

## Apptix Reports Fourth Quarter and Year to Date 2015 Results

**Herndon, VA and Oslo, Norway – February 10, 2016** – Apptix® (OSE: APP), a leading provider of managed and hosted solutions, today announced its unaudited financial results for the three and twelve months ended December 31, 2015.

### **Interim Management Report**

#### *Sale of Public Cloud Customers:*

- During the quarter, the Company substantially concluded its migration efforts related to the sale of its public cloud customer base to GoDaddy
- Customers were migrated to Microsoft’s Office 365 service offering
- Final steps related to the initiative are being completed during January and February 2016
- No additional milestone consideration was earned by the Company. Gross proceeds totaled USD 22.5 million (before fees and expenses)

#### *Results of Continuing Operations:*

- Continuing revenues totaled USD 6.4 million during Q4-15; up 2% quarter over quarter and 12% year over year
  - Professional services revenue of USD 332 thousand as compared to USD 238 thousand in third quarter 2015 and USD 271 thousand in fourth quarter 2014
- Year to date continuing revenues totaled USD 24.5 million; up 10% over prior year
  - Professional services revenue of USD 1.5 million as compared to USD 831 thousand during 2014
- Quarterly Recurring Revenue (“QRR”) bookings of USD 118 thousand
- Professional services bookings of USD 323 thousand
- Pipeline and sales efforts continuing to develop
  - Signed multi-year, managed cloud IT service contract; total contract value of approximately USD 450 thousand
- Losses incurred during Q3-15 and Q4-15 are largely due to restructuring efforts related to sale of public cloud customer base. The Company anticipates positive net results in future quarters
  - Continuing net loss of USD 368 thousand compared to a net loss of USD 703 thousand in third quarter 2015 and net income of USD 272 thousand in fourth quarter 2014

#### *Consolidated Financial Results:*

- Total revenues of USD 6.4 million; down 25% quarter over quarter and down 34% year over year
- Year to date revenues of USD 34.4 million; compared to USD 39.3 million prior year
- The sale of the Company’s public cloud customers in September 2015 was the primary driver for lower revenues for all comparative periods
- Q4-15 net loss totaled USD 368 thousand compared to net income of USD 6.7 million in Q3-15 and net loss of USD 10.8 million in Q4-14

- Year to date net income totaled USD 6.9 million compared to a net loss of USD 10.6 million in 2014
- Included in the Company's comparative Year to Date 2015 and 2014 results are the following one-time items:

#### Calendar year 2015

- Sale of public cloud customer base which resulted in a gain of USD 19.9 million
- Company incurred one-time charges of USD 12.5 million related to:
  - Goodwill impairment – USD 6 million
  - Obsolete assets – USD 4 million
  - Restructuring charge – USD 2.5 million

#### Calendar year 2014

- Company incurred one-time charges of USD 11.1 million related to:
  - Goodwill impairment – USD 5.7 million
  - Restructuring and streamlining charge – USD 5.4 million

#### Other Key Updates for 2015:

- Distributed a NOK 1 per share payment to all shareholders as approved at the November 2015 extra ordinary general meeting
- Launched new services during 2015:
  - Partnered with Microsoft Cloud OS Network (COSN) to deploy Azure Private Cloud
  - Kaseya IT Management Framework
  - 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

### **Highlights**

#### Sale of Public Cloud Customers

As reported, on September 8, 2015, Apptix (the “Company”) signed and closed an Asset Purchase Agreement with GoDaddy, LLC for the sale of a majority of its direct public cloud customers. The Company was paid USD 22.5 million in cash at closing including approximately USD 1.4 million of customer subscription refunds to be paid during the remainder of 2015, resulting in net cash proceeds of approximately USD 21.1 million (before any transaction related expenses).

