



Q1 2021 Interim Report



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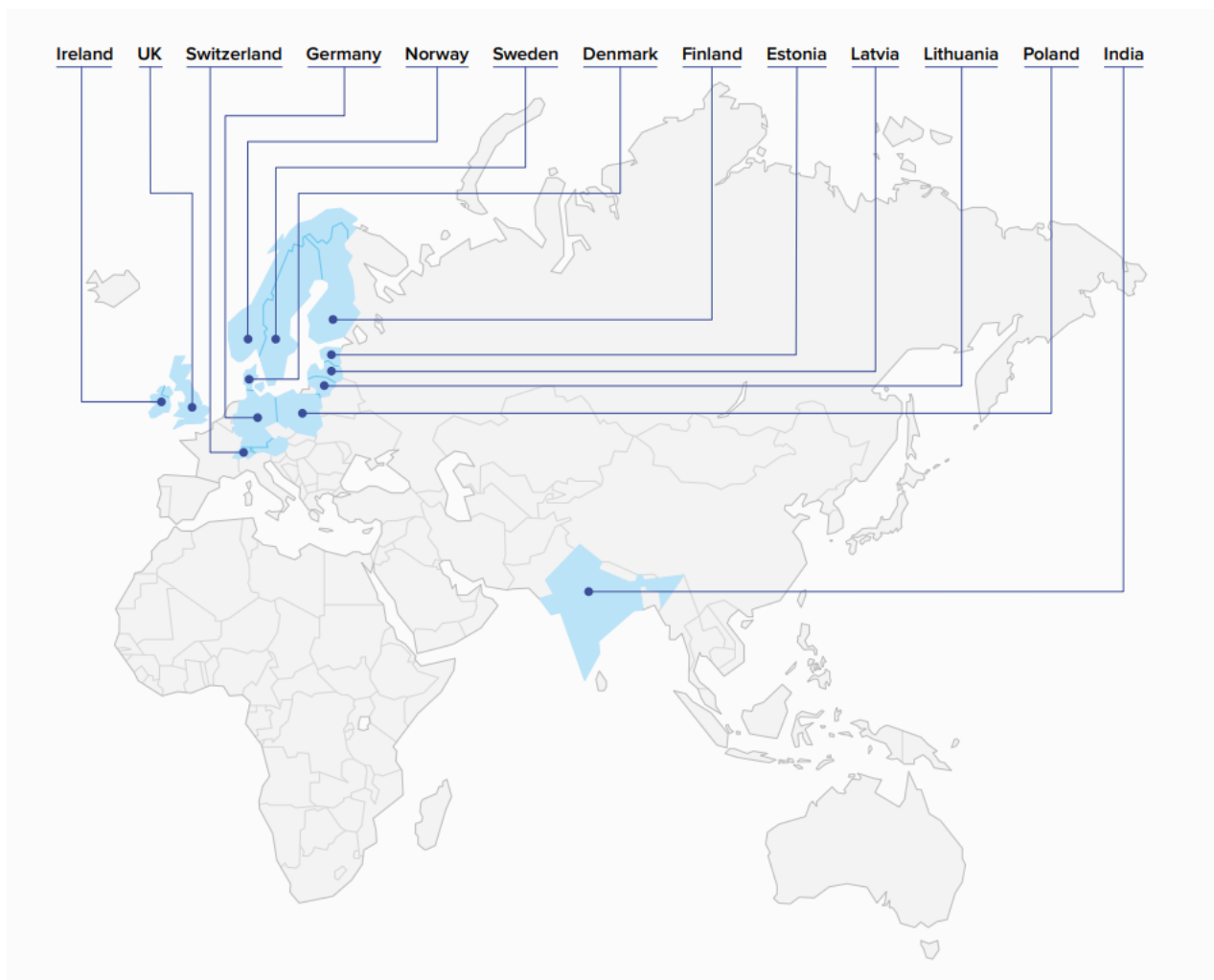
About Zalaris

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.

