
PeopleHub
By Zalaris
One-stop HR platform
Q2 2023

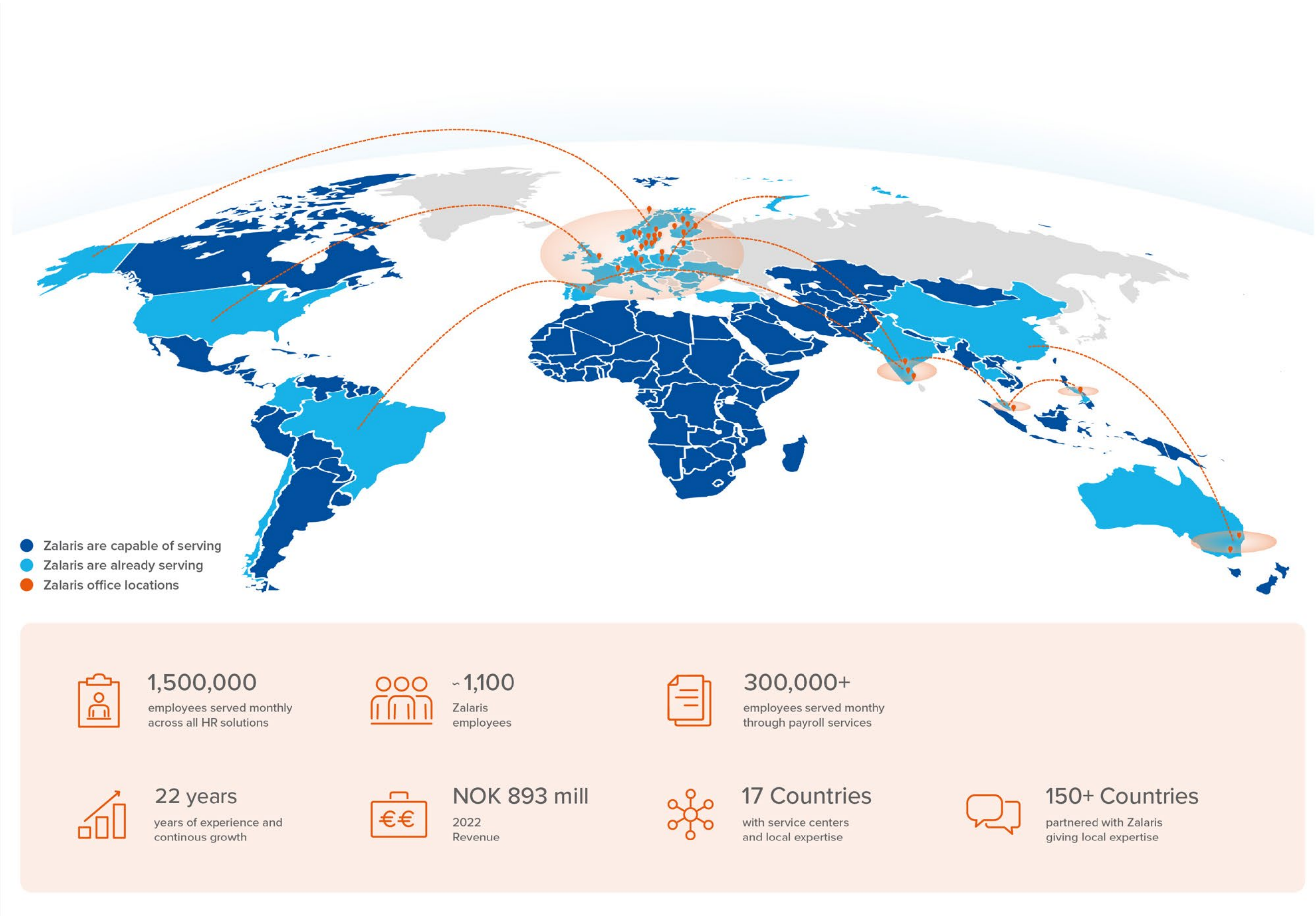
About Zalaris

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

Zalaris is a leading European provider of human capital management (HCM) and payroll solutions, covering the entire employee lifecycle from recruitment and onboarding to compensation, time and attendance, travel expenses and performance management.

We offer flexible delivery models, including on-premise, software as a service (SaaS), cloud integration and business process outsourcing (BPO). We also have experienced consultants and advisors who can support any industry and IT environment.

Based in Oslo, Norway, and listed on the Oslo Stock Exchange (ZAL), we serve over one million employees every month across various industries and with some of Europe's most reputable employers. We have grown steadily since our inception in 2000 and today operate in the Nordics, Baltics, Poland, Germany, Austria, Switzerland, Hungary, France, Spain, India, Ireland, the UK, Singapore and Australia.



Q2 Highlights

- All time high quarterly revenue of NOK 280.5 million (NOK 210.2 million), representing a growth of 33.5% YoY and +20.0% in constant currency.

- Strong net retention of 109% in constant currency YoY signalling good growth in existing customer base.

- Adjusted EBIT of NOK 22.3 million (NOK 10.2 million) +118.6% YoY, before the investment in greenfield Asia-Pacific (APAC) operations, and EBIT of NOK 13.0m (NOK 1.2 million).

- Adjusted EBIT margin (before APAC) of 8.1% (4.9%). Margins have increased mainly through lower marginal costs and the positive impact of operational improvements, particularly in the NE region.

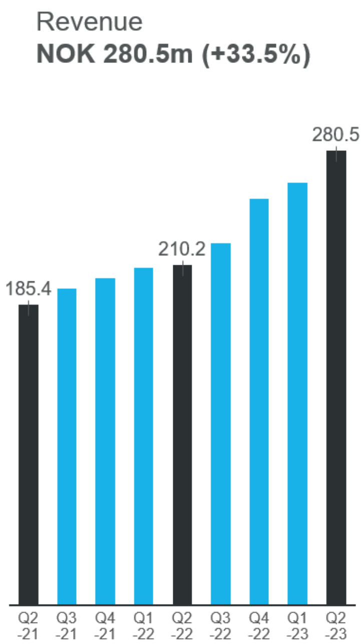
- EBIT improvement program targeting an adjusted EBIT margin of 10% by Q4 progressing according to plan.

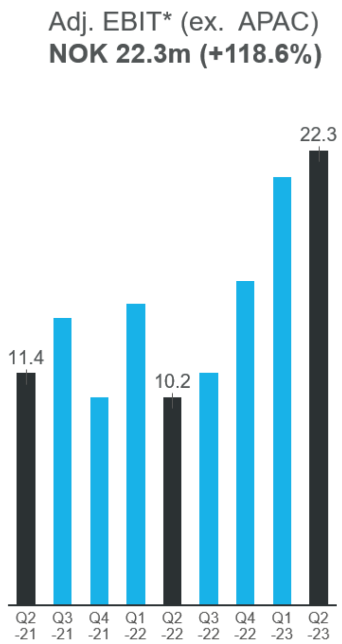
- Productivity measure “revenue in constant currency per employee” increased by 5% YoY. Near-/offshore FTEs as a percentage of total FTEs has increased by 7 percentage points YoY with 39% of our staff at the end of the quarter located near-/offshore positively impacting resource costs. This positive trend is expected to continue.

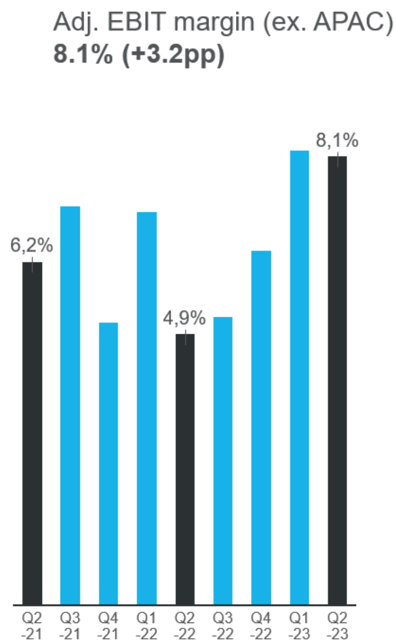
- Signed master service agreement with leading global retailer including call-off for implementing payroll services in Denmark, and a five-year agreement to provide payroll and HR services to a major Norwegian insurance company.

