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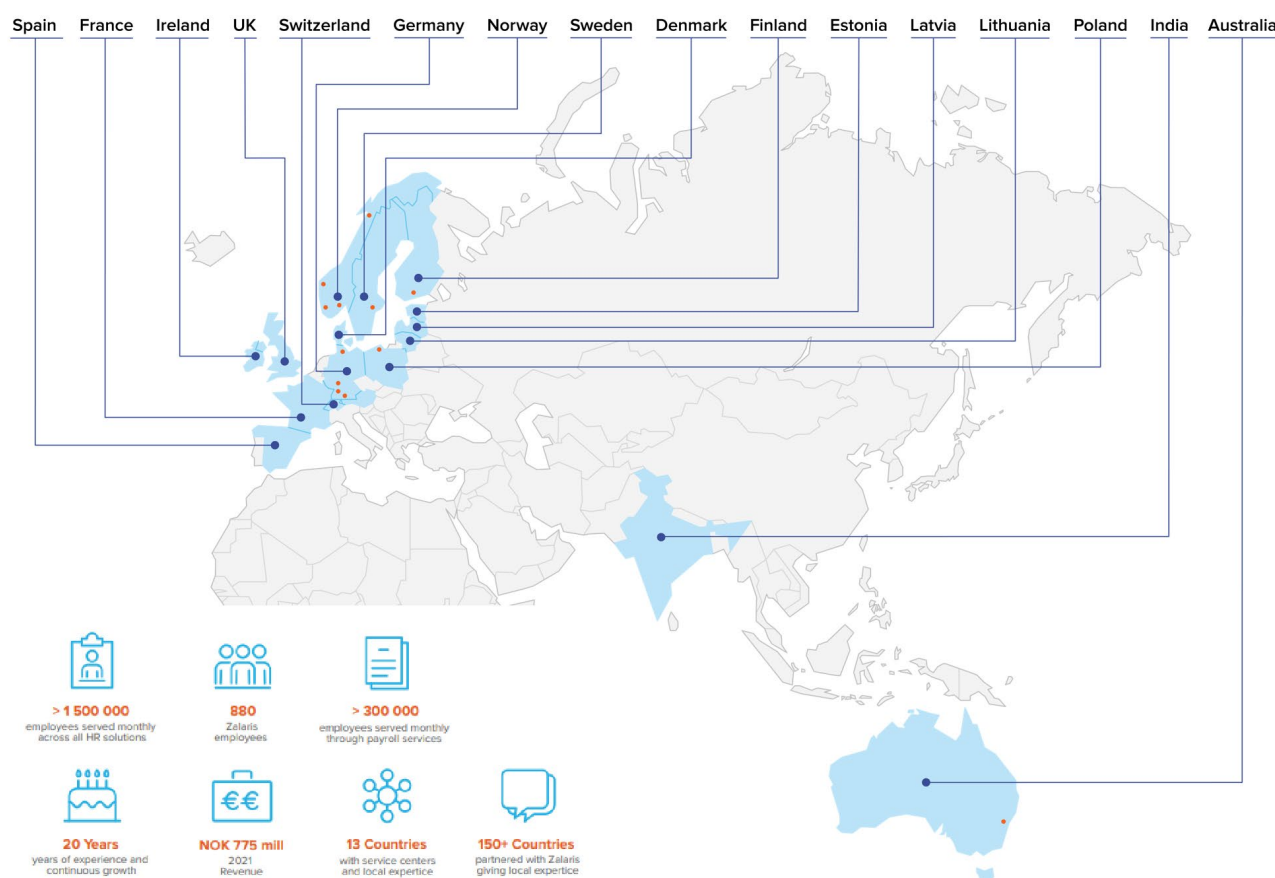
About Zalaris

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

Zalaris ranks among Europe's top providers of human capital management (HCM) and payroll solutions – addressing the entire employee lifecycle, from recruiting and onboarding to compensation, time and attendance, travel expenses and performance management.

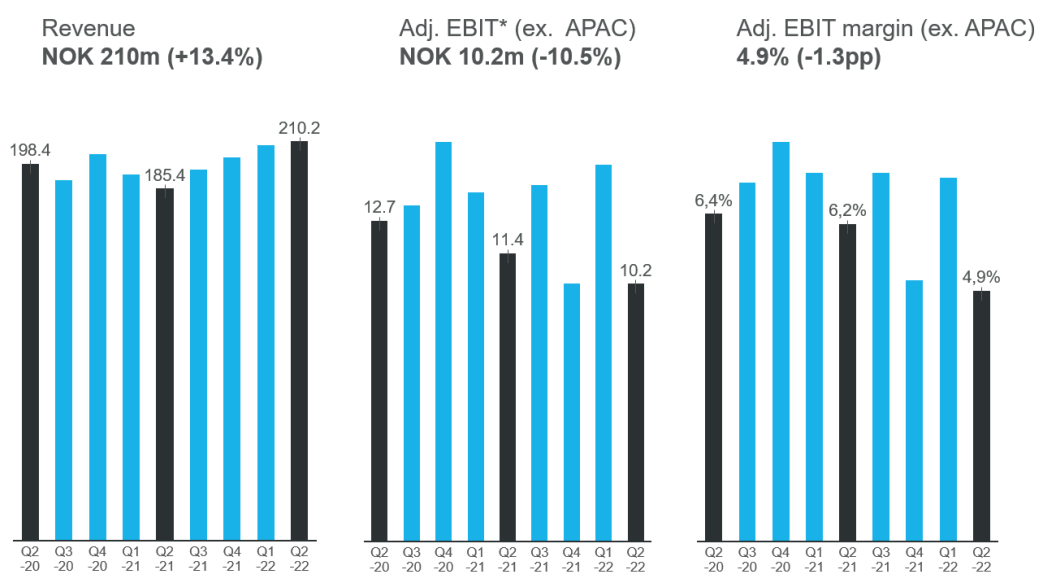
Our proven local and multi-country delivery models include: on-premise implementations, software as a service (SaaS), cloud integration and business process outsourcing (BPO). Furthermore, Zalaris' experienced consultants and advisors cover all industries and IT environments.

Headquartered in Oslo, Norway, and publicly traded on the Oslo Stock Exchange (ZAL), we serve more than one million employees each month, across multiple industries and with many of Europe's most reputable employers. We have generated uninterrupted growth since our founding in 2000 and today operate in the Nordics, Baltics, Poland, Germany, Austria, Switzerland, France, Spain, India, Ireland, the UK and Australia.



Highlights

- All time high quarterly revenue of NOK 210.2 million (NOK 185.4 million), representing a growth of +14.6% YoY in constant currency.
- Revenue deferred during the quarter +55% to NOK 17.6 million (NOK 11.4 million), as a result of many new customer contracts being implemented.
- Adjusted EBIT of NOK 10.2 million (NOK 11.4 million) -10.5% YoY, before EBIT from the greenfield establishment in the Asia-Pacific region (APAC) of NOK -3.4 million, and reported EBIT of NOK 1.2m (NOK 3.1m).
- Adjusted EBIT margin (before APAC) of 4.9% (6.2%). Margin was negatively affected by onboarding of new customers, recruitment and training, and optimization of resources to handle the increased volumes going forward. There is no change in the long-term target of 10% EBIT margin.
- Signed a seven-year agreement with Stora Enso, a leading Finish industrial company, for delivery of Payroll and Time Management technology and outsourcing services. Among 10 largest contracts, and strengthens the position in the global production industry vertical.
- Continued strong pipeline. A number of large-size deals in final stage where Zalaris is selected as one of two final bidders or in exclusive negotiations.
- Good progress in the new geographical region, APAC, with first major contract signed in August for the implementation of a HR solution for seafood company, Sealord. Targeting positive EBIT from Q3 2022.
- Engaged investment bank to sell vyble, allowing Zalaris to focus entirely on the continued growth of its PeopleHub based business. The process is expected to be completed by year-end. The investment in vyble has been reclassified as assets held for sale and discontinued operation.
- Cash and cash equivalents of NOK 116.8 million, -NOK 17.9 million compared to last quarter, after dividend payment of NOK 7.6 million.



