

Apptix Reports First Quarter 2016 Results

Herndon, VA and Oslo, Norway – May 4, 2016 – Apptix® (NYSE: APP), the premier provider of managed and hosted solutions, today announced its unaudited financial results for the three months ended March 31, 2016.

Interim Management Report

Overview of the first quarter results:

- Revenue of USD 6.5 million; up 2% quarter over quarter and 13% year over year (excluding public cloud revenues in 2015)
- Professional services revenue of USD 288 thousand compared to USD 332 thousand in Q4-15 and USD 444 thousand in Q1-15
- Net income of USD 126 thousand compared to a net loss of USD 367 thousand in Q4-15 and net income of USD 205 thousand in Q1-15
- QRR bookings of USD 180 thousand compared to USD 118 thousand in Q4-15 and USD 137 thousand in Q1-15
- Continued to build Managed IT Cloud Solutions framework
 - Leveraging the Microsoft COSN partnership
 - Completed development and soft launch of Azure Private Cloud services to include Virtual Servers and Dedicated SharePoint. Three customers were deployed in Q1 utilizing both service offerings
- Concluded final migration activities related to GoDaddy transaction
- FY15 restructuring initiatives (related to sale of public cloud customers) are essentially completed

Highlights

Following a full year of transition in 2015, Apptix began 2016 as a new Company focused on providing Managed IT Cloud Solutions to its customers. With the sale of the Company's public cloud customers in September 2015 and the completion of the initiative in early January, all of the Company's resources are now looking to the future with an emphasis on top line revenue growth and continuing to build a scalable and profitable business model.

The first quarter of 2016 marked the first time the Company has been able to devote virtually all of its resources to the new business strategy that we outlined in late 2014 and early 2015. The past fifteen plus months has seen a significant amount of change in the business. The realignment of the business, operations and infrastructure in late 2014 has been fully completed along with the most recent 2015 restructuring of the business following sale of its public cloud customers to GoDaddy.

Revenues for the quarter totaled USD 6.5 million, up 2% quarter over quarter. On a pro-forma basis (i.e. excluding the impact of the public cloud revenues from Q1-15 results), revenues

increased by 13% year over year. The year over year pro-forma revenue growth was due to the key bookings recorded by the Company during the second quarter of 2015 which began contributing revenues during the third and fourth quarters of 2015.

Bookings for the first quarter of 2016 totaled USD 180 thousand of Quarterly Recurring Revenues. This represents a 52% quarter over quarter increase and a 31% year over year increase. Our first quarter bookings included expanding our managed IT support for one of our key partners, the first Apptix Azure Private Cloud customers, and an Identity Management and Provisioning solution, for an enterprise customer, allowing them to better manage their user access.

Net income for the quarter totaled USD 126 thousand as compared to a net loss of USD 367 thousand in the fourth quarter of 2015 and net income of USD 205 thousand in the first quarter of 2015.

“We continue to make positive progress related to our new business strategy. Our resources are now fully aligned in support of the Managed Cloud IT Solutions model. We experienced modest quarter over quarter top line growth this period, but more importantly, experienced double digit year over year top line growth on the continuing business unit. This is the result of a lot of hard work in 2015. Our plan is for modest quarter over quarter results to be the building blocks for long term gains. We remain confident we are on the right track and look forward to achieving our goals,” said Johan Lindquist, Chairman of Apptix.

Financial Results - First Quarter 2016

The following commentary is based on the Company's financial statements for the periods presented excluding the one-time charges recorded during late 2015. For more information related to the one-time charges, please see the Company's Fourth Quarter 2015 Earnings Release and the Company's 2015 Annual Report.

Revenues totaled USD 6.5 million for the three months ended March 31, 2016, representing an increase of 2% from fourth quarter 2015 levels and a 13% increase from the first quarter of 2015 when you exclude the impact of the Company's public cloud customer base. The public cloud customer base represented approximately 35% of the Company's annualized 2015 revenues.

Operating expenses (including depreciation and amortization) totaled USD 3.8 million during the first quarter of 2016, down 16% quarter over quarter and down 42% year over year. The decreases for both comparative periods was primarily due to the effects of the streamlining and restructuring initiatives implemented by the Company as the result of the of sale of the Company's public cloud customer base.

EBIT for the first quarter 2016 was USD 277 thousand, compared to a negative USD 119 thousand in the fourth quarter of 2015 and a positive USD 495 thousand during the first quarter of 2015. The EBIT related variances are primarily due to the favorable impact of the Company's streamlining and restructuring initiatives as previously noted.

