Zalaris

Q325 results

Debt refinanced, growth on track

Software and comp services

27 October 2025

Zalaris reported record revenue and adjusted EBIT in Q325, with continued growth in the Managed Services business more than offsetting a slower quarter for Zalaris Consulting. The company has secured refinancing for its eurobond, which should reduce net finance costs and increase flexibility for capital allocation. Zalaris continues to make good progress towards its medium-term revenue and adjusted EBIT margin targets.

Year end	Revenue (NOKm)	PBT (NOKm)	EPS (NOK)	DPS (NOK)	P/E (x)	Yield (%)
12/23	1,134.0	10.8	0.95	0.00	97.9	N/A
12/24	1,346.3	80.7	2.70	0.90	34.4	1.0
12/25e	1,492.0	134.7	4.37	0.81	21.2	0.9
12/26e	1,623.9	208.3	6.96	1.56	13.3	1.7

Note: PBT and EPS (diluted) are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

Revenue +10.3% y-o-y, adjusted EBIT margin 12.6%

In Q325, Managed Services saw revenue growth of 12.1% in constant currency (cc) with net revenue retention of 103% and new contracts going live in the quarter. This drove adjusted EBIT margin expansion of 2.6pp to 20.5%. Zalaris Consulting saw 2.4% cc revenue growth, with one-off costs to support strong growth in the Asia-Pacific region (APAC) driving an adjusted EBIT loss in the quarter. The company signed a number of new customers, renewals and upsells in the quarter, underpinning our growth forecasts. The licence agreement with SAP was updated in the quarter to migrate PeopleHub to SAP S/4 HANA cloud, providing access to a solution that SAP has committed to support until 2040.

Eurobond refinanced with revolving credit facility

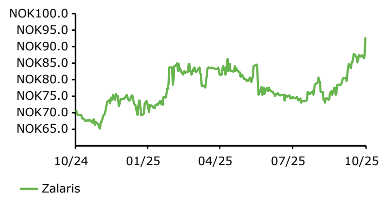
The company has secured the refinancing of its entire €40m secured bond with a revolving credit facility (RCF) at a lower interest rate, with closing planned for mid-November. This will provide Zalaris the flexibility to use its cash balance to reduce usage of the facility. Management estimates that finance costs will reduce by NOK16–18m per year, equivalent to an EPS boost of NOK0.58–0.65. We have revised our forecasts to reflect Q3 results. Adjusted EBIT is substantially unchanged and we have reflected the new RCF, resulting in normalised diluted EPS reducing by 13.7% in FY25 and increasing by 9.1% in FY26.

Valuation: Double-digit growth supports upside

The stock continues to trade at substantial discounts to both its payroll software and IT services peers. Based on Zalaris's medium-term targets and forecasting average revenue growth of 10% from FY24 to FY28 (and 4% thereafter) with a 14% operating margin, a discounted cash flow analysis values the company at NOK110.2 per share, 19% above the current share price. Maintaining churn at current low levels, winning new large multinational contracts and applying the optimum operating model in each region will be key to the company meeting, if not exceeding, these assumptions.

Price	**NOK92.80**
Market cap	**NOK1,935m**
	NOK11.6:€1
Net cash/(debt) at end Q325	NOK(244.7)m
Shares in issue	22.1m
Free float	65.6%
Code	ZAL
Primary exchange	OSLO
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	10.6	16.5	28.8
52-week high/low		NOK89.4	NOK64.5

Business description

Zalaris is a leading provider of comprehensive human capital management and payroll solutions.

Next events

FY25 results	February 2026

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Edison profile page

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Review of Q325 results

Exhibit 1 summarises Zalaris's performance in Q325 and the first nine months of 2025 (9M25).

