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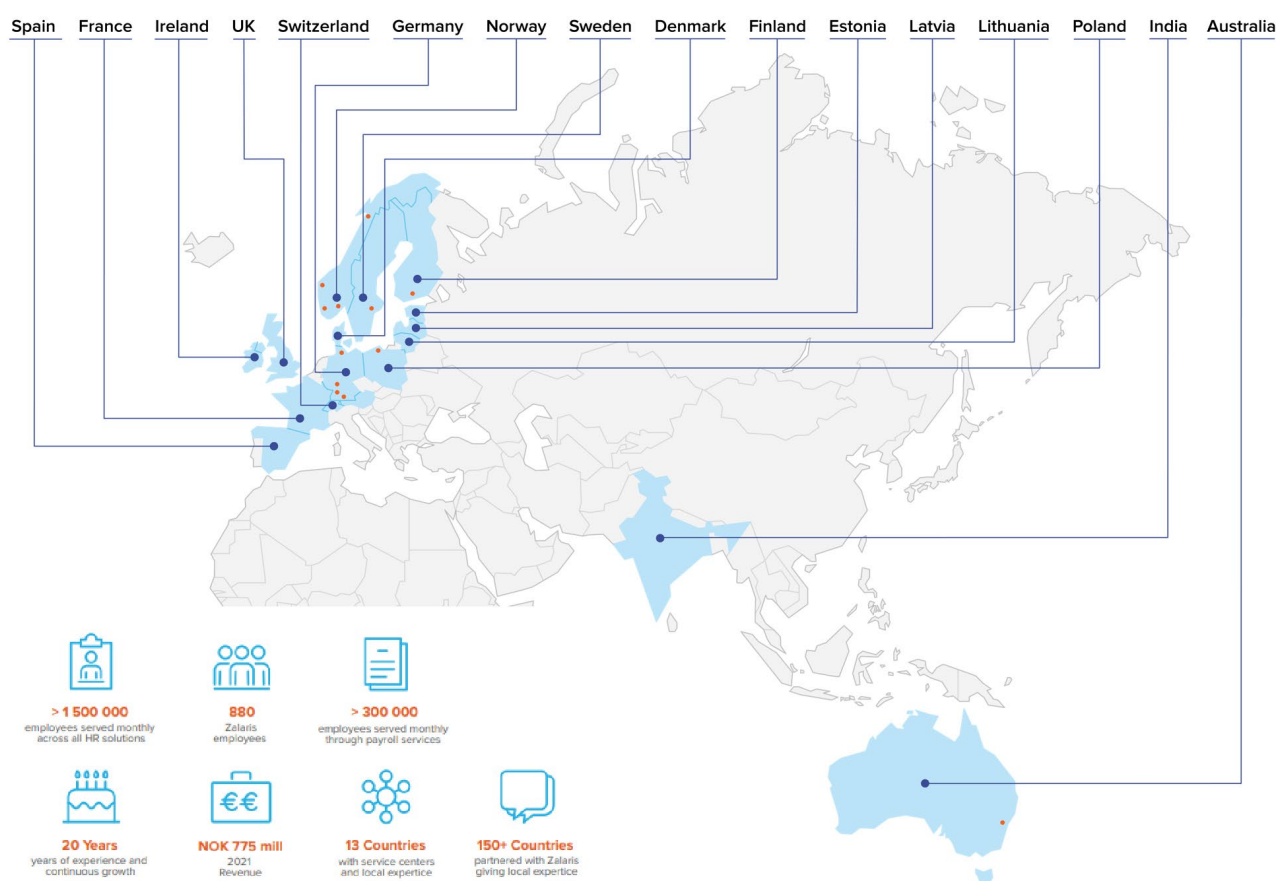
About Zalaris

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

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

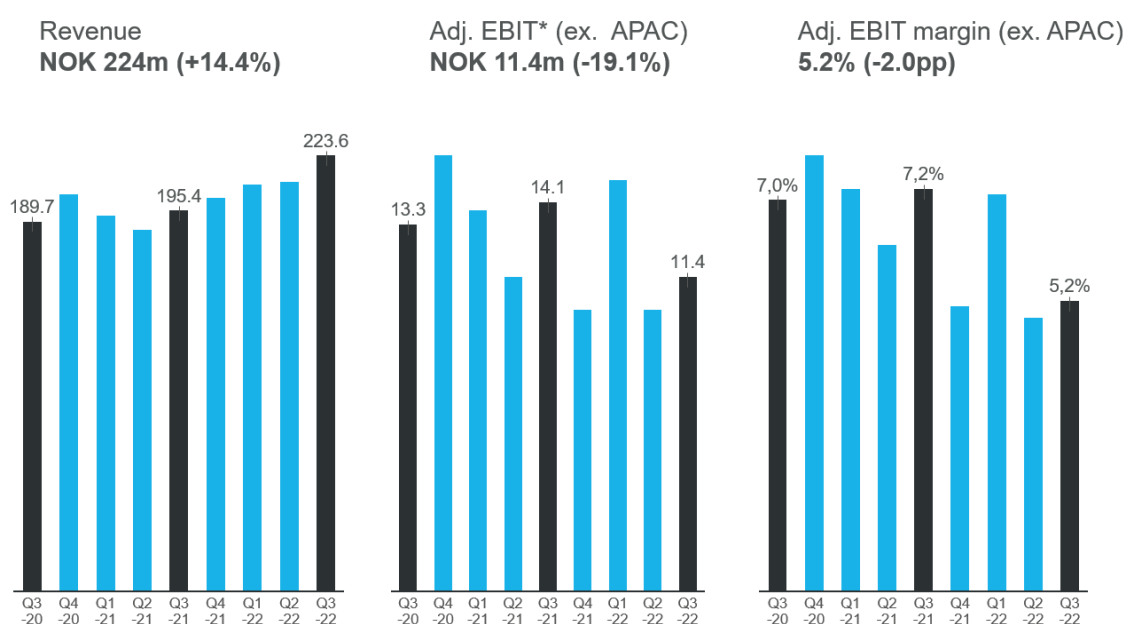
Our proven local and multi-country delivery models include: on-premise implementations, software as a service (SaaS), cloud integration and business process outsourcing (BPO). Furthermore, Zalaris' experienced consultants and advisors cover all industries and IT environments.

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



Q3 Highlights

- All time high quarterly revenue of NOK 223.6 million (NOK 195.4 million), representing a growth of +17.5% YoY in constant currency. Managed Services grew by +24.2% YoY in constant currency.
- Revenue deferred was NOK 12.8 million (NOK 8.5 million), +51% YoY.
- Adjusted EBIT of NOK 11.4 million (NOK 14.1 million) -19.1% YoY, before EBIT from the greenfield establishment in the Asia-Pacific region (APAC) of NOK -1.7 million, and reported EBIT of NOK 4.4m (NOK 7.7 million).
- Adjusted EBIT margin (before APAC) of 5.2% (7.2%). Margins are still negatively affected by onboarding of new customers, recruitment and training, and optimization of resources to handle the increased volumes going forward.
- Post Q2 we have implemented detailed plans for annual EBIT improvements of minimum 40 - 50 million by the end of 2023, through direct cost improvements (e.g. near- and offshoring) and improved allocation of resources of NOK 20 - 30 million and contribution from new signed contracts of approx. NOK 20 million. Based on these structural improvements we are confident that our current operation, as well as new signed contracts, will contribute in line with our expressed EBIT margin target of 10% or more.
- At the back of a number of significant European wins the last 12 months, we continue to see further growth in pipeline in the DACH area as well as UK. A number of large-size deals are in final stage where Zalaris is selected as one or one of two final bidders in exclusive negotiations.
- Important milestones in the quarter; Signed five-year agreements with CSL Behring, a global pharmaceutical company, for delivery of payroll services to 7,800+ employees in Germany and Switzerland, and with Amplifon, an international hearing care retailer, for its 2,500+ employees in Germany. Total annual recurring revenue signed was ~NOK 25 million.
- Sales process for vyble announced in the second quarter is ongoing.
- Cash and cash equivalents of NOK 95.6 million, -NOK 21.8 million compared to last quarter.



