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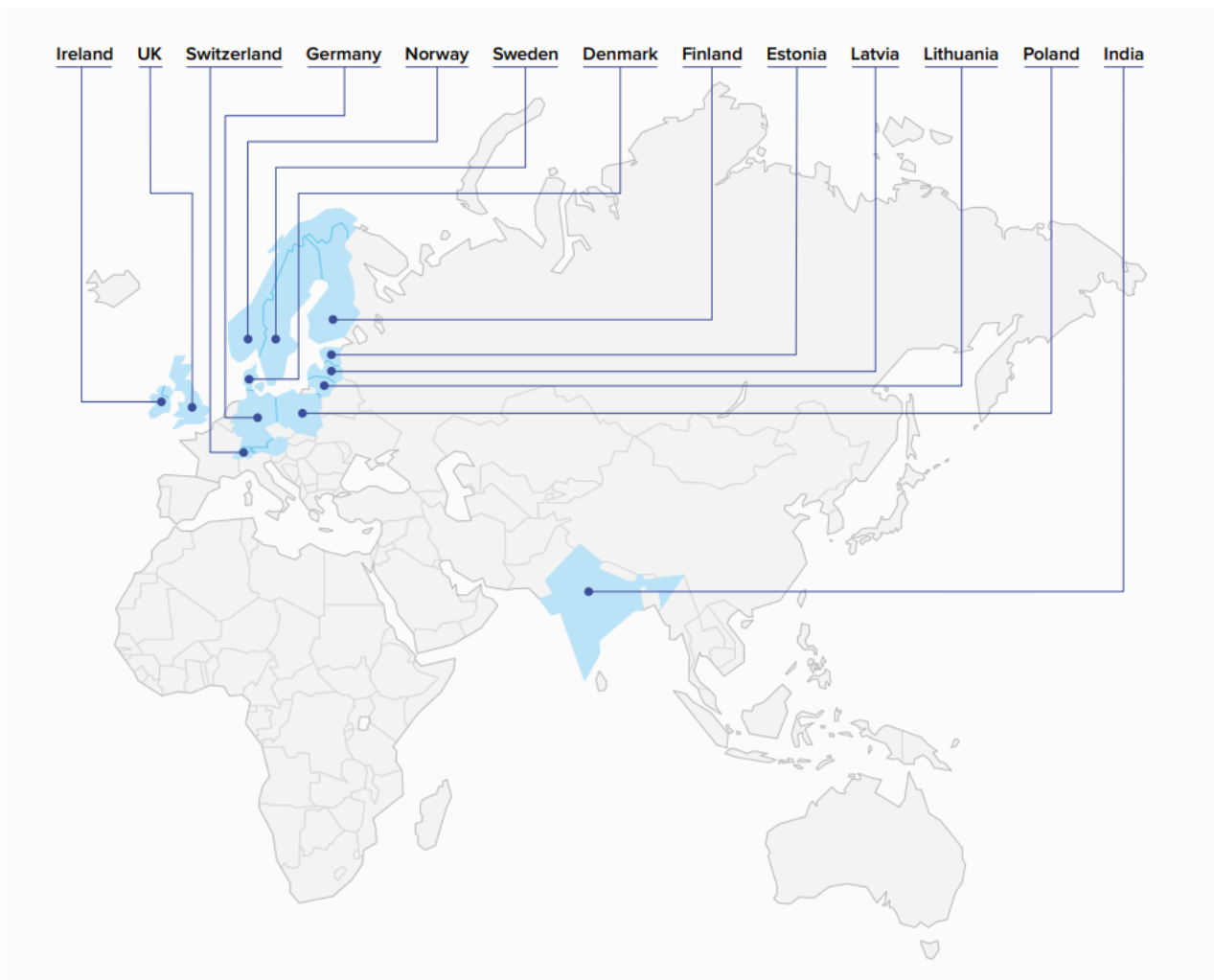
## About Zalaris

**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.

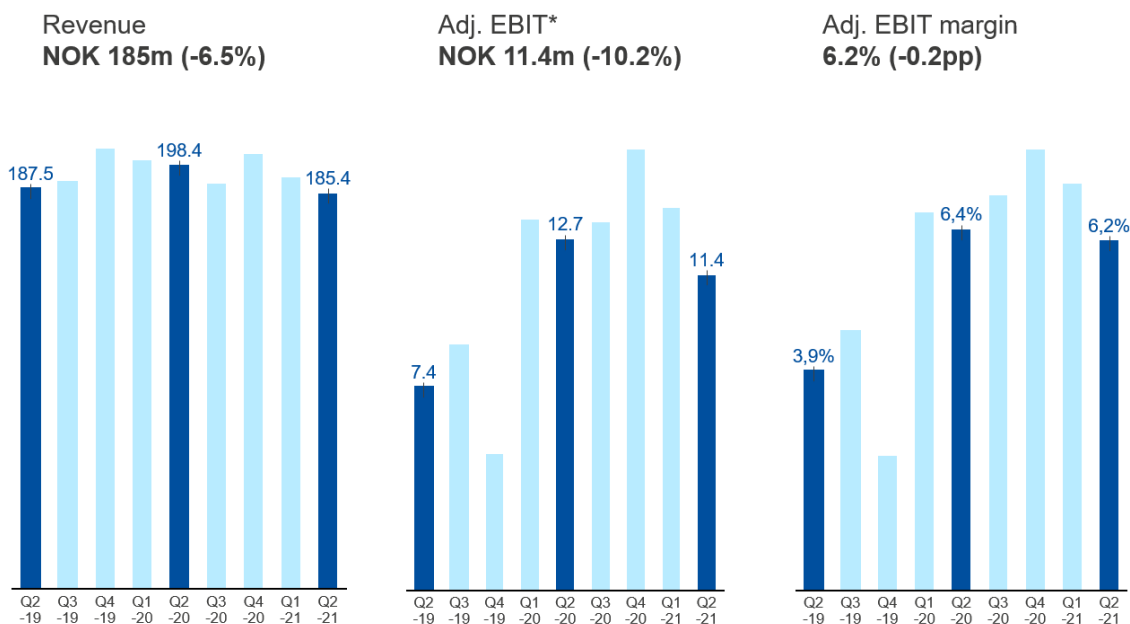
Our proven local and multi-country delivery models include: on-premise implementations, software as a service (SaaS), cloud integration and business process outsourcing (BPO). Furthermore, Zalaris' experienced consultants and advisors cover all industries and IT environments.

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.



## Q2 Highlights

- Revenue of NOK 185.4 million (NOK 198.4 million) – reduction mainly due to currency movements of approx. NOK 11m.
- Adjusted EBIT of NOK 11.4 million (NOK 12.7 million) – higher margins within Managed Services in the Nordics, offset by currency movements, and temporary use of external consultants within Professional Services in Germany.
- Adjusted EBIT margin of 6.2% (6.4%).
- High sales activity within Managed Services, resulting in a continued build-up of future annual recurring revenue (“ARR”) through several new BPO agreements and extensions during the second quarter – total new BPO contracts awarded year-to-date have expected ARR of NOK 71 million (net ARR NOK 43 million), when fully implemented.
- Completed the acquisition of ba.se service & consulting GmbH, a leading provider of payroll and HR services within the German retail sector, providing a platform for further growth in Germany and Central Europe. Ba.se will contribute annual revenue of approx. EUR 6 million based on existing contracts, of which almost 100% is ARR with favorable EBIT contribution.
- BPO contracts signed by 30 June 2021, and revenue from ba.se, represents an expected increase in total annual revenue for Zalaris of >10% over the next 12 months.
- Successful completion of NOK 120.7 million equity issue, at NOK 60 per share. We continue to focus on identifying accretive M&A opportunities, primarily in the DACH area.
- Paid dividend of NOK 1.00 per share (NOK 19.6 million) for 2020.
- Cash and cash equivalents of NOK 212.0 million, +NOK 83.0 million from last year.