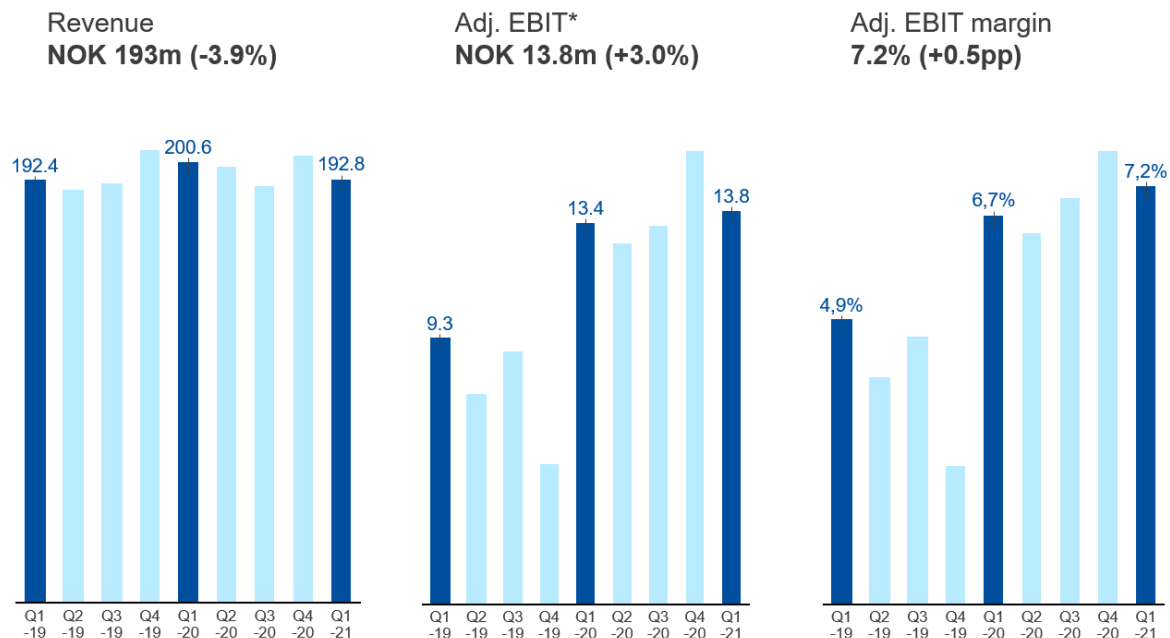
Our proven local and multi-country delivery models include: on-premise implementations, software as a service (SaaS), cloud integration and business process outsourcing (BPO). Furthermore, Zalaris' experienced consultants and advisors cover all industries and IT environments.

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, Switzerland, India, Ireland and the UK.



Q1 Highlights

- Revenue of NOK 192.8 million (NOK 200.6 million) -3.9%
- Adjusted EBIT of NOK 13.8 million (NOK 13.4 million) +3.0%
- Adjusted EBIT margin of 7.2% (6.7%) +0.5pp
- Covid-19 still impacting revenue negatively through some temporary lower volumes and change orders
- Signed several new BPO agreements and extensions during the first quarter, including a 5-year multi-country BPO agreement with Metsä, a Finnish forest industry group, covering 28 countries, and strengthening the position as a provider of multi-country HMC and payroll outsourcing services
- New BPO contracts awarded year-to-date have annual recurring revenue of ~NOK 40 million (when fully implemented), and net additions were NOK 29 million during the period
- EPS of NOK 0.89 (NOK -2.48)
- Cash and cash equivalents of NOK 117.6 million, +NOK 30.1 million from last year (+25.6%)



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

Key Figures

Q1 2021 financial summary

(NOK 1 000)	2021	2020	2020
	Jan-Mar	Jan-Mar	Jan-Dec
Revenue	192 778	200 611	792 326
<i>Growth (YoY)</i>	-3,9 %	4,3 %	4,2 %
EBITDA	28 916	30 853	121 938
Adjusted EBITDA ¹⁾	25 890	28 185	109 678
<i>Adjusted EBITDA margin (as % of revenue)</i>	13,4 %	14,0 %	13,8 %
EBIT	10 265	9 451	37 423
Adjusted EBIT ¹⁾	13 789	13 391	55 190
<i>Adjusted EBIT margin (as % of revenue)</i>	7,2 %	6,7 %	7,0 %
Profit/(loss) for the period	17 475	(48 551)	(8 985)
Earnings per share (EPS)	0,89	(2,48)	(0,46)
Total comprehensive income	5 179	3 856	7 559
Free cash flow ¹⁾	(2 187)	13 226	77 909
Net interest-bearing debt (NIBD) ¹⁾	242 422	344 485	252 234
Full time equivalents (FTEs) period end ¹⁾	714	728	723

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

Q1 2021 financial performance by business segment

(NOK 1 000)	2021	2020	2020
	Jan-Mar	Jan-Mar	Jan-Dec
Revenue			
Managed services	128 437	142 348	544 321
Professional services	64 342	58 263	248 004
Total revenue	192 778	200 611	792 325
EBIT			
Managed services	15 378	16 737	63 376
Professional services	5 490	6 278	25 414
Group overhead and other	(10 603)	(13 564)	(51 367)
EBIT	10 265	9 451	37 423
EBIT margin (%)			
Managed services	12,0 %	11,8 %	11,6 %
Professional services	8,5 %	10,8 %	10,2 %
EBIT margin (%)	5,3 %	4,7 %	4,7 %

CEO Insights

Being in the middle of the Covid-19 third wave, working in a mixed mode from our offices and our homes, Zalaris continued delivering on all customer commitments in Q1.

Despite some short-term revenue impact from reduced customer activity and postponed projects, we delivered revenue of NOK 193 million for the quarter and continued improving our profitability with an EBIT of 7.2%, up from 6.5% in Q1 last year.

Strengthened organization from twelve months with Covid19

Even though Covid19 has disrupted markets and massively negatively impacted people's lives, it has also resulted in a stronger and better #teamZalaris. The sudden forced use of digital communication and work from home has democratized and increased communication across our operations independent of country and location. This has resulted in better functioning cross border teams, driving improvements in our business model and increasing sales.