Net Income totaled USD 126 thousand for the first quarter of 2016 as compared to a net loss of USD 367 thousand in the fourth quarter of 2015 and net income of USD 205 thousand in the first quarter 2015. The changes to Net Income follow the EBIT variances noted above along with favorable fluctuations related to net financial expenses.

Cash used by operating activities, including the impact of changes in currency rates, totaled USD 1.5 million during the first quarter of 2016 compared to cash used of USD 2.6 million during the fourth quarter of 2015 and cash used of USD 108 thousand during the first quarter of 2015. The quarter over quarter operating cash flow variance is due to the changes in working capital accounts primarily related to amounts paid against the Company's 2015 restructuring provision. The payments against the 2015 restructuring provision are in-line with the Company's expected disbursements.

Equipment purchases, net of financings under equipment leases, during the first quarter of 2016 were USD 47 thousand compared to USD 65 thousand in the fourth quarter of 2015 and USD 75 thousand in the first quarter of 2015.

Net cash used to satisfy debt and capital lease obligations (including any proceeds from the Company's working capital facility) was USD 1.1 million in the first quarter of 2016, as compared to USD 877 thousand in the fourth quarter of 2015 and USD 804 thousand in the first quarter 2015. During the first quarter of 2016, the Company started making payments associated with its term loan in accordance with its payment schedule.

The Company closed the first quarter of 2016 with USD 5.2 million in cash and no amounts outstanding on its working capital facility.

Aptix ASA
Interim Consolidated Income Statement

(Amounts in USD 1,000)	Three Months Ended	
	March 31, 2016 IFRS	March 31, 2015 IFRS
Operating Revenues		
Recurring Revenues (subscription revenues)	6,221	9,187
Other Revenues (professional services)	288	444
Total Operating Revenues	6,509	9,631
Total Cost of Sales	2,451	2,561
Gross Profit	4,058	7,070
Operating Expenses		
Employee Compensation and Benefits	2,080	3,605
Other Operational and Administrative Costs	1,288	2,118
Depreciation and Amortization	413	852
Total Operating Expenses	3,781	6,575
Operating Income	277	495
Other Expense		
Interest, net	(235)	(290)
Foreign Exchange Income / (Loss), net	84	-
Total Other Expense	(151)	(290)
Income Before Income Taxes	126	205
Income Tax Expense	-	-
Net Income for the Period	126	205
Earnings Per Share:		
Basic	0.00	0.00
Diluted	0.00	0.00
Weighted Average Common Shares Outstanding	81,430	81,430

Aptix ASA
Interim Consolidated Statement of Comprehensive Income

(Amounts in USD 1,000)	Three Months Ended	
	March 31, 2016	March 31, 2015
	IFRS	IFRS
Income for the Period	126	205
Exchange Rate Differences on Translation of Foreign Operations	7	31
Items that may be Reclassified Subsequently to Income Statement	7	31
Items that will not be Reclassified to Income Statement	-	-
Total Other Comprehensive Income for the Period	7	31
Total Comprehensive Income (Loss) for the Period	133	236
Attributed to Equity Holders of Parent	133	236

Apptix ASA
Interim Consolidated Statement of Financial Position

	March - 31	December - 31	March - 31
(Amounts in USD 1,000)	2016	2015	2015
	IFRS	IFRS	IFRS
ASSETS			
Non-Current Assets			
Intangible Assets	10,072	10,130	16,140
Total Intangible Assets, net	10,072	10,130	16,140
Property, Plant and Equipment, net	3,820	4,038	8,625
Total Non-Current Assets	13,892	14,168	24,765
Current Assets			
Accounts Receivable	1,587	2,013	2,191
Other Current Assets	143	151	150
Prepaid Expenses	847	619	874
Cash and Cash Equivalents	5,177	7,800	1,621
Total Current Assets	7,754	10,583	4,836
TOTAL ASSETS	21,646	24,751	29,601
LIABILITIES AND SHAREHOLDERS EQUITY			
Equity Attributed to Equity Holders of the Parent			
Common Stock	4,666	4,666	4,666
Paid-in Premium Reserve	63,319	63,319	73,437
Other Paid-in Capital	6,201	6,198	6,182
Retained Earnings	(65,920)	(66,053)	(73,026)
Total Shareholders Equity	8,266	8,130	11,259
Long-Term Debt			
Other Long-Term Debt	4,630	5,852	7,167
Total Long-Term Debt	4,630	5,852	7,167
Current Liabilities			
Trade Accounts Payable	1,136	1,913	1,421
Interest Bearing Short-Term Debt	4,148	3,247	3,771
Other Current Liabilities	3,466	5,609	5,983
Total Current Liabilities	8,750	10,769	11,175
TOTAL LIABILITIES AND EQUITY	21,646	24,751	29,601