*Defined in separate section: Alternative Performance Measure (APMs)

Key Figures

Q2 2022 financial performance by business segment

(NOK 1 000)	2022 Apr-Jun	2021 Apr-Jun	2022 Jan-Jun	2021 Jan-Jun	2021 Jan-Dec
Revenue					
Managed Services	151 667	125 779	298 214	254 216	529 685
Professional Services	57 950	59 636	119 843	123 978	245 580
New business (APAC)	570	-	570	-	-
Total revenue	210 187	185 415	418 627	378 194	775 265
Adjusted EBIT¹⁾					
Managed Services	12 355	16 438	29 308	32 197	66 440
Professional Services	5 243	3 629	12 336	9 183	18 816
HQ (unallocated costs)	(7 425)	(8 649)	(16 648)	(16 173)	(35 681)
Adj. EBIT (ex. APAC)	10 173	11 418	24 996	25 207	49 575
<i>Adj. EBIT margin (ex. APAC)</i>	<i>4,9 %</i>	<i>6,2 %</i>	<i>6,0 %</i>	<i>6,7 %</i>	<i>6,4 %</i>
New business (APAC)	(3 353)	-	(3 793)	-	-
Adj. EBIT	6 820	11 418	21 203	25 207	49 575
Share-based payments	(1 828)	(661)	(3 705)	(1 291)	(5 723)
Amortisation excess value on acquisitions	(2 945)	(2 584)	(5 949)	(5 202)	(11 469)
Other	(854)	(5 073)	(1 907)	(5 349)	(9 798)
EBIT	1 193	3 100	9 642	13 365	22 585
<i>EBIT margin (%)</i>	<i>0,6 %</i>	<i>1,7 %</i>	<i>2,3 %</i>	<i>3,5 %</i>	<i>2,9 %</i>

Q2 2022 financial summary

(NOK 1 000)	2022 Apr-Jun	2021 Apr-Jun	2022 Jan-Jun	2021 Jan-Jun	2021 Jan-Dec
Revenue	210 187	185 415	418 627	378 193	775 265
Growth (YoY)	13,4 %	-6,5 %	10,7 %	-51,8%	4,2 %
EBIT	1 194	3 100	9 642	13 365	22 585
Adjusted EBIT ¹⁾ (ex. APAC)	10 173	11 418	24 996	25 207	49 575
<i>Adjusted EBIT margin (as % of revenue)</i>	<i>4,9 %</i>	<i>6,2 %</i>	<i>6,0 %</i>	<i>6,7 %</i>	<i>6,4 %</i>
Profit/(loss) for the period	(24 980)	(6 416)	(15 522)	11 060	12 812
Earnings per share (EPS)	(0,72)	(0,31)	(0,75)	0,52	0,60
Total comprehensive income	(3 463)	(137)	(5 020)	5 043	1 148
Free cash flow ¹⁾	(2 257)	(7 408)	(11 402)	(9 595)	12 407
Net interest-bearing debt (NIBD) ¹⁾	254 397	154 415	254 397	154 415	183 019

¹⁾ Defined in separate section Alternative Performance Measure (APMs)

CEO Insights

In the first half of 2022 we made significant advances in our ambition for Zalaris to be a leading player in the global market for multi-country payroll. We broadened our geographic footprint to also cover APAC. With our Peoplehub concept we can now serve customers in more than 150+ countries with one common system supported by a comprehensive set of services. Our recent wins, e.g. Mätsa and Yunex, have given us much attention in the advisory community resulting in a solid pipeline of opportunities that have the potential to take us to the next level. Having entered the second half of the year we continue to focus on successfully implementing our newly signed agreements and further industrializing our operations targeting margin improvements and increased scale through the implementation of Zalaris 4.0 for all of our entities.

In Q2, #teamZalaris delivered a quarter with record high revenues of NOK 210.2 million growing 15% in constant currency compared to the second quarter of last year. In addition, we invoiced NOK 17.6 million of deferred revenue, up from NOK 11.4 million last year, to be recognized as ongoing transformation projects go live over the coming quarters.

Our adjusted EBIT, excluding the investment of NOK 3.4 million related to the build-up of APAC operations, was NOK 10.2 million (margin 4.9%) which was down from a margin of 6.2% last year. The temporarily reduced EBIT margin is largely related to frontloading of costs from new hirings needed to serve customers on their way in but not yet productive and recognizing revenue. The engagement margin on existing customers is in fact stable and on a positive trend as our Zalaris 4.0 improvement project advances and some of our contracts in Germany have been renegotiated at higher rates. In the quarter we also had a higher than normal costs related to turnover, and for social gatherings satisfying pent-up demand as work situations normalize post-Covid.

We are devastated about the war in Ukraine. While we have not been directly impacted we continue to monitor the situation. The company has decided to cease using the Z-logo or other abbreviations of the company name.

Delivering on growth expectations

Within Managed Services, we continued our streak of signing new long-term customers. We are on track to deliver on our communicated 2022 growth ambitions of selling another 15% of Managed

Services revenue, which will ensure we reach our goal to grow 10% organically through 2023. This also means that our target of being a NOK 1 billion revenue company in 2023 stands firm.

In the quarter we signed a seven-year agreement with StoraEnso, a leading provider of renewable solutions in packaging, biomaterials, wooden construction, and paper, to deliver Payroll and Time Management technology and outsourcing services for their 6,000 employees in Finland. As part of the deal, 19 employees transferred to Zalaris.

Our pipeline of new deals continued to develop positively. A number of large deals advanced to the final stage, being selected as one of two final bidders or entered exclusive negotiations. We clearly see that we leverage our combined Professional- and Managed Services capabilities, and our strengthened brand in Germany and UK, supporting the achievement of our 2023 sales targets.

Temporarily reduced EBIT margin from front loading of costs to increase delivery capacity

Margins on existing customers in both customer segments were stable during the quarter. In Managed Services, our project implementing the Zalaris 4.0 delivery model using more near/offshore and automation in Germany is underway but is at this stage contributing negatively to margins. In addition, we had additional costs onboarding new customers both driven by sub-target productivity in the initial burn-in period and from strengthening our delivery capacity and training new staff before new projects enter production. Except for deals where we take over personnel from the customer (e.g. the Stora Enso contract), we build up capacity in our near- and offshore centres to allow for more work being moved from more expensive onshore operations.

We see some cost inflation and wage pressure but are reasonably protected through contracted price indexation clauses in the majority of our agreements.

We are monitoring the position closely with the aim of maintaining and further improving our competitive cost position delivering on our defined EBIT margin target of 10%.

Investment in APAC started to pay off with first cloud customer win and expected positive EBIT from Q3

As communicated in our first quarter report we have been investing in the establishment of local operations in Australia and Singapore, strengthening our position in the fast-growing market for global payroll and to better support large customers that require expansion of their shared service to the APAC region. As an alternative to an expensive acquisition, we established a strong team of experienced people working closely with SAP in the region. Leaving Q2, we have come off to a good start with a significant pipeline. Recently, we signed our first agreement to implement a new cloud-based HR solution for Sealord Inc headquartered in New Zealand.

The new unit has taken on the responsibility of further enhancing Zalaris Global SAP SuccessFactors based packaged solutions that will strengthen the revenue potential for the whole group.

Currently, the APAC initiative has been seen as an investment in market expansion. In our financial statements we separate out the revenue and loss from the unit to make it more visible. We remain very encouraged by the development of the unit so far.

APAC targets positive EBIT from Q3 2022 and a doubling of the current monthly revenue to EUR 225K by Q3 2023.

Divestment of vyble® to speed up realization of market potential

With the acquisition of the German entity vyble® in the first quarter of 2022, our ambition to become a significant player in the growing market for fully digitised payroll and HR solutions for small and medium-sized businesses. The German SME market segment, including companies with 10-250 employees, has an estimated annual value of EUR 3.2 billion.