- Pipeline for Managed Services remains strong, with three new contracts confirmed in contracting stage, and several large potential multi-country deals in the pipeline. Non-weighted value of pipeline increased 51% YoY to EUR 80 million Annual Contract Value (ACV).

- Operating cash flow, before interest, of NOK 12.8 million (NOK 8.0 million).







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

Key Figures

Q2 2023 financial performance by business segment

(NOK 1 000)	2023 Apr-Jun	2022 Apr-Jun	2023 Jan-Jun	2022 Jan-Jun	2022 Jan-Dec
Revenue					
Managed Services	203 970	151 667	390 700	298 214	644 801
Professional Services	72 294	57 950	142 752	119 843	243 138
New business (APAC)	4 266	570	7 877	570	4 803
Total revenue	**280 530**	**210 187**	**541 329**	**418 627**	**892 742**
Adjusted EBIT[1)]					
Managed Services	29 713	12 355	54 499	29 360	69 734
Professional Services	3 228	5 243	13 662	12 335	21 172
HQ (unallocated costs)	(10 630)	(7 425)	(24 828)	(16 699)	(38 525)
Adj. EBIT (ex. APAC)	**22 311**	**10 173**	**43 333**	**24 996**	**52 381**
Adj. EBIT margin (ex. APAC)	*8,1 %*	*4,9 %*	*8,1 %*	*6,0 %*	*5,9 %*
New business (APAC)	(2 094)	(3 353)	(4 629)	(3 793)	(6 139)
Adj. EBIT	**20 217**	**6 820**	**38 704**	**21 203**	**46 242**
EBIT margin (%)	*7,2 %*	*3,2 %*	*7,1 %*	*5,1 %*	*5,2 %*
Share-based payments	(3 757)	(1 828)	(6 188)	(3 705)	(8 706)
Amortisation excess value on acquisitions	(3 490)	(2 945)	(6 770)	(5 949)	(11 935)
Other	-	(854)	-	(1 907)	(1 906)
EBIT	**12 969**	**1 193**	**25 745**	**9 643**	**23 694**
EBIT margin (%)	*4,6 %*	*0,6 %*	*4,8 %*	*2,3 %*	*2,7 %*

Q2 2023 financial summary

(NOK 1 000)	2023 Apr-Jun	2022 Apr-Jun	2023 Jan-Jun	2022 Jan-Jun	2022 Jan-Dec
Revenue	**280 530**	**210 187**	**541 329**	**418 627**	**892 743**
Growth (YoY)	*33,5 %*	*13,4 %*	*29,3 %*	*10,7%*	*15,1 %*
Adjusted EBITDA[1)]	34 624	19 100	64 219	46 585	98 261
Adjusted EBITDA margin (as % of revenue)	*12,3 %*	*9,1 %*	*11,9 %*	*11,1 %*	*11,0 %*
Adjusted EBIT[1)]	**20 217**	**6 820**	**38 704**	**21 203**	**46 242**
Adjusted EBIT margin (as % of revenue)	*7,2 %*	*3,2 %*	*7,1 %*	*5,1 %*	*5,2 %*
EBIT	12 969	1 194	25 745	9 642	23 695
Profit/(loss) for the period	(11 273)	(24 980)	(37 213)	(15 522)	(38 721)
Earnings per share (EPS)	(0,52)	(0,72)	(1,72)	(0,75)	(1,79)
Total comprehensive income	**4 046**	**(3 463)**	**6 000**	**(5 020)**	**(27 431)**
Net cash flow from operarting activities	3 299	3 015	(837)	(1 386)	422
Net interest-bearing debt (NIBD)[1)]	356 332	254 396	356 332	254 396	287 133

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

CEO Insights

In Q2, 2023, Zalaris delivered the sixth consecutive quarter with all-time high revenues of NOK 280.5 million, up from NOK 210 million in Q2 last year. This represents 33.5% year-on-year growth in actual and 20% in constant currency. Adjusted EBIT (ex. Asia Pacific) was NOK 22.3 million for Q2, up 118.6% from NOK 10.2 million in the same period last year. We are surpassing our growth aspirations for the year and will deliver 2023 well above our initial NOK 1 billion revenue target. Our EBIT improvement programme is on track, and we continue to target 10% adjusted EBIT by the end of 2023.

Winning two of the main prizes at the Global Payroll Association's annual awards; *"Payroll Software Supplier of the year"* and *"Transformation Project of the year"*, was a great recognition of our enhanced position in the international HCM market.

Organic growth accelerates

History seems to repeat itself with recessionary tendencies, supporting increased demand for our Outsourcing services. Reduced overall costs, and improved ratio between variable and fixed cost, is an attractive value proposition. Managed Services, which include our SaaS and Outsourcing services, grew 22.6% in constant currency during the quarter. The annual contract value of signed agreements in H1 increased 162% compared to H1 last year, and we have several deals in final contracting stage. Our pipeline of active deals has increased 53% compared to the same period last year, reaching EUR 79 million in absolute annual contract value. The main drivers are multi-country and global deals that are larger than in previous years. Net Revenue Retention is also growing to 109% YoY as existing customers expand their geographic footprint and functionalities. We are confident that we can achieve our organic growth target of 15% for Managed Services for the foreseeable future.

Professional Services, our Consulting division, also performed well during the quarter, growing 7.4% in constant currency to NOK 72.3 million. This was mainly due to revenue recognition from large new projects in the UK.

EBIT improvements have started to materialise

During the quarter, we made significant progress in our EBIT improvement project. We have implemented most of the improvements we identified in the Nordic region and we expect to see this impact on our margins in the coming quarters. We are now focusing our efforts on completing EBIT improvement activities in our German operations. We completed the first wave of data center consolidation in early August, and we expect to finish this in September. We still have some double resource costs from adopting the Zalaris 4.0 operating model, which includes automation and moving work X-shore. We will gradually reduce these costs by Q4 as we reassign or release the excess capacity.

The number of employees levelled out in the quarter with percentage of headcount located near-/offshore increasing seven percentage points YoY to 39%. Revenue per employee increased with 8% in constant currency during the same period. We anticipate that this trend will continue and be a key contributor to reaching our EBIT targets and further margin expansion.

Continuing building Zalaris to a Global Player

Over the past two years, we have invested in standardizing and improving our PeopleHub solution to support customers with global footprints. Including using AI technology to automate and improve customer service and innovative solutions to track employees CO2 footprint.

We apply our standardized improved solution to all new projects across our global operations. This allows us to implement projects faster and scale our business more efficiently by using one multi-tenant IT solution and improving our BPO operations with more cost-effective near- / offshore resources.

We are confident that our strategy of providing Global PeopleHub platform-based solutions to mid-market customers with multi-country needs will support both our tagline "Simplify work life. Achieve more" and help us sustain our current growth rate and achieving our margin expansion goals.

Thank you #teamZalaris for your super effort!

Hans-Petter Mellerud, CEO of Zalaris

Financial Review

Revenue

Consolidated revenue for the second quarter 2023 amounted to NOK 280.5 million (Q2 2022: NOK 210.2 million). The revenue increase was +33.5%. Measured in constant currency the increase was +20.0%*.

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

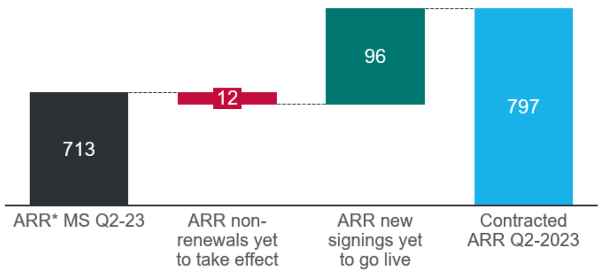
During the second quarter, Zalaris signed a master services agreement for payroll services with a leading global retailer. The first call-off will cover the customers 3,000+ employees in Denmark. Zalaris will deliver a PeopleHub based payroll solution as Software-as-a-Service (SaaS) integrated to the customers global SuccessFactors based HR solution, which will be implemented over a period of 12 months.