During the fourth quarter of 2015, the Company substantially completed its requirements pursuant to the Asset Purchase Agreement (“APA”) and the corresponding Transition Services Agreement (“TSA”). In order for the Company to benefit from any additional milestone consideration, a minimum threshold of users needed to migrate their service to GoDaddy. The Company did not achieve this minimum threshold and therefore, no additional consideration was earned. In total, the Company earned approximately USD 21.1 million (before any transaction related expenses).

As required by the APA and TSA, the Company will continue to assist GoDaddy through February 2016.

The sale of the public cloud customers has allowed the Company to focus its efforts and expand upon the existing managed service business that the Company already provides today and from new opportunities that exist in the market place. The capital from this transaction provides the Company with the resources necessary to support both its organic and inorganic growth initiatives for 2016 including sales, marketing and product expansion. The expanded managed services approach centers on 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, the Company aims to become a comprehensive technology partner for its customers.

During the fourth quarter, the shareholders of the Company approved a 1 NOK per share payment to each shareholder of record at its November 2015 extra ordinary general meeting. The Company used approximately USD 10 million from the public cloud customer proceeds to fund this shareholder distribution.

#### Results of Continuing Operations

During the last four months of 2015, the Company focused the majority of its efforts supporting the GoDaddy transaction. This included the Company's sales and account management related resources contacting and coordinating the public cloud customer migrations to Office 365 via GoDaddy. As a result, QRR bookings during H2-15 were impacted. Fourth quarter bookings totaled USD 118 thousand of QRR as compared to USD 147 thousand in the third quarter 2015.

With the GoDaddy transaction, the Company has now segmented its revenues into (a) continuing operations and (b) non-continuing operations. The Company's continuing operations include revenues from private cloud customers, enterprise level Hosted Exchange customers, channel partners, managed cloud services and professional services. Revenues from non-continuing operations include all revenues related to the Company's public cloud Hosted Exchange customer base which were identified and sold to GoDaddy. For more information regarding the Company's revenue segmentation, please see the accompanying financial statements.

Continuing revenues totaled USD 6.4 million during the fourth quarter of 2015 representing a 2% quarter over quarter increase and a 12% year over year increase. The strong H1-15 bookings that were converted into H2-15 revenues were the main drivers for both increases. On a year to date basis, continuing revenues totaled USD 24.5 million, an increase of 10% over 2014 levels. Strong professional services bookings throughout 2015 also contributed to the year to date revenue gains.

### Consolidated Financial Results

The consolidated financial results for the three months and twelve months ended December 31, 2015 include both continuing and non-continuing revenues generated by the Company. The non-continuing revenues are primarily the services provided by Apptix to the public cloud customer base sold to GoDaddy on September 8, 2015. As such, the Company's year to date consolidated revenues only include revenues generated by these customers through September 8, 2015.

During the quarter, the Company recorded USD 6.4 million in total revenues as compared to USD 8.5 million during the third quarter of 2015 and USD 9.7 million during the fourth quarter of 2014. Year to date revenues totaled USD 34.4 million as compared to USD 39.3 million during the same period in 2014. The decreases for all comparable periods were due to the exclusion of the revenues related to the customers sold to GoDaddy in September 2015.

In September 2015, the Company announced the realignment of its existing operating business model. The Company reduced its workforce by approximately 45% during the fourth quarter of 2015. This resulted in a one-time charge of approximately USD 1.5 million related to severance, outplacement and other employment related costs.

The Company also recorded a one-time, non-cash Goodwill charge of USD 6 million as the Goodwill reserves were primarily related to public cloud customer base and the cash generated by such customer base. Additionally, with the customers migrating off the Company's public cloud environment, the underlying computer related equipment is being decommissioned. The Company also took a USD 4 million asset impairment charge during the third quarter of 2015.

The Company has also been discontinuing a number of its current operating expenditures and agreements during the fourth quarter as the business continues to target EBITDA levels in the 15-20% range of total revenues. As such, the Company incurred a USD 1 million to charge to fund the termination of these agreements in advance of their contractual end dates.

