

## Apptix Reports Second Quarter and Half Year 2015 Results

**Herndon, VA and Oslo, Norway – August 12, 2015** – Apptix® (OSE: APP), the premier provider of managed and hosted solutions, today announced its unaudited financial results for the three and six months ended June 30, 2015.

### **Interim Management Report**

#### Overview of the second quarter results:

- Quarterly Recurring Revenue (“QRR”) bookings of USD 802 thousand up 485% quarter over quarter and 389% year over year
- Professional services bookings of USD 538 thousand up 14% quarter over quarter and 407% year over year
- Revenue of USD 9.9 million; up 2% quarter over quarter and flat year over year; the major components of Company’s previous user backlog is now on-boarded
- Professional services revenue of USD 473 thousand up slightly quarter over quarter; up 190% year over year.
- Net income of USD 340 thousand compared to net income of USD 205 thousand in Q1-15 and net income of USD 32 thousand in Q2-14
- FY14 restructuring initiatives (datacenter consolidation and FL office closure) are nearing completion and progressing as planned

#### Overview of the year to date results (as compared to prior year):

- Revenue of USD 19.5 million; compared to USD 19.9 million prior year
- Net income of USD 545 thousand compared to net income of USD 102 thousand in H1-14
- Launched four new services during the H1-15:
  - Disaster Recovery and Business Continuity
  - Enterprise File Data Storage
  - Virtual Servers and Virtual Desktops (Desktop as a Service)
  - Microsoft Office 365 for mid-market and enterprise organizations
- Restructured the Company’s bank credit facilities

### **Highlights**

The Company’s move to become a market leader of managed public, private and hybrid cloud-based services continued to develop during the second quarter of 2015. The strategy which focuses on managing the complex IT needs of mid-market and enterprise organizations was bolstered during the second quarter with a combination of strong QRR bookings of USD 802 thousand along with USD 538 thousand of professional service bookings. Key components of the QRR bookings included multi-year agreements for security services including email phishing and malicious file attachment; enterprise level Hosted Exchange; along with desktop-as-a-service, virtual servers and VoIP communication services. Approximately 75% of the second quarter 2015 bookings were activated by June 2015 with the balance expected to be generating revenue for the Company by the end of the third quarter of 2015.

Driven by a combination of both QRR and Professional Service revenues, the Company recorded USD 9.9 million in revenues during the second quarter of 2015, up 2% quarter over quarter and flat year over year. The QRR growth was the result of a combination of the Company onboarding the residual components of its 2014 user backlog and the impact of the second quarter 2015 bookings. The Company also recorded Net Income of USD 340 thousand during the second quarter as compared to USD 205 during the first quarter of 2015 and USD 32 thousand in the second quarter of 2014.

As previously noted, the Company expects 2015 to be a year of transition. The business is refocusing its efforts to take advantage of and expand on the existing managed service business that Aptix already provides today and from new opportunities in the market place. The expanded managed services approach will include a broad range of solutions centered on a proactive management approach of a customer's entire network infrastructure, technologies, and applications. These services will include the deployment and management of infrastructure and network monitoring tools, virtual workstations, servers, firewalls, mobile devices, enterprise backup, disaster recovery, email, VoIP, mobile device management and others. As a managed service provider integrating best of breed cloud solutions, Aptix will become the comprehensive technology partner for its customers.

In late 2014, the Company implemented a Restructuring Initiative that included the consolidation of its Florida office facility and datacenter operations, the reduction and consolidation of staff in all three Company locations, and the write-down of certain non-performing assets. As of June 30, 2015, all of the Company's restructuring related initiatives are nearing completion and progressing as planned. *For more information on the Restructuring Initiative, please see the Company's 2014 Annual Report.*

"The second quarter of 2015 was another step in the right direction. There are many positive take-a-ways especially on the bookings and revenues front. The mix of our bookings in the second quarter reflected a combination of services that we feel are very relevant in today's market. This led to growth in our recurring top-line revenue for the first time in many quarters. While our strategy continues to evolve we are confident in the new direction and the impact it will have on our future goals," said Johan Lindqvist, Chairman of Aptix.

## Financial Results – Second Quarter and Year to Date 2015

Revenues totaled USD 9.9 million for the three months ended June 30, 2015, representing a 2% increase from first quarter 2015 levels and flat with the second quarter of 2014. The quarter over quarter growth was primarily the result of on-boarding the Company's previous user backlog and the impact of the second quarter 2015 bookings that were converted to revenues during the current period. On a year over year basis, the strong professional service revenue trend continued and offset the normal customer churn to maintain flat year over year revenue levels. Revenues for the six months ended June 30, 2015 totaled USD 19.5 million down 2.0% from the same period in 2014. The decline in revenues year over year was primarily due to the lower levels of bookings experienced throughout 2014. Average Revenue per User ("ARPU") was USD 7.60 down 1% quarter over quarter and flat year over year.