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

## Key Figures

### Q2 2021 financial summary

(NOK 1 000)	2021	2020	2021	2020	2020
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Revenue	185 415	198 445	378 194	399 056	792 326
Growth (YoY)	-6,6 %	4,1 %	-5,2 %	5,0%	4,2 %
EBITDA	21 769	29 318	50 685	60 171	121 938
Adjusted EBITDA <sup>1)</sup>	23 664	26 866	49 555	53 690	109 678
Adjusted EBITDA margin (as % of revenue)	12,8 %	13,5 %	13,1 %	13,5 %	13,8 %
EBIT	3 100	7 367	13 365	16 818	37 423
Adjusted EBIT <sup>1)</sup>	11 419	12 690	25 208	26 081	55 190
Adjusted EBIT margin (as % of revenue)	6,2 %	6,4 %	6,7 %	6,5 %	7,0 %
Profit/(loss) for the period	(6 416)	22 420	11 059	(26 132)	(8 985)
Earnings per share (EPS)	(0,31)	1,14	0,53	(1,33)	(0,46)
Total comprehensive income	6 279	(22 576)	5 042	3 700	7 559
Free cash flow <sup>1)</sup>	(8 470)	41 805	(10 658)	55 031	77 909
Net interest-bearing debt (NIBD) <sup>1)</sup>	154 415	277 939	154 415	277 939	252 234
Full time equivalents (FTEs) period end <sup>1)</sup>	714	723	714	723	712

<sup>1)</sup> Defined in separate section Alternative Performance Measure (APMs)

### Q2 2021 financial performance by business segment

(NOK 1 000)	2021	2020	2021	2020	2020
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
<b>Revenue</b>					
Managed services	125 779	137 109	254 216	279 457	544 321
Professional services	59 636	61 336	123 978	119 599	248 004
<b>Total revenue</b>	<b>185 415</b>	<b>198 445</b>	<b>378 194</b>	<b>399 056</b>	<b>792 325</b>
<b>EBIT</b>					
Managed services	16 126	16 005	31 504	32 742	63 376
Professional services	3 579	4 054	9 070	10 333	25 414
Group overhead and other	(16 605)*	(12 692)	(27 208)	(26 256)	(51 367)
<b>EBIT</b>	<b>3 100</b>	<b>7 367</b>	<b>13 365</b>	<b>16 818</b>	<b>37 423</b>
<b>EBIT margin (%)</b>					
Managed services	12,8 %	11,7 %	12,4 %	11,7 %	11,6 %
Professional services	6,0 %	6,6 %	7,3 %	8,6 %	10,2 %
<b>EBIT margin (%)</b>	<b>1,7 %</b>	<b>3,7 %</b>	<b>3,5 %</b>	<b>4,2 %</b>	<b>4,7 %</b>

\*Includes one-off costs of NOK 5.1m (ref. APMs on page 22)



*“Through Norseman we raise substantial funds to support cancer victims and at the same time promote the importance of physical activity and a healthy life style to #teamZalaris and all our stakeholders” says Hans-Petter Mellerud, CEO*

## CEO Insights

In H1 #teamZalaris has been firing on all cylinders. With the acquisition of ba.se in Germany we have extended our team with another 80 professionals and a contract portfolio that immediately will grow our Managed Services revenue by approximately 10%. Adding to this, we closed with an all-time high value of new contracts, resulting in a significant increase in our net contracted Annual Recurring Revenue (ARR). This will contribute positively to our organic growth over the next quarters. Our revenue for the quarter ended on NOK 184 million, which, when adjusted for currency effects, is more or less in line with the same quarter last year. A large part of our consulting capacity is being used to implement our new agreements - with project costs and project revenue being capitalised for later recognition. This results in reduced revenue compared to Q2 last year when the same resources were used for Covid-19 related change orders, that had immediate revenue impact.

We are not satisfied with our overall profitability level. A large part of our fixed cost base is related to the development and operations of our Peoplehub platform. Our recently won deals will thus contribute significantly to increased margins when in production. In Q2 most of our regions delivered improvements from structured improvement activities focusing on standardisation, automation and roll-out of the Zalaris 4.0 service delivery framework. We will continue this effort in H2 with the goal to achieve similar results and margin improvements in all our regions.

### Acquired ba.se GmbH to strengthen payroll and HR BPO for the retail industry

In May, we communicated the acquisition of ba.se service & consulting GmbH - a leading provider of payroll and related HR services to the retail industry

in Germany. The deal significantly enhances Zalaris' presence and capability to serve this people intensive sector with effective solutions based on our Peoplehub platform.

As ba.se also has customers with French and Swiss presence the acquisition supports us serving our customers in these new geographies.

With our German operations scaled to almost 280 people and delivering an annualized revenue of more than EUR 30 million we are now one of the leading players in the DACH market for payroll and HR outsourcing.

To continue building our market presence and realize operational synergies we recruited one of the leading industry professionals to take over the helm as Executive Vice President DACH from December 1st.

### Continued signing new agreements with customers and driving contracted ARR to all time high

During H1-21, we invested in process improvements in sales including implementing innovative technology to drive sales quality and efficiency. As a result, we see a step-change in how our salesforce cooperate across borders with better focus on the right opportunities and more a competitive value proposition. This has contributed to our recent signings.

In Managed Services, growth in net contracted ARR continued in Q2 with a number of new wins and expansions of existing agreements. Resulting in a net contracted ARR growth for Managed Services in Q2 of 3,54% and H1 of 9,24%. This is well ahead of our growth target for the year of 15% for this division.

With wins in the Nordic being key to growth previously, we now see the impact of the Zalaris brand becoming better known in Germany and UK. Resulting in a number of new leads and signings based on our PeopleHub-based services. Frequently in combination with the implementation of a global HR solution that support full digitisation of people processes. Enabling increased customer efficiency and flexibility to work from anywhere.

In the Nordics, we reinforced our position as a leading vendor for the finance sector, closing multi-country deals for outsourced payroll and HR services with insurer Tryg (6000+ employees) and Entercard (300+ employees). In addition, contracts were expanded and/or extended with key customers like Siemens, Felleskjøpet, Aker BP and Ericsson.

In Germany, we closed our first large PeopleHub-based deals to provide outsourced payroll services to Telefonica (8000+ employees) and Hörmann (1000+ employees). Our Q2 lead generation campaign gave an all-time high number of leads that resulted in a strengthened pipeline. We made significant changes in our German professional services organization during the quarter including introducing a flattened structure and a trainee program to build a new generation of resources. This stabilised and improved a challenging resource situation with high turnover of consultants. We maintain our revenue levels and deliver on customer commitments through compensating with higher than normal use of external consultants. This is temporary impacting margins.

UK continued its positive development, signing CLAAS for outsourced payroll services and an agreement with Veolia to host their SAP based solution on the Zalaris platform. Being awarded 'The United Kingdom's Most Outstanding Payroll and HR Solutions Provider of the Year, 2021' by CEO Monthly UK in combination with a sales pipeline, containing a handful of significant deals in the closing phase, promises continued and positive developments in this market.

