
Basic earnings per share (NOK)		(0.36)	0.19	0.15	0.24	(0.61)

Consolidated Statement of Comprehensive Income

(NOK 1000)	Notes	2018	2017	2018	2017	2017
		Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
		<i>unaudited</i>	<i>unaudited</i>			
Profit for the period		(7 307)	3 811	2 952	4 649	(12 188)
Other comprehensive income						
Items that will be reclassified to profit and loss in subsequent periods						
Currency translation differences		(2 869)	(4 359)	(14 581)	2 537	14 003
Total other comprehensive income		(2 869)	(4 359)	(14 581)	2 537	14 003
Total comprehensive income		(10 176)	(547)	(11 629)	7 186	1 815
Total comprehensive income attributable to:						
- Owners of the parent		(10 176)	(547)	(11 629)	7 186	1 815
- Non-controlling interests		-	-	-	-	-

Consolidated Statement of Financial Position

		2018	2017	2017
(NOK 1000)	Notes	30. Sep	30. Sep	31. Dec
		<i>unaudited</i>	<i>unaudited</i>	
ASSETS				
Non-current assets				
Intangible assets				
Other intangible assets	4	143 284	140 613	145 747
Goodwill		144 991	140 547	151 075
Total intangible assets		288 275	281 160	296 822
Deferred tax asset		1 076	2 577	848
Fixed assets				
Office equipment		1 593	1 375	1 546
Property, plant and equipment		32 120	33 217	34 926
Total fixed assets		33 713	34 592	36 472
Total non-current assets		323 063	318 329	334 143
Current assets				
Trade accounts receivable		155 465	143 932	157 493
Customer projects	5	24 555	25 157	21 798
Other short-term receivables		16 395	13 492	16 290
Cash and cash equivalents		108 645	56 738	62 792
Total current assets		305 060	239 319	258 372
TOTAL ASSETS		628 124	557 648	592 515

Consolidated Statement of Financial Position

(NOK 1000)	Notes	2018 30. Sep	2017 30. Sep	2017 31. Dec
EQUITY AND LIABILITIES				
Equity				
Paid-in capital				
Share capital		2 012	2 011	2 012
Own shares - nominal value		(6)	(6)	(6)
Other paid in equity		1 860	1 057	1 116
Share premium		45 198	57 698	58 217
Total paid-in capital		49 064	60 759	61 339
Other equity		(2 037)	(2 001)	(2 114)
Retained earnings		48 637	64 892	60 461
Equity attributable to equity holders of the parent		95 664	123 649	119 686
Non-controlling interests			4 707	-
Total equity		95 664	128 356	119 686
Non-current liabilities				
Deferred tax		27 555	29 749	29 482
Interest-bearing loans and borrowings		339 774	239 723	220 225
Total long-term debt		367 329	269 472	249 707
Trade accounts payable		20 479	17 599	24 211
Bank overdraft		-	-	25 135
Interest-bearing loan from shareholders		7 492	8 887	7 775
Interest-bearing loans		14 339	-	41 782
Income tax payable		2 376	6 629	4 773
Public duties payable		34 933	30 737	36 418
Other short-term debt		85 511	95 967	82 773
Derivatives		-		255
Total short-term debt		165 130	159 820	223 123
Total liabilities		532 459	429 292	472 829
TOTAL EQUITY AND LIABILITIES		628 124	557 648	592 515