Exhibit 1: Q325 and 9M25 results highlights

NOKm	Q325	Q324	y-o-y	9M25	9M24	y-o-y
Revenue						
Managed Services	288.5	253.7	13.7%	845.8	727.6	16.2%
Zalaris Consulting	85.6	85.0	0.7%	258.8	251.2	3.0%
vyble	0.6	0.9	-31.1%	2.2	4.6	-53.1%
Total revenue	374.7	339.7	10.3%	1,106.8	983.4	12.5%
Adjusted EBIT						
Managed Services	59.3	45.4	30.5%	161.7	111.3	45.2%
Zalaris Consulting	(1.1)	5.5	-120.0%	12.1	17.5	-30.7%
HQ (unallocated costs)	(11.1)	(13.9)	-19.7%	(30.4)	(28.6)	6.3%
Total adjusted EBIT	47.0	37.0	27.0%	143.5	100.3	43.1%
Adjusted EBIT margin						
Managed Services	20.5%	17.9%	2.6pp	19.1%	15.3%	3.8pp
Zalaris Consulting	-1.3%	6.5%	-7.8pp	4.7%	7.0%	-2.3pp
Total adjusted EBIT margin	12.6%	10.9%	1.6pp	13.0%	10.2%	2.8pp
Reported EBIT	39.6	31.1	27.7%	118.0	75.9	55.4%
PBT	30.4	10.0	204.7%	88.5	24.7	257.9%
PAT	18.9	8.3	128.2%	62.0	20.0	209.1%
Net income after minority interest	19.0	8.4	127.5%	62.3	20.3	206.3%
Basic EPS (NOK)	0.87	0.38	128.9%	2.85	0.92	209.8%
Diluted EPS (NOK)	0.85	0.34	150.0%	2.80	0.84	233.3%

Source: Zalaris

The group generated revenue growth of 10.3% y-o-y (9.5% cc). Group adjusted EBIT grew 27% y-o-y, resulting in margin expansion of 1.6pp to 12.6%. After net finance costs of NOK9.3m and a tax charge of NOK11.4m, the company reported profit after tax of NOK18.9m, up 128% y-o-y. The tax rate was higher than usual in Q3, due to intercompany dividend payments from the Latvian subsidiary. This should revert to the normalised level in Q425.

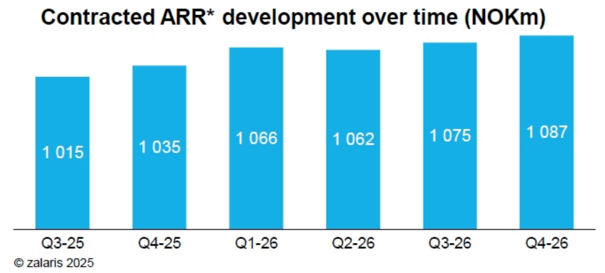
Net interest-bearing debt at the end of the quarter was NOK244.7m, higher than the NOK217.1m reported at the end of H125, due to paying NOK30.4m to cash settle stock options and due to timing issues with working capital (which reduced by NOK18m post quarter-end). Gearing (net debt/adjusted EBITDA) was 0.9x at the end of Q325.

Managed Services: Continued strong growth trend

Managed Services revenue grew 13.7% y-o-y (12.1% cc), with 14% growth in Northern Europe, 4% in the DACH region and 63% in UK and Ireland (all local currency). Net revenue retention was 103% cc and adjusted EBIT grew 30.5% y-o-y, with the margin expanding 2.6pp to 20.5%. For 9M25, the margin was 19.1%, up 3.8pp y-o-y. Reported annual recurring revenue (ARR) of NOK1,015m was 11.9% higher y-o-y and contracts with an ARR of NOK 72m were signed in the quarter but have not yet gone live.

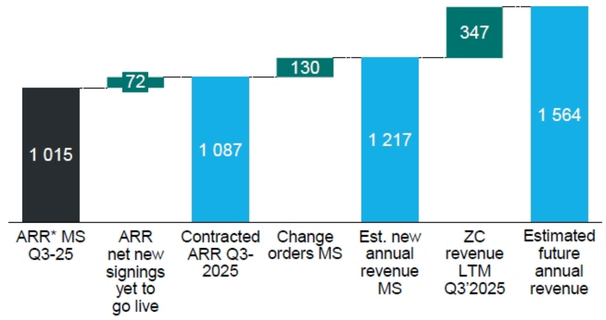
Exhibit 2 show the expected trend in reported ARR as recently signed contracts go live over the next year. Exhibit 3 shows the expected progress of revenue on a group basis. This assumes that change requests worth c 12% of ARR are received in Managed Services each year and uses trailing 12-month revenue for Zalaris Consulting. The company met its NOK1.5bn annualised revenue target a year early, with the next target NOK2bn annualised revenue by FY28.