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

Key Figures

Q3 2022 financial performance by business segment

(NOK 1 000)	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Revenue					
Managed Services	160 628	132 455	458 842	386 671	529 685
Professional Services	61 349	62 922	181 192	186 899	245 580
New business (APAC)	1 587	-	2 157	-	-
Total revenue	223 564	195 376	642 191	573 570	775 265
Adjusted EBIT¹⁾					
Managed Services	17 531	17 513	46 839	49 710	66 440
Professional Services	4 226	4 608	16 562	13 791	18 816
HQ (unallocated costs)	(10 311)	(7 983)	(26 959)	(24 156)	(35 681)
Adj. EBIT (ex. APAC)	11 446	14 138	36 442	39 345	49 575
Adj. EBIT margin (ex. APAC)	5,2 %	7,2 %	5,7 %	6,9 %	6,4 %
New business (APAC)	(1 696)	-	(5 489)	-	-
Adj. EBIT	9 749	14 138	30 953	39 345	49 575
Share-based payments	(2 520)	(2 641)	(6 225)	(3 932)	(5 723)
Amortisation excess value on acquisitions	(2 873)	(2 974)	(8 822)	(8 176)	(11 469)
Other	-	(774)	(1 907)	(6 123)	(9 798)
EBIT	4 356	7 749	13 999	21 114	22 585
EBIT margin (%)	1,9 %	4,0 %	2,2 %	3,7 %	2,9 %

Q3 2022 financial summary

(NOK 1 000)	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Revenue	223 564	195 376	642 191	573 569	775 265
Growth (YoY)	14,4 %	3,0 %	12,0 %	-2,6%	4,2 %
EBIT	4 356	7 749	13 998	21 114	22 585
Adjusted EBIT ¹⁾ (ex. APAC)	11 446	14 138	36 442	39 345	49 575
Adjusted EBIT margin (as % of revenue)	5,2 %	7,2 %	5,7 %	6,9 %	6,4 %
Profit/(loss) for the period	(11 100)	663	(26 622)	11 722	12 812
Earnings per share (EPS)	(0,95)	0,03	(1,23)	0,56	0,60
Total comprehensive income	(3 110)	(1 421)	(8 130)	3 621	1 148
Free cash flow ¹⁾	(18 628)	4 991	(30 030)	(4 604)	12 407
Net interest-bearing debt (NIBD) ¹⁾	284 465	198 057	284 465	198 057	183 019

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

CEO Insights

In Q3 #teamZalaris continued its strong growth delivering record high revenues of NOK 223.6 million up 17.5% from NOK 195.4 million YoY in constant currency, and is on track to deliver on the target to become a 1 billion NOK revenue company in 2023. Adjusted EBIT (ex APAC) was NOK 11.4 million, down from NOK 14.1 million in the same period last year, mainly due to costs related to build-up of capacity to handle projects under implementation. To firm up our goal of delivering an annualised adj. EBIT of NOK 100 million (10%) by the end of 2023, the company has launched a formalized EBIT improvement program.

Continuing organic growth journey with new large customer wins

Within Managed Services, we continued our growth journey by signing three new long-term agreements. Zalaris shall deliver PeopleHub based payroll solutions serving pharmaceutical company CSL Behring with a total of 7,800 employees in Germany & Switzerland, hearing aid retailer Amplifon with 2,500 employees in Germany, and a SaaS payroll solution based on Zalaris PeopleHub for 3,000 employees to international payroll company iiPay's end customer in Germany.

During the quarter we see first signs of business normality post Covid, with volume increase relating to travel expenses and associated services.

Our Professional Services units operate at full utilisation, and have signed a number of new customer agreements.

All our regions left the quarter with a strong pipeline, and a number of new potential agreements are targeted to be closed in Q4. We are well on our way to deliver on our 2022 sales target of selling NOK 100 million annual contract value of PeopleHub based solutions and services to secure continuing 10% growth through 2023 and 2024

We clearly see that we leverage our combined Professional- and Managed Services capabilities, and our strengthened brand in Germany and UK, supporting the achievement of our 2023 sales targets.

During the last quarter we have also managed to renegotiate certain key contracts that will support our targets of 10% cash margin.

Targeting 100 million annualized adj. EBIT run-rate by end of 2023

During the quarter we launched a formalized program with the goal of improving annualized EBIT with NOK 40 - 50 million with Q2 as baseline.

Key elements of the program include:

- Improve customer margins in Northern Europe with 2% through full implementation of Zalaris 4.0 operating model and x-shoring by end of 2023 resulting in NOK 8 - 10 million annualized cost savings;
- Implement Zalaris 4.0 operating model and x-shoring for German operations by end of 2023 resulting in NOK 8 - 10 million annualized savings;
- Utilize existing capacity to serve new customers and additional change orders resulting in NOK 5-10 million annualized savings/incremental margin;
- Reduce the use of external consultants with 50% and replace with own employees with 20-25% lower costs resulting in NOK 5 million annual savings;
- Review overhead costs targeting maintaining or slightly lower existing levels;
- Add contribution (margin) from customers to go live (net of non-renewals) with an EBIT effect of NOK 20 million.

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

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

Continued optimism for the future

Zalaris solutions and services support customers focusing on their core business and reducing the fixed cost-base. Increased flexibility is becoming crucial to succeed in a complicated business environment. Our key deliveries like variable costs, streamlining operations, recruit and retain critical talent is paramount for our customers' success. Thus, we believe that demand for Zalaris' solutions and services will increase as recession-like tendencies and uncertainty becomes predominant. It is in periods like these that outsourcing based delivery models have excelled in the past.

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

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

Financial Review

Revenue

Consolidated revenue for the third quarter 2022 amounted to NOK 223.6 million (Q3 2021: NOK 195.4 million). The revenue increase was +14.4%. Measured in constant currency the increase was +17.5%.

The increase in revenue compared to last year is mainly from new customers within Managed Services, as well as increased volume of change orders.

During the third quarter, Zalaris signed a five-year agreement with the global pharmaceutical company CSL Behring, to served the company's 7,800+ employees in Germany and Switzerland. The solution that will be implemented over the next 18 months with first go-live in July 2023 is based on Zalaris PeopleHub integrated with Workday as the global HR solution.

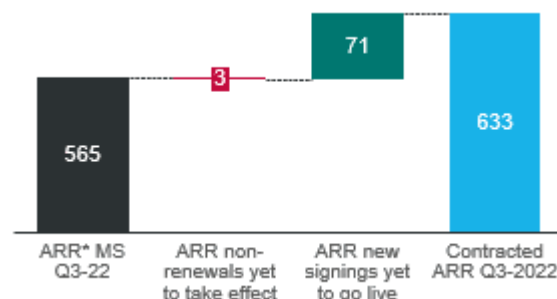
Zalaris has also signed a five-year agreement with Amplifon, an international hearing aid retailer, to deliver a new outsourced payroll solution and outsourcing services to serve its 2,000+ employees in Germany.

New contracts signed during the quarter has total annual recurring revenue of approx. NOK 25 million.

The Group has signed several new BPaaS/SaaS contracts within Managed Services ("MS") during the last 6 - 12 months that have not yet been implemented. These will start generating monthly recurring revenue as soon as the contracts go live.