Consolidated Statement of Cash Flow

(NOK 1000)	Notes	2018	2017	2018	2017	2017
		Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Cash Flow from operating activities		<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>		
Profit before tax		(8,548)	4,746	5,074	5,970	(9,527)
Financial income		(1,567)	(269)	(2,269)	(1,072)	(1,169)
Financial costs		4,643	2,088	4,513	3,533	18,546
Depreciations and impairments		921	720	2,692	1,825	2,217
Amortisation intangible assets		5,868	4,368	17,549	10,180	14,963
Amortisation implementation costs customer projects		8,886	9,365	26,937	26,224	37,918
Net recognized/deferred revenues customer projects		(2,835)	(11,388)	(29,694)	(28,269)	(36,603)
Taxes paid		77	184	(4,747)	(244)	(1,711)
Changes in accounts receivable and accounts payable		8,608	(46,635)	(1,703)	(66,238)	(73,188)
Changes in other short term debt and disposals		(4,464)	33,220	(2,262)	73,585	106,222
Interest received		65	33	137	69	129
Interest paid		(3,270)	(2,089)	(7,280)	(2,956)	(5,155)
Net cash flow from operating activities		8,386	(5,656)	8,946	22,606	52,644
Cash flows from investing activities						
Purchase of fixed and intangible assets		(1,481)	(39,726)	(17,991)	(142,821)	(24,755)
Purchase of subsidiaries including goodwill		-	(35,561)	-	(140,547)	(276,748)
Net cash flow from investing activities		(1,481)	(75,287)	(17,991)	(283,367)	(301,503)
Cash flows from financing activities						
Change minorities		-	-	-	4,707	
Stock purchase program		273	317	765	935	992
Issuance of new shares		-	11,413	-	11,413	35,713
Transaction costs related to issuance of new shares		-		-	-	(3,411)
Bank overdraft		(42,557)		(25,135)	-	25,135
Proceeds from issue of new borrowings		323,593	79,709	324,831	247,959	258,327
Repayments of borrowings		(218,377)	110	(233,055)	(251)	(31,507)
Dividend payments		-	-	(13,020)	(16,557)	(16,557)
Net cash flow from financing activities		62,931	91,549	54,386	248,204	268,692
Net changes in cash and cash equivalents		69,836	10,606	45,342	13,336	19,833
Net foreign exchange difference		1,365	(297)	512	(106)	(550)
Cash and cash equivalents at the beginning of the period		37,445	46,430	62,792	43,509	43,509
Cash and cash equivalents at the end of the period		108,646	56,738	108,646	56,738	62,792
Unused credit facilities		1,264	30,000	1,264	30,000	24,439

Consolidated Statement of Changes in Equity

(NOK 1000)	Share capital	Own shares	Share premium	Other paid in equity	Total paid-in equity	Cumulative translation differences	Other equity	Non-controlling interests	Total equity
Equity at 01.01.2018	2 012	(6)	58 217	1 116	61 339	10 771	47 576	0	119 687
Profit of the year					-		2 952	-	2 952
income				(20)	(20)	(14 633)			(14 654)
Share based payments				765	765				765
Issue of Share Capital					-				-
Transaction costs related to issue of new shares					-		-		-
Other changes					-		(65)		(65)
Dividend			(13 020)		(13 020)				(13 020)
Equity at 30.09.2018	2 012	(6)	45 198	1 860	49 064	(3 863)	50 463	0	95 665
<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					-		4 649		4 649
Other comprehensive income					-	2 537	(1 245)		1 292
Share based payments				935	935				935
Issue of Share Capital	98		37 207		37 305		(2 001)	4 707	40 011
Transaction costs related to issue of new shares					-				-
Other changes					-	24	(2 621)		(2 597)
Dividend			(16 557)		(16 557)				(16 557)
Equity at 30.09.2017	2 010	(6)	57 698	1 057	60 759	(100)	62 991	4 707	128 357
<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 third quarter of 2018 were authorized for issue by the board of directors on 24th of October 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-Sept

(NOK 1.000)	HR Outsourcing	Cloud- services	Consulting	Gr.Ovhd & Unallocated	Total
Other operating income, exte	325 388	80 094	145 799	-	551 281
Other operating expenses	(261 013)	(69 779)	(137 195)	(28 798)	(496 785)
Transaction related costs					-
EBITDA	64 375	10 315	8 604	(28 798)	54 497
Depreciation and amortisator	(24 656)	(4 469)	(1 345)	(16 708)	(47 178)
Operating profit/(loss)	39 720	5 846	7 259	(45 506)	7 319
Net financial income/(expenses)				(2 245)	(2 245)
Income tax				(2 122)	(2 122)
Profit for the period	39 720	5 846	7 259	(49 873)	2 952
Cash flow from investing activities				(17 991)	(17 991)