Operating expenses (including depreciation and amortization) totaled USD 6.3 million during the second quarter of 2015, down 3.7% quarter over quarter and down 1.7% year over year. The quarter over quarter decrease was primarily due to a combination of lower employee related costs and lower depreciation and amortization. Total operating expenses for the six months ended June 30, 2015 were USD 12.9 million, down 1.1% from the same period in 2014.

EBIT for the second quarter 2015 was USD 616 thousand, compared to USD 495 thousand in the first quarter of 2015 and USD 398 thousand during the second quarter of 2014. EBIT for the six months ended June 30, 2015 was USD 1.1 million compared to USD 708 thousand during the same period in 2014. The quarter over quarter variance was due to previously noted lower staffing related expenses and depreciation and amortization. The favorable year over year variance is primarily due to lower depreciation and amortization.

Net Income totaled USD 340 thousand for the second quarter of 2015 as compared to USD 205 thousand in the first quarter of 2015 and USD 32 thousand in the second quarter 2014. For the six months ended June 30, 2015, the company recorded Net Income of USD 545 thousand as compared to USD 102 thousand during the same period in 2014. The changes to Net Income follow the EBIT variances noted above along with decreases related to interest expense.

Cash generated by operating activities, including the impact of changes in currency rates, totaled USD 1.0 million during the second quarter of 2015 compared to cash used of USD 108 thousand during the first quarter of 2015 and cash generated of USD 707 thousand during the second quarter of 2014. For the first half of 2015 cash generated by operating activities, including the impact of changes in currency rates, totaled USD 934 thousand, down from USD 1.0 million during the first half of 2014. The quarter over quarter operating cash flow variance is due to the changes in working capital accounts experienced during the first quarter of 2015 primarily related to amounts paid against the Company's fourth quarter 2014 restructuring provision. The 2015 payments against the Company's 2014 restructuring provision are in-line with the Company's expected disbursements.

Equipment purchases, net of financings under equipment leases, during the second quarter of 2015 were USD 173 thousand compared to USD 75 thousand in the first quarter of 2015 and USD 4 thousand in the second quarter of 2014. Equipment purchases, net of financings under equipment leases, during the first half of 2015 were USD 248 thousand compared to USD 63

thousand during the first half of 2014. The primary driver for the increased capital purchases was the Company's data center consolidation efforts.

Net cash used to satisfy debt and capital lease obligations was USD 932 thousand in the second quarter of 2015, as compared to USD 804 thousand in the first quarter of 2015 and USD 1.1 million in the second quarter 2014. Net cash used to satisfy debt and capital lease obligations totaled USD 1.7 million during the first six months of 2015 and 1.9 million during the same period in 2014.

The Company closed the second quarter of 2015 with USD 1.6 million in cash and no amounts outstanding on its working capital facility. On April 10, 2015, the Company entered into a new credit facility agreement with its financial institution to replace its expiring working capital facility which previously had an outstanding balance of USD 4.7 million. The new facility provides for a USD 2 million revolving line of credit and a USD 4.7 million term note payable.

**Aptix ASA**  
**Interim Consolidated Income Statement**

(Amounts in USD 1,000)	Three Months Ended	
	June 30, 2015 IFRS	June 30, 2014 IFRS
<b>Operating Revenues</b>		
Recurring Revenues	9,386	9,689
Other Revenues	473	163
<b>Total Operating Revenues</b>	9,859	9,852
<b>Total Cost of Sales</b>	2,911	3,012
<b>Gross Profit</b>	6,948	6,840
<b>Operating Expenses</b>		
Employee Compensation and Benefits	3,426	3,383
Other Operational and Administrative Costs	2,175	1,980
Depreciation and Amortization	731	1,079
<b>Total Operating Expenses</b>	6,332	6,442
<b>Operating Income</b>	616	398
<b>Other Expense</b>		
Interest, net	(276)	(366)
<b>Total Other Expense</b>	(276)	(366)
<b>Income Before Income Taxes</b>	340	32
Income Tax Expense	-	-
<b>Net Income for the Period</b>	340	32
<b>Earnings Per Share:</b>		
Basic	0.00	0.00
Diluted	0.00	0.00
<b>Weighted Average Common Shares Outstanding</b>	81,430	82,203