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

Contracted ARR* in MS (NOKm)

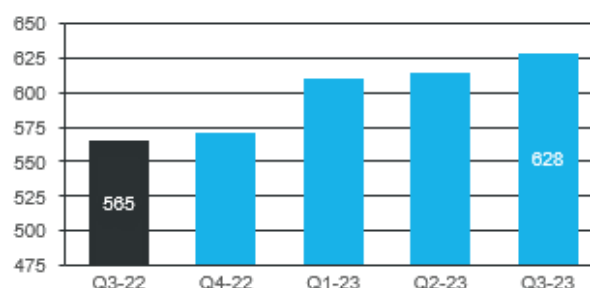


* Please refer to the APMs section of this report for definition of ARR and contracted ARR

The net ARR to be implemented from new contracts (NOK 68 million) represents an increase in total annual revenue for Zalaris of +8.1% (when compared to total revenue last twelve months – LTM Q3 2022).

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

Expected timing of Contracted ARR (NOKm)



Nordics & Baltics

Revenue in the Nordic & Baltic region was NOK 120.4 million in the third quarter. Adjusted for negative currency effects, the revenue was 20.6% higher than the figure last year of NOK 102.2 million. This was explained by the implementation of new customers and additional change orders (+NOK 7.6 million), partly offset by non-renewals.

Central Europe

Revenue in the Central Europe region was NOK 89.4 million in the third quarter, compared to NOK 82.7 million last year. An increase of +11.8%, when

adjusted for negative currency effects. The revenue was approximately 6.7% higher when adjusted for the inclusion of bas.se (consolidated from August 2021).

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

Within Professional Services, Poland and Germany showed a revenue growth of +27.4% and -7.1% respectively in local currency compared to last year. Managed Services in Germany grew by +32.0% in the same period.

UK & Ireland

Revenue in the UK & Ireland region amounted to NOK 12.1 million in the third quarter, compared to NOK 10.4 million in the same quarter last year, an increase of +20.2% in local currency. There has been increased activity within Manage Services, a key focus area in the region, resulting in revenue within this segment increasing significantly. However, as Professional Services resources have been utilized on the implementation of new SaaS contracts in Managed Services (recognised as deferred revenue), this has had a negative impact on revenue in the Professional Service segment.

Earnings

The adjusted EBIT, before EBIT from New Business (APAC), was NOK 11.4 million for the third quarter (NOK 14.1 million), a decrease of 19.1%. The decrease is largely explained by onboarding of new customers, recruitment and training of new personnel, and the optimisation of resources to deliver on the new customers contracts that haven been, or will be, implemented. This has been partly offset by the contribution from increased revenue.

The adjustments made to EBIT were the calculated costs of the Company's share-based payment plan (NOK 2.5 million), amortisation of excess values on acquisitions (NOK 3.0 million).

The EBIT from New business (APAC) was negative NOK 1.7 million in the third quarter. The financial result from new businesses activities (e.g. the establishment of a new geographical region) are reported separately, until the business is up and running at a normal level and included in one of the two main segments. The objective is to provide information on the result of new business development activities that generally would generate

a financial loss in an interim period, and to show the financial result of the existing business activities without the disturbance of these new activities.

The APAC region is a greenfield establishment and had revenue of NOK 1.6 million in the third quarter, up from NOK 0.6 million in the previous quarter.

Consolidated EBIT for the quarter was NOK 4.4 million (NOK 7.3 million). The variance from last year is due to the investment in APAC (New business) and the operational issues noted above.

The Group had net financial expense of NOK 13.8 million for the third quarter (net expense NOK 6.7 million), including an unrealised currency loss of NOK 8.3 million (NOK 0.5 million) relating to the EUR 35 million bond loan and other foreign currency denominated balances.

The net loss for the quarter was NOK 10.5 million (loss NOK 0.7 million), after the unrealised currency loss of NOK 8.3 million and a loss from discontinued operations of NOK 4.4 million.

Total comprehensive income amounted to negative NOK 3.1 million (negative NOK 1.4 million), after currency translation differences of NOK 8.0 million (negative NOK 2.1 million) relating to foreign subsidiaries.

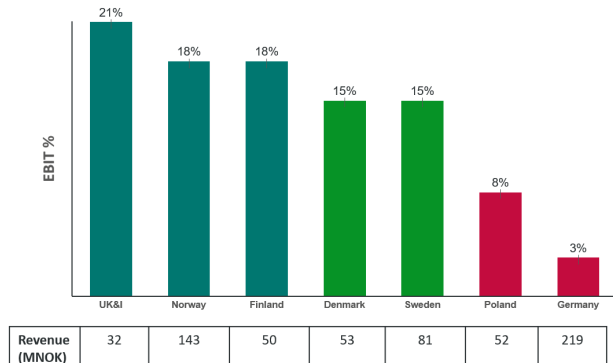
EBIT improvement program

Zalaris has made a detailed plans for EBIT improvement of minimum NOK 40 – 50 million by the end of 2023. The increased EBIT will be realised through direct cost improvements and improved allocation of resources of NOK 20 - 30 million and contribution from new signed contracts of approx. NOK 20 million.

On a country level our target EBIT margin is 15 – 20% per entity – depending on size - before any allocation of group costs. Well performing countries are characterized with a high degree of standardization and customer deliveries based on one common Zalaris Peoplehub platform combined with meeting target level of near- and offshoring usage in the resource mix. In addition, scale and product mix are significant factors driving profitability.

The EBIT margin (%) year-to-date per country is shown in the graph below.

EBIT% YTD Q3'22 per country



Analysing EBIT margin year to date per country, we see UKI with a high degree of PeopleHub SaaS based services deliver on our target margin criteria despite having a modest scale. Norway on the other hand continue its performance – despite being slightly down this year – mainly contributable to the scale of the business. Denmark and Sweden are on their toward target margin through increased use of near/offshoring and digitization of processes. Poland is temporarily hit by building up capacity to cater for added nearshoring from the Nordics and Germany of SAP HCM and SuccessFactors application maintenance services.

In our German units, service delivery – despite being powered by SAP based solutions – has traditionally

been provided on the basis of individual and customer specific system configurations. Including using various ticketing and service management solutions. Add to this minimal use of near- and offshore resources, and a tight labour market resulting in extensive use of external consultants to deliver on contracted commitments. As part of our EBIT improvement projects we have initiated a number of actions to improve the situation including implementing Zalaris' standard service management concept and workflow. This enables increased use of Robotics Process Automation and seamless transport of work to our delivery centres in Latvia, Poland, and India. This will reduce our total resource costs and allow us to compensate critical customer facing resources better with the aim of increasing the attraction and retention of these as well as optimizing our dependency on external consultants. Starting from 2022 all customer projects are implemented on our scalable multi-tenant PeopleHub solution. This allows driving scalability and margin improvement of new projects to matching those in the UKI and Nordics.

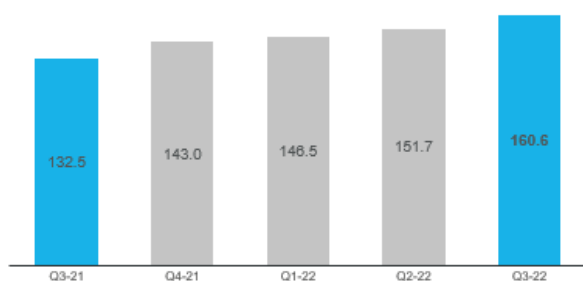
The above activities are organized as a formalized EBIT improvement program reporting to the CEO targeting minimum NOK 40 – 50 million improvements by the end of 2023.

Business segment performance

Managed Services

The Managed Services (“MS”) segment had revenue of NOK 160.6 million for the third quarter 2022, compared to NOK 132.5 million in the same quarter last year. The increase was +24.2% when adjusted for negative currency effects. The inclusion of ba.se service & consulting GmbH (“ba.se”), consolidated from July 2021 added NOK 4.3 million (+3.2%), while the remaining increase of +21.0% is mainly due to revenue from new customers that have gone live since the third quarter last year, and additional change orders, partly offset by non-renewals.