Poland continued with its strong development in Professional Services and Application Maintenance Services during Q2. This included winning a new project with Amica to implement a full suite of SuccessFactors services and expanding existing relationships with ABB and Powergrid for recurring application maintenance services.

### **Continuing effort to increase profitability through standardisation and automation**

In H2 2020, a global task force was launched to implement our Zalaris 4.0 operating model targeting increased profitability and customer satisfaction. With our Swedish operations as a pilot, we are proud to see that this resulted in significant improvements. Encouraged by the results, we now extend the effort to the whole Zalaris organisation.

The key to the improvements is continued focus on automation and digitization targeting fully automated payroll. In Q2, we implemented a number of new tools and digital assistants using AI technology to support this goal.

Since Q2 last year, we have made a significant investment in standardizing our implementation methodology aiming at reducing project costs and time to market. This has been tested in our recently won projects with positive effect.

### **Ambition to strengthen European leadership - further geographic expansion**

A key driver to profitability is growing revenue of existing operations and services to better utilise fixed costs and investments. We also continue finding ways to grow through increased geographic coverage better supporting customers' ambition to work with one vendor across multiple countries and regions. M&A, partnering as well as establishing of green field operations in target geographies, are tools to achieve this. In Q2, we established a subsidiary in France to support multi-country deals with French footprint and the acquisition of new customers in this key European market.

In Q2 we verified investor confidence in our business model through successfully raising NOK 120 million in new equity. This strengthened our capability to continue building Zalaris through disciplined non-organic growth.

Thus, with markets starting returning to normality, a strong pipeline coming from improved brand recognition, focus on sales effectiveness and increased M&A capability - we expect the positive developments for #teamZalaris to continue.



# Financial Review

## Revenue

Consolidated revenue for the second quarter 2021 amounted to NOK 185.4 million (Q2 2020: NOK 198.4 million). The lower revenue compared to last year is mainly due to currency movements, which accounted for approximately NOK 11 million of the variance. Lower volume of travel controls and other services, principally as a result of Covid-19, has also impacted revenue negatively, which is still believed to be temporary.

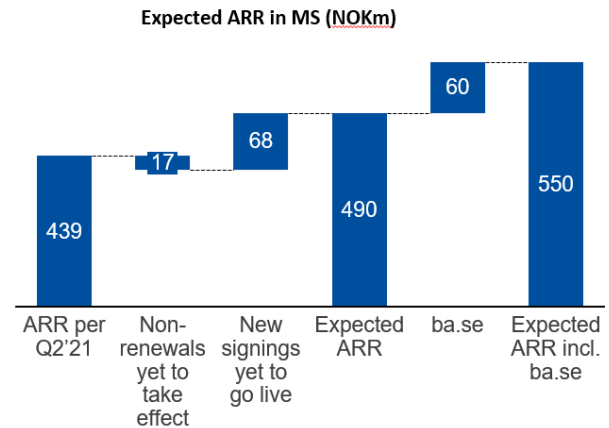
The top priority of Zalaris during the last 12 -18 months, following the completion of the EBIT improvement program, has been to focus available resources on the sale and implementation of BPO contracts that will generate annual recurring revenue (“ARR”) long-term, rather than on selling one-off change orders etc. that could generate additional revenue short-term.

As a result, Zalaris has signed several new BPO contracts and expansions within Managed Services (“MS”) during the last two quarters, which will be converted to actual revenue in 2022 and onwards. New contracts and expansions awarded in the second quarter have expected ARR of approximately NOK 32 million, and net ARR (new signings net off non-renewals) of approximately NOK 15 million. The ARR figures year-to-date are NOK 71 million and NOK 43 million respectively.

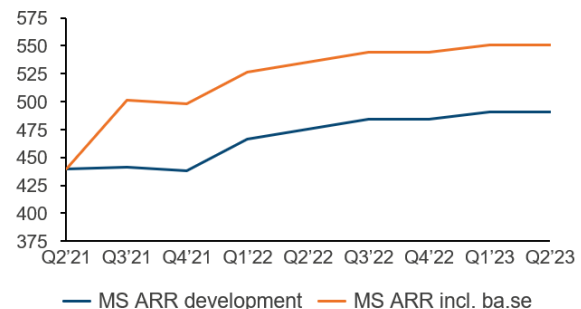
We continue to focus on serving customers on our own platform, and the non-renewal in the second quarter was a customer where Zalaris were only providing manpower (non-strategic).

In addition, the acquisition of ba.se & consulting GmbH, which was completed subsequent to quarter-end, will contribute ARR of approximately EUR 6 million going forward, based on the existing contract portfolio.

As an illustration of the impact of new contracts signed, the table below shows the ARR within MS at the end of the second quarter, and how the ARR will increase, as signed contracts per 30 June 2021 are implemented.



The figure below shows the timing of the increase in the expected ARR for Managed Services (in NOKm):



\*The ARR graph includes contracts as of 30 June 2021

The pipeline remains strong and we expect to continue to convert some of this to actual BPO contracts, which should increase the expected ARR for MS further.

### Nordics & Baltics

Revenue in the Nordic & Baltic region was NOK 105.2 million in the second quarter, which was NOK 6.2 million lower than the figure last year of NOK 111.4 million. Approximately NOK 3.5 million of the variance is due to currency changes, while the remaining variance is mainly Covid-19 related, impacting transaction volumes (e.g. travel controls) and change orders from existing customers negatively. Approximately 75% of the value of the new BPO contracts signed relates to the Nordics & Baltic region.

## Central Europe

Revenue in the Central Europe region was NOK 70.3 million for the second quarter, compared to NOK 76.5 million last year. Currency changes resulted in a reduction of approximately NOK 6.5 million. Higher revenue from existing and new Professional Services (“PS”) customers in Poland, was offset by some lower volume in Germany. Professional Services in Germany has been negatively impacted by a high turnover of SAP consultants during the last six months. A new recruitment program is in place, but the personnel changes may impact the potential revenue growth within Professional Services in Germany short-term.

## UK & Ireland

Revenue for the second quarter in the UK & Ireland region amounted to NOK 10.0 million, compared to NOK 10.6 million in the same quarter last year. We see increased activity within Managed Services in the region, and several new BPO contracts, which will generate future ARR, have been or will be signed during the coming months.

## Earnings

The adjusted EBIT was NOK 11.4 million for the second quarter (NOK 12.7 million), when adjusted for one-off external costs relating to M&A activities

(NOK 5.1 million), calculated costs of the Company’s share-based payment plan (NOK 0.7 million), and amortisation of excess values on acquisitions (NOK 2.6 million).

Higher margins within Managed Services in the Nordic region, was offset by currency changes, resulting in lower revenue. Lower margins in Germany, as a result of higher temporary use of external consultants, also had an impact.

Consolidated EBIT for the quarter was NOK 3.1 million (NOK 7.4 million).

The Group had net financial expenses of NOK 12.1 million for the second quarter (net income NOK 27.2 million), including an unrealised currency loss of NOK 7.3 million (gain NOK 25.6 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 second quarter was NOK 4.8 million (NOK 5.8 million).

The net loss for the quarter was NOK 6.4 million (gain NOK 22.4 million).