In the second quarter, we focused the vyble® strategy on being a SaaS provider and divested the payroll as a service business. Our current offering supports both a direct and a partner-based model. In the partner-based model, we enable service providers like BDO to digitize HR and payroll processes for their customers with sales and onboarding handled by the partner. In the direct model, vyble sell a complete HR and Payroll solution as SaaS to SMEs and support them directly.

Powered with this renewed focus and a revamped website we see increased sales and lead conversion rates in both sales channels.

For 2022 we target a total revenue for vyble® of approx. EUR 450K to grow to EUR 2.5 million run rate and cash-flow positive by the end of 2023. This ambition implies a market share of < 0,1% and as such shows the large potential for vyble® with its scalable SaaS solution in the German market.

With these major changes completed we have engaged an investment bank to divest vyble® and to find a partner that can support funding vyble® to a faster growth trajectory. This will allow Zalaris to focus on core business supporting mid- and large size customers with Peoplehub and SAP based solutions.

Continued optimism for the future

As a provider of services that allow customers to focus on core business, streamline their operations, and help them recruit and retain critical talent we believe we will continue benefiting from the current uncertainties and recession-like tendencies in the market. It is in periods like this that outsourcing based delivery models – like ours – have excelled in the past.

At the same time, we benefit from an underlying positive market for multi-country payroll and cloud-based HR services with double-digit growth rates.

Zalaris is well positioned with global delivery capability and is ready to take on new large projects helping customers simplify work life and achieve more

Financial Review

Revenue

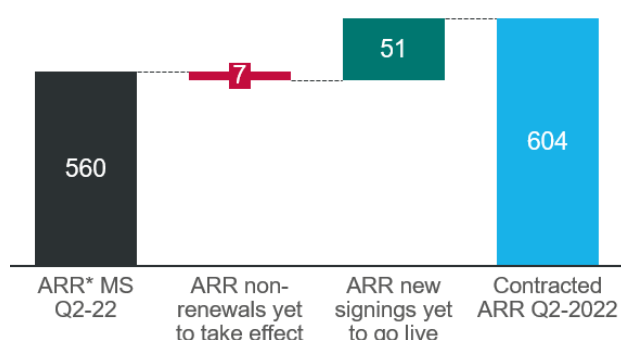
Consolidated revenue for the second quarter 2022 amounted to NOK 210.2 million (Q2 2021: NOK 185.4 million). The revenue increase was +13.4%. Measured in constant currency the increase was +14.6%.

Compared to the second quarter last year, revenue from new customers and the revenue from bas.se, which was acquired in the third quarter 2021, contributed to the growth, and was only partly offset by customers that did not renew their contracts after the second quarter last year.

During the second quarter, Zalaris signed a seven-year agreement with major Finnish industrial company, Stora Enso, for delivery of Payroll and Time Management technology and outsourcing services for their employees in Finland. This is one of Zalaris' 10 largest contracts to date. The contract started generating revenue in June. Zalaris has signed several other new BPaaS/SaaS contracts within Managed Services ("MS") during the last 12 months that have not yet been implemented. These will start generating monthly recurring revenue as soon as the contracts go live.

As an illustration of the future revenue impact of new signed contracts that have not gone live as of 30 June 2022, the table below shows the ARR within MS at the end of the second quarter, and how the ARR will increase, when these contracts have been implemented.

Contracted ARR* in MS (NOKm)

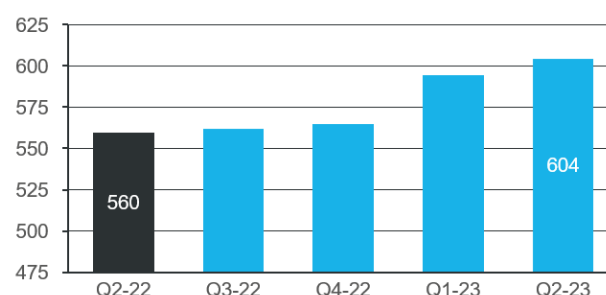


* Please refer to the APMs section of this report for definition of ARR and contracted ARR

The net ARR to be implemented from new contracts (NOK 44 million) represents an increase in total annual revenue for Zalaris of +5.4% (when compared to total revenue last twelve months – LTM Q2 2022).

The figure below shows the timing of the expected increase in the ARR for MS, based on signed contracts.

Expected timing of Contracted ARR (NOKm)



Nordics & Baltics

Revenue in the Nordic & Baltic region was NOK 110.2 million in the second quarter. Adjusted for negative currency effects, the revenue was 6.0% higher than the figure last year of NOK 105.2 million. This was explained by the implementation of new customers, partly offset by non-renewals.

Central Europe

Revenue in the Central Europe region was NOK 88.2 million in the second quarter, compared to NOK 70.3 million last year. An increase of +27.0%, when adjusted for negative currency effects. The revenue was approximately 10% higher when adjusted for the inclusion of bas.se (consolidated from the third quarter 2021).

The organic growth came from Professional Services in Poland and from new customers in Managed Services in Germany.

Within Professional Services, Poland and Germany showed a revenue growth of +38.3% and -9.8% respectively in local currency compared to last year. Managed Services in Germany grew by +37.5% in the same period.

UK & Ireland

Revenue in the UK & Ireland region amounted to NOK 11.2 million in the second quarter, compared to NOK 10.0 million in the same quarter last year. There has been increased activity within Manage Services in the region, and revenue from Managed Services has increased significantly. However, as Professional Services resources have been utilized on the implementation of new SaaS contracts (recognised as deferred revenue), this has had a negative impact on revenue in that segment.

Earnings

The adjusted EBIT, before EBIT from New business (APAC), was NOK 10.2 million for the second quarter (NOK 11.4 million), a decrease of 10.5%. The decrease is largely explained by onboarding of new customers, recruitment and training of new personnel, and the optimisation of resources to deliver on the new customers contracts that haven't been, or will be, implemented. This has been partly offset by the contribution from increased revenue. Increased travel and other related costs post Covid-19 were particularly high in the second quarter, also contributing to higher operating expenses.

Several programs have been initiated to improve EBIT, including the transfer of a larger portion of work performed to nearshore and offshore locations with lower costs.

The adjustments made to EBIT were the calculated costs of the Company's share-based payment plan (NOK 1.9 million), amortisation of excess values on acquisitions (NOK 3.0 million), and the one-off costs for establishing an Application Maintenance Services centre for Managed Services in Poland (NOK 0.9m).

The EBIT from New business (APAC) was negative NOK 3.4 million in the second quarter. The financial

result from new businesses activities (e.g. the establishment of a new geographical region) are reported separately, until the business is up and running at a normal level and included in one of the two main segments. The objective is to provide information on the result of new business development activities that generally would generate a financial loss in an interim period, and to show the financial result of the existing business activities without the disturbance of these new activities.

The APAC region is a greenfield establishment with limited revenue during the second quarter. However, the region is making good progress, and subsequent to quarter end Zalaris signed its first large contract in the region, for the implementation of a HR solution for seafood company, Sealord.

Consolidated EBIT for the quarter was NOK 1.2 million (NOK 3.1 million). The variance from last year is due to the investment in APAC (New business) and higher calculated costs for share-based payments, as well as the operational issues noted above.

The Group had net financial expense of NOK 27.4 million for the second quarter (net expense NOK 12.1 million), including an unrealised currency loss of NOK 21.2 million (loss NOK 7.3 million) relating to the EUR 35 million bond loan and other foreign currency denominated balances.

The net loss for the quarter was NOK 25.0 million (loss NOK 6.4 million), after the unrealised currency loss of NOK 21.2 million.