Zalaris has also signed a five-year agreement to deliver payroll, travel & expense solutions and services to major Norwegian insurance company Fremtind's, 1,000 employees in Norway.

New contracts signed during the second quarter amount to annual recurring revenue ("ARR") of approx. NOK 6 million. In addition, contracting is ongoing for ARR of NOK 24 million, with signings expected in the third quarter.

The revenue impact of signed contracts that have not yet gone live as of 30 June 2023 is shown in the table below. The table shows the ARR within Managed Services at the end of the second quarter, and how the Group's ARR will increase, when these contracts are implemented.

Contracted ARR* in MS (NOKm)

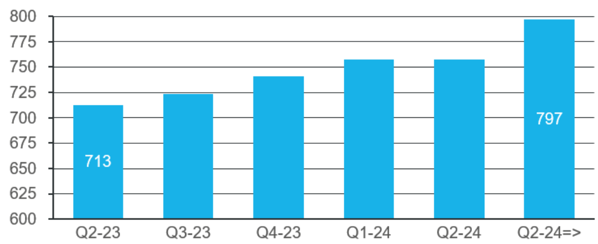


*See definitions and reconciliation of APM's in a separate section of the interim report.

The net ARR to be implemented from new contracts (NOK 84 million) represents a further increase in annual revenue for Managed Services of +10.3% (when compared to total annualized revenue Q2 2023).

The figure below shows the timing of the expected increase in the ARR for Managed Services, based on these new contracts.

Expected timing of Contracted ARR (NOKm)



Nordics & Baltics

Revenue in the Nordic & Baltic region was NOK 142.3 million in the second quarter. Adjusted for positive currency effects, the revenue was 20.7% higher than the figure last year of NOK 110.2 million. This was explained by the implementation of new customers, and additional volumes and change orders from existing customers, within Managed Services.

Central Europe

Revenue in the Central Europe region was NOK 113.1 million in the second quarter, compared to NOK 88.2 million last year. An increase of +10.0%, when adjusted for positive currency effects.

The organic growth came mainly from new customers in Managed Services in Germany.

Managed Services in Germany grew by +27.0% in local currency, compared to last year. Within Professional Services, Germany and Poland showed a revenue growth of +0.5% and -10.7% respectively in local currency compared to last year.

UK & Ireland

Revenue in the UK & Ireland region amounted to NOK 20.8 million in the second quarter, compared to NOK 11.2 million in the same quarter last year, an increase of +64.3% in local currency. There has been increased activity within Managed Services, a key focus area in the region, resulting in revenue within this segment increasing significantly. Revenue in

Professional Services also increased significantly compared to last year.

Earnings

The adjusted EBIT, before EBIT from APAC region, was NOK 22.3 million for the second quarter (NOK 10.2 million). The increase is largely explained by increased revenue from new and existing customers, and margin improvements in the Nordic region. The focus on increased use of resources from near- and offshore locations, as well as other operational improvements, has had a positive effect on customer margins in the Nordic region.

The adjustments made to EBIT were the calculated costs of the Company's share-based payment plan (NOK 3.8 million) and amortisation of excess values on acquisitions (NOK 3.5 million).

The EBIT from APAC was negative NOK 2.2 million in the second quarter. The financial result from new business 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 4.3 million in the second quarter, up from NOK 3.6 million in the previous quarter.

Consolidated EBIT for the quarter was NOK 13.0 million (NOK 1.2 million). The positive variance from last year is mainly due the factors noted above.

The Group had net financial expenses of NOK 21.9 million for the second quarter (net expense NOK 27.4 million). Including a net unrealised currency loss of NOK 8.6 million (NOK 21.2 million) mainly relating to the EUR 40 million bond loan.

The net profit for the quarter was negative NOK 11.3 million (negative NOK 25.0 million), after a loss from discontinued operations (vyble GmbH) of NOK 1.9 million (loss NOK 4.0 million)

Total comprehensive income amounted to NOK 4.0 million (negative NOK 3.5 million), after positive currency translation differences of NOK 15.3 million (NOK 21.5 million) relating to foreign subsidiaries.

EBIT improvement program

In the third quarter 2022, we announced our plans to increase our annual EBIT by NOK 40 – 50 million by the end of 2023. This will come from direct cost improvements and improved allocation of resources of NOK 25 - 30 million, and contribution from new contracts of NOK 20 - 25 million. Our goal is to reach an adjusted EBIT margin of 10% by the end of 2023, and the program is progressing according to plan.

We aim for each entity to have an EBIT margin of 15 – 20%, before any allocation of group costs. Well performing countries have a high degree of standardization and customer deliveries based on the Zalaris PeopleHub platform, and use more resources from near- and offshore locations when delivering services. They also benefit from economies of scale, that improve profitability.

The EBIT improvement projects in Managed Services in the Nordic countries were mainly completed in the second quarter. We moved significant tasks from local to near-/offshore locations to reduce operational costs and increase existing capacity for more revenue without hiring new local resources. These projects have increased EBIT margins in these countries, and we expect more improvements as we stabilise the new organisation is being stabilised and realise more benefits.

Germany has much lower margins than other countries, because it has traditionally delivered services based individual customer's specific system configurations and requirements. In addition, limited use of near- and offshore resources and automation has had a negative impact. In Professional Services, they have also had to rely on external consultant, due to a tight labour market. As part of the EBIT improvement program, we are changing the operating model in Managed Services from a local customer-oriented to a process-oriented delivery model, and work is being shifted to near- and offshore locations.

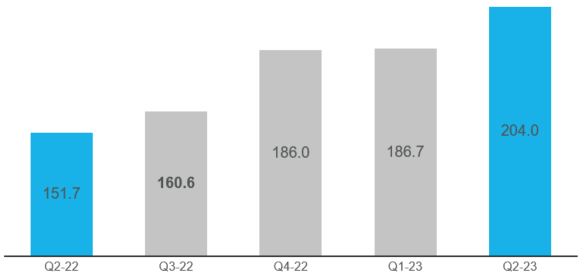
We have expanded our delivery team in Latvia with a German team (approx. 35 FTE so far, aiming for 50 FTE by year-end). The new setup also includes local experts in Germany who can comply with local laws. In addition, we have established a new delivery centre in Poland, to increase our flexibility and competence for the German market. These activities are progressing well, and will improve margins gradually. However, there are cost overlaps during the transition period, which are expected to last until the fourth quarter, and have a negative impact on margins temporarily.

Business segment performance

Managed Services

The Managed Services (“MS”) segment had revenue of NOK 204.0 million (73% of total revenue) for the second quarter 2023, compared to NOK 151.7 million in the same quarter last year. The increase was +22.5% when adjusted for positive currency effects, and was mainly due to revenue from new customers that have gone live since the second quarter last year and increased change orders and additional services from existing customers.

Revenue Managed Services (NOKm)



As noted earlier in this report, Zalaris is implementing a large number of new MS contracts. As a result, significant resources are being utilized on contract implementation, resulting in increased deferred revenue, which will be recognized as revenue from when the projects go live during 2023 and onwards. MS revenue deferred for the second quarter was NOK 26.4 million, compared to NOK 17.6 million last year.

The adj. EBIT for MS for the second quarter was NOK 29.7 million (NOK 12.4 million), and adj. EBIT margin was 14.6% (8.2%). EBIT margin was positively impacted by the increased revenue.

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

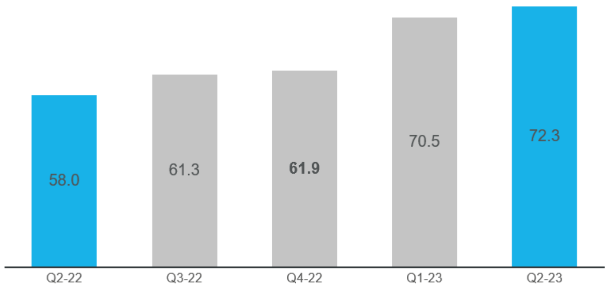
The target is for Managed Services to operate in the same manner across all regions. In this model Managed Services will be able to continue to optimise and harmonise the operational processes, use digitalisation, leverage the flexibility and competence of resources across all deliveries, both locally, nearshore (Latvia, Poland, Spain) and offshore (India).