Total comprehensive income amounted to negative NOK 0.1 million (negative NOK 0.2 million), after currency translation differences of positive NOK 6.3 million (negative NOK 22.6 million) relating to foreign subsidiaries.



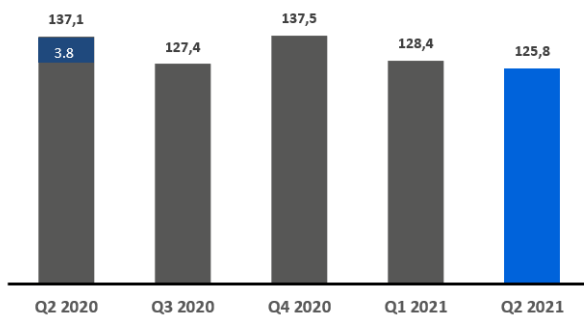
## Business segment performance

### Managed Services

The Managed Services (“MS”) segment had revenue of NOK 125.8 million for the second quarter 2021. This was only marginally lower than last year, when adjusted for NOK 3.8 million of revenue from customers moved from the MS segment to the PS segment during the second quarter 2020, and currency movements of approximately NOK 5.4 million.

Marginally lower revenue in Northern Europe and Germany, was offset by higher revenue in the UK. The reduction in revenue within MS 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, which was partly offset by revenue from new customers. There was no material churn in revenue within Managed Services for the quarter year-on-year.

Revenue Managed Services (NOKm):



Zalaris has signed several new contracts within MS during the last six months. As a result, more resources are now being utilized on implementing new BPO contracts, compared to last year, resulting in increased deferred revenue, which will materialise in increased revenue as the projects go live in 2022 and beyond.

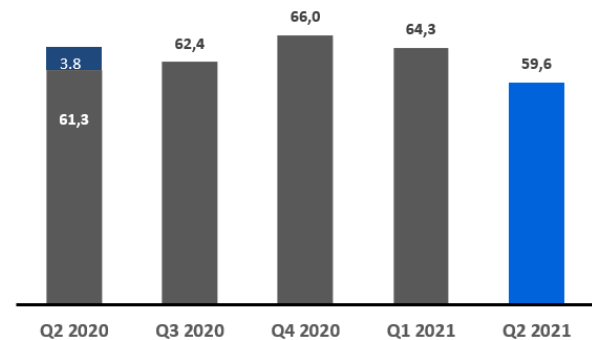
The EBIT for MS for the second quarter was NOK 16.1 million (NOK 16.0 million). The EBIT impact of lower revenue, mainly caused by currency movements, was offset by lower operating expenses compared to last year, partly as a result of more costs being capitalized on customer projects, which will generate additional revenue in future periods.

### Professional Services

Revenue in the PS segment amounted to NOK 59.6 million for the second quarter 2021. This was approximately in line with last year, when adjusted for NOK 3.8 million of revenue from customers moved from the MS segment to the PS segment during the second quarter 2020, and currency movements.

Marginally lower revenue in Germany, in local currency, was offset by a revenue increase of 14.4% in Poland. As noted earlier, Professional Services in Germany has been impacted by personnel changes during the last six months, which may temporarily impact the potential revenue growth in Germany.

Revenue Professional Services (NOKm):



The EBIT for PS for the second quarter was NOK 3.6 million (NOK 4.5 million). The EBIT margin for PS 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 805.5 million as of 30 June 2021, compared to NOK 709.2 million at 31 March 2021.

On 10 June, the Company completed a private placement of 2,012,300 new shares at a price of NOK 60 per share, raising gross proceeds of NOK 120.7 million (net proceeds NOK 115.9 million).

During the second quarter the Company paid a dividend of NOK 19.6 million (NOK 1.00 per share)

Cash and cash equivalents were NOK 212.0 million as of 30 June 2021, an increase of NOK 94.4 million from the end of the previous quarter.

Total equity as of 30 June 2021 was NOK 207.1 million, compared to NOK 110.5 million as of 31 March 2021. This corresponds to an equity ratio of 25.7% (15.6%).

During the second quarter the Company used 193,575 own shares to settle employee share programs that expired during the quarter, and the Company holds 290,874 own shares as of 30 June 2021.

Net interest-bearing debt (interest-bearing debt less cash and cash equivalents) decreased from NOK 242.4 million on 31 March 2021 to NOK 154.4 million on 30 June 2021. The decrease is mainly due to the net proceeds of NOK 15.9 million from the equity issue, net of dividend paid (NOK 19.6 million) and an increase in the NOK value of the EUR 35 million bond loan, as a result of the higher EUR/NOK exchange rate at the end of the second quarter.

Operating cash flow during the second quarter 2021 was negative NOK 3.4 million (positive NOK 45.4 million). Contributing to the negative operating cash flow was a cash settlement of expired restricted stock units (RSU's) of approximately NOK 7 million. Last year, the working capital was particularly high at the beginning of the first quarter, resulting in the large positive operating cash flow in the second quarter 2020.

Net cash flow from investing activities for the second quarter was negative NOK 4.0 million (negative NOK 3.6 million). Investments mainly relate to internal product and system development projects.

## 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, particularly within Managed Services. Several new BPO contracts have been signed year-to-date, and several potential significant new contracts are in the pipeline.

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

Net cash flow from financing activities for the second quarter was positive NOK 101.3 million (negative NOK 0.8 million). The positive cash flow from financing activities during the quarter is due to the equity issue (net proceeds of NOK 115.9 million) and sale of own shares (net proceeds 8.2 million), net off dividend payment of NOK 19.6 million.

## Subsequent events

On 4 August Zalaris successfully completed the acquisition of ba.se. service & consulting GmbH ("ba.se"). Ba.se is a leading provider of payroll and HR services within the German retail sector. With this acquisition, Zalaris increases its recurring revenue base in Germany, and gains significant expertise within the retail sector.

Ba.se had total revenue and EBIT of EUR 6.1 million and EUR 0.9 million respectively for the financial year ended 30 September 2021. The acquisition will provide Zalaris with an additional platform for further BPO growth in Germany and Central Europe and is expected to be accretive (positive impact on multiples and EBIT margin) already in 2021.

The acquired company contributes a team of about 80 employees located in Hagen, near Düsseldorf, as well as a considerable customer base from Germany, Austria, Switzerland and France, including well-known companies, such as Douglas, Christ and Thalia.

The financial figures for ba.se will be fully consolidated from August 2021. Please refer to note 9 to the condensed interim consolidated financial statements for further information.

by expanding the service offering to existing customers. The Company has seen an increased interest in HR outsourcing during the last 6 – 12 months in general, and in Zalaris' product offering in particular.

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 recent acquisition of ba.se. The key focus is on opportunities that can support expanding our geographic coverage, or companies that add new

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

The Company expects the financial results to improve in line with an expected increase in revenue, both in

terms of absolute amounts and profitability, as we are benefiting from the existing capacity and scalability within the organisation.