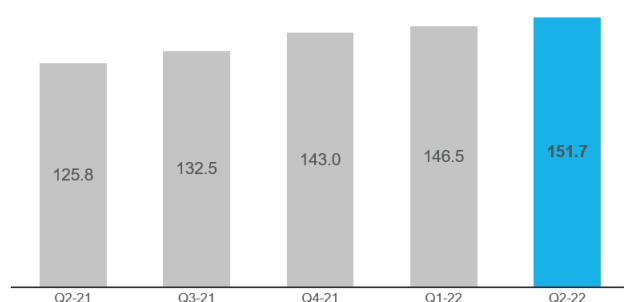
Total comprehensive income amounted to negative NOK 3.5 million (negative NOK 0.1 million), after currency translation differences of NOK 21.5 million (NOK 6.3 million) relating to foreign subsidiaries.

Business segment performance

Managed Services

The Managed Services (“MS”) segment had revenue of NOK 151.7 million for the second quarter 2022, compared to NOK 125.8 million in the same quarter last year. The increase was +21.7% when adjusted for negative currency effects. The inclusion of ba.se service & consulting GmbH (“ba.se”) added NOK 12.0 million (+9.5%), while the remaining increase of +12.2% is mainly due to revenue from new customers that have gone live since the first quarter last year, partly offset by non-renewals.

Revenue Managed Services (NOKm)



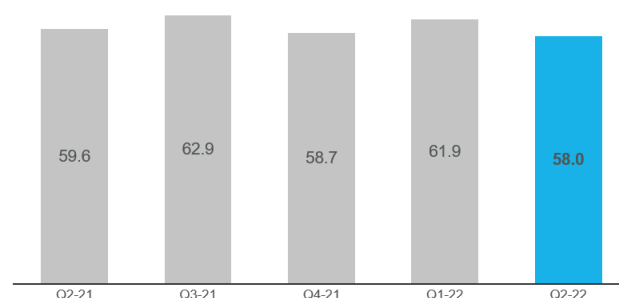
As noted earlier in this report Zalaris has entered into a large number of new MS contracts that are being implemented. As a result of the increased number of new contracts, more resources are being utilized on contract implementation, compared to last year, resulting in increased deferred revenue, which will result in increased revenue as the projects go live during 2022 and onwards. MS revenue deferred for the second quarter was NOK 17.6 million, compared to NOK 11.4 million last year, an increase of 55%.

The EBIT for MS for the second quarter was NOK 10.7 million (NOK 16.1 million). EBIT was negatively impacted by start-up costs and resource build-up for new contracts being implemented.

Professional Services

Revenue in the Professional Service (“PS”) segment amounted to NOK 58.0 million for the second quarter 2022, compared to NOK 59.6 million last year. When adjusted for negative currency movements the reduction was approximately 1.5% year-on-year. Higher revenue in Poland, was offset by lower revenue in Germany and UK. The reduction in these countries is mainly due to PS resources being utilized on the implementation of new MS contracts, which has resulted in increased deferred revenue (invoiced but not recognized). The largest PS countries Poland and Germany showed a revenue growth of +38.3% and -9.8% respectively, in local currency.

Revenue Professional Services (NOKm)



The EBIT for PS for the second quarter was NOK 4.9 million (NOK 3.6 million). The EBIT was positively impacted by higher customer margins in Germany.

New business

During the first quarter this year, Zalaris established operations in Australia and Singapore, to expand its multi-country payroll capabilities to the Asia-Pacific region (“APAC”). The purpose is to better support European headquartered customers, that have operations in APAC countries. APAC is one the fastest growing markets for multi-country payroll. The new region will be offering both Professional Services and Managed Services, and currently has 16 employees. The new region will be reported separately (“New Business”) until it has reach a sustainable business level.

The new region is an early-stage business, and had revenue and EBIT of NOK 0.6 million and negative NOK 3.4 million respectively in the second quarter.

In August, the new region signed its first major contract for the implementation of a HR solution for seafood company, Sealord.

vyble

In February 2022, Zalaris acquired the assets of vyble AG, a payroll and HR solution start-up located in Rostock and Hamburg, 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 the SME market 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 PeopleHub based business. The investment in vyble has thus been reclassified to assets held for sale and as a discontinued operation.

Financial position and cash flow

Zalaris had total assets of NOK 873.7 million as of 30 June 2022, compared to NOK 821.5 million on 31 March 2022.

Cash and cash equivalents were NOK 116.8 million as of 30 June 2022, a decrease of NOK 17.9 million from the end of the previous quarter. The reduction in cash is mainly due to the dividend payment of NOK 7.6 million and the investments (negative results) in vyble and APAC.

Total equity as of 30 June 2022 was NOK 182.3 million, compared to NOK 189.7 million as of 31 March 2022. This corresponds to an equity ratio of 20.8% (23.1%).

The Company holds 540,693 own shares at 31 March 2022.

Net interest-bearing debt (interest-bearing debt less cash and cash equivalents) increased from NOK 212.9 million on 31 March 2022 to NOK 254.4 million on 31 June 2022.

The increase in net interest-bearing debt is mainly due to the reduction in cash noted above, and a stronger EUR vs. NOK, which increases the NOK value of the EUR denominated bond loan.

Outlook

Zalaris is well positioned for future revenue growth, having signed an all-time high level of new long-term BPaaS/SaaS contracts within Managed Services during the last 18 months. This high activity level is continuing in 2022, with several new large multi-country contracts in the pipeline, where Zalaris is selected as the preferred supplier.

The increased scale of our operations from this revenue growth will be a key driver for higher profitability. Further automation of our delivery processes, and a more optimised use of resources from different Zalaris locations, are key targets for 2022 – hereunder extended use of offshoring. However, the new contracts do require additional resources to handle the payroll processing etc., and the recruitment and on-the-job training for the new personnel may have a negative impact on margins short-term, until the new employees are fully utilized. Zalaris has a target EBIT margin of 10%.

Operating cash flow during the second quarter 2022 was NOK 3.0 million (negative NOK 3.4 million).

Net cash flow from investing activities for the second quarter was negative NOK 6.5 million (negative NOK 4.0 million). The increase was mainly due to the development of the chat box Sally and related projects, which is an investment partly financed through SkatteFunn.

Net cash flow from financing activities for the second quarter was negative NOK 13.9 million (NOK 101.3 million), after dividend payment of NOK 7.6 million and lease payments of NOK 4.3 million. The large cash inflow last year was due to net proceeds from a share issue of NOK 115.9 million.

Subsequent events

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

Based on industry and market research reports, Zalaris' key markets within multi-country payroll and HR outsourcing are expected to grow 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, entered in 2021, and by expanding the service offering to existing customers, as we have done with e.g. Siemens, Tryg and Ericsson.

Zalaris is also expanding its geographical coverage both in Europe and the Asia-Pacific region to strengthen its competitive position in this market.

We are actively pursuing non-organic growth options that can strengthen our position in existing markets, and leverage the scale of our existing organisation, exemplified by the acquisition of ba.se during 2021.

The global macro picture with high inflation, affecting salary levels, increasing interest rates and fear of recession, have so far not impacted our business,

but this is something we are following closely. Most of our long-term contracts within Managed Services have provisions for annual indexation to cover general salary increases. Historically, we have seen an increased interest in the market for outsourcing when companies are required to focus on operational efficiencies and cost reductions in a recessionary environment.

Zalaris is not directly affected by the war in Ukraine, and has no operations or customers in Ukraine or Russia, however Zalaris is following the developments closely. Covid-19 may still have some impact short-term, however, the underlying fundamentals remain strong, and Zalaris has entered the second half of 2022 with a solid pipeline of potential new sales in all regions. Zalaris has an annual organic revenue growth target of 10%.