Exhibit 2: Development of ARR from contracted to reported



Source: Zalaris

Exhibit 3: Revenue progression



Source: Zalaris

Management highlighted the following contracts that were signed in Q325:

- A renewal and upsell agreement with Eurowings;
- A new client win, providing DACH payroll services to HiPP (a baby food manufacturer), with the potential for further geographic expansion;
- A five-year renewal with Storebrand, covering full Nordic payroll and HR services; and
- A five-year renewal with Elkjøp for Nordic payroll and transactional HR.

Revised agreement with SAP confirming support until at least 2040

The company's licencing agreement with SAP (for the SAP HCM software used in PeopleHub) was renewed in 2023 for five years, with a commitment from SAP to support the product until at least 2040. In Q3, Zalaris updated this agreement to encompass the migration of PeopleHub to SAP S/4 HANA Cloud (the RISE with SAP programme). Currently, Zalaris hosts PeopleHub via third-party data centres. This agreement means that PeopleHub will be migrated over to the Azure cloud platform, with SAP providing the cloud service. As part of this agreement, Zalaris will have enhanced access to SAP's AI innovations and integration capabilities and will be more closely aligned with SAP's global sales organisation. The ongoing cost is likely to be slightly higher, but the company expects to find cost reductions elsewhere to compensate, particularly through the use of automation.

Zalaris Consulting: Higher costs to support APAC region growth

Zalaris Consulting revenue grew 0.7% y-o-y (2.4% cc), with 56% growth in the APAC region on a reported basis (now 19% of divisional revenue), partially offset by declines in the DACH region and Poland. Adjusted EBIT fell by 120% y-o-y and the margin reduced by 7.8pp to -1.3%. Higher one-off costs to support APAC region growth was the main reason for the loss in the quarter, which management does not expect to repeat. Managed Services continues to use some Zalaris Consulting capacity, particularly in Germany, for implementation projects. During the quarter, the business won a significant consulting engagement with a UK county council covering payroll and time solutions.

Refinanced debt to reduce net finance costs

Management had previously commented on its desire to refinance the €40m senior secured bond and had the first opportunity to do so in Q3. It has secured a new RCF with Nordea for €40m to fully refinance the bond, with closing planned for mid-November. The facility has a three-plus-two-year structure and a lower interest rate at Euribor plus 185bp, versus Euribor plus 525bp for the bond. We would not expect the company to need to use the full facility as it had a NOK223m cash balance at the end of Q325. The covenants on the RCF are less onerous than for the bond, which gives the company more flexibility with dividend payments or share buybacks, and Zalaris will have access to funds if suitable M&A presents itself. Management estimates that the new RCF will reduce annual interest costs by NOK16–18m equivalent to a NOK0.58–65 increase in EPS, based on leverage at the end of Q325.

Outlook and changes to forecasts

We have revised our forecasts to reflect Q325 results. We have slightly changed the revenue mix in favour of Managed Services but our adjusted operating profit forecasts are broadly unchanged in both years. We have reflected a higher tax rate in FY25 (explained above) and factored in the debt refinancing. This includes an early repayment premium in Q425, followed by lower interest changes from FY26. Net debt at the end of FY25 is higher than forecast due mainly to the cash-settled stock options in Q3.