**Apptix ASA**  
**Interim Consolidated Income Statement**

(Amounts in USD 1,000)	Six Months Ended	
	June 30, 2015 IFRS	June 30, 2014 IFRS
<b>Operating Revenues</b>		
Recurring Revenues	18,573	19,514
Other Revenues	917	373
<b>Total Operating Revenues</b>	19,490	19,887
<b>Total Cost of Sales</b>	5,472	6,126
<b>Gross Profit</b>	14,018	13,761
<b>Operating Expenses</b>		
Employee Compensation and Benefits	7,031	6,809
Other Operational and Administrative Costs	4,293	4,065
Depreciation and Amortization	1,583	2,179
<b>Total Operating Expenses</b>	12,907	13,053
<b>Operating Income</b>	1,111	708
<b>Other Expense</b>		
Interest, net	(566)	(606)
<b>Total Other Expense</b>	(566)	(606)
<b>Income Before Income Taxes</b>	545	102
Income Tax Expense	-	-
<b>Net Income for the Period</b>	545	102
<b>Earnings Per Share:</b>		
Basic	0.01	0.00
Diluted	0.01	0.00
<b>Weighted Average Common Shares Outstanding</b>	81,430	82,166

**Apptix ASA**  
**Interim Consolidated Statement of Comprehensive Income**

(Amounts in USD 1,000)	Three Months Ended	
	June 30, 2015 IFRS	June 30, 2014 IFRS
<b>Income for the Period</b>	<b>340</b>	<b>32</b>
Exchange Rate Differences on Translation of Foreign Operations	(2)	-
<b>Items that may be Reclassified Subsequently to Income Statement</b>	(2)	-
<b>Items that will not be Reclassified to Income Statement</b>	-	-
<b>Total Other Comprehensive Income for the Period</b>	(2)	-
<b>Total Comprehensive Income (Loss) for the Period</b>	<b>338</b>	<b>32</b>
<b>Attributed to Equity Holders of Parent</b>	<b>338</b>	<b>32</b>
(Amounts in USD 1,000)	Six Months Ended	
	June 30, 2015 IFRS	June 30, 2014 IFRS
<b>Income for the Period</b>	<b>545</b>	<b>102</b>
Exchange Rate Differences on Translation of Foreign Operations	29	(8)
<b>Items that may be Reclassified Subsequently to Income Statement</b>	29	(8)
<b>Items that will not be Reclassified to Income Statement</b>	-	-
<b>Total Other Comprehensive Income / (Loss) for the Period</b>	29	(8)
<b>Total Comprehensive Income for the Period</b>	<b>574</b>	<b>94</b>
<b>Attributed to Equity Holders of Parent</b>	<b>574</b>	<b>94</b>

**Apptix ASA**  
**Interim Consolidated Statement of Financial Position**

	<b>June - 30</b>	<b>December - 31</b>	<b>June - 30</b>
<b>(Amounts in USD 1,000)</b>	<b>2015</b>	<b>2014</b>	<b>2014</b>
	<b>IFRS</b>	<b>IFRS</b>	<b>IFRS</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Intangible Assets	16,261	16,215	22,150
<b>Total Intangible Assets, net</b>	<b>16,261</b>	<b>16,215</b>	<b>22,150</b>
<b>Property, Plant and Equipment, net</b>	<b>8,393</b>	<b>9,327</b>	<b>10,831</b>
<b>Total Non-Current Assets</b>	<b>24,654</b>	<b>25,542</b>	<b>32,981</b>
<b>Current Assets</b>			
Accounts Receivable	2,468	1,988	2,032
Other Current Assets	223	156	165
Prepaid Expenses	1,082	400	1,731
Cash and Cash Equivalents	1,558	2,608	2,173
<b>Total Current Assets</b>	<b>5,331</b>	<b>5,152</b>	<b>6,101</b>
<b>TOTAL ASSETS</b>	<b>29,985</b>	<b>30,694</b>	<b>39,082</b>
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>			
<b>Equity Attributed to Equity Holders of the Parent</b>			
Common Stock	4,666	4,666	4,666
Paid-in Premium Reserve	73,437	73,437	73,437
Other Paid-in Capital	6,188	6,175	6,148
Retained Earnings	(72,688)	(73,262)	(62,610)
<b>Total Shareholders Equity</b>	<b>11,603</b>	<b>11,016</b>	<b>21,641</b>
<b>Long-Term Debt</b>			
Other Long-Term Debt	6,718	3,072	4,705
<b>Total Long-Term Debt</b>	<b>6,718</b>	<b>3,072</b>	<b>4,705</b>
<b>Current Liabilities</b>			
Trade Accounts Payable	1,792	1,526	1,432
Interest Bearing Short-Term Debt	3,735	8,670	8,011
Other Current Liabilities	6,137	6,410	3,293
<b>Total Current Liabilities</b>	<b>11,664</b>	<b>16,606</b>	<b>12,736</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>29,985</b>	<b>30,694</b>	<b>39,082</b>