Strong wins prove Zalaris organic growth potential

In the previous quarters, we reported the build-up of a strong pipeline. It was thus with great pleasure that we in Q1 could communicate a number of new signings proving the potential of our platform based solutions. In the quarter we signed new long-term customer agreements with a total annual recurring revenue of approximately NOK 40 million, when fully implemented. Including our landmark agreement with Finnish forest company Metsä, to deliver global payroll for their 10'000 employees in 28 countries, based on our Peoplehub solution. With multi-country payroll being a market experiencing strong growth, this was an important win to prove our position in the market. Already resulting in increased interest from similar customers.

Adding to this, Zalaris has been awarded groundbreaking agreement with German mobile phone operator Telefónica Deutschland / O², to provide fully outsourced payroll for their 8'200 German employees. This is our first platform based sale in Germany. It is a fantastic example of how increased focus on sales and cooperation across

the group create tangible results. The excitement expressed from both customers and their advisors after seeing the digitization and automation capabilities of the Zalaris platform is a promising sign with respect to growth opportunities in the German market.

Our Professional Services business continued it's positive development including selling a new agreement with Thyssen Krupp Elevator for the implementation of a new payroll solution in Germany and a frame agreement to deliver between 3-4'000 man-days of consulting support over the next three years to one of our large German customers in the public sector.

Actively exploring M&A based growth

Non-organic growth has been an important element in developing Zalaris into the company and capabilities that we currently represent.

Our acquisitions of German sumarum and UK based ROC in 2017 has transformed us from being a Nordic NOK 100 million per quarter revenue company, to a leading European player with approximately twice the revenue and a significant presence in the key German and UK markets. We are now operating under one common brand, common IT infrastructure and solutions. We have many of the leading global and regional organizations as customers. Reaching our communicated 10% EBIT target is well within reach as we continue scaling our solutions, as reflected in our new signings and landmark deals. Integrating the acquisitions has taken time. With our recent improvements and wins we have started harvesting the results of our hard work.

We are actively pursuing non-organic growth options that can strengthen our position in existing markets, and leverage the scale of our existing organization. Opportunities that can support expanding our geographic coverage, or companies that add new HR Tech solutions that can be utilized by our existing customer portfolio.

Ambition to become European leader

With this super start of the year securing new key strategic customers - we are well on our way harvesting the fruits of previous acquisitions and delivering on our ambition to become the European leader in Payroll and HR solutions.

Financial Review

Revenue

Consolidated revenue for the first quarter 2021 amounted to NOK 192.8 million (Q1 2020: NOK 200.6 million). The lower revenue compared to last year is mainly due to a reduction within Managed Services in the NE region. Temporary lower volume of travel controls and other services, principally as a result of Covid-19, contributed to the lower revenue. There was no material churn in revenue within Managed Services for the quarter year-on-year.

Nordics & Baltics

Revenue in the Nordic & Baltic region was NOK 106.0 million in the first quarter, which was lower than the figure last year of NOK 113.7 million. The revenue during the quarter has been negatively impacted by Covid-19 in terms of lower transaction volumes (e.g. travel controls) and less change orders from existing customers, ref. comments above.

Central Europe

Revenue in the Central Europe region was NOK 76.6 million for the first quarter, compared to NOK 77.4 million last year. Higher revenue from existing and new Professional Services ("PS") customers in Poland, was offset by some lower volume in Germany, mainly within PS. As reported in previous quarters, new business generation within PS in Germany has been negatively impacted by Covid-19, however the market appears to be improving, and the pipeline of potential projects is higher than at the same time last year.

UK & Ireland

Revenue for the first quarter in the UK & Ireland region amounted to NOK 10.2 million, compared to NOK 9.6 million in the same quarter last year.

Group Profits

Consolidated EBIT for the quarter was NOK 10.3 million (NOK 9.5 million).

The adjusted EBIT was NOK 13.8 million for the first quarter (NOK 13.4 million) when adjusted for one-off costs (NOK 0.3 million) relating to redundancies, calculated costs of the Company's share-based payment plan (NOK 0.6 million), and amortisation of excess values on acquisitions (NOK 2.6 million).

The Group had net financial income of NOK 11.2 million for the first quarter (net expenses NOK 72.0 million), including an unrealised currency gain of NOK 17.4 million (loss NOK 66.3 million) relating to the EUR 35 million bond loan and other foreign currency denominated balances. Excluding these unrealised gains, the net financial expenses for the first quarter was NOK 6.2 million (NOK 5.7 million).

The net profit for the quarter was NOK 17.5 million (loss NOK 48.6 million).

Total comprehensive income amounted to NOK 5.2 million (NOK 3.9 million), after currency translation differences of negative NOK 12.3 million (positive NOK 52.4 million) relating to foreign subsidiaries.