Exhibit 4: Changes to forecasts

NOKm	FY25e Old	FY25e New	Change	y-o-y	FY26e Old	FY26e New	Change	y-o-y
Revenues	1,494.5	1,492.0	-0.2%	10.8%	1,626.0	1,623.9	-0.1%	8.8%
Normalised EBIT	189.4	189.6	0.1%	30.9%	226.7	226.7	0.0%	19.6%
Normalised EBIT margin	12.7%	12.7%	0.0pp	1.9pp	13.9%	14.0%	0.0pp	1.3pp
Company adjusted EBIT	189.4	193.7	2.3%	31.3%	226.7	226.7	0.0%	17.1%
Company adjusted EBIT margin	12.7%	13.0%	0.3pp	2.0pp	13.9%	14.0%	0.0pp	1.0pp
Reported operating profit	150.9	154.5	2.4%	35.9%	190.8	194.7	2.0%	26.1%
Reported operating margin	10.1%	10.4%	0.3%	191.1%	11.7%	12.0%	0.3pp	1.6pp
Normalised PBT	145.4	134.7	-7.3%	67.0%	186.7	208.3	11.6%	54.6%
Normalised basic EPS (NOK)	5.62	4.85	-13.7%	61.8%	7.08	7.72	9.1%	59.2%
Normalised diluted EPS (NOK)	5.06	4.37	-13.7%	61.8%	6.38	6.96	9.1%	59.2%
Reported basic EPS (NOK)	3.84	3.23	-15.9%	107.6%	5.42	6.25	15.2%	93.3%
Net debt/adjusted EBITDA (x)	0.8	0.9			0.4	0.5		
Adjusted EBITDA	268.0	277.5	N/A	25.9%	321.5	318.2	-1.0%	14.7%
Adjusted EBITDA margin	17.9%	18.6%	N/A	2.2pp	19.8%	19.6%	-0.2pp	1.0pp
Net debt (ex leases)	207.6	252.0	21.4%	1.8%	120.8	156.4	29.4%	-37.9%