**Apptix ASA**  
**Interim Consolidated Cash Flow Statement**

<b>(Amounts in USD 1,000)</b>	<b>Six Months Ended June 30,</b>	
	<b>2015</b>	<b>2014</b>
	<b>IFRS</b>	<b>IFRS</b>
<b>Cash Flows from Operating Activities</b>		
Earnings Before Interest and Taxes	1,111	708
Stock Based Compensation Expense	13	41
Depreciation and Amortization	1,583	2,179
Change in Accounts Receivable	(480)	(233)
Change in Trade Accounts Payable	266	287
Change in Other Assets and Liabilities	(1,022)	(1,322)
<b>Cash Flows Provided by Operating Activities</b>	<b>1,471</b>	<b>1,660</b>
Interest Paid	(566)	(606)
Income Tax Paid	-	(10)
<b>Net Cash Flows Provided by Operating Activities</b>	<b>905</b>	<b>1,044</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of Intangibles and Property and Equipment	(248)	(63)
<b>Cash Flows Used in Investing Activities</b>	<b>(248)</b>	<b>(63)</b>
<b>Cash Flows from Financing Activities</b>		
Payments on Capital Lease and Debt Obligations	(1,736)	(1,923)
<b>Cash Flows Used in Financing Activities</b>	<b>(1,736)</b>	<b>(1,923)</b>
<b>Effect of Exchange Rates on Cash and Cash Equivalents</b>	29	(9)
Net Change in Cash and Cash Equivalents	(1,050)	(951)
Cash and Cash Equivalents at Beginning of Period	2,608	3,124
<b>Cash and Cash Equivalents at End of Period</b>	<b>1,558</b>	<b>2,173</b>

**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
<b>Equity December 31, 2013</b>	<b>4,666</b>	<b>73,437</b>	<b>6,107</b>	<b>3,927</b>	<b>(66,631)</b>	<b>21,506</b>
Net Income for the Period	-	-	-	-	(10,590)	(10,590)
Other Comprehensive Income	-	-	-	-	32	32
<b>Total Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10,558)</b>	<b>(10,558)</b>
Equity Element of Expensed Options	-	-	68	-	-	68
<b>Equity December 31, 2014</b>	<b>4,666</b>	<b>73,437</b>	<b>6,175</b>	<b>3,927</b>	<b>(77,189)</b>	<b>11,016</b>
Net Income for the Period	-	-	-	-	205	205
Other Comprehensive Income	-	-	-	-	31	31
<b>Total Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>236</b>	<b>236</b>
Equity Element of Expensed Options	-	-	7	-	-	7
<b>Equity March 31, 2015</b>	<b>4,666</b>	<b>73,437</b>	<b>6,182</b>	<b>3,927</b>	<b>(76,953)</b>	<b>11,259</b>
Net Income for the Period	-	-	-	-	340	340
Other Comprehensive Income	-	-	-	-	(2)	(2)
<b>Total Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>338</b>	<b>338</b>
Equity Element of Expensed Options	-	-	6	-	-	6
<b>Equity June 30, 2015</b>	<b>4,666</b>	<b>73,437</b>	<b>6,188</b>	<b>3,927</b>	<b>(76,615)</b>	<b>11,603</b>

## 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 500,000 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](http://www.apptix.com).

### For further information:

**Johan Lindqvist (Chairman)**  
 johan.lindqvist@windchange.se  
 +46 733 55 09 35

**Christopher E. Mack (CEO, Apptix ASA; President & COO, Apptix, Inc.)**  
 chris.mack@apptix.com  
 +1 703 890 2800

## **Selected Explanatory Footnotes to Aptix ASA Interim Condensed Financial Statements**

### **Working Capital Facility**

On April 10, 2015, the Company entered into a definitive agreement with its financial institution to replace its expiring working capital facility. The new facilities provide for a USD 2 million revolving line of credit and a USD 4.7 million term note payable. Amounts available pursuant to the revolving line of credit will be based on 80% of eligible accounts receivable subject to certain limitations such as foreign accounts receivable, accounts receivable older than 90 days and individual customer account balances in excess of 25% of total accounts receivable. The revolving line of credit will carry a floating interest rate of prime plus 1.75% with a minimum prime rate of 3.25%.