The net loss for the fourth quarter 2015 totaled USD 368 thousand as compared to net income of USD 6.7 million in the third quarter of 2015 and a net loss of USD 10.8 million in the fourth quarter 2015. For the year ended December 31, 2015, net income totaled USD 6.9 million as compared to net loss of USD 10.6 million for the same period in 2014. Impacting the Company's 2015 results is the third quarter 2015 gain on the sale of the public cloud customer base of USD 19.9 million along with the aforementioned one-time charges totaling USD 12.5 million.

“This has been a year of significant change for Apptix. The Company has made a strategic shift to become a Managed IT Cloud Solutions Provider and is executing on this strategy. In 2015, we leveraged our key assets to deliver services beyond just Hosted Exchange, expanded our cloud based service offering and divested the majority of our public cloud business. The latter of which, provided capital for the business and a distribution to the shareholders. We believe we are better positioned to experience growth in 2016 with the successes from 2015” said Johan Lindqvist, Chairman of Apptix.

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

During the second half of 2015, the Company incurred approximately USD 12.5 million of one-time, non-recurring charges along with a gain of USD 19.9 million on the sale of its public cloud customer base. The table below shows the impact of the one-time items in relation to the current operating results:

(Amounts in USD 1 000)	Three Months Ended			Twelve Months Ended			
	Q4 2015	Q3 2015	Q4 2014	December 31, 2015		December 31, 2014	
	As Reported	Excluding one time adjustments	Excluding one time adjustments	Including one time adjustments	One time adjustments	Excluding one time adjustments	Excluding one time adjustments
<b>OPERATING REVENUE</b>							
Continuing Revenues							
Subscription revenues	6,058	6,061	5,438	22,973	-	22,973	21,485
Professional services	332	238	270	1,486	-	1,486	831
<b>Total Continuing Revenues</b>	<b>6,390</b>	<b>6,299</b>	<b>5,708</b>	<b>24,459</b>	<b>-</b>	<b>24,459</b>	<b>22,316</b>
Non Continuing Revenues							
Subscription revenues	0	2,238	4,016	9,955	-	9,955	17,001
Professional services	0	0	1	1	-	1	9
<b>Total Non Continuing Revenues</b>	<b>0</b>	<b>2,238</b>	<b>4,017</b>	<b>9,956</b>	<b>-</b>	<b>9,956</b>	<b>17,010</b>
<b>Operating Revenue</b>	<b>6,390</b>	<b>8,537</b>	<b>9,726</b>	<b>34,416</b>	<b>-</b>	<b>34,416</b>	<b>39,326</b>
<b>Cost of Sales</b>	<b>2,015</b>	<b>2,812</b>	<b>2,862</b>	<b>10,299</b>	<b>-</b>	<b>10,299</b>	<b>11,945</b>
<b>Gross Margin</b>	<b>4,375</b>	<b>5,725</b>	<b>6,864</b>	<b>24,117</b>	<b>-</b>	<b>24,117</b>	<b>27,381</b>
Operating Expenses and Administrative	4,130	5,431	5,386	20,885	-	20,885	21,506
Restructuring Charge	-	-	-	2,500	2,500	-	-
Goodwill Impairment	-	-	-	6,000	6,000	-	-
Asset Impairment	-	-	-	4,000	4,000	-	-
Depreciation and Amortization	364	740	887	2,687	-	2,687	4,072
<b>Total Operating Expenses</b>	<b>4,494</b>	<b>6,171</b>	<b>6,273</b>	<b>36,072</b>	<b>12,500</b>	<b>23,572</b>	<b>25,578</b>
<b>Operating Income</b>	<b>(119)</b>	<b>(446)</b>	<b>591</b>	<b>(11,955)</b>	<b>(12,500)</b>	<b>545</b>	<b>1,803</b>
<b>FINANCIAL INCOME AND EXPENSES</b>							
Interest Expense & Other	(249)	(257)	(319)	(1,071)	-	(1,071)	(1,272)
Other Income & Expense	-	-	-	19,878	19,878	-	(2)
<b>Net Financial Expenses</b>	<b>(249)</b>	<b>(257)</b>	<b>(319)</b>	<b>18,807</b>	<b>19,878</b>	<b>(1,071)</b>	<b>(1,274)</b>
<b>Income Before Taxes</b>	<b>(368)</b>	<b>(703)</b>	<b>272</b>	<b>6,852</b>	<b>7,378</b>	<b>(526)</b>	<b>529</b>
Income Tax Expense	-	-	-	-	-	-	-
<b>Net Income for the Period</b>	<b>(368)</b>	<b>(703)</b>	<b>272</b>	<b>6,852</b>	<b>7,378</b>	<b>(526)</b>	<b>529</b>
<b>Adjusted EBITDA for the Period</b>	<b>245</b>	<b>294</b>	<b>1,478</b>	<b>3,232</b>	<b>-</b>	<b>3,232</b>	<b>5,875</b>