Professional Services

Revenue in the Professional Services (“PS”) segment amounted to NOK 72.3 million for the second quarter 2023, compared to NOK 58.0 million last year. When adjusted for positive currency movements the increase was approximately 7.3% year-on-year.

Significantly higher revenue in UK, was partly offset by lower revenue in Poland.

Revenue Professional Services (NOKm)



The adj. EBIT for PS for the second quarter was NOK 3.2 million (NOK 5.2 million). and adj. EBIT margin was 4.4% (9.0%).

APAC

During the first quarter last 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 of the fastest growing markets for multi-country payroll. The new region is offering both Professional Services and Managed Services. The new region is reported separately until it has reached a sustainable business level.

The new region is an early-stage business, and had revenue and adj. EBIT of NOK 4.3 million and negative NOK 2.1 million respectively in the second 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. There is an ongoing sales process for vyble, and a final solution is expected in the third quarter.

Financial position and cash flow

Zalaris had total assets of NOK 1,051.7 million as of 30 June 2023, compared to NOK 1,035.9 million on 31 March 2023.

Cash and cash equivalents were NOK 113.6 million (including cash in discontinued operations) as of 30 June 2023, a decrease of NOK 10.5 million from the end of the previous quarter.

Total equity as of 30 June 2023 was NOK 176.7 million, compared to NOK 168.9 million as of 31 March 2022. This corresponds to an equity ratio of 16.8% (16.3%).

The Company holds 495,895 own shares at 30 June 2023.

Net interest-bearing debt (interest-bearing debt less cash and cash equivalents) increased from NOK 332.9 million on 31 March 2023 to NOK 356.3 million on 30 June 2023.

The increase in net interest-bearing debt is largely due to the higher EUR/NOK currency rate, impacting the NOK value of the EUR denominated bond loan negatively.

Operating cash flow during the second quarter 2023 was NOK 3.3 million (NOK 3.0 million).

Net cash flow from investing activities for the second quarter was negative NOK 4.7 million (negative NOK 6.5 million), mainly relating to internal development of new and existing system solutions.

Net cash flow from financing activities for the second quarter was negative NOK 7.3 million (negative NOK 13.9 million). The figure last year included a dividend payment of NOK 7.6 million.

Subsequent events

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

Outlook

Zalaris is well positioned for future revenue growth, having signed an all-time high level of new, long-term BPaaS/SaaS contracts within the Managed Services Division during the last 18 months. The high activity level has continued through 2023, with several new, large multi-country contracts signed and other new contracts in contracting phase, where Zalaris has been selected as the preferred supplier. The pipeline of new potential contracts remain strong, and Zalaris has an annual growth target of 10%.

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 is executing on a detailed plan for EBIT improvements of NOK 40 – 50 million by the end of 2023. This will come through cost improvements of NOK 25 – 30 million, and contributions from new signed contracts, amounting to NOK 20 – 25 million. Key targets for 2023 include further automation of our delivery processes and improved use of our near- and offshore delivery centres in Latvia, Poland and India. These improvement initiatives have largely been completed in the Nordic region, and the focus is currently on the German operation.

These activities, and the significant revenue growth in Managed Services, may have a short-term negative impact on margins due to both on-boarding of new customers and restructuring activities, until new employees are trained and can be fully utilised. However, 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 e.g. Metsä, Yunex Traffic and Innomotics. Growth will also come from expanding the service offering to existing customers, particularly increasing geographic coverage, as we have done with customers such as Siemens, Tryg, and Ericsson.

Zalaris has been expanding its geographical coverage both in Europe and the Asia-Pacific region to strengthen its competitive position. While the Company previously established its own subsidiaries in new countries, a revised expansion strategy is being implemented using in-country partners, who will use Zalaris' PeopleHub solution. This enables profitable geographic expansion globally, with low and moderately sized employee volumes. The global macro picture with high inflation, increased 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 of new employees is challenging in some markets. Most of our long-term contracts within the Managed Services Division have provisions for the annual indexation of salaries. Historically, we have seen an increased interest in the market for outsourcing in a recessionary environment. This is when companies traditionally are required to focus on operational efficiencies and cost reductions. The underlying fundamentals remain strong and Zalaris has entered 2023 with a solid pipeline of potential new sales in all regions. New contracts signed so far in 2023 indicate that the company will exceed the annual sales target of 10% revenue growth.

The Board of Directors of Zalaris ASA
Oslo, 23 August 2023

Interim Consolidated Financial Statements

Consolidated Statement of Profit and Loss

(NOK 1 000)	Notes	2023 Apr-Jun *unaudited*	2022 Apr-Jun *unaudited*	2023 Jan-Jun *unaudited*	2022 Jan-Jun *unaudited*	2022 Jan-Dec	
Revenue	2	**280 530**	**210 187**	**541 329**	**418 627**	**892 743**	
Operating expenses							
License costs		25 857	20 647	49 866	40 416	80 198	
Personnel expenses	4	153 310	124 051	292 705	234 809	483 824	*
Other operating expenses		64 802	44 632	129 701	93 854	222 537	*
Depreciation and impairments		972	719	1 863	1 817	3 908	
Depreciation right-of-use assets		5 695	4 439	11 026	8 575	18 535	
Amortisation intangible assets		7 869	7 036	15 531	14 024	28 409	
Amortisation implementation costs customer projects	3	9 058	7 469	14 891	15 491	31 638	
Total operating expenses		**267 561**	**208 993**	**515 584**	**408 985**	**869 049**	
Operating profit (EBIT)		**12 969**	**1 194**	**25 745**	**9 642**	**23 694**	
Financial items							
Financial income	5	1 845	1 140	3 186	2 778	7 565	
Financial expense	5	(15 171)	(7 377)	(51 857)	(14 495)	(32 106)	
Unrealized foreign exchange gain/(loss)	5	(8 562)	(21 160)	(11 085)	(9 391)	(15 561)	
Net financial items		**(21 888)**	**(27 397)**	**(59 755)**	**(21 108)**	**(40 102)**	
Profit before tax from continuing operations		**(8 920)**	**(26 203)**	**(34 010)**	**(11 466)**	**(16 408)**	
Tax expense		**(408)**	**5 182**	**2 218**	**3 664**	**(6 295)**	
Profit for the period from continuing operations		**(9 327)**	**(21 021)**	**(31 792)**	**(7 801)**	**(22 703)**	
Profit/(loss) after tax for the year from discontinued operations	9	**(1 946)**	**(3 959)**	**(5 421)**	**(7 721)**	**(16 018)**	
Profit for the period		**(11 273)**	**(24 980)**	**(37 213)**	**(15 522)**	**(38 721)**	
Profit attributable to:							
- Owners of the parent		(11 080)	(24 618)	(36 671)	(14 784)	(37 119)	
- Non-controlling interests		(195)	(361)	(542)	(738)	(1 602)	
Earnings per share:							
Basic earnings per share (NOK)		(0,52)	(0,72)	(1,72)	(0,75)	(1,79)	
Diluted earnings per share (NOK)		(0,52)	(0,72)	(1,72)	(0,75)	(1,79)	
Earnings per share for continuing operations:							
Basic earnings per share (NOK)		(0,43)	(0,38)	(1,47)	(0,38)	(1,05)	
Diluted earnings per share (NOK)		(0,43)	(0,38)	(1,47)	(0,38)	(1,05)	

* Q2 - 2022 reclassified (NOK 5.2m moved from other operating expenses to personnel expenses)