Revenue Managed Services (NOKm)



As noted earlier in this report, Zalaris has entered into a large number of new MS contracts that are being implemented. As a result of the increased number of new contracts, more resources are being utilized on contract implementation, compared to last year, resulting in increased deferred revenue, which will result in increased revenue as the projects go live during 2022 and onwards. MS revenue deferred for the third quarter was NOK 12.8 million, compared to NOK 8.5 million last year, an increase of 51%.

The EBIT for MS for the third quarter was NOK 16.4 million (NOK 16.4 million), and EBIT margin was 10.2% (12.4%). EBIT margin was negatively impacted by start-up costs and resource build-up for new contracts being implemented.

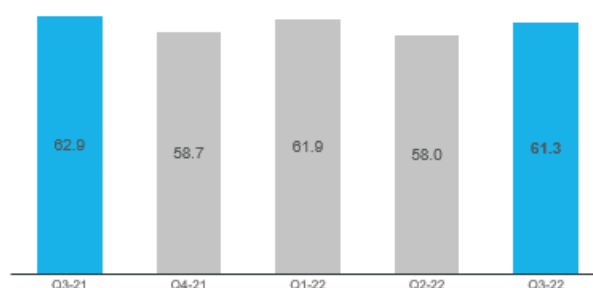
The planned EBIT improvement of NOK 40 – 50 million by the end of 2023, described earlier in this report, mainly relates to Managed Services.

Professional Services

Revenue in the Professional Service (“PS”) segment amounted to NOK 61.3 million for the third quarter 2022, compared to NOK 62.9 million last year. When adjusted for negative currency movements the increase was approximately 1.0% year-on-year. Higher revenue in Poland, was offset by lower revenue in Germany and UK. The reduction in these countries is mainly due to PS resources being utilized

implementing new MS contracts, which has resulted in increased deferred revenue (invoiced but not recognized). The largest PS countries Poland and Germany showed a revenue growth of +27.4% and -7.1% respectively, in local currency.

Revenue Professional Services (NOKm)



The EBIT for PS for the third quarter was NOK 3.8 million (NOK 4.1 million). The marginally lower EBIT is mainly due to a higher allocation of regional overhead.

New business

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

The new region is an early-stage business, and had revenue and EBIT of NOK 1.6 million and negative NOK 1.7 million respectively in the third quarter.

The new region signed its first major contract for the implementation of a HR solution for seafood company, Sealord, during the third quarter.

Discontinued operations (vyble)

In February 2022, Zalaris acquired the assets of vyble AG, a payroll and HR solution start-up located in Rostock and Hamburg, Germany. The business is being operated through a 90% owned subsidiary, vyble GmbH (“vyble”). vyble has a complete suite of Payroll and HR solutions delivered as Software as a Service (SaaS) targeting the SME market in Germany.

Zalaris has engaged an investment bank to sell vyble to limit the future funding requirements and allowing Zalaris to focus entirely on the continued growth of its PeopleHub based business. The sales process is ongoing. The investment in vyble has thus been reclassified to assets held for sale and as a discontinued operation.

Financial position and cash flow

Zalaris had total assets of NOK 898.7 million as of 30 September 2022, compared to NOK 873.7 million on 30 June 2022.

Cash and cash equivalents were NOK 95.6 million as of 30 September 2022, a decrease of NOK 21.2 million from the end of the previous quarter. The reduction in cash is mainly due to an increase in trade receivables and a negative cash flow from New businesses (APAC) and discontinued operations (vyble).

Total equity as of 30 September 2022 was NOK 180.5 million, compared to NOK 182.4 million as of 30 June 2022. This corresponds to an equity ratio of 20.1% (20.8%).

The Company holds 540,693 own shares at 30 September 2022.

Net interest-bearing debt (interest-bearing debt less cash and cash equivalents) increased from NOK 254.4 million on 30 June 2022 to NOK 284.5 million on 30 September 2022.

Outlook

Zalaris is well positioned for future revenue growth, having signed an all-time high level of new long-term BPaaS/SaaS contracts within Managed Services during the last 18 months. This high activity level is continuing into Q4 with several new large multi-country contracts in the near- to medium term pipeline where Zalaris is selected as the preferred supplier.

The increased scale of our operations from this revenue growth will be a key driver for higher profitability, as well as further cost optimisation. Zalaris has made a detailed plan for EBIT improvements of NOK 40 – 50 million by the end of 2023. The improvement will come through cost optimisations of NOK 25 – 30 million and contribution from new signed contracts of NOK 20 - 25 million. Further automation of our delivery processes, more optimised use of resources from

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

Operating cash flow during the third quarter 2022 was negative NOK 10.6 million (positive NOK 13.4 million). The negative cash flow was mainly contributed to by an increase in trade receivables at 30 September 2022 of NOK 19.8 million and a loss before tax from discontinued operations of NOK 5.6 million.

Net cash flow from investing activities for the third quarter was negative NOK 8.0 million (negative NOK 8.4 million), mainly relating to internal development of new and existing system solutions.

Net cash flow from financing activities for the third quarter was negative NOK 6.1 million (NOK 3.8 million), mainly relating to lease payments of NOK 4.6 million.

Subsequent events

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

different Zalaris locations including offshoring, are key targets for 2022. New contracts might require additional resources to for example process payroll and render support. The recruitment and on-the-job training for this new personnel may have a short-term negative impact on margins until the new employees are trained and can be fully utilized. Zalaris remains firm on its' target EBIT margin of 10%.

Based on industry and market research reports, Zalaris' key markets within multi-country payroll and HR outsourcing are expected to continue growing in the foreseeable future. The Company is well positioned to capture part of this growth through new customers, as demonstrated by the multi-country contracts with Metsä and Yunex Traffic, won in 2021, and CSL Behring, won in 2022. Growth will also come from expanding the service offering to

existing customers including increasing geographic coverage, as we have done with customers as Siemens, Tryg, and Ericsson.

Zalaris is expanding its geographical coverage both in Europe and the Asia-Pacific region to strengthen its competitive position in this market. While the company previously established own subsidiaries in new countries, a revised expansion strategy is being implemented using in country partners processing on the basis of Zalaris' PeopleHub solution. This enables profitable geographic expansion with low and moderately size employee volumes.

The global macro picture with high inflation, affecting salary levels, increasing interest rates and fear of recession, have so far not impacted our business significantly. However, we are experiencing upward pressure on salaries, and the recruitment for new

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

Zalaris is not directly affected by the war in Ukraine, and has no operations or customers in Ukraine or Russia. However, the company is following the developments closely.

The underlying fundamentals remain strong, and Zalaris has entered Q4 with a solid pipeline of potential new sales in all regions exceeding the delivery of the annual organic revenue growth target of 10% throughout 2023.