*Adjusted EBITDA excludes restructuring, goodwill impairment and asset impairment charges*  
*There were no one-time adjustments during Q4-15*  
*For additional information related to the FY14, Q4 2014 and Q3 2015 one-time charges, please refer to the Company's previously filed quarterly releases*

**The following commentary is based on the Company's financial statements "excluding" the one-time items reflected above. For more information related to the one-time items, please see the attached Explanatory Footnotes.**

## Comparative Financial Results

### Revenue Analysis

The following table summarizes the Company's Continuing versus Non Continuing revenue streams. The sale of the majority of the Company's public cloud Hosted Exchange customer

base to GoDaddy in September 2015, impacted both the current period and year to date revenues by approximately USD 4.8 million.

(Amounts in USD 1,000)	Period Ended December 31, 2015		Period Ended December 31, 2014		Variance		
	Three Months	Twelve Months	Three Months	Twelve Months	Q/Q	Y/Y	YTD
Subscription services	6,058	22,973	5,438	21,485	0%	11%	7%
Professional services	332	1,486	270	831	40%	23%	79%
<b>Total Continuing</b>	<b>6,390</b>	<b>24,459</b>	<b>5,708</b>	<b>22,316</b>	<b>2%</b>	<b>12%</b>	<b>10%</b>
Subscription services	0	9,955	4,016	17,001	-101%	-100%	-41%
Professional services	0	1	1	9	-80%	-93%	-86%
<b>Total Non Continuing</b>	<b>0</b>	<b>9,956</b>	<b>4,017</b>	<b>17,010</b>	<b>-101%</b>	<b>-100%</b>	<b>-41%</b>
Subscription services	6,058	32,928	9,454	38,486	-27%	-36%	-14%
Professional services	332	1,487	271	840	40%	22%	77%
<b>Total Revenues</b>	<b>6,390</b>	<b>34,416</b>	<b>9,726</b>	<b>39,326</b>	<b>-25%</b>	<b>-34%</b>	<b>-12%</b>

Revenues totaled USD 6.4 million for the three months ended December 31, 2015, representing a 25% decrease from third quarter 2015 levels and a 34% decrease from the fourth quarter of 2014. Revenues for the twelve months ended December 31, 2015 totaled USD 34.4 million down 12% from the same period in 2014. The declines for all periods presented are the direct result of the sale of the Company's public cloud customer base in September 2015.

Continuing Revenues include license and subscription revenues associated with the Company's private cloud customers, larger Hosted Exchange customers, resellers & partners along with VoIP, SharePoint, managed cloud services and professional services. For the fourth quarter 2015, Continuing Revenues grew 2% (quarter over quarter) and 12% (year over year). On a year to date basis, Continuing Revenues improved by 10% as compared to the same period in 2014. The stronger H1-15 bookings which 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 all contributed to the improved top line results along with the growth in professional services.