The Board of Directors of Zalaris ASA
Oslo, 24 August 2022

Interim Consolidated Financial Statements

Consolidated Statement of Profit and Loss

(NOK 1 000)	Notes	2022 Apr-Jun <i>unaudited</i>	2021 Apr-Jun <i>unaudited</i>	2022 Jan-Jun <i>unaudited</i>	2021 Jan-Jun <i>unaudited</i>	2021 Jan-Dec
Revenue	2	210 187	185 415	418 627	378 193	775 265
Operating expenses						
License costs		20 647	16 188	40 416	31 763	67 481
Personnel expenses	4	118 864	98 961	223 614	205 023	405 949
Other operating expenses		49 819	48 497	105 049	90 723	199 886
Depreciation and impairments		719	760	1 817	1 515	4 078
Depreciation right-of-use assets		4 439	3 841	8 575	7 771	16 114
Amortisation intangible assets		7 036	7 147	14 024	14 355	29 296
Amortisation implementation costs customer projects	3	7 469	6 922	15 491	13 678	29 874
Total operating expenses		208 993	182 316	408 985	364 828	752 679
Operating profit (EBIT)		1 194	3 100	9 642	13 365	22 585
Financial items						
Financial income	5	1 140	1 709	2 778	2 783	5 491
Financial expense	5	(7 377)	(6 587)	(14 494)	(13 891)	(29 031)
Unrealized foreign exchange gain/(loss)	5	(21 160)	(7 260)	(9 391)	10 189	15 968
Net financial items		(27 396)	(12 138)	(21 107)	(918)	(7 571)
Profit before tax from continuing operations		(26 203)	(9 039)	(11 466)	12 447	15 014
Tax expense		5 182	2 623	3 664	(1 387)	(2 203)
Profit for the period from continuing operations		(21 021)	(6 416)	(7 802)	11 060	12 812
Profit/(loss) after tax for the year from discontinued operations	9	(3 959)	-	(7 721)	-	-
Profit for the period		(24 980)	(6 416)	(15 522)	11 060	12 812
Profit attributable to:						
- Owners of the parent		-24 618	-6 416	-14 784	11 060	12 812
- Non-controlling interests		-361	0	-738	0	0
Earnings per share:						
Basic earnings per share (NOK)		(0,72)	(0,31)	(0,75)	0,52	0,60
Diluted earnings per share (NOK)		(0,72)	(0,31)	(0,75)	0,49	0,56
Earnings per share for continuing operations:						
Basic earnings per share (NOK)		(0,38)	-	(0,38)	-	-
Diluted earnings per share (NOK)		(0,38)	-	(0,38)	-	-

Consolidated Statement of Comprehensive Income

(NOK 1 000)	Notes	2022	2021	2022	2021	2021
		Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
		<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>	
Profit for the period		(24 980)	(6 416)	(15 522)	11 060	12 812
Other comprehensive income						
Items that will be reclassified to profit and loss in subsequent periods						
Currency translation differences		21 517	6 279	10 502	(6 017)	(11 664)
Total other comprehensive income		21 517	6 279	10 502	(6 017)	(11 664)
Total comprehensive income		(3 463)	(137)	(5 020)	5 043	1 148
Total comprehensive income attributable to:						
- Owners of the parent		(4 611)	(137)	(5 792)	5 043	1 148
- Non-controlling interests		1 148	-	772	-	-

Consolidated Statement of Financial Position

(NOK 1 000)	Notes	2022	2021	2021
		30. Jun	30. Jun	31. Dec
		<i>unaudited</i>	<i>unaudited</i>	
ASSETS				
Non-current assets				
Intangible assets		120 711	112 852	120 140
Goodwill		192 946	157 965	187 843
Total intangible assets		313 657	270 817	307 983
Deferred tax asset		27 054	23 394	26 999
Fixed assets				
Right-of-use assets		52 059	18 942	29 765
Property, plant and equipment		31 500	30 839	29 855
Total fixed assets		83 559	49 781	59 620
Total non-current assets		424 270	343 992	394 601
Current assets				
Trade accounts receivable		158 254	145 174	141 397
Customer projects	3	119 914	80 962	94 799
Other short-term receivables		41 261	23 436	19 614
Cash and cash equivalents	6	115 659	211 952	176 224
Total current assets		435 089	461 524	432 034
Assets held for sale	9	14 360	-	-
TOTAL ASSETS		873 719	805 516	826 635

Consolidated Statement of Financial Position

(NOK 1 000)	Notes	2022	2021	2021
		30. Jun	30. Jun	31. Dec
		<i>unaudited</i>	<i>unaudited</i>	
EQUITY AND LIABILITIES				
Equity				
Paid-in capital				
Share capital		2 159	2 184	2 185
Other paid in equity		9 991	(303)	3 657
Share premium		160 616	139 550	158 345
Total paid-in capital		172 767	141 431	164 186
Other equity		(2 151)	8 411	2 855
Retained earnings		10 761	57 298	41 968
Equity attributable to equity holders of the parent		181 377	207 140	209 009
Non-controlling interest		1 005	0	0
Total equity		182 382	207 140	209 009
Liabilities				
Non-current liabilities				
Deferred tax		25 720	22 920	26 836
Interest-bearing loans	7	369 795	364 984	357 887
Other long-term liabilities		645	-	3 134
Lease liabilities		35 326	10 115	16 445
Total long-term liabilities		431 486	398 019	404 303
Current liabilities				
Trade accounts payable		26 139	16 604	18 257
Customer projects liabilities	3	94 182	60 335	66 452
Interest-bearing loans	7	1 401	1 383	1 356
Lease liabilities		18 200	9 759	14 423
Income tax payable		(21)	3 522	2 550
Public duties payable		35 734	37 961	36 113
Other short-term liabilities		81 806	70 261	73 921
Derivatives		-	531	249
Total short-term liabilities		257 441	200 357	213 322
Liabilities directly associated with the assets held for sale	9	2 409	-	-
Total liabilities		691 336	598 376	617 625
TOTAL EQUITY AND LIABILITIES		873 719	805 516	826 635

Consolidated Statement of Cash Flow

(NOK 1 000)	Notes	2022	2021	2022	2021	2021
		Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
		<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>	
Cash Flow from operating activities						
Profit (Loss) before tax from continued operation		(26 202)	(9 039)	(11 466)	12 446	15 014
Profit (Loss) before tax from discontinued operation		(6 137)	-	(9 898)	-	-
Net financial items	5	27 396	12 138	21 108	918	7 571
Share based program		1 828	661	3 705	1 291	5 679
Depreciation and impairments		719	760	1 818	1 515	4 077
Depreciation right-of-use assets		4 439	3 841	8 575	7 771	16 114
Amortisation intangible assets		6 809	7 147	14 024	14 355	29 296
Depreciation implementation costs customer projects	3	7 469	6 922	15 491	13 678	29 874
Capitalisation implementation costs customer projects	3	(18 222)	(11 983)	(39 339)	(19 942)	(51 350)
Customer project revenue deferred	3	17 642	11 385	36 148	20 007	41 356
Customer project revenue recognised	3	(4 377)	(4 078)	(8 942)	(8 283)	(21 701)
Taxes paid		(4 007)	-	(9 653)	(1 563)	(4 815)
Changes in accounts receivable		(3 448)	(315)	(16 857)	3 477	12 464
Changes in accounts payable		22 153	(4 906)	18 874	(4 586)	(3 525)
Changes in other items		(18 081)	(11 179)	-15 422	(34 848)	(27 581)
Interest received		22	15	37	30	99
Interest paid		(4 990)	(4 819)	(9 586)	(9 801)	(19 536)
Net cash flow from operating activities		3 015	(3 450)	(1 385)	(3 535)	33 037
Cash flows to investing activities						
Investment in fixed and intangible assets		(5 272)	(3 958)	(10 017)	(6 060)	(20 630)
Investment in fixed and intangible assets business combinations		(1 214)	-	(11 317)	-	-
Acquisition of subsidiaries, net of cash acquired		-	-	-	-	(43 322)
Net cash flow from investing activities		(6 486)	(3 958)	(21 334)	(6 060)	(63 952)
Cash flows from financing activities						
Sale of own shares		-	-	-	-	7 235
Buyback of own shares		(25)	8 188	(17 768)	8 188	(975)
Contribution from minority shareholder		1 005	-	1 005	-	-
Capital increase (net proceeds)		-	115 908	-	115 908	115 508
Payment of lease liabilities		(4 280)	(2 637)	(8 166)	(6 594)	(15 767)
Repayment of loan		(3 037)	(497)	(3 501)	(978)	(1 919)
Dividend payments to owners of the parent		(7 558)	(19 639)	(7 558)	(19 639)	(19 639)
Net cash flow from financing activities		(13 894)	101 324	(35 989)	96 887	84 444
Net changes in cash and cash equivalents		(17 366)	93 916	(58 708)	87 292	53 529
Net foreign exchange difference		(538)	473	(715)	(184)	(2 151)
Cash and cash equivalents at the beginning of the period		134 704	117 561	176 224	124 843	124 843
Cash and cash equivalents at the end of the period		116 801	211 950	116 801	211 950	176 224