The Board of Directors of Zalaris ASA
Oslo, 25 October 2022

Interim Consolidated Financial Statements

Consolidated Statement of Profit and Loss

(NOK 1 000)	Notes	2022 Jul-Sep <i>unaudited</i>	2021 Jul-Sep <i>unaudited</i>	2022 Jan-Sep <i>unaudited</i>	2021 Jan-Sep <i>unaudited</i>	2021 Jan-Dec
Revenue	2	223 564	195 376	642 191	573 569	775 265
Operating expenses						
License costs		20 704	17 200	61 120	48 963	67 481
Personnel expenses	4	120 179	98 730	343 792	303 753	405 949
Other operating expenses		58 392	51 676	163 441	142 399	199 886
Depreciation and impairments		672	990	2 489	2 505	4 078
Depreciation right-of-use assets		4 768	4 246	13 343	12 017	16 114
Amortisation intangible assets		7 177	7 447	21 201	21 802	29 296
Amortisation implementation costs customer projects	3	7 316	7 338	22 807	21 017	29 874
Total operating expenses		219 208	187 627	628 193	552 456	752 679
Operating profit (EBIT)		4 356	7 749	13 998	21 114	22 585
Financial items						
Financial income	5	2 393	1 123	5 170	3 906	5 491
Financial expense	5	(7 875)	(8 353)	(22 370)	(22 244)	(29 031)
Unrealized foreign exchange gain/(loss)	5	(8 294)	501	(17 684)	10 690	15 968
Net financial items		(13 776)	(6 729)	(34 884)	(7 647)	(7 571)
Profit before tax from continuing operations		(9 420)	1 020	(20 886)	13 467	15 014
Tax expense		2 727	(357)	6 390	(1 744)	(2 203)
Profit for the period from continuing operations		(6 694)	663	(14 496)	11 722	12 812
Profit/(loss) after tax for the year from discontinued operations	9	(4 406)	-	(12 127)	-	-
Profit for the period		(11 100)	663	(26 622)	11 722	12 812
Profit attributable to:						
- Owners of the parent		-10 625	663	-25 410	11 722	12 812
- Non-controlling interests		-475	0	-1 213	0	0
Earnings per share:						
Basic earnings per share (NOK)		(0,95)	-	(1,23)	0,56	0,60
Diluted earnings per share (NOK)		(0,95)	-	(1,23)	0,52	0,56
		-				
Earnings per share for continuing operations:						
Basic earnings per share (NOK)		(0,29)	0,03	(0,67)	-	-
Diluted earnings per share (NOK)		(0,29)	0,03	(0,67)	-	-

Consolidated Statement of Comprehensive Income

(NOK 1 000)	Notes	2021	2021	2022	2021	2021
		Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
		<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>	
Profit for the period		(11 100)	663	(26 622)	11 722	12 812
Other comprehensive income						
Items that will be reclassified to profit and loss in subsequent periods						
Currency translation differences		7 991	(2 084)	18 493	(8 101)	(11 664)
Total other comprehensive income		7 991	(2 084)	18 493	(8 101)	(11 664)
Total comprehensive income		(3 110)	(1 421)	(8 130)	3 621	1 148
Total comprehensive income attributable to:						
- Owners of the parent		(3 045)	(1 421)	(9 343)	3 621	1 148
- Non-controlling interests		(64)	-	1 213	-	-

Consolidated Statement of Financial Position

(NOK 1 000)	Notes	2022 30. Sept <i>unaudited</i>	2021 30. Sept <i>unaudited</i>	2021 31. Dec
ASSETS				
Non-current assets				
Intangible assets		121 110	127 262	120 140
Goodwill		196 504	195 535	187 843
Total intangible assets		317 613	322 797	307 983
Deferred tax asset		27 087	23 411	26 999
Fixed assets				
Right-of-use assets		52 914	33 394	29 765
Property, plant and equipment		32 506	30 637	29 855
Total fixed assets		85 420	64 031	59 620
Total non-current assets		430 120	410 239	394 601
Current assets				
Trade accounts receivable		178 080	139 683	141 397
Customer projects	3	131 478	86 586	94 799
Other short-term receivables		52 381	31 856	19 614
Cash and cash equivalents	6	94 843	168 784	176 224
Total current assets		456 782	426 908	432 034
Assets held for sale	9	11 759	-	-
TOTAL ASSETS		898 661	837 148	826 635

Consolidated Statement of Financial Position

(NOK 1 000)	Notes	2022 30. Sept <i>unaudited</i>	2021 30. Sept <i>unaudited</i>	2021 31. Dec
EQUITY AND LIABILITIES				
Equity				
Paid-in capital				
Share capital		2 159	2 184	2 185
Other paid in equity		9 003	1 816	3 657
Share premium		160 616	139 383	158 345
Total paid-in capital		171 778	143 383	164 186
Other equity		(2 253)	6 328	2 855
Retained earnings		9 479	58 692	41 968
Equity attributable to equity holders of the parent		179 005	208 403	209 009
Non-controlling interest		1 457	0	0
Total equity		180 462	208 403	209 009
Liabilities				
Non-current liabilities				
Deferred tax		25 300	27 765	26 836
Interest-bearing loans	7	10 200	365 463	357 887
Other long-term liabilities		660	12 188	3 134
Lease liabilities		35 750	19 220	16 445
Total long-term liabilities		71 911	424 636	404 303
Current liabilities				
Trade accounts payable		17 797	13 445	18 257
Customer projects liabilities	3	98 302	63 280	66 452
Interest-bearing loans	7	369 851	1 378	1 356
Lease liabilities		18 844	15 174	14 423
Income tax payable		(24)	4 048	2 550
Public duties payable		39 403	33 628	36 113
Other short-term liabilities		97 896	72 768	73 921
Derivatives		-	388	249
Total short-term liabilities		642 069	204 108	213 322
Liabilities directly associated with the assets held for sale	9	4 219	-	-
Total liabilities		718 199	628 744	617 625
TOTAL EQUITY AND LIABILITIES		898 661	837 147	826 635

Consolidated Statement of Cash Flow

(NOK 1 000)	Notes	2022	2021	2022	2021	2021
		Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
		<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>	
Cash Flow from operating activities						
Profit (Loss) before tax from continued operation		(9 420)	1 020	(20 886)	13 466	15 014
Profit (Loss) before tax from discontinued operation		(5 649)	-	(15 547)	-	-
Net financial items	5	13 776	6 729	34 884	7 647	7 571
Share based program		2 520	2 641	6 225	3 932	5 679
Depreciation and impairments		671	990	2 489	2 505	4 077
Depreciation right-of-use assets		4 768	4 246	13 343	12 017	16 114
Amortisation intangible assets		7 177	7 447	21 201	21 802	29 296
Depreciation implementation costs customer projects	3	7 316	7 338	22 807	21 016	29 874
Capitalisation implementation costs customer projects	3	(15 089)	(13 010)	(54 428)	(32 952)	(51 350)
Customer project revenue deferred	3	12 842	8 482	48 990	28 489	41 356
Customer project revenue recognised	3	(4 234)	(4 655)	(13 176)	(12 938)	(21 701)
Taxes paid		-	-	(9 653)	(1 563)	(4 815)
Changes in accounts receivable		(19 826)	10 935	(36 683)	14 412	12 464
Changes in accounts payable		(4 409)	(3 779)	14 465	(8 364)	(3 525)
Changes in other items		3 723	(10 126)	-11 699	(44 974)	(27 581)
Interest received		68	56	105	86	99
Interest paid		(4 851)	(4 920)	(14 437)	(14 721)	(19 536)
Net cash flow from operating activities		(10 615)	13 395	(12 000)	9 860	33 037
Cash flows to investing activities						
Investment in fixed and intangible assets		(8 014)	(8 404)	(18 030)	(14 464)	(20 630)
Investment in fixed and intangible assets business combinations		-	-	(11 317)	-	-
Acquisition of subsidiaries, net of cash acquired		-	(42 492)	-	(42 492)	(43 322)
Net cash flow from investing activities		(8 014)	(50 896)	(29 348)	(56 956)	(63 952)
Cash flows from financing activities						
Sale of own shares		-	-	-	-	7 235
Buyback of own shares		-	-	(17 768)	8 188	(975)
Contribution from minority shareholder		452	-	1 457	-	-
Capital increase (net proceeds)		-	-	-	115 908	115 508
Payment of lease liabilities		(4 599)	(3 319)	(12 766)	(9 912)	(15 767)
Repayment of loan		(531)	(484)	(4 032)	(1 462)	(1 919)
Dividend payments to owners of the parent		-	-	(7 558)	(19 639)	(19 639)
Net cash flow from financing activities		(4 679)	(3 803)	(40 668)	93 084	84 444
Net changes in cash and cash equivalents		(23 307)	(41 303)	(82 015)	45 988	53 529
Net foreign exchange difference		2 094	(1 208)	1 379	(2 049)	(2 151)
Cash and cash equivalents at the beginning of the period		116 801	211 293	176 224	124 843	124 843
Cash and cash equivalents at the end of the period		95 587	168 782	95 587	168 782	176 224