Non Continuing Revenues include the license and subscription revenues related to the certain public cloud customers that were sold to GoDaddy in September 2015. As a direct result of the asset sale, revenues for all comparable periods show a decline

### **Operating Analysis**

Operating expenses (including depreciation and amortization) totaled USD 4.5 million during the fourth quarter of 2015, down 27% quarter over quarter and down 28% year over year. The decreases for the comparable periods were primarily due to the streamlining of the business operations in light of the sale of the public cloud customer base. Total operating expenses for the

twelve months ended December 31, 2015 were USD 23.6 million, down 7.8% from the same period in 2014.

Loss before interest and taxes for the fourth quarter 2015 was USD 119 thousand, compared to a loss of USD 446 thousand in the third quarter of 2015 and positive EBIT of USD 591 thousand during the fourth quarter of 2014. EBIT for the twelve months ended December 31, 2015 was USD 545 thousand compared to USD 1.8 million during the same period in 2014. The quarter over quarter, year over year and year to date 2015 variances are primarily due to the revenue impact of the sale of the Company's public cloud customer base which lowered revenues by approximately USD 3.4 million for the current period and USD 4.8 million for the full year.

Net loss totaled USD 368 thousand for the fourth quarter of 2015 as compared to a net loss of USD 703 thousand in the third quarter of 2015 and net income of USD 272 thousand in the fourth quarter 2014. For the twelve months ended December 31, 2015, the Company recorded a net loss of USD 526 thousand as compared to net income of USD 529 thousand during the same period in 2014. The changes to net income follow the EBIT variances noted above.

### **Cash Flow Analysis**

Cash used by operating activities, including the impact of changes in currency rates, totaled USD 2.6 million during the fourth quarter of 2015 compared to cash used of USD 1.6 million during the third quarter of 2015 and cash generated of USD 1.2 million during the fourth quarter of 2014. For the twelve months ended December 31, 2015 cash used by operating activities, including the impact of changes in currency rates, totaled USD 3.2 million, down from USD 3.3 million of cash generated by the Company during the same period of 2014. During the fourth quarter, the Company made payments of USD 1.4 million related to the GoDaddy transaction and another USD 1.1 million associated with the Company's 2014 and 2015 streamlining and restructuring initiatives. For the calendar year 2015, the GoDaddy transaction related payments totaled USD 1.4 million while the full year streamlining and restructuring related payments total USD 2.5 million.

Equipment purchases, net of financings under equipment leases, during the fourth quarter of 2015 were USD 65 thousand compared to USD 90 thousand in the third quarter of 2015 and USD 101 thousand in the fourth quarter of 2014. Equipment purchases, net of financings under equipment leases, during the twelve months ended December 31, 2015 were USD 403 thousand compared to USD 234 thousand during the same period 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 877 thousand in the fourth quarter of 2015, as compared to USD 941 thousand in the third quarter of 2015 and USD 819 thousand in the fourth quarter 2014. Net cash used to satisfy debt and capital lease obligations totaled USD 3.6 million during the twelve months ended December 31, 2015 consistent with the same period in 2014.

The Company received USD 22.5 million in cash proceeds from the sale of the majority of the Company's public cloud customer base. The Company incurred 2.6 million in fees and expenses

directly related to the transaction. For additional information related to the calculation of the gain on sale, please see the accompanying footnotes.

The Company distributed a 1 NOK per share payment (or NOK 81.4 million) to all shareholders of record pursuant to the resolution approved by the shareholders at the November 2015 extraordinary meeting. The USD equivalent was 10.1 million.

The Company closed the fourth quarter of 2015 with USD 7.8 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.

### **Financial Statements – Basis for Preparation**

The enclosed consolidated condensed financial statements have been prepared in accordance with IAS 34 - Interim Financial Reporting Standards (IFRS).

### **Significant Accounting Policies**

The accounting policies and methods of computation used in the preparation of the enclosed financial statements are consistent with the policies used in the annual financial statements for the year ended December 31, 2014. The enclosed consolidated condensed financial statements should be read in conjunction with the Company's 2014 annual financial statements, which include a full description of the Company's accounting policies. The enclosed consolidated condensed financial statements are unaudited. As a result of rounding differences, numbers or percentages may not add up to the total.