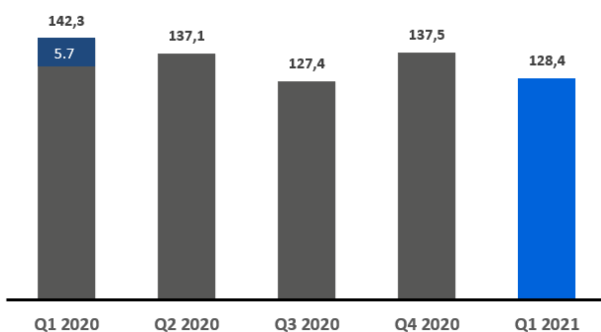
Business segment performance

Managed Services

The Managed Services (“MS”) segment had revenue of NOK 128.4 million for the first quarter 2021, which is NOK 8.7 million lower than last year, when the 2020 figure is adjusted for NOK 5.7 million in revenue from customers moved from the MS segment to the Professional Services (“PS”) segment in the second quarter 2020.

The reduction in revenue within MS relates to the NE region, and is mainly the effect of temporary lower volume of travel controls and other services (e.g. change orders), principally as a result of Covid-19. Also, more resources are now being utilized on implementing new BPO contracts, compared to last year, resulting in increased deferred revenue and costs, which will materialise in increased revenue as the projects go live. There was no material churn in revenue within Managed Services for the quarter year-on-year.

Revenue Managed Services (NOKm):



The EBIT for MS for the first quarter was NOK 15.4 million (NOK 16.7 million). The EBIT impact of lower revenue was partly offset by lower operating expenses compared to last year.

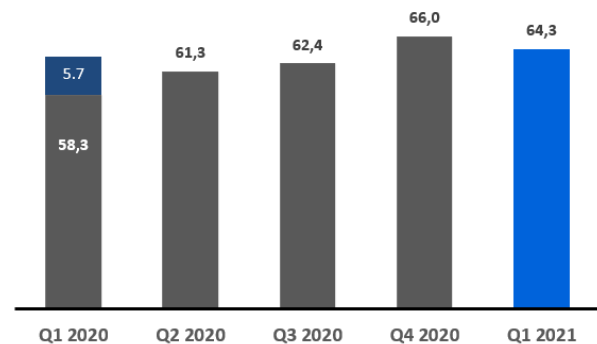
Professional Services

Revenue in the PS segment amounted to NOK 64.3 million for the first quarter 2021, which is approximately in line with last year’s figure, when the 2020 figure is adjusted for NOK 5.7 million of revenue from customers moved from the MS segment to the PS segment in the second quarter 2020.

An increase in revenue in Poland and UK was partly offset by a reduction in Germany. As reported in previous quarters, new business generation within

PS in Germany has been negatively impacted by Covid-19, however the market appears to be improving, and the pipeline of potential projects is higher than at the same time last year.

Revenue Professional Services (NOKm):



The EBIT for PS for the first quarter was NOK 5.5 million (NOK 6.3 million). The EBIT margin is still being negatively impacted by a higher use of temporary external consultants in Germany.

Financial position and cash flow

Zalaris had total assets of NOK 709.2 million as of 31 March 2021, compared to NOK 725.7 million at 31 December 2020.

Cash and cash equivalents were NOK 117.6 million as of 31 March 2021, a reduction of NOK 7.3 million from the end of the previous quarter, but NOK 30.1 million higher than the same period last year.

Total equity as of 31 March 2021 was NOK 110.5 million, compared to NOK 104.4 million as of 31 December 2020. This corresponds to an equity ratio of 15.6% (14.4%).

The Company holds 480,873 own shares at 31 March 2021.

Net interest-bearing debt (interest-bearing debt less cash and cash equivalents) decreased from NOK 252.2 million at 31 December 2020 to NOK 242.4 million at 31 March 2021. The decrease is mainly due a reduction in the NOK value of the EUR 35 million bond loan, as a result of the appreciation of NOK during the period.

Operating cash flow during the first quarter 2021 was negative NOK 0.1 million (positive NOK 16.9)

million). The lower cash flow is mainly due to some large changes in other assets and liabilities, including prepayments to suppliers and VAT.

Net cash flow from investing activities for the first quarter was negative NOK 2.1 million (negative NOK 3.7 million). Investments mainly relate to

internal product and system development projects. Net cash flow from financing activities for the first quarter was negative NOK 4.4 million (negative NOK 9.3 million).

Cash and cash equivalents balance at 31 March 2021 was NOK 117.6 million (NOK 87.5 million).

Outlook

The market is short-term still negatively impacted by Covid-19, but the underlying fundamentals continue to improve, and our weighted pipeline has increased significantly, compared to last year, both within MS and PS. 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 and by expanding the service offering to existing customers.

We are actively pursuing non-organic growth options that can strengthen our position in existing markets, and leverage the scale of our existing organization. The key focus is on opportunities that can support expanding our geographic coverage within BPO, or

companies that add new HR Tech solutions that can be utilized by our existing customer, or that can expand our customer base.