Consolidated Statement of Comprehensive Income

(NOK 1 000)	Notes	2023 Apr-Jun *unaudited*	2022 Apr-Jun *unaudited*	2023 Jan-Jun *unaudited*	2022 Jan-Jun *unaudited*	2022 Jan-Dec
Profit for the period		**(11 273)**	**(24 980)**	**(37 213)**	**(15 522)**	**(38 721)**
Other comprehensive income						
Items that will be reclassified to profit and loss in subsequent periods						
Currency translation differences		15 319	21 517	43 213	10 502	11 290
Total other comprehensive income		**15 319**	**21 517**	**43 213**	**10 502**	**11 290**
Total comprehensive income		**4 046**	**(3 463)**	**6 000**	**(5 020)**	**(27 431)**
Total comprehensive income attributable to:						
- Owners of the parent		4 240	(3 102)	6 542	(4 283)	(25 829)
- Non-controlling interests		(195)	(361)	(542)	(738)	(1 602)

Consolidated Statement of Financial Position

(NOK 1 000)	Notes	2023 30. Jun	2022 30. Jun	2022 31. Dec
		unaudited	*unaudited*	
ASSETS				
Non-current assets				
Intangible assets		118 994	120 711	119 141
Goodwill		218 657	192 946	195 834
Total intangible assets		**337 650**	**313 657**	**314 975**
Deferred tax asset		30 375	27 054	29 837
Fixed assets				
Right-of-use assets		54 256	52 059	48 363
Property, plant and equipment		36 653	31 500	33 088
Total fixed assets		**90 909**	**83 559**	**81 451**
Total non-current assets		**458 934**	**424 270**	**426 263**
Current assets				
Trade accounts receivable		231 356	158 254	191 715
Customer projects	3	179 112	119 914	135 359
Other short-term receivables		57 768	41 261	48 225
Cash and cash equivalents	6	112 528	115 659	91 796
Total current assets		**580 764**	**435 089**	**467 095**
Assets held for sale	9	12 023	14 360	12 384
TOTAL ASSETS		**1 051 721**	**873 719**	**905 742**

Consolidated Statement of Financial Position

(NOK 1 000)	Notes	2023 30. Jun	2022 30. Jun	2022 31. Dec
		unaudited	*unaudited*	
EQUITY AND LIABILITIES				
Equity				
Paid-in capital				
Share capital		2 164	2 159	2 159
Other paid in equity		16 226	9 991	10 039
Share premium		142 913	160 616	141 898
Total paid-in capital		**161 304**	**172 767**	**154 096**
Other equity		14 519	(2 151)	14 519
Retained earnings		2 986	10 761	(3 417)
Equity attributable to equity holders of the parent		**178 809**	**181 377**	**165 199**
Non-controlling interest		-2 144	1 005	(1 602)
Total equity		**176 665**	**182 382**	**163 597**
Liabilities				
Non-current liabilities				
Deferred tax		24 345	25 720	23 899
Interest-bearing loans	7	468 305	369 795	10 891
Other long-term liabilities		-	645	659
Lease liabilities		35 278	35 326	32 328
Total long-term liabilities		**527 928**	**431 486**	**67 777**
Current liabilities				
Trade accounts payable		28 609	26 139	45 407
Customer projects liabilities	3	147 463	94 182	103 744
Interest-bearing loans	7	1 619	1 401	369 693
Lease liabilities		20 882	18 200	17 783
Income tax payable		499	(21)	3 270
Public duties payable		40 934	35 734	37 686
Other short-term liabilities		102 395	81 806	92 003
Total short-term liabilities		**342 401**	**257 441**	**669 586**
Liabilities directly associated with the assets held for sale	9	4 727	2 409	4 783
Total liabilities		**875 056**	**691 336**	**742 146**
TOTAL EQUITY AND LIABILITIES		**1 051 721**	**873 719**	**905 742**

Consolidated Statement of Cash Flow

(NOK 1 000)	Notes	2023 Apr-Jun	2022 Apr-Jun	2023 Jan-Jun	2022 Jan-Jun	2022 Jan-Dec
		unaudited	*unaudited*	*unaudited*	*unaudited*	
Cash Flow from operating activities						
Profit (Loss) before tax from continued operation		(8 921)	(26 202)	(34 010)	(11 466)	(16 408)
Profit (Loss) before tax from discontinued operation		(2 358)	(6 137)	(6 950)	(9 898)	(20 536)
Net financial items	5	21 888	27 396	59 755	21 107	40 103
Share based program		4 772	1 828	7 202	3 705	8 706
Depreciation and impairments		972	719	1 863	1 817	3 907
Depreciation right-of-use assets		5 695	4 439	11 026	8 575	18 535
Amortisation intangible assets		7 869	6 809	15 531	14 023	28 409
Capitalisation implementation costs customer projects	3	(21 096)	(18 222)	(47 298)	(39 340)	(67 771)
Depreciation implementation costs customer projects	3	9 058	7 469	14 891	15 491	31 638
Customer project revenue deferred	3	26 388	17 642	48 062	36 147	62 134
Customer project revenue recognised	3	(8 738)	(4 377)	(13 002)	(8 942)	(20 807)
Taxes paid		(2 099)	(4 007)	(5 980)	(9 653)	(14 356)
Changes in accounts receivable		(5 738)	(3 448)	(39 641)	(16 858)	(50 318)
Changes in accounts payable		(7 739)	22 153	(16 798)	18 874	27 150
Changes in other items		(6 898)	(18 081)	20 707	(15 422)	(10 020)
Interest received		953	22	1 005	38	308
Interest paid		(10 709)	(4 990)	(17 201)	(9 585)	(20 252)
Net cash flow from operating activities		**3 299**	**3 015**	**(837)**	**(1 386)**	**422**
Cash flows to investing activities						
Investment in fixed and intangible assets		(4 663)	(5 272)	(9 460)	(10 017)	(27 845)
Investment in fixed and intangible assets business combinations		-	(1 214)	-	(1 214)	-
Acquisition of subsidiaries, net of cash acquired		-		-	(10 103)	(11 317)
Net cash flow from investing activities		**(4 663)**	**(6 486)**	**(9 460)**	**(21 334)**	**(39 163)**
Cash flows from financing activities						
Sale of own shares		-	-	-	-	-
Buyback of own shares		-	(25)	-	(17 768)	(17 768)
Contribution from minority shareholder		(1 656)	1 005	293	1 005	2 203
Capital increase (net proceeds)		-		-	-	
Payment of lease liabilities		(6 267)	(4 280)	(12 118)	(8 167)	(17 884)
Net proceeds from new EUR 40m bond loan		-		440 796	-	-
Repayment of EUR 35m bond loan		646	(3 037)	(400 176)	(3 501)	(2 901)
Dividend payments to owners of the parent		-	(7 558)	-	(7 558)	(7 558)
Net cash flow from financing activities		**(7 278)**	**(13 894)**	**28 795**	**(35 988)**	**(43 909)**
Net changes in cash and cash equivalents		**(8 642)**	**(17 365)**	**18 498**	**(58 708)**	**(82 650)**
Net foreign exchange difference		**(1 906)**	**(538)**	**1 644**	**(715)**	**(120)**
Cash and cash equivalents at the beginning of the period		**124 140**	**134 705**	**93 451**	**176 224**	**176 224**
Cash and cash equivalents at the end of the period		**113 592**	**116 801**	**113 593**	**116 801**	**93 451**

Consolidated Statement of Changes in Equity

(NOK 1000)	Share capital	Own shares	Share premium	Other paid in equity	Total paid-in equity	Other equity	Retained earnings	Currency revaluation reserve	Total	Non-controlling interests	Total equity
Equity at 01.01.2022	**2 214**	**(29)**	**157 370**	**3 657**	**163 211**	**14 519**	**54 607**	**(23 328)**	**209 009**	**-**	**209 009**
Profit of the year							(15 522)		(14 750)	(772)	**(15 522)**
Other comprehensive income							9 219	1 283	10 502		**10 502**
Purchase of own shares		(35)			**(35)**		(17 743)		(17 778)		**(17 778)**
Share based payments				3 705	**3 705**				3 705		**3 705**
Share based payments		10	2 271	(2 281)					-		**-**
Other changes				4 911	**4 911**	(5 006)	120		25		**25**
Dividend							(7 558)		(7 558)		**(7 558)**
Equity at 30.06.2022	**2 214**	**(54)**	**159 641**	**9 992**	**171 792**	**9 513**	**23 122**	**(22 045)**	**183 154**	**(772)**	**182 382**
Unaudited											
Equity at 01.01.2023	**2 214**	**(54)**	**141 898**	**10 038**	**154 096**	**14 519**	**8 622**	**(12 038)**	**165 198**	**(1 602)**	**163 596**
Profit/(loss) of the year							(36 671)		(36 671)	(542)	**(37 213)**
Other comprehensive income								43 213	43 213		**43 213**
Share based payments				6 188	**6 188**				6 188		**6 188**
Employee share purchase		4	1 015		**1 019**		(139)		881		**881**
Equity at 30.06.2023	**2 214**	**(50)**	**142 913**	**16 226**	**161 303**	**14 519**	**(28 188)**	**31 175**	**178 809**	**(2 144)**	**176 665**
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 Hoffsveien 4, Oslo, Norway. The Group delivers full-service outsourced personnel and payroll services.