The financial statements are attached.

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

(Amounts in USD 1,000)	Three Months Ended	
	December 31, 2015 IFRS	December 31, 2014 IFRS
<b>Operating Revenues</b>		
Recurring Revenues (subscription revenues)	6,058	9,454
Other Revenues (professional services)	332	272
<b>Total Operating Revenues</b>	6,390	9,726
<b>Total Cost of Sales</b>	2,015	4,267
<b>Gross Profit</b>	4,375	5,459
<b>Operating Expenses</b>		
Employee Compensation and Benefits	2,308	3,596
Other Operational and Administrative Costs	1,822	3,575
Restructuring Charge	-	1,955
Asset Impairment Charge	-	5,681
Depreciation and Amortization	364	1,180
<b>Total Operating Expenses</b>	4,494	15,987
<b>Operating Income</b>	(119)	(10,528)
<b>Other Expense</b>		
Interest, net	(248)	(319)
<b>Total Other Expense</b>	(248)	(319)
<b>Income Before Income Taxes</b>	(367)	(10,847)
Income Tax Expense	-	-
<b>Net Income for the Period</b>	(367)	(10,847)
<b>Earnings Per Share:</b>		
Basic	(0.00)	(0.13)
Diluted	(0.00)	(0.13)
<b>Weighted Average Common Shares Outstanding</b>	81,430	81,430

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

(Amounts in USD 1,000)	Twelve Months Ended	
	December 31, 2015 IFRS	December 31, 2014 IFRS
<b>Operating Revenues</b>		
Recurring Revenues (subscription revenues)	32,929	38,486
Other Revenues (professional services)	1,487	840
<b>Total Operating Revenues</b>	34,416	39,326
<b>Total Cost of Sales</b>	10,299	13,350
<b>Gross Profit</b>	24,117	25,976
<b>Operating Expenses</b>		
Employee Compensation and Benefits	14,301	13,777
Other Operational and Administrative Costs	9,084	9,514
Restructuring Charge	-	1,955
Goodwill Impairment Charge	6,000	-
Fixed Asset Impairment Charge	4,000	5,681
Depreciation and Amortization	2,687	4,365
<b>Total Operating Expenses</b>	36,072	35,292
<b>Operating Income</b>	(11,955)	(9,316)
<b>Other Expense</b>		
Interest, net	(1,071)	(1,272)
Other Income and Expense	19,878	(2)
<b>Total Other Income and Expense</b>	18,807	(1,274)
<b>Income Before Income Taxes</b>	6,852	(10,590)
Income Tax Expense	-	-
<b>Net Income for the Period</b>	6,852	(10,590)
<b>Earnings Per Share:</b>		
Basic	0.08	(0.13)
Diluted	0.08	(0.13)
<b>Weighted Average Common Shares Outstanding</b>	81,430	81,617

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

(Amounts in USD 1,000)	Three Months Ended	
	December 31, 2015 IFRS	December 31, 2014 IFRS
<b>Income for the Period</b>	<b>(367)</b>	<b>(10,846)</b>
Exchange Rate Differences on Translation of Foreign Operations	315	22
<b>Items that may be Reclassified Subsequently to Income Statement</b>	<b>315</b>	<b>22</b>
<b>Items that will not be Reclassified to Income Statement</b>	-	-
<b>Total Other Comprehensive Income for the Period</b>	<b>315</b>	<b>22</b>
<b>Total Comprehensive Income (Loss) for the Period</b>	<b>(52)</b>	<b>(10,824)</b>
<b>Attributed to Equity Holders of Parent</b>	<b>(52)</b>	<b>(10,824)</b>
(Amounts in USD 1,000)	Twelve Months Ended	
	December 31, 2015 IFRS	December 31, 2014 IFRS
<b>Income for the Period</b>	<b>6,852</b>	<b>(10,590)</b>
Exchange Rate Differences on Translation of Foreign Operations	358	32
<b>Items that may be Reclassified Subsequently to Income Statement</b>	<b>358</b>	<b>32</b>
<b>Items that will not be Reclassified to Income Statement</b>	-	-
<b>Total Other Comprehensive Income / (Loss) for the Period</b>	<b>358</b>	<b>32</b>
<b>Total Comprehensive Income for the Period</b>	<b>7,210</b>	<b>(10,558)</b>
<b>Attributed to Equity Holders of Parent</b>	<b>7,210</b>	<b>(10,558)</b>