Consolidated Statement of Changes in Equity

(NOK 1000)	Note	Share capital	Share premium	Other paid in equity	Total paid-in equity	Other equity	Retained earnings	Currency reevaluation reserve	Total equity
Equity at 01.01.2021		1 962	34 250	6 655	42 868	14 267	59 788	(12 564)	104 359
Profit of the year							11 059		11 059
Other comprehensive income							(6 485)	468	(6 017)
Sale of own shares		13	6 324		6 337				6 337
Share based payments				1 291	1 291				1 291
Settlement of share based payments		8	1 858	(8 409)	(6 543)				(6 543)
Issue of Share Capital		201	120 537		120 738				120 738
Transaction costs related to issue of new shares			(3 781)		(3 781)				(3 781)
Other changes				160	160	161	(986)		(665)
Dividend			(19 639)		(19 639)				(19 639)
Equity at 30.06.2021		2 184	139 549	(302)	141 431	14 428	63 376	(12 096)	207 139
Unaudited									
Equity at 01.01.2022		2 185	158 345	3 657	164 186	2 855	53 632	(11 664)	209 009
Profit of the year							(15 522)		(15 522)
Other comprehensive income							9 219	1 283	10 502
Purchase of own shares		(35)			(35)		(17 743)		(17 778)
Share based payments				3 705	3 705				3 705
Settlement of share based payments		10	2 271	(2 281)					-
Other changes				4 911	4 911	(5 006)	120		25
Dividend					-		(7 558)		(7 558)
Equity at 30.06.2022		2 160	160 616	9 991	172 767	(2 151)	22 147	(10 380)	182 382
Unaudited									

Notes to the condensed interim consolidated financial statements

Note 1 – General Information and basis for preparation

General information

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

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 consolidated interim financial statements do not include all 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 three months ended 30 June 2022, have not been audited or reviewed by the auditors.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December, 2021.

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's operations are split into two main business segments; Managed Services and Professional Services. In the first quarter of 2022 Zalaris established HR & Payroll Tech Investments as a new segment, following the establishment of vyble GmbH "vyble", and subsequent acquisition of the assets of vyble AG. However, following the restructuring of vyble, the Company has decided to focus its resources entirely on the Managed Services and Professional Services segments, and a sales process has been initiated for vyble, and the asset reclassified to "assets held for sale".

Managed Services 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.

Professional Services includes deliveries of change projects based on Zalaris templates or implementation of customer-specific functionality. This business segment also assists with cost-effective maintenance and support of customers' own on-premise solutions. A large portion of these services are of recurring nature and much of the services are based on long-term customer relationships.

Group overhead and unallocated are the costs not allocated to business segments, and are mainly intercompany sales, interest-bearing loans and other associated expenses and assets related to administration of the Group.

The financial result from new businesses activities (e.g. the establishment of a new geographical region) are included as a separate column in the segment reporting ("New business"), until the business is up and running at a normal level and included in one the two main segments. The objective is to provide information on the result of new business development activities that generally would generate a financial loss in a interim period, and to show the financial result of the existing business activities without the disturbance of these new business activities.

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 executive 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. The operating assets and liabilities of the Group are not allocated between segments.

2022 Apr-Jun

(NOK 1 000)	Managed Services	Professional Services	New business	Gr.Ovhd & Unallocated	Total
Revenue, external	151 667	57 950	570	-	210 187
Operating expenses	(130 859)	(50 884)	(3 902)	(3 686)	(189 331)
EBITDA	20 808	7 066	(3 332)	(3 686)	20 856
Depreciation and amortisation	(10 084)	(2 122)	(20)	(7 436)	(19 662)
EBIT	10 725	4 944	(3 353)	(11 122)	1 193
Net financial income/(expenses)				(27 396)	(27 396)
Income tax				5 182	5 182
Profit for the period from continuing operations	10 725	4 944	(3 353)	(33 337)	(21 021)
Cash flow from investing activities					(6 486)

2021 Apr-Jun

(NOK 1 000)	Managed Services	Professional Services	New business	Gr.Ovhd & Unallocated	Total
Revenue, external	125 779	59 636	-	-	185 415
Operating expenses	(100 357)	(54 021)	-	(9 268)	(163 646)
EBITDA	25 422	5 615	-	(9 268)	21 769
Depreciation and amortisation	(9 297)	(2 036)	-	(7 338)	(18 670)
EBIT	16 126	3 579	-	(16 605)	3 100
Net financial income/(expenses)			-	(12 138)	(12 138)
Income tax			-	2 623	2 623
Profit for the period from continuing operations	16 126	3 579	-	(26 121)	(6 416)
Cash flow from investing activities					(3 958)

2022 Jan-Jun

(NOK 1 000)	Managed Services	Professional Services	New business	Gr.Ovhd & Unallocated	Total
Revenue, external	298 214	119 843	570	-	418 627
Operating expenses	(251 242)	(103 553)	(4 342)	(9 942)	(369 080)
EBITDA	46 972	16 290	(3 772)	(9 942)	49 547
Depreciation and amortisation	(21 113)	(4 537)	(20)	(14 235)	(39 905)
EBIT	25 859	11 753	(3 793)	(24 177)	9 641
Net financial income/(expenses)			-	(21 107)	(21 107)
Income tax			-	3 664	3 664
Profit for the period from continuing operations	25 859	11 753	(3 793)	(41 621)	(7 802)
Cash flow from investing activities					(21 334)

2021 Jan-Jun

(NOK 1 000)	Managed Services	Professional Services	New business	Gr.Ovhd & Unallocated	Total
Revenue, external	254 215	123 978		-	378 193
Operating expenses	(204 064)	(110 821)		(15 020)	(329 905)
EBITDA	50 151	13 157	-	(15 020)	48 288
Depreciation and amortisation	(18 647)	(4 087)	-	(12 188)	(34 923)
EBIT	31 504	9 070	-	(27 208)	13 365
Net financial income/(expenses)	-	-	-	(918)	(918)
Income tax	-	-	-	(1 387)	(1 387)
Profit for the period from continuing operations	31 504	9 070	-	(29 513)	11 060
Cash flow from investing activities					(6 060)

2021 Jan-Dec

(NOK 1 000)	Managed Services	Professional Services	New business	Gr.Ovhd & Unallocated	Total
Revenue, external	529 685	245 580	-	-	775 265
Operating expenses	(428 087)	(218 921)	-	(26 309)	(673 317)
EBITDA	101 598	26 658	-	(26 309)	101 947
Depreciation and amortisation	(39 598)	(8 717)	-	(31 047)	(79 362)
EBIT	62 000	17 941	-	(57 355)	22 585
Net financial income/(expenses)	-	-	-	(7 571)	(7 571)
Income tax	-	-	-	(2 202)	(2 202)
Profit for the period from continuing operations	62 000	17 941	-	(67 128)	12 812
Cash flow from investing activities					(63 952)

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:

Revenue from external customers attributable to	2022	2021	2022	2021	2021
(NOK 1 000)	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Norway	45 430	51 542	91 799	102 126	200 875
Northern Europe ex Norway	64 728	53 641	124 466	109 072	221 047
Central Europe	88 228	70 278	181 726	146 827	314 540
UK & Ireland	11 231	9 954	20 066	20 167	38 803
APAC	570	-	570	-	-
Total	210 187	185 415	418 627	378 193	775 265

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 1 000)	2022	2021	2021
	30. Jun	30. Jun	31. Dec
Trade receivables	158 254	145 174	141 397
Customer project assets	119 914	80 962	94 799
Customer project liabilities	(94 182)	(60 335)	(66 452)
Prepayments from customers	(14 241)	(9 658)	(9 474)

Customer project assets 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 deferred and amortized evenly over the period the outsourcing services are provided.