Basis for preparation
These interim consolidated condensed financial statements are prepared in accordance with International Accounting Standard 34 Interim Financial Reporting as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU). The condensed consolidated interim financial statements do not include all the information and disclosures required by International Financial Reporting Standards (IFRS) for a complete set of financial statements, and these condensed interim financial statements should be read in conjunction with the annual financial statements. The interim condensed consolidated financial statements for the three months ended 30 June 2023, 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, 2022.

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 such 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-premises solutions. A large portion of these services are of recurring nature and many 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 ("APAC"), until the business is up and running at a normal level and included in one the two main segments. The objective is to provide information on the result of new business development activities that generally would generate a financial loss in an interim period, and to show the financial result of the existing business activities without the disturbance of these new business activities. This segment currently only consists of the new business in APAC (Australia and Singapore) established in the first quarter of 2022.

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 the 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.

2023 Apr-Jun

(NOK 1 000)	Managed Services	Professional Services	APAC	Gr.Ovhd & Unallocated	Total
Revenue, external	203 970	72 294	4 266	-	**280 530**
Operating expenses	(163 164)	(67 022)	(6 137)	(7 784)	**(244 107)**
EBITDA	**40 805**	**5 273**	**(1 871)**	**(7 784)**	**36 423**
Depreciation and amortisation	(13 081)	(2 330)	(282)	(7 761)	**(23 454)**
EBIT	**27 724**	**2 943**	**(2 153)**	**(15 545)**	**12 969**
Net financial income/(expenses)				(21 888)	**(21 888)**
Income tax				(408)	**(408)**
Profit for the period from continuing operation	**27 724**	**2 943**	**(2 153)**	**(37 841)**	**(9 327)**
Cash flow from investing activities					**(4 663)**

2022 Apr-Jun

(NOK 1 000)	Managed Services	Professional Services	APAC	Gr.Ovhd & Unallocated	Total
Revenue, external	151 667	57 950	570	-	**210 187**
Operating expenses	(130 859)	(50 884)	(3 902)	(3 686)	**(189 331)**
EBITDA	**20 808**	**7 066**	**(3 332)**	**(3 686)**	**20 856**
Depreciation and amortisation	(10 084)	(2 122)	(20,5)	(7 436)	**(19 662)**
EBIT	**10 725**	**4 944**	**(3 353)**	**(11 122)**	**1 194**
Net financial income/(expenses)			-	(27 396)	**(27 396)**
Income tax			-	5 182	**5 182**
Profit for the period from continuing operation	**10 725**	**4 944**	**-**	**(33 337)**	**(21 021)**
Cash flow from investing activities					**(6 486)**

2023 Jan-Jun

(NOK 1 000)	Managed Services	Professional Services	APAC	Gr.Ovhd & Unallocated	Total
Revenue, external	390 700	142 752	7 877	-	**541 329**
Operating expenses	(316 733)	(125 079)	(12 087)	(18 510)	**(472 409)**
EBITDA	**73 966**	**17 673**	**(4 210)**	**(18 510)**	**68 920**
Depreciation and amortisation	(22 698)	(4 422)	(478)	(15 577)	**(43 176)**
EBIT	**51 268**	**13 251**	**(4 688)**	**(34 087)**	**25 744**
Net financial income/(expenses)			-	(59 755)	**(59 755)**
Income tax			-	2 218	**2 218**
Profit for the period from continuing operation	**51 268**	**13 251**	**(4 688)**	**(91 624)**	**(31 793)**
Cash flow from investing activities					**(9 460)**

2022 Jan-Jun

(NOK 1 000)	Managed Services	Professional Services	APAC	Gr.Ovhd & Unallocated	Total
Revenue, external	298 214	119 843	570	-	**418 627**
Operating expenses	(251 242)	(103 553)	(4 342)	(9 942)	**(369 080)**
EBITDA	**46 972**	**16 290**	**(3 772)**	**(9 942)**	**49 547**
Depreciation and amortisation	(21 113)	(4 537)	(20)	(14 235)	**(39 905)**
EBIT	**25 859**	**11 753**	**(3 793)**	**(24 177)**	**9 642**
Net financial income/(expenses)	-	-	-	(21 107)	**(21 107)**
Income tax	-	-	-	3 664	**3 664**
Profit for the period from continuing operation	**25 859**	**11 753**	**(3 793)**	**(41 621)**	**(7 801)**
Cash flow from investing activities					**(21 334)**

2022 Jan-Dec

(NOK 1 000)	Managed Services	Professional Services	APAC	Gr.Ovhd & Unallocated	Total
Revenue, external	644 801	243 138	4 803		**892 742**
Operating expenses	(535 860)	(213 699)	(10 878)	(26 119)	**(786 557)**
EBITDA	**108 941**	**29 439**	**(6 076)**	**(26 119)**	**106 185**
Depreciation and amortisation	(43 994)	(9 281)	(63)	(29 151)	**(82 489)**
EBIT	**64 947**	**20 158**	**(6 139)**	**(55 270)**	**23 695**
Net financial income/(expenses)	-	-	-	(40 102)	**(40 102)**
Income tax	-	-	-	(6 295)	**(6 295)**
Profit for the period from continuing operation	**64 947**	**20 158**	**-**	**(101 667)**	**(22 702)**
Cash flow from investing activities					**(39 163)**

Geographic Information

The Group's operations are carried out in several countries, and information regarding revenue based on geography is provided below. Information is based on the 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:

Apr-Jun

	2023				2022			
(NOK 1 000)	**MS**	**PS**	***Total***	***as % of total***	**MS**	**PS**	***Total***	***as % of total***
Norway	57 108	292	**57 400**	20%	45 208	222	**45 430**	22%
Northern Europe, excluding Norway	84 105	764	**84 868**	30%	64 264	463	**64 728**	31%
Central Europe	54 703	58 443	**113 146**	40%	36 951	51 277	**88 228**	42%
UK & Ireland	8 053	12 796	**20 849**	7%	5 243	5 988	**11 231**	5%
APAC	2 120	2 146	**4 266**	2%	570	-	**570**	0%
Total	**206 090**	**74 440**	**280 530**	**100%**	**152 237**	**57 950**	**210 187**	**100%**

Jan-Jun

	2023				2022			
(NOK 1 000)	**MS**	**PS**	***Total***	***as % of total***	**MS**	**PS**	***Total***	***as % of total***
Norway	113 583	552	**114 135**	21%	91 093	706	**91 799**	22%
Northern Europe, excluding Norway	156 500	1 057	**157 558**	29%	123 203	1 262	**124 466**	30%
Central Europe	104 496	119 247	**223 742**	41%	74 455	107 271	**181 726**	43%
UK & Ireland	16 121	21 897	**38 017**	7%	9 463	10 603	**20 066**	5%
APAC	3 878	3 998	**7 877**	1%	-	570	**570**	0%
Total	**394 578**	**146 751**	**541 329**	**100%**	**298 214**	**120 412**	**418 627**	**100%**

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)	**2023 30. Jun**	**2022 30. Jun**	**2022 31. Dec**
Trade receivables	231 356	158 254	191 715
Customer project assets	179 112	119 914	135 359
Customer project liabilities	(147 463)	(94 182)	(103 744)
Prepayments from customers	(15 716)	(14 241)	(18 711)

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 the 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 comprise 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 becomes the property of Zalaris and is hence rendered as income by the Group.