2017 Jan-Sept

(NOK 1.000)	HR Outsourcing	Cloud- services	Consulting	Unallocated	Total
Other operating income, exte	278 445	58 110	47 271		383 827
Other operating expenses	(209 514)	(46 050)	(45 370)	(20 044)	(320 978)
Transaction related costs				(14 116)	(14 116)
EBITDA	68 931	12 060	1 901	(34 160)	48 732
Depreciation and amortisator	(29 279)	(5 648)	(757)	(2 545)	(38 229)
Operating profit/(loss)	39 652	6 412	1 144	(36 705)	10 503
Net financial income/(expenses)				4 543	4 543
Income tax				(1 321)	(1 321)
Profit for the period	39 652	6 412	1 144	(33 483)	13 725
Cash flow from investing activities				(283 367)	(283 367)

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)
Transaction related costs				(23 398)	(23 398)
EBITDA	93 603	15 873	3 853	(47 636)	65 693
Depreciation and amortisator	(39 510)	(8 111)	(769)	(6 708)	(55 098)
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				(9 526)	(9 526)

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 total	2018 Jul-Sep	as % of total	2017 Jul-Sep	as % of total	2018 Jan-Sep	as % of total	2017 Jan-Sep	as % of total	2017 Jan-Dec
Northern Europe	56%	98 958	68%	102 525	57%	315 137	80%	307 043	72%	416 729
Central Europe	41%	71 472	32%	48 044	40%	218 344	20%	76 784	27%	154 173
UK & Ireland	3%	5 845			3%	17 801	0%	-	1%	6 436
Total	100%	176 275	100%	150 569	100%	551 282	100%	383 827	100%	577 338

Information about major customers

(NOK 1000)	as % of total	2018 Jul-Sep	as % of total	2017 Jul-Sep	as % of total	2018 Jan-Sep	as % of total	2017 Jan-Sep	as % of total	2017 Jan-Dec
5 largest customers	26%	45 989	36%	54 946	27%	146 533	41%	157 231	36%	208 328
10 largest customers	36%	64 189	51%	76 148	38%	207 782	57%	218 055	51%	291 821
20 largest customers	51%	90 258	65%	97 993	53%	292 153	71%	272 185	64%	370 349

Note 3 – Personnel Costs

(NOK 1000)	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Jan-Dec
Salary	87 048	70 159	269 871	182 113	276 540
Tantieme and variable compensation	6 844	5 476	20 406	6 850	8 692
Social security tax	13 117	11 145	40 744	26 935	41 286
Pension costs	4 903	4 678	15 182	14 087	19 619
Other expenses	6 444	3 432	18 016	10 011	13 426
Capitalised development expenses	(4 342)	(2 392)	(12 570)	(7 194)	(10 360)
Capitalised implementation costs customer projects	(5 138)	(10 182)	(29 284)	(24 688)	(40 269)
Total salary expenses	108 877	82 316	322 365	208 113	308 935

Note 4 – Intangible Assets

(NOK 1000)	Licenses and software	Intern. 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	-	16 413	-	-	17 782
Reclassifications	-	6 403	(6 403)	-	-	-
Disposals and currency effects	794	211	-	(3 700)	(6 084)	(8 779)
This period ordinary amortisation	(2 143)	(8 090)	-	(7 317)	-	(17 550)
Book value 30.09.2018	8 960	29 982	20 565	83 777	144 991	288 275
Book value 01.01.2017	6 613	22 853	9 589	-	-	39 054
Net additions through acquisition	-	-	-	-	140 547	140 547
Additions of the period	3 481	-	12 568	95 591	-	111 640
Reclassifications	-	4 282	(4 282)	-	-	0
Disposals and currency effects	22	76	0	0	-	99
This period ordinary amortisation	(1 518)	(6 124)	-	(2 539)	-	(10 181)
Book value 30.09.2017	8 598	21 088	17 875	93 053	140 547	281 161
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	3-10 years	5 years	N/A	10 years	N/A	
Depreciation method	linear	linear		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.

	2018	2017	2017
(NOK 1000)	Sep	Sep	Dec
Deferred costs related to customer projects	91 313	91 936	95 284
Deferred revenue related to customer projects	(66 758)	(66 779)	(73 487)
Net customer implementation costs	24 555	25 157	21 798

Note 6 – Transactions with Related Parties

(NOK 1000)		2018	2017	2018	2017
Related party	Transaction	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Dec
Rayon Design AS 1)	Management Services	42	33	1 007	902
Total		42	33	1 007	902

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

Note 7 – Loan

The company secured in Q3 2018 a bond listed at Oslo Stock Exchange.