Source: Edison Investment Research

Exhibit 5: Financial summary

NOK'm	2021	2022	2023	2024	2025e	2026e
Year end 31 December	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT						
Revenue	775.3	892.7	1,134.0	1,346.3	1,492.0	1,623.9
Costs	(673.3)	(786.6)	(980.1)	(1,120.0)	(1,207.4)	(1,287.6)
EBITDA	101.9	106.2	153.8	226.3	284.6	336.3
Normalised operating profit	39.8	46.2	85.4	144.9	189.6	226.7
Amortisation of acquired intangibles	(11.5)	(11.9)	(13.7)	(14.0)	(14.3)	(14.0)
Exceptionals	0.0	(1.9)	0.0	4.7	(2.8)	0.0
Share-based payments	(5.7)	(8.7)	(11.6)	(21.9)	(18.0)	(18.0)
Reported operating profit	22.6	23.7	60.1	113.7	154.5	194.7
Net Interest	(7.6)	(40.1)	(74.6)	(64.2)	(54.9)	(18.4)
JVS and associates (post tax)	0.0	0.0	0.0	0.0	0.0	0.0
Exceptionals	0.0	0.0	0.0	0.0	0.0	0.0
Profit Before Tax (norm)	32.2	6.1	10.8	80.7	134.7	208.3
Profit Before Tax (reported)	15.0	(16.4)	(14.5)	49.5	99.6	176.3
Reported tax	(2.2)	(6.3)	11.5	(16.0)	(29.9)	(40.6)
Profit After Tax (norm)	30.0	(0.2)	22.3	64.7	104.8	167.8
Profit After Tax (reported)	12.8	(22.7)	(3.0)	33.4	69.7	135.8
Minority interests	0.0	1.6	0.8	0.3	0.4	0.0
Discontinued operations	0.0	(16.0)	0.0	0.0	0.0	0.0
Net income (normalised)	30.0	1.4	23.1	65.0	105.3	167.8
Net income (reported)	12.8	(37.1)	(2.1)	33.8	70.2	135.8
Basic average number of shares outstanding (m)	21.3	21.6	21.2	21.7	21.7	21.7
EPS - normalised (NOK)	1.41	0.07	1.09	3.00	4.85	7.72
EPS - normalised fully diluted (NOK)	1.32	0.07	0.95	2.70	4.37	6.96
EPS - basic reported (NOK)	0.60	(1.72)	(0.10)	1.56	3.23	6.25
Dividend (NOK)	0.35	0.50	0.00	0.90	0.81	1.56
Revenue growth (%)	(2.2)	15.2	27.0	18.7	10.8	8.8
EBITDA Margin (%)	13.2	11.9	13.6	16.8	19.1	20.7
Normalised Operating Margin (%)	5.1	5.2	7.5	10.8	12.7	14.0
BALANCE SHEET						
Fixed Assets	394.6	438.6	469.9	462.7	443.7	428.1
Intangible Assets	308.0	315.0	327.6	341.0	323.5	309.5
Tangible Assets	59.6	81.5	80.0	76.3	74.8	73.2
Investments & other	27.0	42.2	62.3	45.4	45.4	45.4
Current Assets	432.0	467.1	641.6	857.1	947.3	996.9
Stocks	94.8	135.4	197.1	278.0	336.2	407.0
Debtors	141.4	191.7	262.7	291.9	328.2	357.3
Cash & cash equivalents	176.2	91.8	135.7	221.8	212.2	157.3
Other	19.6	48.2	46.1	65.6	70.7	75.4
Current Liabilities	(213.3)	(669.6)	(407.9)	(531.0)	(572.1)	(620.5)
Creditors	(84.7)	(149.2)	(220.7)	(288.2)	(334.1)	(382.7)
Tax and social security	(38.7)	(41.0)	(49.2)	(66.1)	(66.1)	(66.1)
Short-term borrowings	(1.4)	(369.7)	(10.8)	(5.0)	(0.3)	0.0
Other	(88.6)	(109.8)	(127.3)	(171.7)	(171.7)	(171.7)
Long-Term Liabilities	(404.3)	(72.6)	(500.6)	(528.1)	(527.9)	(377.6)
Long-term borrowings	(374.3)	(43.2)	(468.5)	(505.8)	(505.5)	(355.3)
Other long-term liabilities	(30.0)	(29.3)	(32.1)	(22.4)	(22.4)	(22.4)
Net Assets	209.0	163.6	203.0	260.7	290.9	426.8
Minority interests	0.0	(1.6)	(2.4)	(4.8)	(3.1)	(3.1)
Shareholders' equity	209.0	165.2	205.4	265.5	294.1	430.0
CASH FLOW						
Op Cash Flow before WC and tax	43.0	(22.2)	(11.7)	40.9	110.4	179.9
Working capital	(18.6)	(33.2)	(43.1)	5.8	(35.9)	(30.5)
Exceptional & other	(6.2)	28.9	50.1	38.7	10.5	18.0
Net revenue deferred/(recognised)	19.7	41.3	74.7	53.9	40.3	45.5
Tax	(4.8)	(14.4)	(11.5)	(7.9)	(29.9)	(40.6)
Net operating cash flow	44.9	(19.7)	20.1	105.9	102.9	172.3
Capex	(20.6)	(27.8)	(33.9)	(27.5)	(17.9)	(22.7)
Acquisitions/disposals	(43.3)	(11.3)	0.0	41.9	0.0	0.0
Net interest	(11.9)	20.2	38.5	25.6	(7.5)	0.0
Equity financing	121.8	(17.8)	0.9	(13.3)	0.0	0.0
Dividends	(19.6)	(7.6)	0.0	0.0	(19.6)	(17.9)
Other	0.0	0.0	0.0	0.0	0.0	0.0
Net Cash Flow	71.2	(64.1)	25.6	132.6	57.8	131.7
Opening net debt/(cash) including leases	275.1	213.9	338.9	362.1	317.4	322.0
FX	(2.2)	(0.1)	(0.8)	(3.3)	0.0	0.0
Other non-cash movements	(7.8)	(60.8)	(47.9)	(84.8)	(62.4)	(36.1)
Closing net debt/(cash) including leases	213.9	338.9	362.1	317.4	322.0	226.4

Source: Zalaris, Edison Investment Research

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