Consolidated Statement of Changes in Equity

(NOK 1000)	Note	Share capital	Share premium	Other paid in equity	Total paid-in equity	Other equity	Retained earnings	Currency reevaluation reserve	Total equity
Equity at 01.01.2021		1 962	34 250	6 655	42 868	14 267	59 788	(12 564)	104 359
Profit of the year							11 722		11 722
Other comprehensive income						-8 101			(8 101)
Sale of own shares		13	6 324		6 337				6 337
Share based payments				3 932	3 932				3 932
Settlement of share based payments	8	1 858		(8 409)	(6 543)				(6 543)
Issue of Share Capital	202	120 537			120 739				120 739
Transaction costs related to issue of new shares			(3 948)		(3 948)				(3 948)
Other changes				(363)	(363)	162	(254)		(456)
Dividend			(19 639)		(19 639)				(19 639)
Equity at 30.09.2021		2 185	139 383	1 816	143 383	6 327	71 256	(12 564)	208 402
Unaudited									
Equity at 01.01.2022		2 185	158 345	3 657	164 186	2 855	53 632	(11 664)	209 009
Profit of the year							(26 622)		(26 622)
Other comprehensive income							16 643	1 850	18 493
Purchase of own shares		(35)			(35)		(17 743)		(17 778)
Share based payments				6 225	6 225				6 225
Settlement of share based payments	10	2 271		(2 281)					-
Other changes				1 402	1 402	(5 108)	2 399		(1 306)
Dividend					-		(7 558)		(7 558)
Equity at 30.09.2022		2 160	160 616	9 003	171 778	(2 253)	20 750	(9 814)	180 461
Unaudited									

Notes to the condensed interim consolidated financial statements

Note 1 – General Information and basis for preparation

General information

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

Basis for preparation

These interim consolidated condensed financial statements are prepared in accordance with International Accounting Standard 34 Interim Financial Reporting as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU). The condensed consolidated interim financial statements do not include all the information and disclosures required by International Financial Reporting Standards (IFRS) for a complete set of financial statements, and these condensed interim financial statements should be read in conjunction with the annual financial statements. The interim condensed consolidated financial statements for the three months ended 30 September 2022, have not been audited or reviewed by the auditors.

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

Going concern

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

Note 2 – Segment Information

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

Managed Services includes a full range of payroll and HR outsourcing services, such as payroll processing, time and attendance, travel expenses as well as related cloud system solutions and services. This includes additional cloud-based HR functionality to existing outsourcing customers as talent management, digital personnel archive, HR analytics, mobile solutions, etc.

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

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

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

Information is organized by business area and geography. The reporting format is based on the Group's management and internal reporting structure. Items that are not allocated are mainly intercompany sales, interest-bearing loans and other associated expenses and assets related to administration of the Group. The Group's executive management is the chief decision maker in the Group. The investing activities comprise total expenses in the period for the acquisition of assets that have an expected useful life of more than one year. The operating assets and liabilities of the Group are not allocated between segments.

2022 Jul-Sep

(NOK 1 000)	Managed Services	Professional Services	New business	Gr.Ovhd & Unallocated	Total
Revenue, external	160 628	61 349	1 587	-	223 564
Operating expenses	(133 957)	(55 260)	(3 261)	(6 852)	(199 330)
EBITDA	26 671	6 089	(1 675)	(6 852)	24 234
Depreciation and amortisation	(10 214)	(2 276)	(22)	(7 366)	(19 878)
EBIT	16 458	3 812	(1 696)	(14 217)	4 356
Net financial income/(expenses)				(13 776)	(13 776)
Income tax				2 727	2 727
Profit for the period from continuing operations	16 458	3 812	(1 696)	(25 267)	(6 694)
Cash flow from investing activities					(8 014)

2021 Jul-Sep

(NOK 1 000)	Managed Services	Professional Services	New business	Gr.Ovhd & Unallocated	Total
Revenue, external	132 455	62 922	-	-	195 376
Operating expenses	(106 196)	(56 481)	-	(5 184)	(167 861)
EBITDA	26 259	6 440	-	(5 184)	27 516
Depreciation and amortisation	(9 883)	(2 322)	-	(7 562)	(19 767)
EBIT	16 376	4 118	-	(12 746)	7 749
Net financial income/(expenses)				(6 729)	(6 729)
Income tax				(357)	(357)
Profit for the period from continuing operations	16 376	4 118	-	(19 832)	663
Cash flow from investing activities					(3 958)

2022 Jan-Sep

(NOK 1 000)	Managed Services	Professional Services	New business	Gr.Ovhd & Unallocated	Total
Revenue, external	458 842	181 192	2 157	-	642 191
Operating expenses	(385 561)	(158 813)	(7 163)	(17 234)	(568 772)
EBITDA	73 281	22 379	(5 007)	(17 234)	73 419
Depreciation and amortisation	(31 403)	(6 814)	(42)	(21 162)	(59 420)
EBIT	41 878	15 565	(5 049)	(38 396)	13 998
Net financial income/(expenses)			-	(34 884)	(34 884)
Income tax			-	6 390	6 390
Profit for the period from continuing operations	41 878	15 565	(5 049)	(66 889)	(14 496)
Cash flow from investing activities					(29 348)

2021 Jan-Sep

(NOK 1 000)	Managed Services	Professional Services	New business	Gr.Ovhd & Unallocated	Total
Revenue, external	386 671	186 899		-	573 570
Operating expenses	(310 260)	(167 302)		(20 204)	(497 766)
EBITDA	76 411	19 597	-	(20 204)	75 804
Depreciation and amortisation	(28 531)	(6 409)	-	(19 750)	(54 691)
EBIT	47 880	13 188	-	(39 954)	21 114
Net financial income/(expenses)	-	-	-	(7 647)	(7 647)
Income tax	-	-	-	(1 744)	(1 744)
Profit for the period from continuing operations	47 880	13 188	-	(49 345)	11 722
Cash flow from investing activities					(56 956)

2021 Jan-Dec

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

Geographic Information

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

Revenue from external customers attributable to:

(NOK 1 000)	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Norway	51 026	47 906	142 825	150 034	200 875
Northern Europe ex Norway	69 396	54 305	193 823	163 377	221 047
Central Europe	89 427	82 727	271 154	229 554	314 540
UK & Ireland	12 129	10 438	32 195	30 605	38 803
APAC	1 587	-	2 194	-	-
Total	223 564	195 376	642 191	573 570	775 265

Note 3 – Revenue from contracts with customers

Disaggregated revenue information

The Group's revenue from contracts with customers has been disaggregated and presented in note 2.

Contract balances:

(NOK 1 000)	2022	2021	2021
	30. Sep	30. Sep	31. Dec
Trade receivables	178 080	139 683	141 397
Customer project assets	131 478	86 586	94 799
Customer project liabilities	(98 302)	(63 280)	(66 452)
Prepayments from customers	(18 868)	(8 930)	(9 474)

Customer project assets are costs specific to a given contract, generate or enhance the Group's resources that will be used in satisfying performance obligations in the future, and are recoverable. These costs are deferred and amortized evenly over the period the outsourcing services are provided.

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

Prepayments from customers comprises a combination of short- and long-term advances from customers. The short-term advances are typically deferred revenues related to smaller projects or change orders related to the system solution. The long-term liabilities relate to initial advances paid upon signing the contract. These advances are contracted to be utilized by the customer to either transformation-, change- or other projects. These advances are open for application until specified, or when the contract is terminated, where the eventual remainder of the amount become the property of Zalaris and is hence rendered as income by the Group.