The Board of Directors of Zalaris ASA  
Oslo, 25 August 2021

# Interim Consolidated Financial Statements

## Consolidated Statement of Profit and Loss

(NOK 1 000)	Notes	2021	2020	2021	2020	2020
		Apr-Jun <i>unaudited</i>	Apr-Jun <i>unaudited</i>	Jan-Jun <i>unaudited</i>	Jan-Jun <i>unaudited</i>	Jan-Dec
<b>Revenue</b>	2	<b>185 415</b>	<b>198 445</b>	<b>378 194</b>	<b>399 056</b>	<b>792 326</b>
<b>Operating expenses</b>						
License costs		16 188	16 237	31 762	33 235	72 517
Personnel expenses	4	98 961	113 131	205 023	224 710	430 733
Other operating expenses		48 497	39 759	90 723	80 940	167 138
Depreciation and impairments		760	848	1 515	1 748	3 311
Depreciation right-of-use assets		3 841	4 941	7 771	10 232	19 101
Amortisation intangible assets		7 147	7 223	14 355	13 831	27 436
Amortisation implementation costs customer projects	3	6 922	8 939	13 679	17 542	34 666
<b>Total operating expenses</b>		<b>182 315</b>	<b>191 078</b>	<b>364 829</b>	<b>382 238</b>	<b>754 903</b>
<b>Operating profit (EBIT)</b>		<b>3 100</b>	<b>7 367</b>	<b>13 365</b>	<b>16 818</b>	<b>37 423</b>
<b>Financial items</b>						
Financial income	5	1 709	1 605	2 783	4 347	5 763
Financial expense	5	(6 587)	(7 380)	(13 891)	(15 820)	(29 507)
Unrealized foreign exchange gain/(loss)	5	(7 260)	25 560	10 189	(40 738)	(27 069)
<b>Net financial items</b>		<b>(12 138)</b>	<b>19 785</b>	<b>(919)</b>	<b>(52 211)</b>	<b>(50 813)</b>
<b>Profit before tax</b>		<b>(9 039)</b>	<b>27 152</b>	<b>12 446</b>	<b>(35 393)</b>	<b>(13 390)</b>
<b>Tax expense</b>		<b>2 623</b>	<b>(4 733)</b>	<b>(1 387)</b>	<b>9 262</b>	<b>4 405</b>
<b>Profit for the period</b>		<b>(6 416)</b>	<b>22 420</b>	<b>11 059</b>	<b>(26 132)</b>	<b>(8 985)</b>
<b>Earnings per share:</b>						
Basic earnings per share (NOK)		(0,31)	1,14	0,53	(1,33)	(0,46)
Diluted earnings per share (NOK)		(0,31)	1,11	0,50	(1,33)	(0,46)

## Consolidated Statement of Comprehensive Income

(NOK 1 000)	Notes	2021	2020	2021	2020	2020
		Apr-Jun <i>unaudited</i>	Apr-Jun <i>unaudited</i>	Jan-Jun <i>unaudited</i>	Jan-Jun <i>unaudited</i>	Jan-Dec
<b>Profit for the period</b>		<b>(6 416)</b>	<b>22 420</b>	<b>11 059</b>	<b>(26 132)</b>	<b>(8 985)</b>
<b>Other comprehensive income</b>						
Items that will be reclassified to profit and loss in subsequent periods						
Currency translation differences		6 279	(22 576)	(6 017)	29 832	16 544
<b>Total other comprehensive income</b>		<b>6 279</b>	<b>(22 576)</b>	<b>(6 017)</b>	<b>29 832</b>	<b>16 544</b>
<b>Total comprehensive income</b>		<b>(137)</b>	<b>(156)</b>	<b>5 042</b>	<b>3 700</b>	<b>7 559</b>

## Consolidated Statement of Financial Position

(NOK 1 000)	Notes	2021	2020	2020
		30. Jun <i>unaudited</i>	30. Jun <i>unaudited</i>	31. Dec
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets		112 852	130 270	119 896
Goodwill		157 965	165 661	160 418
<b>Total intangible assets</b>		<b>270 817</b>	<b>295 931</b>	<b>280 313</b>
Deferred tax asset		23 394	11 728	23 400
<b>Fixed assets</b>				
Right-of-use assets		18 942	29 710	21 777
Property, plant and equipment		30 839	34 836	32 518
<b>Total fixed assets</b>		<b>49 781</b>	<b>64 546</b>	<b>54 295</b>
<b>Total non-current assets</b>		<b>343 992</b>	<b>372 205</b>	<b>358 008</b>
<b>Current assets</b>				
Trade accounts receivable		145 174	138 118	148 651
Customer projects	3	80 962	84 763	78 246
Other short-term receivables		23 436	26 391	15 989
Cash and cash equivalents	6	211 952	128 953	124 843
<b>Total current assets</b>		<b>461 524</b>	<b>378 225</b>	<b>367 729</b>
<b>TOTAL ASSETS</b>		<b>805 516</b>	<b>750 430</b>	<b>725 738</b>

## Consolidated Statement of Financial Position

(NOK 1 000)	Notes	2021	2020	2020
		30. Jun	30. Jun	31. Dec
		<i>unaudited</i>	<i>unaudited</i>	
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
<b>Paid-in capital</b>				
Share capital		2 184	1 962	1 962
Other paid in equity		(303)	4 958	6 655
Share premium		139 550	35 565	34 251
<b>Total paid-in capital</b>		<b>141 431</b>	<b>42 485</b>	<b>42 868</b>
Other equity		8 411	32 224	14 267
Retained earnings		57 298	26 813	47 224
<b>Total equity</b>		<b>207 140</b>	<b>101 522</b>	<b>104 359</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Deferred tax		22 920	13 323	25 417
Interest-bearing loans	7	364 984	405 514	375 832
Lease liabilities		10 114	14 478	11 104
<b>Total long-term liabilities</b>		<b>398 019</b>	<b>433 315</b>	<b>412 353</b>
<b>Current liabilities</b>				
Trade accounts payable		16 604	17 638	21 190
Customer projects liabilities	3	60 335	52 255	50 256
Interest-bearing loans	7	1 383	1 378	1 244
Lease liabilities		9 759	16 483	11 792
Income tax payable		3 522	4 610	2 698
Public duties payable		37 961	48 067	49 486
Other short-term liabilities		70 261	74 054	71 480
Derivatives		531	1 108	880
<b>Total short-term liabilities</b>		<b>200 357</b>	<b>215 593</b>	<b>209 025</b>
<b>Total liabilities</b>		<b>598 376</b>	<b>648 908</b>	<b>621 378</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>805 515</b>	<b>750 430</b>	<b>725 738</b>