Customer project liabilities are prepayments from customer specific to a given contract and are recognized as revenue evenly as the Group fulfills the related performance obligations over the contract period.

Prepayments from customers comprises 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 utilized by the customer to either transformation-, change- or other projects. These advances are open for application until specified, or when the contract is terminated, where the eventual remainder of the amount become the property of Zalaris and is hence rendered as income by the Group.

Movements in customer project assets through the period:

(NOK 1 000)	2022	2021	2022	2021	2021
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	31. Dec
Opening balance in the period	106 435	74 731	94 799	78 246	78 246
Cost capitalised	18 222	11 983	39 339	19 942	51 350
Amortisation	(7 444)	(6 923)	(15 491)	(13 679)	(29 874)
Disposals & currency	2 704	1 171	1 269	(3 548)	(4 923)
Customer projects assets end of period	119 917	80 962	119 917	80 962	94 799

Movements in customer project liabilities through the period:

(NOK 1 000)	2022	2021	2022	2021	2021
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Opening balance in the period	(78 052)	(53 134)	(66 452)	(50 256)	(50 256)
Revenue deferred	(17 642)	(11 385)	(36 148)	(20 007)	(41 356)
Revenue recognised	4 377	4 078	8 942	8 283	21 701
Disposals & currency	(2 865)	106	(524)	1 645	3 458
Customer project liabilities end of period	(94 182)	(60 335)	(94 182)	(60 335)	(66 452)

Note 4 – Personnel expenses

(NOK 1 000)	2022	2021	2022	2021	2021
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Salary	100 744	88 198	201 737	178 673	357 333
Bonus	2 251	5 363	7 373	8 523	19 452
Social security tax	13 742	12 323	29 538	27 226	55 823
Pension costs	6 004	4 595	10 531	9 090	18 480
Share based payments	1 773	276	3 662	907	5 749
Other personnel expenses	3 612	3 100	7 263	6 088	11 906
Capitalised to internal development projects	(1 361)	(2 912)	(4 898)	(5 543)	(11 444)
Capitalised to customer project assets	(7 900)	(11 982)	(31 592)	(19 941)	(51 350)
Total personnel expenses	118 864	98 961	223 614	205 023	405 949

Note 5 – Finance income and finance expense

(NOK 1 000)	2022	2021	2022	2021	2021
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Interest income on bank accounts and receivables	22	15	37	30	99
Currency gain	990	1 341	2 422	2 141	4 020
Other financial income	129	353	319	612	1 372
Finance income	1 140	1 709	2 778	2 783	5 491
Interest exp. on financial liab. measured at amortised cost	4 487	4 411	8 500	8 935	17 625
Currency loss	1 508	819	3 084	2 192	5 685
Interest expense on leasing	564	255	1 011	518	1 281
Other financial expenses	816	1 102	1 899	2 245	4 440
Finance expenses	7 376	6 587	14 494	13 890	29 031
Unrealized foreign exchange profit/(loss)	(21 160)	(7 260)	(9 391)	10 189	15 968
Net financial items	(27 396)	(12 138)	(21 107)	(918)	(7 571)

Note 6 - Cash and cash equivalents and short-term deposits

(NOK 1 000)	2022 30. Jun	2021 30. Jun	2021 31. Dec
Cash in hand and at bank - unrestricted funds	109 792	206 762	170 034
Deposit accounts - guarantee rent obligations - restricted funds	2 698	2 083	2 078
Employee withheld taxes - restricted funds	3 169	3 107	4 112
Cash and cash equivalents continuing operations	115 659	211 952	176 224
Cash discontinued operation	1 141	-	-
Total cash and cash equivalents	116 799	211 952	176 224

Note 7 – Interest-bearing loans and borrowings

(NOK 1 000)	Annual interest	Maturity	2022 30. Jun	2021 30. Jun	2021 31. Dec
Bond loan	3 m Euribor + 4.75%	28.09.2023	359 337	352 710	346 806
Commerzbank - DE	1.3%	31.12.2031	11 472	12 510	11 687
Landesbank Baden-Württemberg	2,45%	31.12.2022	387	1 147	750
Total interest-bearing loans			371 196	366 367	359 244
Total long-term interest-bearing loans			369 795	364 984	357 887
Total short-term interest-bearing loans			1 401	1 383	1 356
Total interest-bearing loans			371 196	366 367	359 244

The Company's bond loan of EUR 35 million is listed on the Oslo Stock Exchange. The loan in Commerzbank DE relates to the office building in Leipzig, which is owned by the Company.

Note 8 – Equity

During Q2 2022, 800,000 new share options were granted to employees. As of 30 June 2022, there are 2,273,500 share options and 66,299 RSUs outstanding.

Note 9 – Discontinued operation

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

(NOK 1 000)	2022 Apr-Jun	2022 Jan-Jun
Revenue	1 296	2 507
Expenses	7 063	12 034
Operating income	(5 767)	(9 528)
Finance	370	371
Profit/(loss) before tax from discontinued operations	(6 137)	(9 899)
Tax benefit/(expense)	2 178	2 178
Profit/(loss) before tax from discontinued operations	(3 959)	(7 721)

The major classes of assets and liabilities of vyble classified as held for sale as at 30 June are as follows:

	2022
(NOK 1 000)	30. Jun
Goodwill	2 113
Fixed and intangible assets	9 316
Other current assets	1 791
Cash and cash equivalents	1 141
Assets held for sale	14 360
Creditors	1 574
Deferred tax liability	835
Liabilities directly associated with assets held for sale	2 409
Net assets directly associated with disposal group	11 951

The net cash flows incurred by vyble are as follows:

	2022	2022
(NOK 1 000)	Apr-Jun	Jan-Jun
Operating	(4 330)	(18 196)
Investing	-	(2 045)
Net cash (outflow)/inflow	(4 330)	(20 241)

Note 10 – Events after balance sheet date

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

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, amortization 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 amortization 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	2022	2021	2021
(NOK 1 000)	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
EBITDA	20 857	21 769	49 548	50 684	101 948
Restructuring costs*	-	-	-	275	275
Mergers & Acquisitions	-	5 075	-	5 075	7 677
Settlement of VAT dispute from 2018-2019	-	-	-	-	1 844
Cost incurred in establishing AMS centre in Poland	853	-	1 906	-	-
Share-based payments	1 828	661	3 705	1 291	5 723
Depreciation right-of-use assets (IFRS 16 effect)	(4 439)	(3 841)	(8 575)	(7 771)	(16 114)
Adjusted EBITDA	19 099	23 664	46 584	49 554	101 353

	2022	2021	2022	2021	2021
(NOK 1 000)	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
EBIT	1 194	3 100	9 642	13 365	22 585
Restructuring costs*	-	-	-	275	275
Mergers & Acquisitions	-	5 075	-	5 075	7 677
Settlement of VAT dispute from 2018-2019	-	-	-	-	1 844
Cost incurred in establishing AMS centre in Poland	853	-	1 906	-	-
Share-based payments	1 828	661	3 705	1 291	5 723
Amortization of excess values on acquisition	2 945	2 584	5 949	5 202	11 469
Adjusted EBIT	6 820	11 419	21 201	25 208	49 574