Movements in customer project assets through the period:

(NOK 1 000)	**2023 Apr-Jun**	**2022 Apr-Jun**	**2023 Jan-Jun**	**2022 Jan-Jun**	**2022 31. Dec**
Opening balance in the period	163 952	106 435	135 360	94 799	94 799
Cost capitalised	21 096	18 222	47 298	39 339	67 771
Amortisation	(9 058)	(7 469)	(14 891)	(15 491)	(31 638)
Currency	3 122	2 726	11 346	1 269	4 427
Customer projects assets end of period	**179 112**	**119 914**	**179 112**	**119 917**	**135 360**

Movements in customer project liabilities through the period:

(NOK 1 000)	2023 Apr-Jun	2022 Apr-Jun	2023 Jan-Jun	2022 Jan-Jun	2022 Jan-Dec
Opening balance in the period	(127 679)	(78 051)	(103 744)	(66 452)	(66 452)
Revenue deferred	(26 388)	(17 642)	(48 062)	(36 147)	(62 134)
Revenue recognised	8 738	4 377	13 002	8 942	20 807
Currency	(2 133)	(2 865)	(8 658)	(524)	4 035
Customer project liabilities end of period	**(147 462)**	**(94 181)**	**(147 462)**	**(94 181)**	**(103 744)**

Note 4 – Personnel expenses

(NOK 1 000)	2023 Apr-Jun	2022 Apr-Jun	2023 Jan-Jun	2022 Jan-Jun	2022 Jan-Dec	
Salary	132 349	100 744	255 881	200 021	416 264	
Bonus	5 008	2 251	9 298	7 373	18 719	
Social security tax	19 329	13 742	37 819	29 176	61 387	
Pension costs	6 239	6 004	12 361	10 532	21 841	
Share based payments	3 772	1 773	6 197	3 661	8 627	
Other personnel expenses	3 460	3 611	8 253	7 263	14 992	
Capitalised to internal development projects	(1 799)	2 046	(2 967)	(100)	(14 540)	*
Capitalised to customer project assets	(15 048)	(6 119)	(34 137)	(23 118)	(43 466)	*
Total personnel expenses	**153 309**	**124 051**	**292 705**	**234 808**	**483 824**	

*Q2 2022 reclassified

Note 5 – Finance income and finance expense

(NOK 1 000)	2023 Apr-Jun	2022 Apr-Jun	2023 Jan-Jun	2022 Jan-Jun	2022 Jan-Dec
Interest income on bank accounts and receivables	838	22	882	38	304
Currency gain	879	990	2 111	2 422	6 028
Other financial income	129	129	194	319	1 232
Finance income	**1 845**	**1 140**	**3 186**	**2 778**	**7 565**
Interest exp. on financial liab. measured at amortised cost	10 003	4 487	17 201	8 500	18 522
Currency loss	3 219	1 508	30 399	3 084	5 518
Interest expense on leasing	691	564	1 400	1 010	2 237
Other financial expenses	1 259	816	2 857	1 899	5 829
Finance expenses	**15 171**	**7 376**	**51 857**	**14 494**	**32 106**
Unrealized foreign exchange profit/(loss)	**(8 562)**	**(21 160)**	**(11 085)**	**(9 391)**	**(15 561)**
Net financial items	**(21 888)**	**(27 396)**	**(59 755)**	**(21 107)**	**(40 102)**

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

(NOK 1 000)	2023 30. Jun	2022 30. Jun	2022 31. Dec
Cash in hand and at bank - unrestricted funds	109 729	109 792	87 706
Deposit accounts - guarantee rent obligations - restricted funds		2 698	-
Employee withheld taxes - restricted funds	2 798	3 169	4 090
Cash and cash equivalents continuing operations	**112 528**	**115 659**	**91 796**
Cash discontinued operations	1 064	1 141	1 655
Total cash and cash equivalents	**113 592**	**116 800**	**93 451**

Note 7 – Interest-bearing loans and borrowings

(NOK 1 000)	Annual interest	Maturity	2023 30. Jun	2022 30. Jun	2022 31. Dec
Bond loan	3 m Euribor + 5.25%	31.03.2028	457 154	359 337	368 208
Commerzbank - DE	1.3%	31.12.2031	11 630	11 472	11 108
Landesbank Baden-Würtenberg	2,45%	31.12.2022	-	387	-
De Lage Landen Finans	17,2%	31.01.2028	1 140	-	1 268
Total interest-bearing loans			**469 924**	**371 196**	**380 584**
Total long-term interest-bearing loans			468 305	369 795	10 891
Total short-term interest-bearing loans			1 619	1 401	369 693
Total interest-bearing loans			**469 924**	**371 196**	**380 584**

The Company's bond loan of EUR 40 million is to be listed on the Oslo Stock Exchange. The loan from Commerzbank DE relates to the office building in Leipzig, which is owned by the Company.

Note 8 – Equity

During Q2 2023, there were 833,000 new share options and 82,343 new RSUs granted to employees. As of 30 June 2023, there are 2,892,800 share options and 148,642 RSUs outstanding.

Note 9 – Discontinued operation

In 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, and vyble was classified as a company held for sale and as a discontinued operation. A transaction is expected to be completed in the third quarter 2023. The results of vyble for the period are presented below:

(NOK 1 000)	2023 Apr-Jun	2022 Apr-Jun	2023 Jan-Jun	2022 Jan-Jun	2022 Jan-Dec
Revenue	753	1 296	1 339	2 507	3 378
Operating expenses	3 672	7 063	8 548	12 034	23 992
Operating loss	**(2 919)**	**(5 768)**	**(7 209)**	**(9 528)**	**(20 614)**
Finance costs	(112)	370	190	371	167
Profit/(loss) before tax from discontinued operation	**(2 807)**	**(6 137)**	**(7 399)**	**(9 898)**	**(20 781)**
Tax expense	861	2 178	1 978	2 178	4 763
Profit/(loss) for the year tax from discontinued operation	**(1 946)**	**(3 960)**	**(5 421)**	**(7 721)**	**(16 018)**

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

(NOK 1 000)	2023 30. Jun	2022 30. Jun	2022 31. Dec
Intangible assets	9 855	11 710	9 628
Property, plant and equipment	11	36	11
Trade accounts receivable	1 092	1 473	1 089
Cash and cash equivalents	1 064	1 141	1 655
Total assets held for sale	**12 022**	**14 360**	**12 383**
Creditors	617	1 574	1 500
Interest-bearing loans and borrowings	4 109	835	3 283
Liabilties directly associated with assets held for sale	**4 726**	**2 409**	**4 783**
Net assets directly associated with disposal group	**7 296**	**11 951**	**7 600**

The net cash flows incurred by vyble are as follows:

(NOK 1 000)	2023 Apr-Jun	2022 Apr-Jun	2023 Jan-Jun	2022 Jan-Jun	2022 Jan-Dec
Operating	(2 339)	(4 330)	(5 076)	(18 196)	(18 828)
Investing	(587)	-	(597)	(2 045)	(11 592)
Net cash outflow	**(2 926)**	**(4 330)**	**(5 673)**	**(20 241)**	**(30 420)**

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 where 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)	**2023 Apr-Jun**	**2022 Apr-Jun**	**2023 Jan-Jun**	**2022 Jan-Jun**	**2022 Jan-Dec**
EBITDA	36 562	20 857	69 057	49 549	106 184
Cost incurred in establishing AMS centre in Poland	-	853	-	1 906	1 906
Share-based payments	3 757	1 828	6 188	3 705	8 706
Depreciation right-of-use assets (IFRS 16 effect)	(5 695)	(4 439)	(11 026)	(8 575)	(18 535)
Adjusted EBITDA	**34 624**	**19 099**	**64 219**	**46 584**	**98 261**