## Consolidated Statement of Cash Flow

(NOK 1 000)	Notes	2021	2020	2021	2020	2020
		Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
		<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>	
<b>Cash Flow from operating activities</b>						
Profit (Loss) before tax		(9 039)	27 152	12 446	(35 393)	(13 390)
Net financial items	5	12 138	(19 785)	919	52 211	50 813
Share-based payments		661	466	1 291	1 153	2 495
Depreciation and impairments		760	848	1 515	1 748	3 311
Depreciation right-of-use assets		3 841	4 940	7 771	10 231	19 101
Amortisation intangible assets		7 147	7 223	14 355	13 831	27 436
Amortisation implementation costs customer projects	3	6 922	8 939	13 679	17 542	34 666
Recognised customer projects assets	3	(11 983)	(4 994)	(19 942)	(9 213)	(18 026)
Recognised customer projects liabilities		7 307	(5 693)	11 724	(6 050)	(6 723)
Taxes paid		-	(1 808)	(1 563)	(1 256)	(2 427)
Changes in accounts receivable		(315)	23 795	3 477	10 496	(37)
Changes in accounts payable		(4 906)	(3 483)	(4 586)	(12 208)	(8 655)
Changes in other items		(11 179)	13 397	(34 848)	30 861	28 358
Interest received		15	56	30	109	195
Interest paid		(4 819)	(5 657)	(9 801)	(11 763)	(24 864)
<b>Net cash flow from operating activities</b>		<b>(3 450)</b>	<b>45 398</b>	<b>(3 535)</b>	<b>62 301</b>	<b>92 253</b>
<b>Cash flows to investing activities</b>						
Investment in fixed and intangible assets		(3 958)	(3 593)	(6 060)	(7 270)	(14 345)
<b>Net cash flow from investing activities</b>		<b>(3 958)</b>	<b>(3 593)</b>	<b>(6 060)</b>	<b>(7 270)</b>	<b>(14 345)</b>
<b>Cash flows from financing activities</b>						
Sale/(Buyback) of own shares		8 188	1 332	8 188	1 332	3
Capital increase (net proceeds)		115 908	-	115 908	-	-
Payment of lease liabilities		(2 637)	(4 114)	(6 594)	(10 047)	(21 491)
Repayment of loan		(497)	1 939	(978)	(1 443)	(17 510)
Dividend payments to owners of the parent		(19 639)	-	(19 639)	-	-
<b>Net cash flow from financing activities</b>		<b>101 324</b>	<b>(843)</b>	<b>96 887</b>	<b>(10 158)</b>	<b>(38 998)</b>
<b>Net changes in cash and cash equivalents</b>		<b>93 916</b>	<b>40 962</b>	<b>87 291</b>	<b>44 873</b>	<b>38 911</b>
<b>Net foreign exchange difference</b>		<b>473</b>	<b>497</b>	<b>(184)</b>	<b>1 630</b>	<b>3 483</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>117 561</b>	<b>87 492</b>	<b>124 843</b>	<b>82 449</b>	<b>82 448</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>211 950</b>	<b>128 951</b>	<b>211 950</b>	<b>128 951</b>	<b>124 843</b>

## 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	Total equity
<b>Equity at 01.01.2020</b>		<b>1 957</b>	<b>34 252</b>	<b>3 804</b>	<b>40 014</b>	<b>(374)</b>	<b>52 526</b>	<b>92 166</b>
Profit of the year							(26 132)	(26 132)
Other comprehensive income						29 831		29 831
Buyback of own shares		5	1 312		1 318			1 318
Share based payments				1 154	1 154			1 154
Other changes						2 767	419	3 186
<b>Equity at 30.06.2020</b>		<b>1 962</b>	<b>35 565</b>	<b>4 958</b>	<b>42 485</b>	<b>32 224</b>	<b>26 813</b>	<b>101 522</b>
<b>Unaudited</b>								
Profit of the year							17 147	17 147
Other comprehensive income						(13 287)		(13 287)
Buyback of own shares		(0)	(1 314)		(1 315)		1 063	(252)
Share based payments				1 342	1 342			1 342
Other changes				356	356	(4 670)	2 201	(2 112)
<b>Equity at 30.12.2020</b>		<b>1 962</b>	<b>34 251</b>	<b>6 656</b>	<b>42 868</b>	<b>14 267</b>	<b>47 224</b>	<b>104 359</b>
Profit of the year							11 059	11 059
Other comprehensive income						(6 017)		(6 017)
Sale of own shares		13	6 324		6 336			6 336
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	8	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	8		(19 639)		(19 639)			(19 639)
<b>Equity at 30.06.2021</b>		<b>2 185</b>	<b>139 549</b>	<b>(302)</b>	<b>141 431</b>	<b>8 411</b>	<b>57 298</b>	<b>207 139</b>
<b>Unaudited</b>								

## 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 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 six months ended 30 June 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 Apr-Jun**

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

**2020 Apr-Jun**

(NOK 1 000)	Managed Services	Professional Services	Gr.Ovhd & Unallocated	Total
Revenue, external	137 109	61 336	-	198 445
Operating expenses	(109 598)	(54 585)	(4 944)	(169 127)
<b>EBITDA</b>	<b>27 511</b>	<b>6 751</b>	<b>(4 944)</b>	<b>29 318</b>
Depreciation and amortisation	(11 506)	(2 696)	(7 748)	(21 950)
<b>EBIT</b>	<b>16 005</b>	<b>4 054</b>	<b>(12 692)</b>	<b>7 367</b>
Net financial income/(expenses)			19 785	19 785
Income tax			(4 733)	(4 733)
<b>Profit for the period</b>	<b>16 005</b>	<b>4 054</b>	<b>2 360</b>	<b>22 420</b>
<b>Cash flow from investing activities</b>				<b>(3 593)</b>

**2021 Jan-Jun**

(NOK 1 000)	Managed Services	Professional Services	Gr.Ovhd & Unallocated	Total
Revenue, external	254 216	123 978	-	378 194
Operating expenses	(199 481)	(115 404)	(15 020)	(329 905)
<b>EBITDA</b>	<b>54 735</b>	<b>8 574</b>	<b>(15 020)</b>	<b>48 289</b>
Depreciation and amortisation	(18 648)	(4 087)	(12 188)	(34 924)
<b>EBIT</b>	<b>36 087</b>	<b>4 487</b>	<b>(27 208)</b>	<b>13 365</b>
Net financial income/(expenses)			(919)	(919)
Income tax			(1 387)	(1 387)
<b>Profit for the period</b>	<b>36 087</b>	<b>4 487</b>	<b>(29 514)</b>	<b>11 059</b>
<b>Cash flow from investing activities</b>				<b>(6 060)</b>

**2020 Jan-Jun**

(NOK 1 000)	Managed Services	Professional Services	Gr.Ovhd & Unallocated	Total
Revenue, external	279 457	119 599	-	399 056
Operating expenses	(223 059)	(104 361)	(11 466)	(338 885)
<b>EBITDA</b>	<b>56 398</b>	<b>15 239</b>	<b>(11 466)</b>	<b>60 171</b>
Depreciation and amortisation	(23 656)	(4 906)	(14 790)	(43 352)
<b>EBIT</b>	<b>32 742</b>	<b>10 333</b>	<b>(26 256)</b>	<b>16 818</b>
Net financial income/(expenses)			(52 211)	(52 211)
Income tax			9 261	9 261
<b>Profit for the period</b>	<b>32 742</b>	<b>10 333</b>	<b>(69 206)</b>	<b>(26 132)</b>
<b>Cash flow from investing activities</b>				<b>(7 270)</b>

## 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)
<b>EBITDA</b>	<b>108 397</b>	<b>35 371</b>	<b>(21 831)</b>	<b>121 937</b>
Depreciation and amortisation	(45 286)	(9 958)	(29 271)	(84 515)
<b>EBIT</b>	<b>63 110</b>	<b>25 414</b>	<b>(51 101)</b>	<b>37 423</b>
Net financial income/(expenses)			(50 813)	(50 813)
Income tax			4 405	4 405
<b>Profit for the period</b>	<b>63 110</b>	<b>25 414</b>	<b>(97 509)</b>	<b>(8 985)</b>
<b>Cash flow from investing activities</b>				<b>(14 345)</b>

## 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 Apr-Jun	2020 Apr-Jun	2021 Jan-Jun	2020 Jan-Jun	2020 Jan-Dec
Norway	51 542	52 542	102 127	109 272	215 979
Northern Europe ex Norway	53 641	58 822	109 072	115 761	228 486
Central Europe	70 278	76 496	146 827	153 880	308 776
UK & Ireland	9 954	10 585	20 167	20 143	39 085
<b>Total</b>	<b>185 415</b>	<b>198 445</b>	<b>378 194</b>	<b>399 056</b>	<b>792 326</b>