The USD 4.7 million term note payable matures on March 31, 2020 and carries a floating interest rate of prime plus 2.25% with a minimum prime rate of 3.25%. Through December 2015, there are no scheduled principal repayments with interest only payments applying during this period of time. The principal repayment schedule of the term note payable is as follows:

<b>Period</b>	<b>Amount</b>	<b>Number of Payments</b>	<b>Total Principal Payments - USD</b>
April 2015 through December 2015	-	-	-
January 2016 through September 2016	39,167	9	352,503
October 2016 through September 2017	58,750	12	705,000
October 2017 through September 2018	58,750	12	705,000
October 2018 through September 2019	78,333	12	939,996
October 2019 through March 2020	78,333	6	470,000
Payment at Maturity - March 2020	1,527,501	1	1,527,501
<b>Total</b>			<b>4,700,000</b>

Both the revolving line of credit and term note facility will be subject to a Minimum Fixed Charge Covenant Ratio and a Maximum Debt Leverage Ratio Covenant.

### **Risk and Uncertainty**

As described in the Company's Annual Report for 2014 (Note 25), the Company's financial risk exposure includes foreign currency risk, credit risk, interest rate risk, and liquidity risk.

In addition to the above described financial risks, the Company is subject to a variety of operating and market risks including but not limited to:

- The Company's managed service business model is dependent upon the expansion of products and services beyond the Company's legacy Hosted Exchange service offering.
- The Company's ability to attract and retain key personnel with expertise within managed services to help accelerate growth.
- Expansion into the managed services market and acceptance of the Company's new business strategy by new and existing customers may take longer than planned.

- The Company's ability to expand sales, marketing, and product related initiatives may require additional capital to fund expenditure levels consistent with market leaders.
- Key market leaders such as Microsoft, Google, Amazon, etc. continue to innovate and apply significant competitive pressures in the hosted services market we compete in today and in the future.
- The Company's backlog, may not convert into billable revenues as planned because end-user onboarding may experience delays among other things.
- Network infrastructure including such services provided by third parties could fail which would damage our ability to provide guaranteed levels of service and result in increased customer churn.
- Continued pricing pressure and other competitive developments in the market could impact the Company's ability to grow.
- The Company's success depends on the increased acceptance and use of Software as a Service (SaaS) or hosted service business model by commercial users in the geographical markets where Aptix delivers services to its customers.
- Within the managed service market, local competition with ability to deploy local resources may make it difficult to compete
- Ability to access capital to invest in infrastructure to support cloud based services
- The Company's business model requires investment in technology, intellectual property, and other assets that are potentially subject to technological change, impairment and/or obsolescence.
- The Company's ability to grow could be limited as a result of the deterioration in the overall U.S. economy and accordingly could impact the net realizable value of the assets of the Company.
- The U.S. and world economic conditions may adversely impact the Company's customer base, leading to additional customer losses or slower growth.

The Company continues to implement various initiatives designed to enhance operating control and efficiency, including the simplification of the Company's overall technical and operating architecture. The Company has consolidated its multiple operating platforms and data center facilities into two primary data center facilities and platforms. The Company believes the operational efforts taken over the past few years, including its platform consolidation efforts, reduces the Company's exposure of a serious platform outage.

### **Related Parties**

Note 23 in the Company's Annual Report for 2014 provides details of transactions with related parties. As described in Note 23, the Company enters into certain transactions with related parties as part of its ordinary course of business. The transactions include a consulting agreement with its Chairman which is approved annually by the Company's shareholders, a services contract with a former Board member and current shareholder to provide legal services at prevailing market rates and an agreement to provide remuneration fees to three shareholders (who each serve two year terms as elected by shareholders) to be members of the Company's nominating committee. Excluding the aforementioned transactions and the compensation of key management and Board of Directors, there were no other related party transactions during the first half of 2015.

## Responsibility Statement

We confirm to the best of our knowledge that the condensed set of interim consolidated financial statements as of June 30, 2015 and for the six month period January 1, 2015 to June 30, 2015 has been prepared in accordance with IAS 34 *'Interim Financial Reporting'* and gives a true and fair view of the Company's assets, liabilities, financial position and the result for the period viewed in their entirety, and that the interim management report in accordance with the Norwegian Securities Trading Act section 5-6 fourth paragraph includes a fair review of any of the significant events that arose during the six-month period and their effect on the half-yearly financial report, and any significant related parties transactions, and a description of the principal risks and uncertainties for the remaining six months of the year.

### The Board of Directors and Chief Executive Officer Apptix ASA

/s/Johan Lindqvist  
Chairman of the Board

/s/ Christopher E. Mack  
President and CEO

/s/Terje Rogne  
Board Member

/s/Ebba Asly Fahraeus  
Board Member