Apptix ASA
Interim Consolidated Cash Flow Statement

(Amounts in USD 1,000)	Three Months Ended March 31,	
	2016	2015
	IFRS	IFRS
Cash Flows from Operating Activities		
Earnings Before Interest and Taxes	277	495
Stock Based Compensation Expense	3	7
Depreciation and Amortization	413	852
Change in Accounts Receivable	426	(203)
Change in Trade Accounts Payable	(777)	(105)
Change in Other Assets and Liabilities	(1,682)	(895)
Cash Flows Provided by Operating Activities	(1,340)	151
Interest Paid	(235)	(290)
Net Cash Flows Provided by Operating Activities	(1,575)	(139)
Cash Flows from Investing Activities		
Purchases of Intangibles and Property and Equipment	(47)	(75)
Cash Flows Used in Investing Activities	(47)	(75)
Cash Flows from Financing Activities		
Payments on Capital Lease and Debt Obligations	(1,092)	(804)
Cash Flows Used in Financing Activities	(1,092)	(804)
Effect of Exchange Rates on Cash and Cash Equivalents	91	31
Net Change in Cash and Cash Equivalents	(2,623)	(987)
Cash and Cash Equivalents at Beginning of Period	7,800	2,608
Cash and Cash Equivalents at End of Period	5,177	1,621

Apptix ASA
Interim Consolidated Statement of Changes in Equity

Attributed to Equity Holders of the Parent

(Amounts in USD 1,000)	Share Capital	Share Premium Reserve	Other Paid in Capital	Foreign Currency Translation Reserves	Retained Earnings	Total Equity
Equity December 31, 2013	4,666	73,437	6,107	3,927	(66,632)	21,505
Net Income for the Period	-	-	-	-	(10,590)	(10,590)
Other Comprehensive Income	-	-	-	-	32	32
Total Comprehensive Income	-	-	-	-	(10,558)	(10,558)
Equity Element of Expensed Options	-	-	68	-	-	68
Equity December 31, 2014	4,666	73,437	6,175	3,927	(77,190)	11,015
Net Income for the Period	-	-	-	-	6,852	6,852
Other Comprehensive Income	-	-	-	-	358	358
Total Comprehensive Income	-	-	-	-	7,210	7,210
Distribution of Paid in Capital	-	(10,118)	-	-	-	(10,118)
Equity Element of Expensed Options	-	-	23	-	-	23
Equity December 31, 2015	4,666	63,319	6,198	3,927	(69,980)	8,130
Net Income for the Period	-	-	-	-	126	126
Other Comprehensive Income	-	-	-	-	7	7
Total Comprehensive Income	-	-	-	-	133	133
Distribution of Paid in Capital	-	-	-	-	-	-
Equity Element of Expensed Options	-	-	3	-	-	3
Equity March 31, 2016	4,666	63,319	6,201	3,927	(69,847)	8,266

About Apptix

Apptix (OSE: APP) is the premier provider of managed and hosted business communication, collaboration, compliance & security, and infrastructure solutions to mid-market and enterprise customers and blue chip channel partners. Apptix is a Cloud services pioneer with almost 400,000 users under contract around the world. Apptix's comprehensive portfolio of Cloud solutions includes Microsoft Office 365, Microsoft Exchange email, VoIP, Microsoft SharePoint, Microsoft Lync, Servers on Demand, Enterprise Backup, Disaster Recovery, File Synch & Share, and Virtual Desktops. Apptix services are delivered over a highly reliable network leveraging best-in-class technology, housed in SSAE 16-compliant datacenters, and backed by U.S.-based 24/7 support. For more information, visit www.apptix.com.

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Selected Explanatory Footnotes to Apptix ASA Interim Condensed Financial Statements

Working Capital

The Company is currently operating in a negative working capital position. As outlined in this report, the Company recorded net income of USD 126 thousand during the first quarter of 2016. Excluding the effects of exchange rate differences, the Company used cash of USD 1.5 million during the first quarter from operating activities primarily related to the planned disbursements associated with its 2015 streamlining and restructuring program. With the sale of the Company's public cloud customer base, streamlined business operations, existing cash balances and unused available borrowing pursuant to its working capital facility, the Company believes it has sufficient liquidity to meet its current and future obligations. For more information related to this subject, refer to the Company's 2015 Annual Report and Director's Report.