## 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 30. Jun	2020 30. Jun	2020 31. Dec
Trade receivables	145 174	138 624	148 651
Customer project assets	80 962	84 763	78 246
Customer project liabilities	(60 335)	(52 255)	(50 256)
Prepayments from customers	(9 658)	(13 295)	(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	2021	2020	2020
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	31. Dec
Opening balance in the period	74 731	90 104	78 246	88 808	88 808
Cost capitalised	11 983	4 995	19 942	9 214	18 026
Amortisation	(6 922)	(8 939)	(13 679)	(17 541)	(34 666)
Disposals & currency	1 170	(1 397)	(3 548)	4 282	6 078
<b>Customer projects assets end of period</b>	<b>80 962</b>	<b>84 763</b>	<b>80 962</b>	<b>84 763</b>	<b>78 246</b>

#### Movements in customer project liabilities through the period:

(NOK 1 000)	2021	2020	2021	2020	2020
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Opening balance in the period	(53 134)	(55 383)	(50 256)	(55 740)	(55 740)
Revenue deferred	(11 385)	(3 083)	(20 007)	(5 358)	(14 961)
Revenue recognised	4 078	5 545	8 283	11 407	21 684
Disposals & currency	106	666	1 645	(2 564)	(1 239)
<b>Customer project liabilities end of period</b>	<b>(60 335)</b>	<b>(52 255)</b>	<b>(60 335)</b>	<b>(52 255)</b>	<b>(50 256)</b>

#### Note 4 – Personnel expenses

(NOK 1 000)	2021	2020	2021	2020	2020
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Salary	88 198	94 642	178 673	186 874	356 098
Bonus	5 363	6 405	8 523	8 961	19 204
Social security tax	12 323	11 844	27 227	25 766	54 548
Pension costs	4 595	4 918	9 091	9 819	17 450
Share based payments	276	466	907	1 153	2 495
Other personnel expenses	3 100	1 813	6 087	6 020	12 561
Capitalised to internal development projects	(2 912)	(1 962)	(5 543)	(4 669)	(13 598)
Capitalised to customer project assets	(11 983)	(4 994)	(19 942)	(9 213)	(18 026)
<b>Total personnel expenses</b>	<b>98 961</b>	<b>113 131</b>	<b>205 023</b>	<b>224 710</b>	<b>430 733</b>



## Note 5 – Finance income and finance expense

(NOK 1 000)	2021	2020	2021	2020	2020
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Interest income on bank accounts and receivables	15	56	30	109	191
Currency gain	1 341	1 335	2 141	3 943	4 679
Other financial income	353	215	612	296	893
<b>Finance income</b>	<b>1 709</b>	<b>1 605</b>	<b>2 783</b>	<b>4 347</b>	<b>5 763</b>
Interest exp. on financial liab. measured at amortised cost	4 411	5 145	8 934	10 928	23 145
Currency loss	819	773	2 192	2 260	987
Unrealised foreign currency loss/(gain)	7 260	(25 559)	(10 189)	40 739	27 069
Interest expense on leasing	255	402	518	846	1 503
Other financial expenses	1 102	1 060	2 246	1 785	3 871
<b>Finance expenses</b>	<b>13 847</b>	<b>(18 180)</b>	<b>3 702</b>	<b>56 558</b>	<b>56 576</b>
<b>Net financial items</b>	<b>(12 138)</b>	<b>19 785</b>	<b>(919)</b>	<b>(52 211)</b>	<b>(50 813)</b>

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

(NOK 1 000)	2021	2020	2020
	30. Jun	30. Jun	31. Dec
Cash in hand and at bank - unrestricted funds	206 762	122 873	118 145
Deposit accounts - guarantee rent obligations - restricted funds	2 083	2 552	2 247
Employee withheld taxes - restricted funds	3 107	3 528	4 451
<b>Cash and cash equivalents</b>	<b>211 952</b>	<b>128 953</b>	<b>124 843</b>

## Note 7 – Interest-bearing loans and borrowings

(NOK 1 000)	Annual interest	Maturity	2021	2020	2020
			30. Jun	30. Jun	31. Dec
Bond loan	3 m Euribor + 4.75%	28.09.2023	352 710	374 563	362 023
Commerzbank - DE	1.3%	31.12.2031	12 510	14 718	13 481
Landesbank Baden-Württemberg	4.0%	31.12.2022	1 147	2 019	1 572
Landesbank Baden-Württemberg	1.95%	31.12.2031	-	9 723	-
MBG	"From 5.0% to 6.5%	2020-2026	-	5 869	-
<b>Total interest-bearing loans</b>			<b>366 367</b>	<b>406 892</b>	<b>377 077</b>
Total long-term interest-bearing loans			364 984	405 514	375 832
Total short-term interest-bearing loans			1 383	1 378	1 244
<b>Total interest-bearing loans</b>			<b>366 367</b>	<b>406 892</b>	<b>377 077</b>

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

In Q2 2021, the Company completed a private placement of 2,012,300 new share at an issue price of NOK 60.00 per share, generating gross proceeds of NOK 20.7 million (net proceeds NOK 115.9 million). Consequently, the authorized share capital was increased by NOK 201,230 through the issue of 2,012,300 new shares at a par value of NOK 0.10 per share.

As approved at the General Meeting held on 20 May, the Company paid dividend of NOK 1.00 per share in Q2, totaling NOK 19.6 million.

During Q2, the Company granted 931,500 share options and 18,041 RSUs to employees. As of 30 June 2021, there are 1,497,000 share options and 125,268 RSUs outstanding.

## Note 9 – Events after balance sheet date

On 4 August (acquisition date) Zalaris successfully completed the acquisition of 100% of the shares in ba.se service & consulting GmbH (“ba.se”). Ba.se is a leading provider of payroll and HR services within the German retail sector. The acquired company contributes a team of about 80 employees located in Hagen, near Düsseldorf, as well as a considerable customer base from Germany, Austria, Switzerland and France, including well-known companies, such as Douglas, Christ and Thalia. The company had total revenue and EBIT of EUR 6.1 million and EUR 0.9 million respectively, for the financial year ended 30 September 2020.

The total fair value of the consideration transferred at the acquisition date was EUR 5.8 million, consisting of an initial cash payment of EUR 4.6 million, and a contingent consideration (liability) of EUR 1.2 million. The contingent consideration has a minimum amount of nil and a maximum amount of EUR 1.6 million subject to the revenue and EBITDA for ba.se for the period 2021 to 2023.

The financial figures for ba.se will be fully consolidated from August 2021, and further details will be provided in the financial report for the third quarter 2021.