The Company's financial results improved significantly in 2020, as a result of the cost reduction initiatives implemented and increased revenue. These initiatives included streamlining of the organization, ramp-up of digitizing efforts, automating services and increasing Robotic Process Automation (RPA) projects, all aimed at increasing quality in deliveries and reducing costs.

Further improvements in the financial results are expected going forward. In particular, platform based sales, as those made over last two quarters, should contribute positively with higher incremental margin through utilising existing capacity.

The Board of Directors of Zalaris ASA
Oslo, 28 April 2021

Interim Consolidated Financial Statements

Consolidated Statement of Profit and Loss

(NOK 1 000)	Notes	2021 Jan-Mar <i>unaudited</i>	2020 Jan-Mar <i>unaudited</i>	2020 Jan-Dec
Revenue	2	192 778	200 611	792 326
Operating expenses				
License costs		15 575	16 998	72 517
Personnel expenses	4	106 062	111 579	430 733
Other operating expenses		42 226	41 181	167 138
Depreciation and impairments		755	900	3 311
Depreciation right-of-use assets		3 930	5 291	19 101
Amortisation intangible assets		7 208	6 608	27 436
Amortisation implementation costs customer projects	3	6 756	8 603	34 666
Total operating expenses		182 513	191 160	754 903
Operating profit (EBIT)		10 265	9 451	37 423
Financial items				
Financial income	5	1 074	2 742	5 763
Financial expense	5	(7 304)	(8 440)	(29 507)
Unrealized foreign exchange gain/(loss)	5	17 449	(66 298)	(27 069)
Net financial items		11 220	(71 996)	(50 813)
Profit before tax		21 485	(62 545)	(13 390)
Tax expense		(4 010)	13 994	4 405
Profit for the period		17 475	(48 551)	(8 985)
Earnings per share:				
Basic earnings per share (NOK)		0,89	(2,48)	(0,46)
Diluted earnings per share (NOK)		0,85	(2,48)	(0,46)

Consolidated Statement of Comprehensive Income

(NOK 1 000)	Notes	2020 Jan-Mar <i>unaudited</i>	2020 Jan-Mar <i>unaudited</i>	2020 Jan-Dec
Profit for the period		17 475	(48 551)	(8 985)
Other comprehensive income				
Items that will be reclassified to profit and loss in subsequent periods				
Currency translation differences		(12 296)	52 407	16 544
Total other comprehensive income		(12 296)	52 407	16 544
Total comprehensive income		5 179	3 856	7 559

Consolidated Statement of Financial Position

(NOK 1 000)	Notes	2021	2020	2020
		31. Mar <i>unaudited</i>	31. Mar <i>unaudited</i>	31. Dec
ASSETS				
Non-current assets				
Intangible assets		116 336	141 455	119 896
Goodwill		155 576	176 801	160 418
Total intangible assets		271 912	318 256	280 313
Deferred tax asset		22 326	11 778	23 400
Fixed assets				
Right-of-use assets		21 840	33 084	21 777
Property, plant and equipment		30 802	37 818	32 518
Total fixed assets		52 642	70 902	54 295
Total non-current assets		346 881	400 936	358 008
Current assets				
Trade accounts receivable		144 859	161 913	148 651
Customer projects	3	74 731	90 104	78 246
Other short-term receivables		25 149	32 096	15 989
Cash and cash equivalents	6	117 561	87 491	124 843
Total current assets		362 300	371 603	367 729
TOTAL ASSETS		709 181	772 539	725 738

Consolidated Statement of Financial Position

(NOK 1 000)	Notes	2021	2020	2020
		31. Mar	31. Mar	31. Dec
		<i>unaudited</i>	<i>unaudited</i>	
EQUITY AND LIABILITIES				
Equity				
Paid-in capital				
Share capital		1 964	1 957	1 962
Other paid in equity		7 634	4 492	6 655
Share premium		34 250	34 252	34 251
Total paid-in capital		43 847	40 701	42 868
Other equity		2 184	51 227	14 267
Retained earnings		64 464	3 975	47 224
Total equity		110 496	95 903	104 359
Liabilities				
Non-current liabilities				
Deferred tax		23 235	14 736	25 417
Interest-bearing loans	7	358 625	424 314	375 832
Lease liabilities		11 433	18 530	11 104
Total long-term liabilities		393 293	457 580	412 353
Current liabilities				
Trade accounts payable		21 510	21 120	21 190
Customer projects liabilities	3	53 134	55 383	50 256
Interest-bearing loans	7	1 359	7 661	1 244
Lease liabilities		11 333	19 569	11 792
Income tax payable		5 406	4 807	2 698
Public duties payable		39 885	39 645	49 486
Other short-term liabilities		72 082	69 625	71 480
Derivatives		685	1 245	880
Total short-term liabilities		205 393	219 055	209 025
Total liabilities		598 685	676 636	621 378
TOTAL EQUITY AND LIABILITIES		709 181	772 539	725 738