Bond	Value	Interest	Settlement Maturity
Oslo Stock Exchange	EUR 35 000 000	3 m Euribor + 4.75 %	28.09.2018 28.09.2023

Previous financing in Nordea has been repaid. Upon repayment a net currency gain of NOK 5.6 million was realized.

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.

Key Figures

Key financials	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
NOKm except per share figures							
Revenues	106.4	126.9	150.6	193.5	186.2	188.8	176.3
Revenue growth (y-o-y)	8.0 %	33.2 %	54.2 %	83.9 %	75.0 %	48.8 %	17.1 %
EBITDA excl. extraordinary items	13.6	11.3	11.8	23.6	19.3	25.0	10.2
EBITDA margin	13%	9%	8%	12%	10%	13%	6%
EBIT excl. extraordinary items	10.7	7.2	6.7	9.4	11.3	1.5	-5.5
EBIT margin	10.1 %	5.7 %	4.4 %	4.8 %	6.1 %	0.8 %	-3.1 %
Profit Before Tax	7.0	-5.8	4.7	-15.5	12.7	0.9	-8.5
Income Tax Expense	1.6	-1.2	0.9	1.3	1.3	2.0	-1.2
Non- Controlling Interests							
Net income	5.4	-4.6	3.8	-16.8	11.4	-1.1	-7.3
Profit margin	5.1 %	-3.6 %	2.5 %	-8.7 %	6.1 %	-0.6 %	-4.1 %
Weighted # of shares outstanding (m)	19.2	19.6	20.1	20.2	20.3	20.3	20.3
Basic EPS	0.3	-0.2	0.2	-0.8	0.6	-0.1	-0.4
Diluted EPS	0.3	-0.2	0.2	-0.8	0.6	-0.1	-0.4
DPS		0.9					
Cash flow items							
Cash from operating activities	-2.8	31.1	-5.7	30.0	-2.3	2.9	8.4
Investments	-4.7	-203.4	-75.3	-18.1	-5.3	-11.3	-1.5
Net changes in cash and cash equi.	-7.3	10.0	10.6	-18.6	-6.1	-18.4	69.8
Cash and cash equivalents end of period	36.2	42.2	56.7	37.7	31.7	37.4	108.6
Net debt	-59.9	130.7	183.0	224.4	231.6	214.6	253.0
Equity							
Equity ratio	57%	28%	23%	21%	22%	19%	15%
ROE	26%	17%	14%	-10.2%	-5.1%	-2.3%	-12.4%
Number of FTE (Period End)	461	643	786	768	779	792	788
Segment overview	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
NOKm							
Revenues	106.4	126.9	150.6	193.5	186.2	188.8	176.3
HR Outsourcing	90.6	91.6	96.2	105.5	107.7	109.5	108.3
Consulting	2.2	16.4	28.6	54.1	47.3	53.8	44.7
Cloud Services	13.6	18.9	25.7	34.0	31.2	25.6	23.3
Adjustments							
EBIT	7.7	-3.6	6.4	0.1	11.3	1.5	-5.5
HR Outsourcing	13.8	11.7	14.1	14.4	16.3	15.3	8.1
Consulting	1.2	1.9	-1.9	1.9	7.0	-0.1	0.3
Cloud Services	2.4	0.3	3.8	1.3	2.5	2.0	1.4
Gr.ovhd & Unallocated	-6.6	-6.6	-9.3	-8.4	-14.5	-15.7	-15.2
Unallocated Other costs	-3.1	-10.8	-0.2	-9.3			
HR Outsourcing	15.3 %	12.8 %	14.7 %	13.7 %	15.2 %	14.0 %	7.5 %
Consulting	54.4 %	11.3 %	-6.7 %	3.6 %	14.9 %	-0.1 %	0.6 %
Cloud Services	17.4 %	1.5 %	14.7 %	4.0 %	8.0 %	7.7 %	5.9 %

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Financial information

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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