There have been no other 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	2021	2020	2020
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
EBITDA	21 769	29 318	50 685	60 171	121 938
Restructuring costs*	-	2 022	275	2 597	4 346
Mergers & Acquisitions	5 075	-	5 075	-	-
Share-based payments	661	467	1 291	1 154	2 495
Depreciation right-of-use assets (IFRS 16 effect)	(3 841)	(4 941)	(7 771)	(10 232)	(19 101)
<b>Adjusted EBITDA</b>	<b>23 664</b>	<b>26 866</b>	<b>49 555</b>	<b>53 690</b>	<b>109 678</b>

(NOK 1 000)	2021	2020	2021	2020	2020
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
EBIT	3 100	7 367	13 365	16 818	37 423
Restructuring costs*	-	2 022	275	2 597	4 346
Mergers & Acquisitions	5 075	-	5 075	-	-
Share-based payments	661	467	1 291	1 154	2 495
Amortization of excess values on acquisition	2 584	2 834	5 202	5 512	10 926
<b>Adjusted EBIT</b>	<b>11 419</b>	<b>12 690</b>	<b>25 208</b>	<b>26 081</b>	<b>55 190</b>

\*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	2021	2020	2020
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Net cash flow from operating activities	(4 512)	45 398	(4 597)	62 301	92 253
Investment in fixed and intangible assets	(3 958)	(3 593)	(6 060)	(7 270)	(14 345)
<b>Free cash flow</b>	<b>(8 470)</b>	<b>41 805</b>	<b>(10 658)</b>	<b>55 031</b>	<b>77 909</b>

### 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.Dec
Cash and cash equivalents	211 952	128 953	124 843
Interest-bearing loans and borrowings - long-term	364 984	405 514	375 832
Interest bearing loans and borrowings - short-term	1 383	1 378	1 244
<b>Net interest-bearing debt (NIBD)</b>	<b>154 415</b>	<b>277 939</b>	<b>252 234</b>

### 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. The ARR is calculated by taking the revenue in the applicable quarter, adjusted for contracts that have not generated revenue for part of the quarter (exits are deducted and new contracts are added), multiplied by four. ARR for any new contracts is the expected annual revenue as per the customer contract.

### 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 2021 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, 25 August 2021

The Board of Directors of Zalaris ASA

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Adele Norman Pran  
sign.

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Liselotte Hågertz Engstam  
sign.

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Corinna Schäfer  
sign.

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Erik Langaker  
sign.

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Kenth Eriksson  
sign.

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Jan Koivurinta  
sign.

## Key Figures

(NOKm unless otherwise stated)	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
<b>Revenues</b>	<b>187,5</b>	<b>190,7</b>	<b>206,2</b>	<b>200,6</b>	<b>198,4</b>	<b>189,7</b>	<b>203,5</b>	<b>192,8</b>	<b>185,4</b>
Revenue growth (YoY)	-0,7 %	8,2 %	6,2 %	4,3 %	5,8 %	-0,5 %	-1,3 %	-3,9 %	-6,5 %
<b>EBITDA adjusted</b>	<b>21,1</b>	<b>24,7</b>	<b>18,9</b>	<b>26,8</b>	<b>26,8</b>	<b>27,0</b>	<b>29,3</b>	<b>25,9</b>	<b>23,7</b>
EBITDA margin	11,2 %	12,9 %	9,2 %	13,4 %	13,5 %	14,2 %	14,4 %	13,4 %	12,8 %
<b>EBIT adjusted</b>	<b>7,2</b>	<b>8,9</b>	<b>5,0</b>	<b>13,4</b>	<b>12,7</b>	<b>13,3</b>	<b>15,9</b>	<b>13,8</b>	<b>11,4</b>
EBIT margin	3,8 %	4,6 %	2,4 %	6,7 %	6,4 %	7,0 %	7,8 %	7,2 %	6,2 %
<b>Profit Before Tax</b>	<b>(4,3)</b>	<b>(9,3)</b>	<b>(4,0)</b>	<b>(62,5)</b>	<b>27,2</b>	<b>(3,1)</b>	<b>25,1</b>	<b>21,5</b>	<b>(9,0)</b>
Income Tax Expense	1,0	2,7	0,7	14,0	(4,7)	1,4	(6,2)	(4,0)	2,6
Non- Controlling Interests									
<b>Net income</b>	<b>(3,3)</b>	<b>(6,6)</b>	<b>(3,3)</b>	<b>(48,6)</b>	<b>22,4</b>	<b>(1,8)</b>	<b>18,9</b>	<b>17,5</b>	<b>(6,4)</b>
Profit margin	-1,8 %	-3,5 %	-1,6 %	-24,2 %	11,3 %	-0,9 %	9,3 %	9,1 %	-3,5 %
Weighted # of shares outstanding (m)	19,9	19,8	19,7	19,6	19,6	19,6	19,6	19,6	20,7
Basic EPS (NOK)	(0,17)	(0,34)	(0,17)	(2,48)	1,14	(0,09)	0,96	0,89	(0,31)
Diluted EPS (NOK)	(0,17)	(0,34)	(0,17)	(2,48)	1,11	(0,09)	0,86	0,85	(0,31)
<b>Cash flow items</b>									
Cash from operating activities	5,0	8,8	50,7	16,9	45,4	13,3	16,7	(0,1)	(4,5)
Investments	(7,1)	2,9	(17,1)	(3,7)	(3,6)	(5,0)	(2,0)	(2,1)	(4,0)
Net changes in cash and cash equi.	(9,4)	(5,4)	18,2	3,9	41,0	(14,0)	8,1	(6,6)	93,9
Cash and cash equivalents end of period	59,6	64,8	82,4	87,5	129,0	116,3	124,8	117,6	212,0
Net interest-bearing debt	308,7	311,0	286,6	344,5	277,9	280,7	252,2	242,4	154,4
Equity	100,1	101,6	92,2	95,9	101,5	108,1	104,4	110,5	207,1
Equity ratio	13,8 %	14,3 %	12,9 %	12,4 %	13,5 %	14,9 %	14,4 %	15,6 %	25,7 %
ROE	-8,4 %	-7,6 %	-7,0 %	-63,5 %	-36,9 %	-31,4 %	-8,8 %	53,8 %	21,3 %
Number of FTE (Period End)	825	803	753	728	723	713	712	714	714
<b>Segment overview</b>	<b>Q2 2019</b>	<b>Q3 2019</b>	<b>Q4 2019</b>	<b>Q1 2020</b>	<b>Q2 2020</b>	<b>Q3 2020</b>	<b>Q4 2020</b>	<b>Q1 2021</b>	<b>Q2 2021</b>
<b>Revenues</b>	<b>187,5</b>	<b>190,7</b>	<b>206,2</b>	<b>200,6</b>	<b>198,4</b>	<b>189,7</b>	<b>203,5</b>	<b>192,8</b>	<b>185,4</b>
Managed Services	133,9	130,4	153,2	142,3	137,1	127,4	137,5	128,4	125,8
Professional Services	53,7	60,3	53,0	58,3	61,3	62,4	66,0	64,3	59,6
<b>EBIT</b>	<b>4,4</b>	<b>4,8</b>	<b>(1,6)</b>	<b>9,5</b>	<b>7,4</b>	<b>9,2</b>	<b>11,3</b>	<b>10,3</b>	<b>3,1</b>
Managed Services	15,8	10,6	14,9	16,7	16,0	14,8	15,6	15,4	16,1
as % of revenue	11,8 %	8,2 %	9,7 %	11,8 %	11,7 %	11,6 %	11,3 %	12,0 %	12,8 %
Professional Services	3,5	9,1	(0,3)	6,3	4,1	6,8	8,2	5,5	3,6
as % of revenue	6,5 %	15,1 %	-0,6 %	10,8 %	6,7 %	11,0 %	12,5 %	8,5 %	6,0 %
Gr.ovhd & Unallocated	(14,9)	(15,0)	(16,2)	(13,6)	(12,7)	(12,4)	(12,5)	(10,6)	(16,6)



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**Financial information**

Interim report Q3 2021 to be published on 28 October.

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](mailto:ir@zalaris.com).**Zalaris ASA**

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