Movements in customer project assets through the period:

(NOK 1 000)	2022	2021	2022	2021	2021
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	31. Dec
Opening balance in the period	119 917	80 962	94 799	78 246	78 246
Cost capitalised	15 088	13 010	54 428	32 952	51 350
Amortisation	(7 316)	(7 338)	(22 807)	(21 017)	(29 874)
Disposals & currency	3 790	(47)	5 059	(3 595)	(4 923)
Customer projects assets end of period	131 479	86 586	131 479	86 586	94 799

Movements in customer project liabilities through the period:

(NOK 1 000)	2022	2021	2022	2021	2021
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Opening balance in the period	(94 182)	(60 335)	(66 452)	(50 256)	(50 256)
Revenue deferred	(12 842)	(8 482)	(48 990)	(28 490)	(41 356)
Revenue recognised	4 234	4 655	13 176	12 938	21 701
Disposals & currency	4 488	882	3 964	2 527	3 458
Customer project liabilities end of period	(98 302)	(63 280)	(98 302)	(63 280)	(66 452)

Note 4 – Personnel expenses

(NOK 1 000)	2022	2021	2022	2021	2021
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Salary	102 689	87 346	304 426	266 020	357 333
Bonus	4 249	4 864	11 622	13 387	19 452
Social security tax	15 415	11 599	44 953	38 826	55 823
Pension costs	4 882	4 911	15 414	14 002	18 480
Share based payments	2 468	2 651	6 130	3 942	5 749
Other personnel expenses	4 400	2 979	11 663	8 682	11 906
Capitalised to internal development projects	(4 343)	(2 610)	(9 240)	(8 153)	(11 444)
Capitalised to customer project assets	(9 582)	(13 010)	(41 175)	(32 952)	(51 350)
Total personnel expenses	120 179	98 730	343 792	303 753	405 949

Note 5 – Finance income and finance expense

(NOK 1 000)	2022	2021	2022	2021	2021
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Interest income on bank accounts and receivables	66	56	103	86	99
Currency gain	2 311	813	4 733	2 954	4 020
Other financial income	16	254	334	866	1 372
Finance income	2 393	1 123	5 170	3 906	5 491
Interest exp. on financial liab. measured at amortised cost	4 458	4 395	12 958	13 330	17 625
Currency loss	50	2 336	3 135	4 528	5 685
Interest expense on leasing	611	382	1 622	900	1 281
Other financial expenses	2 756	1 239	4 655	3 484	4 440
Finance expenses	7 875	8 353	22 370	22 243	29 031
Unrealized foreign exchange profit/(loss)	(8 294)	501	(17 684)	10 690	15 968
Net financial items	(13 776)	(6 729)	(34 884)	(7 647)	(7 571)

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

(NOK 1 000)	2022 30. Sep	2021 30. Sep	2021 31. Dec
Cash in hand and at bank - unrestricted funds	89 331	163 672	170 034
Deposit accounts - guarantee rent obligations - restricted fun	2 698	2 008	2 078
Employee withheld taxes - restricted funds	2 814	3 104	4 112
Cash and cash equivalents continuing operations	94 843	168 784	176 224
Cash discontinued operations	743		-
Total cash and cash equivalents	95 587	168 784	176 224

Note 7 – Interest-bearing loans and borrowings

(NOK 1 000)	Annual interest	Maturity	2022 30. Sep	2021 30. Sep	2021 31. Dec
Bond loan	3 m Euribor + 4.75%	28.09.2023	368 416	351 891	346 806
Commerzbank - DE	1.3%	31.12.2031	11 437	13 997	11 687
Landesbank Baden-Württemberg	2,45%	31.12.2022	198	952	750
Total interest-bearing loans			380 051	366 840	359 244
Total long-term interest-bearing loans			10 200	365 463	357 887
Total short-term interest-bearing loans			369 851	1 378	1 356
Total interest-bearing loans			380 051	366 840	359 244

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

Note 8 – Equity

During Q3 2022, 10,000 new share options were granted to employees. As of 30 September 2022, there are 2,258,500 share options and 66,299 RSUs outstanding.

Note 9 – Discontinued operation

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

Profit and loss from discontinued operations

(NOK 1 000)	2022 Jul-Sep	2022 Jan-Sep
Revenue	293	2 800
Expenses	5 542	17 576
Operating income	(5 249)	(14 776)
Finance	400	771
Profit/(loss) before tax from discontinued operations	(5 649)	(15 547)
Tax benefit/(expense)	1 243	3 420
Profit/(loss) after tax from discontinued operations	(4 406)	(12 127)

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

	2022
(NOK 1 000)	30. Sep
Goodwill	2 113
Fixed and intangible assets	10 027
Other current assets	(1 124)
Cash and cash equivalents	743
Assets held for sale	11 759
Creditors	3 384
Deferred tax liability	835
Liabilities directly associated with assets held for sale	4 219
Net assets directly associated with disposal group	7 540

The net cash flows incurred by vyble are as follows:

	2022	2022
(NOK 1 000)	Jul-Sep	Jan-Sep
Operating	(4 274)	(13 197)
Investing	-	(11 317)
Net cash (outflow)/inflow	(4 274)	(24 514)

Note 10 – Events after balance sheet date

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

Alternative Performance Measures (APMs)

Zalaris' financial information is prepared in accordance with IFRS. In addition, financial performance measures (APMs) are used by Zalaris to provide supplemental information to enhance the understanding of the Group's underlying financial performance. These APMs take into consideration income and expenses defined as items regarded as special due to their nature and include among others restructuring provisions and write-offs. Financial APMs should not be considered as a substitute for measures of performance in accordance with IFRS. Disclosures of APMs are subject to established internal control procedures.

Adjusted EBITDA and EBIT

EBIT, earnings before interest and tax is defined as the earnings excluding the effects of how the operations were financed, taxed and excluding foreign exchange gains & losses. EBIT is used as a measure of operational profitability. EBITDA is before depreciation, amortization and impairment of tangible assets and in-house development projects. To abstract non-recurring or income not reflective of the underlying operational performance, the Group also lists the adjusted EBIT and EBITDA. Adjusted EBIT is defined as EBIT excluding non-recurring costs, costs relating to share based payments to employees, and amortization of excess values on acquisition. Adjusted EBITDA is EBITDA excluding non-recurring costs and costs relating to share based payments to employees, but after depreciation of right-of-use assets.

	2022	2021	2022	2021	2021
(NOK 1 000)	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
EBITDA	24 290	27 770	73 838	78 454	101 948
Restructuring costs*	-	-	-	275	275
Mergers & Acquisitions	-	774	-	5 849	7 677
Settlement of VAT dispute from 2018-2019	-	-	-	-	1 844
Cost incurred in establishing AMS centre in Poland	-	-	1 906	-	-
Share-based payments	2 520	2 641	6 225	3 932	5 723
Depreciation right-of-use assets (IFRS 16 effect)	(4 768)	(4 246)	(13 343)	(12 017)	(16 114)
Adjusted EBITDA	22 041	26 939	68 625	76 493	101 353

	2022	2021	2022	2021	2021
(NOK 1 000)	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
EBIT	4 356	7 749	13 998	21 114	22 585
Restructuring costs*	-	-	-	275	275
Mergers & Acquisitions	-	774	-	5 849	7 677
Settlement of VAT dispute from 2018-2019	-	-	-	-	1 844
Cost incurred in establishing AMS centre in Poland	-	-	1 906	-	-
Share-based payments	2 520	2 641	6 225	3 932	5 723
Amortization of excess values on acquisition	2 873	2 974	8 822	8 176	11 469
Adjusted EBIT	9 749	14 138	30 951	39 346	49 574