*Relates mainly to redundancy costs/severance pay for employees

Adjusted EBIT per segment

	2022	2021	2021	2022	2021	2021
(NOK 1 000)	Apr-Jun	Apr-Jun	Oct-Dec	Jan-Jun	Jan-Jun	Jan-Dec
Managed Services - EBIT	10 725	16 126	-	25 859	31 504	62 000
Settlement of VAT dispute from 2018-2019	-	-	1 844	-	-	1 844
Cost incurred in establishing AMS centre in Poland	853	-	-	1 906	-	-
Share-based payments	777	312	465	1 541	694	2 595
Managed Services - Adjusted EBIT	12 355	16 438	2 309	29 307	32 197	66 440

	2022	2021	2021	2022	2021	2021
(NOK 1 000)	Apr-Jun	Apr-Jun	Oct-Dec	Jan-Jun	Jan-Jun	Jan-Dec
Professional Services - EBIT	4 944	3 579	-	11 753	9 070	17 941
Share-based payments	299	49	108	583	114	875
Professional Services - Adjusted EBIT	5 243	3 629	108	12 336	9 183	18 816

*Relates mainly to redundancy costs/severance pay for employees

	2022	2021	2021	2022	2021	2021
(NOK 1 000)	Apr-Jun	Apr-Jun	Oct-Dec	Jan-Jun	Jan-Jun	Jan-Dec
Group overhead/unallocated - EBIT	(11 122)	(16 605)	-	(24 177)	(27 208)	(57 355)
Restructuring costs*	-	-	-	-	275	275
Mergers & Acquisitions	-	5 075	1 829	-	5 075	7 677
Share-based payments	752	298	1 218	1 580	484	2 253
Amortization of excess values on acquisition	2 945	2 584	3 293	5 949	5 202	11 469
Group overhead/unallocated - Adjusted EBIT	(7 425)	(8 649)	6 340	(16 648)	(16 173)	(35 681)

*Relates mainly to redundancy costs/severance pay for employees

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. The ARR is calculated by taking the revenue for Managed Services in the applicable quarter, adjusted for change orders and, contracts that have not generated revenue for part of the quarter (revenue from customers that have exited during the quarter is deducted, and estimated revenue for new contracts that have gone live during the quarter is added), multiplied by four. Contracted ARR includes the ARR at the end of the quarter, plus the estimated ARR of new contracts yet to go live.

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.

	2022	2021	2021
(NOK 1 000)	30. Jun	30. Jun	31. Dec
Cash and cash equivalents continuing operations	115 659	211 952	176 224
Cash and cash equivalents discontinuing operations	1 141	-	-
Interest-bearing loans and borrowings - long-term	369 795	364 984	357 887
Interest bearing loans and borrowings - short-term	1 401	1 383	1 356
Net interest-bearing debt (NIBD)	254 397	154 415	183 019

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 Apr-Jun	2021 Apr-Jun	2022 Jan-Jun	2021 Jan-Jun	2021 Jan-Dec
Revenue growth, as reported	13,4 %	-6,5 %	10,7 %	-5,2 %	-2,2 %
Impact of foreign currency	1,2 %	5,4 %	2,2 %	2,9 %	3,2 %
Revenue growth, constant currency	14,6 %	-1,1 %	12,9 %	-2,3 %	1,0 %
Managed Services revenue growth, as reported	20,5 %	-8,2 %	17,3 %	-9,0 %	-2,7 %
Adj. for customers moved from MS to PS in Q2 2020	0,0 %	2,8 %	0,0 %	3,4 %	1,2 %
Impact of foreign currency	1,2 %	4,0 %	2,3 %	1,8 %	2,1 %
Managed Services revenue growth, constant currency	21,7 %	-1,4 %	19,6 %	-3,8 %	0,6 %
Professional Services revenue growth, as reported	-2,5 %	-2,8 %	-3,3 %	3,7 %	-1,0 %
Adj. for customers moved from MS to PS in Q2 2020	0,0 %	-6,2 %	0,0 %	-7,9 %	-2,6 %
Impact of foreign currency	1,0 %	8,6 %	2,1 %	5,4 %	5,3 %
Professional Services revenue growth, constant currency	-1,5 %	-0,4 %	-1,2 %	1,2 %	1,7 %

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.

	2022 Apr-Jun	2021 Apr-Jun	2022 Jan-Jun	2021 Jan-Jun	2021 Jan-Dec
(NOK 1 000)					
Net cash flow from operating activities	3 015	(3 450)	(1 385)	(3 535)	33 037
Investment in fixed and intangible assets	(5 272)	(3 958)	(10 017)	(6 060)	(20 630)
Free cash flow	(2 257)	(7 408)	(11 402)	(9 595)	12 407

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).

Responsibility statement

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period from 1 January to 30 June 2022 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, 24 August 2022

The Board of Directors of Zalaris ASA

Adele Norman Pran
sign.

Liselotte Hægert Engstam
sign.

Erik Langaker
sign.

Kenth Eriksson
sign.

Jan Koivurinta
sign.

Key Figures

(NOKm unless otherwise stated)	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
Revenues	198,4	189,7	203,5	192,8	185,4	195,4	201,7	208,4	210,2
Revenue growth (YoY)	5,8 %	-0,5 %	-1,3 %	-3,9 %	-6,5 %	3,0 %	-0,9 %	8,1 %	13,4 %
EBITDA adjusted	26,8	27,0	29,3	25,9	23,7	26,9	24,9	27,5	19,1
EBITDA margin	13,5 %	14,2 %	14,4 %	13,4 %	12,8 %	13,8 %	12,3 %	13,2 %	9,1 %
EBIT adjusted	12,7	13,3	15,9	13,8	11,4	14,1	10,2	14,4	6,8
EBIT margin	6,4 %	7,0 %	7,8 %	7,2 %	6,2 %	7,2 %	5,1 %	6,9 %	3,2 %
Profit Before Tax	27,2	(3,1)	25,1	21,5	(9,0)	1,0	1,6	14,7	(26,2)
Income Tax Expense	(4,7)	1,4	(6,2)	(4,1)	2,6	(0,4)	(0,3)	(1,5)	5,2
Net income	22,4	(1,8)	18,9	17,4	(6,4)	0,7	1,2	13,2	(21,0)
Profit margin	11,3 %	-0,9 %	9,3 %	9,0 %	-3,5 %	0,3 %	0,6 %	6,3 %	-10,0 %
Weighted # of shares outstanding (m)	19,6	19,6	19,6	19,6	20,7	21,1	21,3	21,5	21,6
Basic EPS (NOK)	1,14	(0,09)	0,96	0,89	(0,31)	0,03	0,06	0,44	(0,72)
Diluted EPS (NOK)	1,11	(0,09)	0,86	0,85	(0,31)	0,03	0,06	0,41	(0,72)
Cash flow items									
Cash from operating activities	45,4	13,3	16,7	(0,1)	(3,4)	13,4	23,2	(4,4)	3,0
Investments	(3,6)	(5,0)	(2,0)	(2,1)	(4,0)	(8,4)	(6,2)	(4,7)	(5,3)
Net changes in cash and cash equi.	41,0	(14,0)	8,1	(6,6)	93,9	(41,3)	7,5	(41,3)	(17,4)
Cash and cash equivalents end of peric	129,0	116,3	124,8	117,6	211,3	168,8	176,2	134,7	116,8
Net interest-bearing debt	277,9	280,7	252,2	242,4	154,4	198,1	183,0	212,9	255,5
Equity	101,5	108,1	104,4	110,5	207,1	208,4	207,3	189,3	181,4
Equity ratio	13,5 %	14,9 %	14,4 %	15,6 %	25,7 %	24,9 %	25,0 %	23,0 %	20,8 %
ROE	-36,9 %	-31,4 %	-8,8 %	53,7 %	21,2 %	19,4 %	7,0 %	4,3 %	-3,0 %

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Financial information

Q3 2022 to be published on 26 October, 2022

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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