Consolidated Statement of Cash Flow

(NOK 1 000)	Notes	2021	2020	2020
		Jan-Mar <i>unaudited</i>	Jan-Mar <i>unaudited</i>	Jan-Dec
Cash Flow from operating activities				
Profit (Loss) before tax		21 485	(62 545)	(13 390)
Net financial items	5	(11 220)	71 996	50 813
Share-based payments		630	687	2 495
Depreciation and impairments		755	900	3 311
Depreciation right-of-use assets		3 930	5 291	19 101
Amortisation intangible assets		7 208	6 608	27 436
Amortisation implementation costs customer projects	3	6 756	8 603	34 666
Recognised customer projects assets	3	(7 959)	(4 219)	(18 026)
Recognised customer projects liabilities		4 417	(357)	(6 723)
Taxes paid		(1 563)	552	(2 427)
Changes in accounts receivable		3 792	(13 299)	(37)
Changes in accounts payable		320	(8 725)	(8 655)
Changes in other items		(23 669)	17 464	28 358
Interest received		15	53	195
Interest paid		(4 982)	(6 106)	(24 864)
Net cash flow from operating activities		(85)	16 903	92 253
Cash flows to investing activities				
Investment in fixed and intangible assets		(2 102)	(3 677)	(14 345)
Net cash flow from investing activities		(2 102)	(3 677)	(14 345)
Cash flows from financing activities				
Sale/(Buyback) of own shares		-	-	3
Payment of lease liabilities		(3 957)	(5 933)	(21 491)
Repayment of loan		(481)	(3 382)	(17 510)
Net cash flow from financing activities		(4 437)	(9 315)	(38 998)
Net changes in cash and cash equivalents		(6 624)	3 911	38 911
Net foreign exchange difference		(657)	1 133	3 483
Cash and cash equivalents at the beginning of the period		124 843	82 448	82 448
Cash and cash equivalents at the end of the period		117 561	87 492	124 843

Consolidated Statement of Changes in Equity

(NOK 1000)	Share capital	Share premium	Other paid in equity	Total paid-in equity	Other equity	Retained earnings	Total equity
Equity at 01.01.2020	1 957	34 252	3 804	40 013	(375)	52 526	92 165
Profit of the year						(48 551)	(48 551)
Other comprehensive income					52 408		52 408
Buyback of own shares							-
Share based payments			687	687			687
Other changes					(806)		(806)
Equity at 31.03.2020	1 957	34 252	4 491	40 700	51 227	3 976	95 903
Unaudited							
Profit of the year						39 566	39 566
Other comprehensive income					(35 864)		(35 864)
Buyback of own shares	5	(2)		3		1 063	1 066
Share based payments			1 808	1 808			1 808
Other changes			356	356	(1 097)	2 620	1 880
Equity at 31.12.2020	1 962	34 251	6 656	42 868	14 267	47 224	104 359
Profit of the year						17 475	17 475
Other comprehensive income					(12 296)		(12 296)
Sale of own shares	2	(1)		1			1
Share based payments			630	630			630
Other changes			348	348	214	(236)	326
Equity at 31.03.2021	1 964	34 250	7 634	43 847	2 184	64 464	110 495
Unaudited							

Notes to the condensed interim consolidated condensed 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 Hovfaret 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 31 March 2021, 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, 2020.

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.

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.

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.

2021 Jan-Mar

(NOK 1 000)	Managed Services	Professional Services	Gr.Ovhd & Unallocated	Total
Revenue, external	128 437	64 342	-	192 778
Operating expenses	(103 707)	(56 800)	(5 752)	(166 259)
EBITDA	24 730	7 542	(5 752)	26 519
Depreciation and amortisation	(9 352)	(2 052)	(4 851)	(16 254)
EBIT	15 378	5 490	(10 603)	10 265
Net financial income/(expenses)			11 220	11 220
Income tax			(4 010)	(4 010)
Profit for the period	15 378	5 490	(3 393)	17 475
Cash flow from investing activities				(2 102)

2020 Jan-Mar

(NOK 1 000)	Managed Services	Professional Services	Gr.Ovhd & Unallocated	Total
Revenue, external	142 348	58 263	-	200 611
Operating expenses	(113 461)	(49 776)	(6 522)	(169 758)
EBITDA	28 887	8 488	(6 522)	30 853
Depreciation and amortisation	(12 150)	(2 210)	(7 042)	(21 402)
EBIT	16 737	6 278	(13 564)	9 451
Net financial income/(expenses)			(71 996)	(71 996)
Income tax			13 994	13 994
Profit for the period	16 737	6 278	(71 566)	(48 551)
Cash flow from investing activities				(3 677)

2020 Jan-Dec

(NOK 1 000)	Managed Services	Professional Services	Gr.Ovhd & Unallocated	Total
Revenue, external	544 321	248 004	-	792 326
Operating expenses	(435 925)	(212 633)	(21 831)	(670 388)
EBITDA	108 397	35 371	(21 831)	121 937
Depreciation and amortisation	(45 286)	(9 958)	(29 271)	(84 515)
EBIT	63 110	25 414	(51 101)	37 423
Net financial income/(expenses)			(50 813)	(50 813)
Income tax			4 405	4 405
Profit for the period	63 110	25 414	(97 509)	(8 985)
Cash flow from investing activities				(14 345)