*Relates mainly to redundancy costs/severance pay for employees

Adjusted EBIT per segment

(NOK 1 000)	2022	2021	2022	2021	2021
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Managed Services - EBIT	16 458	16 376	41 878	47 880	62 000
Settlement of VAT dispute from 2018-2019	-	-	-	-	1 844
Cost incurred in establishing AMS centre in Poland	-	-	1 906	-	-
Share-based payments	1 073	1 137	2 334	1 829	2 595
Managed Services - Adjusted EBIT	17 531	17 513	46 118	49 708	66 440

(NOK 1 000)	2022	2021	2022	2021	2021
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Professional Services - EBIT	3 812	4 118	15 565	13 188	17 941
Share-based payments	413	490	831	604	875
Professional Services - Adjusted EBIT	4 226	4 608	16 396	13 792	18 816

*Relates mainly to redundancy costs/severance pay for employees

(NOK 1 000)	2022	2021	2022	2021	2021
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
New business (APAC) - EBIT	(1 696)	-	(5 049)	-	-
New business (APAC) - Adj. EBIT	(1 696)	-	(5 049)	-	-

(NOK 1 000)	2022	2021	2022	2021	2021
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Group overhead/unallocated - EBIT	(14 217)	(12 746)	(38 396)	(39 954)	(57 355)
Restructuring costs*	-	-	-	275	275
Mergers & Acquisitions	-	774	-	5 075	7 677
Share-based payments	1 034	1 014	3 060	1 498	2 253
Amortization of excess values on acquisition	2 873	2 974	8 822	5 202	11 469
Group overhead/unallocated - Adjusted EBIT	(10 311)	(7 983)	(26 514)	(27 904)	(35 681)

*Relates mainly to redundancy costs/severance pay for employees

Annual recurring revenue (ARR)

ARR is defined as the annualised value of revenue the Company expects to receive from SaaS (software as a service) and BPaaS (business process as a service) contracts with customers but excludes change orders that do not result in regular future revenue. The ARR is calculated by taking the revenue for Managed Services in the applicable quarter, adjusted for change orders and, contracts that have not generated revenue for part of the quarter (revenue from customers that have exited during the quarter is deducted, and estimated revenue for new contracts that have gone live during the quarter is added), multiplied by four. Contracted ARR includes the ARR at the end of the quarter, plus the estimated ARR of new contracts yet to go live.

Net interest-bearing debt (NIBD)

Net interest-bearing debt (NIBD), consists of interest-bearing liabilities, less cash and cash equivalents.

The Group risk of default and financial strength is measured by the net interest-bearing debt.

(NOK 1 000)	2022	2021	2021
	30. Sep	30. Sep	31. Dec
Cash and cash equivalents continuing operations	94 843	168 784	176 224
Cash and cash equivalents discontinuing operations	743	-	-
Interest-bearing loans and borrowings - long-term	10 200	365 463	357 887
Interest bearing loans and borrowings - short-term	369 851	1 378	1 356
Net interest-bearing debt (NIBD)	284 465	198 057	183 019

Revenue growth constant currency

The following table reconciles the reported growth rates to a revenue growth rate adjusted for the impact of foreign currency. The impact of foreign currency is determined by calculating the current year revenue using foreign exchange rates consistent with the prior year.

	2022	2021	2022	2021	2021
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Revenue growth, as reported	14,4 %	2,9 %	12,0 %	-2,6 %	-2,2 %
Impact of foreign currency	3,1 %	2,2 %	2,5 %	2,6 %	3,2 %
Revenue growth, constant currency	17,5 %	5,1 %	14,5 %	0,0 %	1,0 %
Managed Services revenue growth, as reported	21,2 %	3,9 %	18,7 %	-4,9 %	-2,7 %
Adj. for customers moved from MS to PS in Q2 2020	0,0 %	0,0 %	0,0 %	2,3 %	1,2 %
Impact of foreign currency	3,0 %	1,7 %	2,5 %	1,7 %	2,1 %
Managed Services revenue growth, constant currency	24,2 %	5,6 %	21,2 %	-0,9 %	0,6 %
Professional Services revenue growth, as reported	-2,5 %	0,8 %	-3,1 %	2,7 %	-1,0 %
Adj. for customers moved from MS to PS in Q2 2020	0,0 %	0,0 %	0,0 %	-5,2 %	-2,6 %
Impact of foreign currency	3,5 %	3,3 %	2,6 %	4,7 %	5,3 %
Professional Services revenue growth, constant currency	1,0 %	4,1 %	-0,5 %	2,2 %	1,7 %

Free cash flow

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

	2022	2021	2022	2021	2021
(NOK 1 000)	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Net cash flow from operating activities	(10 615)	13 395	(12 000)	9 860	33 037
Investment in fixed and intangible assets	(8 014)	(8 404)	(18 030)	(14 464)	(20 630)
Free cash flow	(18 628)	4 991	(30 030)	(4 604)	12 407

Full time equivalents (FTEs)

The ratio of the total number of normal agreed working hours for all employees (part-time or full-time) by the number of normal full-time working hours in that period (i.e. one FTE is equivalent to one employee working full-time).

Key Figures

(NOKm unless otherwise stated)	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Revenues	189,7	203,5	192,8	185,4	195,4	201,7	208,4	210,2	223,6
Revenue growth (YoY)	-0,5 %	-1,3 %	-3,9 %	-6,5 %	3,0 %	-0,9 %	8,1 %	13,4 %	14,4 %
EBITDA adjusted	27,0	29,3	25,9	23,7	26,9	24,9	27,5	19,1	22,0
EBITDA margin	14,2 %	14,4 %	13,4 %	12,8 %	13,8 %	12,3 %	13,2 %	9,1 %	9,9 %
EBIT adjusted	13,3	15,9	13,8	11,4	14,1	10,2	14,4	6,8	9,7
EBIT margin	7,0 %	7,8 %	7,2 %	6,2 %	7,2 %	5,1 %	6,9 %	3,2 %	4,4 %
Profit Before Tax	(3,1)	25,1	21,5	(9,0)	1,0	1,7	14,7	(26,2)	(9,4)
Income Tax Expense	1,4	(6,2)	(4,1)	2,6	(0,4)	(0,3)	(1,5)	5,2	2,7
Net income	(1,8)	18,9	17,4	(6,4)	0,7	1,3	13,2	(21,0)	(6,7)
Profit margin	-0,9 %	9,3 %	9,0 %	-3,5 %	0,3 %	0,7 %	6,3 %	-10,0 %	-3,0 %
Weighted # of shares outstanding (m)	19,6	19,6	19,6	20,7	21,1	21,3	21,5	21,6	21,6
Basic EPS (NOK)	(0,09)	0,96	0,89	(0,31)	0,03	0,06	0,44	(0,72)	(0,95)
Diluted EPS (NOK)	(0,09)	0,86	0,85	(0,31)	0,03	0,06	0,41	(0,72)	(0,95)
Cash flow items									
Cash from operating activities	13,3	16,7	(0,1)	(3,4)	13,4	23,2	(4,4)	3,0	(10,6)
Investments	(5,0)	(2,0)	(2,1)	(4,0)	(8,4)	(6,2)	(4,7)	(5,3)	(8,0)
Net changes in cash and cash equi.	(14,0)	8,1	(6,6)	93,9	(41,3)	7,5	(41,3)	(17,4)	(23,3)
Cash and cash equivalents end of period	116,3	124,8	117,6	211,3	168,8	168,8	134,7	116,8	95,6
Net interest-bearing debt	280,7	252,2	242,4	154,4	198,1	183,0	212,9	254,4	284,5
Equity	108,1	104,4	110,5	207,1	208,4	207,3	189,3	181,4	179,0
Equity ratio	14,9 %	14,4 %	15,6 %	25,7 %	24,9 %	25,0 %	23,0 %	20,8 %	19,9 %

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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.

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