(NOK 1 000)	**2023 Apr-Jun**	**2022 Apr-Jun**	**2023 Jan-Jun**	**2022 Jan-Jun**	**2022 Jan-Dec**
EBIT	12 969	1 194	25 745	9 642	23 694
Cost incurred in establishing AMS centre in Poland	-	853	-	1 906	1 906
Share-based payments	3 757	1 828	6 188	3 705	8 706
Amortization of excess values on acquisition	3 490	2 945	6 770	5 949	11 935
Adjusted EBIT	**20 217**	**6 820**	**38 703**	**21 201**	**46 240**

Adjusted EBIT per segment

(NOK 1 000)	2023 Apr-Jun	2022 Apr-Jun	2023 Jan-Jun	2022 Jan-Jun	2022 Jan-Dec
Managed Services - EBIT	27 724	10 725	51 268	25 859	64 947
Cost incurred in establishing AMS centre in Poland	-	853	-	1 906	1 906
Share-based payments	1 988	777	3 231	1 542	2 881
Managed Services - adjusted EBIT	**29 713**	**12 355**	**54 499**	**29 307**	**69 733**

(NOK 1 000)	2023 Apr-Jun	2022 Apr-Jun	2023 Jan-Jun	2022 Jan-Jun	2022 Jan-Dec
Professional Services - EBIT	2 943	4 944	13 251	11 753	20 158
Share-based payments	285	299	410	583	1 014
Professional Services - adjusted EBIT	**3 228**	**5 243**	**13 662**	**12 336**	**21 172**

*Relates mainly to redundancy costs/severance pay for employees

(NOK 1 000)	2023 Apr-Jun	2022 Apr-Jun	2023 Jan-Jun	2022 Jan-Jun	2022 Jan-Dec
New business (APAC) - EBIT	(2 153)	(3 353)	(4 688)	(3 793)	(6 139)
Share-based payments	59	-	59	-	-
New business (APAC) - adjusted EBIT	**(2 094)**	**(3 353)**	**(4 629)**	**(3 793)**	**(6 139)**

(NOK 1 000)	2023 Apr-Jun	2022 Apr-Jun	2023 Jan-Jun	2022 Jan-Jun	2022 Jan-Dec
Group overhead/unallocated - EBIT	(15 545)	(11 122)	(34 087)	(24 177)	(55 270)
Share-based payments	1 425	752	2 488	1 580	4 811
Amortization of excess values on acquisition	3 490	2 945	6 770	5 949	11 935
Group overhead/unallocated - adjusted EBIT	**(10 630)**	**(7 425)**	**(24 828)**	**(16 648)**	**(38 523)**

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.

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's revenue using foreign exchange rates consistent with the prior year.

	2023 Apr-Jun	2022 Apr-Jun	2023 Jan-Jun	2022 Jan-Jun	2022 Jan-Dec
Revenue growth, as reported	33,5 %	13,4 %	29,3 %	10,7 %	-2,2 %
Impact of foreign currency	-13,5 %	1,2 %	-10,8 %	2,2 %	3,2 %
Revenue growth, constant currency	**20,0 %**	**14,6 %**	**18,5 %**	**12,9 %**	**1,0 %**
Managed Services revenue growth, as reported	34,5 %	20,5 %	31,0 %	17,3 %	-2,7 %
Impact of foreign currency	-12,0 %	1,2 %	-9,5 %	2,3 %	2,1 %
Managed Services revenue growth, constant currenc	**22,5 %**	**21,7 %**	**21,5 %**	**19,6 %**	**-0,6 %**
Professional Services revenue growth, as reported	24,8 %	-2,5 %	19,1 %	-3,3 %	-1,0 %
Impact of foreign currency	-17,5 %	1,0 %	-13,6 %	2,1 %	5,3 %
Professional Services revenue growth, constant curre	**7,3 %**	**-1,5 %**	**5,5 %**	**-1,2 %**	**4,3 %**

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)	2023 30. Jun	2022 30. Jun	2022 31.Dec
Cash and cash equivalents continuing operations	112 528	115 659	91 796
Cash and cash equivalents discontinuing operations	1 064	1 141	1 655
Interest-bearing loans and borrowings - long-term	468 305	369 795	10 891
Interest bearing loans and borrowings - short-term	1 619	1 401	369 693
Net interest-bearing debt (NIBD)	**356 332**	**254 396**	**287 133**

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)	2023 Apr-Jun	2022 Apr-Jun	2023 Jan-Jun	2022 Jan-Jun	2022 Jan-Dec
Net cash flow from operating activities	3 299	3 015	(837)	(1 386)	422
Investment in fixed and intangible assets	(4 663)	(5 272)	(9 460)	(10 017)	(27 845)
Free cash flow	**(1 364)**	**(2 257)**	**(10 297)**	**(11 403)**	**(27 423)**

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 2023 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, 23 August 2023

The Board of Directors of Zalaris ASA

Adele Norman Pran
sign.

Liselotte Hägertz Engstam
sign.

Erik Langaker
sign.

Kenth Eriksson
sign.

Jan Koivurinta
sign.

Key Figures

(NOKm unless otherwise stated)	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Revenues	**185,4**	**195,4**	**201,7**	**208,4**	**210,2**	**223,6**	**250,6**	**260,8**	**280,5**
Revenue growth (YoY)	-6,5 %	3,0 %	-0,9 %	8,1 %	13,4 %	14,4 %	24,2 %	25,1 %	33,5 %
EBITDA adjusted	**23,7**	**26,9**	**24,9**	**27,5**	**19,1**	**22,0**	**29,6**	**29,6**	**34,6**
EBITDA margin	12,8 %	13,8 %	12,3 %	13,2 %	9,1 %	9,9 %	11,8 %	11,3 %	12,3 %
EBIT adjusted	**11,4**	**14,1**	**10,2**	**14,4**	**6,8**	**9,7**	**15,3**	**18,5**	**20,2**
EBIT margin	6,2 %	7,2 %	5,1 %	6,9 %	3,2 %	4,4 %	6,1 %	7,1 %	7,2 %
Profit Before Tax	**(9,0)**	**1,0**	**1,7**	**14,7**	**(26,2)**	**(9,4)**	**4,9**	**(25,1)**	**(8,9)**
Income Tax Expense	2,6	(0,4)	(0,3)	(1,5)	5,2	2,7	(12,7)	2,6	(0,4)
Net income	**(6,4)**	**0,7**	**1,3**	**13,2**	**(21,0)**	**(6,7)**	**(8,2)**	**(22,5)**	**(9,3)**
Profit margin	-3,5 %	0,3 %	0,7 %	6,3 %	-10,0 %	-3,0 %	-3,3 %	-8,6 %	-3,3 %
Weighted # of shares outstanding (m)	20,7	21,1	21,3	21,5	21,6	21,6	21,6	21,6	21,6
Basic EPS (NOK)	(0,31)	0,03	0,06	0,44	(0,72)	(0,95)	(0,56)	(1,20)	(0,52)
Diluted EPS (NOK)	(0,31)	0,03	0,06	0,41	(0,72)	(0,95)	(0,56)	(1,20)	(0,52)
Cash flow items									
Cash from operating activities	(3,4)	13,4	23,2	(4,4)	3,0	(10,6)	12,4	(4,1)	3,3
Investments	(4,0)	(8,4)	(6,2)	(4,7)	(6,5)	(8,0)	(9,8)	(4,8)	(4,7)
Net changes in cash and cash equi.	93,9	(41,3)	7,5	(41,3)	(17,4)	(23,3)	(2,1)	27,1	(8,6)
Cash and cash equivalents end of period	211,3	168,8	176,2	134,7	116,8	95,6	93,5	124,1	113,6
Net interest-bearing debt	154,4	198,1	183,0	212,9	254,4	284,5	287,1	332,9	356,3
Total equity	207,1	208,4	207,3	189,7	182,4	180,5	163,6	168,9	176,7
Equity ratio	25,7 %	24,9 %	25,0 %	23,1 %	20,9 %	20,1 %	18,1 %	16,3 %	16,8 %
FTEs (quarter end)	714	781	795	838	884	915	963	983	987

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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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