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 1 000)	2021	2020	2020
	Jan-Mar	Jan-Mar	Jan-Dec
Norway	50 586	56 730	215 979
Northern Europe ex Norway	55 430	56 940	228 486
Central Europe	76 550	77 384	308 776
UK & Ireland	10 213	9 558	39 085
Total	192 778	200 611	792 326

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)	2021	2020	2020
	31. Mar	31. Mar	31. Dec
Trade receivables	144 859	162 525	148 651
Customer project assets	74 731	90 104	78 246
Customer project liabilities	(53 134)	(55 383)	(50 256)
Prepayments from customers	(11 845)	(12 392)	(11 633)

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)	2021	2020	2020
	Jan-Mar	Jan-Mar	31. Dec
Opening balance in the period	78 246	88 808	88 808
Cost capitalised	7 959	4 219	18 026
Amortisation	(6 756)	(8 603)	(34 666)
Disposals & currency	(4 718)	5 679	6 078
Customer projects assets end of period	74 731	90 104	78 246

Movements in customer project liabilities through the period:

(NOK 1 000)	2021	2020	2020
	Jan-Mar	Jan-Mar	Jan-Dec
Opening balance in the period	(50 256)	(55 740)	(55 740)
Revenue deferred	(8 622)	(2 275)	(14 961)
Revenue recognised	4 205	5 862	21 684
Disposals & currency	1 539	(3 230)	(1 239)
Customer project liabilities end of period	(53 134)	(55 383)	(50 256)

Note 4 – Personnel expenses

(NOK 1 000)	2021	2020	2020
	Jan-Mar	Jan-Mar	Jan-Dec
Salary	90 475	92 232	356 098
Bonus	3 160	2 556	19 204
Social security tax	14 903	13 922	54 548
Pension costs	4 495	4 901	17 450
Share based payments	631	687	2 495
Other personnel expenses	2 988	4 207	12 561
Capitalised to internal development projects	(2 631)	(2 707)	(13 598)
Capitalised to customer project assets	(7 959)	(4 219)	(18 026)
Total personnel expenses	106 062	111 579	430 733

Note 5 – Finance income and finance expense

(NOK 1 000)	2021	2020	2020
	Jan-Mar	Jan-Mar	Jan-Dec
Interest income on bank accounts and receivables	15	53	191
Currency gain	800	2 608	4 679
Other financial income	259	81	893
Finance income	1 074	2 742	5 763
Interest exp. on financial liab. measured at amortised cost	4 524	5 783	23 145
Currency loss	1 373	1 487	987
Unrealised foreign currency loss/(gain)	(17 449)	66 298	27 069
Interest expense on leasing	263	444	1 503
Other financial expenses	1 143	726	3 871
Finance expenses	(10 145)	74 738	56 576
Net financial items	11 220	(71 996)	(50 813)

Note 6 - Cash and cash equivalents and short term deposits

(NOK 1 000)	2021	2020	2020
	31. Mar	31. Mar	31. Dec
Cash in hand and at bank - unrestricted funds	112 293	81 717	118 145
Deposit accounts - guarantee rent obligations - restricted funds	2 448	2 721	2 247
Employee withheld taxes - restricted funds	2 821	3 053	4 451
Cash and cash equivalents	117 561	87 491	124 843

Note 7 – Interest-bearing loans and borrowings

(NOK 1 000)	Annual interest	Maturity	2021	2020	2020
			31. Mar	31. Mar	31. Dec
Bond loan	3 m Euribor + 4.75%	28.09.2023	346 082	396 955	362 023
Commerzbank - DE	1.3%	31.12.2031	12 587	14 478	13 481
Landesbank Baden-Württemberg	4.0%	31.12.2022	1 315	2 358	1 572
Landesbank Baden-Württemberg	1.95%	31.12.2031	-	11 962	-
MBG	"From 5.0% to 6.5%	2020-2026	-	6 222	-
Total interest-bearing loans			359 983	431 975	377 077
Total long-term interest-bearing loans			358 625	424 314	375 832
Total short-term interest-bearing loans			1 359	7 661	1 244
Total interest-bearing loans			359 983	431 975	377 077

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 – 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.

(NOK 1 000)	2021	2020	2020
	Jan-Mar	Jan-Mar	Jan-Dec
EBITDA	28 916	30 853	121 938
Restructuring costs*	275	575	4 346
Share-based payments	630	687	2 495
Depreciation right-of-use assets (IFRS 16 effect)	(3 930)	(3 930)	(19 101)
Adjusted EBITDA	25 890	28 185	109 678

(NOK 1 000)	2021	2020	2020
	Jan-Mar	Jan-Mar	Jan-Dec
EBIT	10 265	9 451	37 423
Restructuring costs*	275	575	4 346
Share-based payments	630	687	2 495
Amortization of excess values on acquisition	2 618	2 678	10 926
Adjusted EBIT	13 789	13 391	55 190

*Relates mainly to redundancy costs/severance pay for employees

Free cash flow

Free cash flow represents the cash flow that Zalaris generates after capital investments in the Group's business operations have been made. Free cash flow is defined as operational cash flow.

(NOK 1 000)	2021	2020	2020
	Jan-Mar	Jan-Mar	Jan-Dec
Net cash flow from operating activities	(85)	16 903	92 253
Investment in fixed and intangible assets	(2 102)	(3 677)	(14 345)
Free cash flow	(2 187)	13 226	77 909

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.

	2021	2020	2020
(NOK 1 000)	31.Mar	31.Mar	31.des
Cash and cash equivalents	117 561	87 491	124 843
Interest-bearing loans and borrowings - long-term	358 625	424 314	375 832
Interest bearing loans and borrowings - short-term	1 359	7 661	1 244
Net interest-bearing debt (NIBD)	242 422	344 485	252 234

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).

Key Figures

(NOKm unless otherwise stated)	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Revenues	187,5	190,7	206,2	200,6	198,4	189,7	203,5	192,8
Revenue growth (YoY)	-0,7 %	8,2 %	6,2 %	4,3 %	5,8 %	-0,5 %	-1,3 %	-3,9 %
EBITDA adjusted	21,1	24,7	18,9	26,8	26,8	27,0	29,3	25,9
EBITDA margin	11,2 %	12,9 %	9,2 %	13,4 %	13,5 %	14,2 %	14,4 %	13,4 %
EBIT adjusted	7,2	8,9	5,0	13,4	12,7	13,3	15,9	13,8
EBIT margin	3,8 %	4,6 %	2,4 %	6,7 %	6,4 %	7,0 %	7,8 %	7,2 %
Profit Before Tax	(4,3)	(9,3)	(4,0)	(62,5)	27,2	(3,1)	25,1	21,5
Income Tax Expense	1,0	2,7	0,7	14,0	(4,7)	1,4	(6,2)	(4,0)
Non- Controlling Interests								
Net income	(3,3)	(6,6)	(3,3)	(48,6)	22,4	(1,8)	18,9	17,5
Profit margin	-1,8 %	-3,5 %	-1,6 %	-24,2 %	11,3 %	-0,9 %	9,3 %	9,1 %
Weighted # of shares outstanding (m)	19,9	19,8	19,7	19,6	19,6	19,6	19,6	19,6
Basic EPS (NOK)	(0,17)	(0,34)	(0,17)	(2,48)	1,14	(0,09)	0,96	0,89
Diluted EPS (NOK)	(0,17)	(0,34)	(0,17)	(2,48)	1,11	(0,09)	0,86	0,85
Cash flow items								
Cash from operating activities	5,0	8,8	50,7	16,9	45,4	13,3	16,7	(0,1)
Investments	(7,1)	2,9	(17,1)	(3,7)	(3,6)	(5,0)	(2,0)	(2,1)
Net changes in cash and cash equi.	(9,4)	(5,4)	18,2	3,9	41,0	(14,0)	8,1	(6,6)
Cash and cash equivalents end of period	59,6	64,8	82,4	87,5	129,0	116,3	124,8	117,6
Net interest-bearing debt	308,7	311,0	286,6	344,5	277,9	280,7	252,2	242,4
Equity	100,1	101,6	92,2	95,9	101,5	108,1	104,4	110,5
Equity ratio	13,8 %	14,3 %	12,9 %	12,4 %	13,5 %	14,9 %	14,4 %	15,6 %
ROE	-8,4 %	-7,6 %	-7,0 %	-63,5 %	-36,9 %	-31,4 %	-8,8 %	53,8 %
Number of FTE (Period End)	825	803	753	728	723	713	712	714
Segment overview	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Revenues	187,5	190,7	206,2	200,6	198,4	189,7	203,5	192,8
Managed Services	133,9	130,4	153,2	142,3	137,1	127,4	137,5	128,4
Professional Services	53,7	60,3	53,0	58,3	61,3	62,4	66,0	64,3
EBIT	4,4	4,8	(1,6)	9,5	7,4	9,2	11,3	10,3
Managed Services	15,8	10,6	14,9	16,7	16,0	14,8	15,6	15,4
as % of revenue	11,8 %	8,2 %	9,7 %	11,8 %	11,7 %	11,6 %	11,3 %	12,0 %
Professional Services	3,5	9,1	(0,3)	6,3	4,1	6,8	8,2	5,5
as % of revenue	6,5 %	15,1 %	-0,6 %	10,8 %	6,7 %	11,0 %	12,5 %	8,5 %
Gr.ovhd & Unallocated	(14,9)	(15,0)	(16,2)	(13,6)	(12,7)	(12,4)	(12,5)	(10,6)

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Financial information

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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.**Zalaris ASA**

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