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

	December - 31	December - 31
	2015	2014
(Amounts in USD 1,000)	IFRS	IFRS
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Intangible Assets	10,130	16,215
<b>Total Intangible Assets, net</b>	10,130	16,215
<b>Property, Plant and Equipment, net</b>	4,038	9,327
<b>Total Non-Current Assets</b>	14,168	25,542
<b>Current Assets</b>		
Accounts Receivable	2,013	1,988
Other Current Assets	151	156
Prepaid Expenses	619	400
Cash and Cash Equivalents	7,800	2,608
<b>Total Current Assets</b>	10,583	5,152
<b>TOTAL ASSETS</b>	24,751	30,694
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>		
<b>Equity Attributed to Equity Holders of the Parent</b>		
Common Stock	4,666	4,666
Paid-in Premium Reserve	63,319	73,437
Other Paid-in Capital	6,198	6,175
Retained Earnings	(66,053)	(73,262)
<b>Total Shareholders Equity</b>	8,130	11,016
<b>Long-Term Debt</b>		
Other Long-Term Debt	5,852	3,072
<b>Total Long-Term Debt</b>	5,852	3,072
<b>Current Liabilities</b>		
Trade Accounts Payable	1,913	1,526
Interest Bearing Short-Term Debt	3,247	8,670
Other Current Liabilities	5,609	6,410
<b>Total Current Liabilities</b>	10,769	16,606
<b>TOTAL LIABILITIES AND EQUITY</b>	24,751	30,694

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

(Amounts in USD 1,000)	Twelve Months Ended December 31,	
	2015 IFRS	2014 IFRS
<b>Cash Flows from Operating Activities</b>		
Earnings Before Interest and Taxes	7,923	(9,316)
Stock Based Compensation Expense	23	68
Depreciation and Amortization	2,687	4,365
Goodwill Impairment	6,000	5,681
Fixed Asset Impairment	4,000	2
Gain on Sale of Assets	(19,878)	-
Change in Accounts Receivable	(25)	(188)
Change in Trade Accounts Payable	387	381
Change in Other Assets and Liabilities	(3,636)	3,518
<b>Cash Flows Provided by Operating Activities</b>	<b>(2,519)</b>	<b>4,511</b>
Interest Paid	(1,071)	(1,272)
Income Tax Paid	-	-
<b>Net Cash Flows Provided by Operating Activities</b>	<b>(3,590)</b>	<b>3,239</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of Intangibles and Property and Equipment	(403)	(234)
Distribution of Paid in Capital	(10,118)	-
Sale of Customer Base	22,500	-
<b>Cash Flows Used in Investing Activities</b>	<b>11,979</b>	<b>(234)</b>
<b>Cash Flows from Financing Activities</b>		
Payments on Capital Lease and Debt Obligations	(3,554)	(3,553)
<b>Cash Flows Used in Financing Activities</b>	<b>(3,554)</b>	<b>(3,553)</b>
<b>Effect of Exchange Rates on Cash and Cash Equivalents</b>	<b>357</b>	<b>32</b>
Net Change in Cash and Cash Equivalents	5,192	(516)
Cash and Cash Equivalents at Beginning of Period	2,608	3,124
<b>Cash and Cash Equivalents at End of Period</b>	<b>7,800</b>	<b>2,608</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, 2014</b>	4,666	73,437	6,175	3,927	(77,190)	11,015
Net Income for the Period	-	-	-	-	205	205
Other Comprehensive Income	-	-	-	-	31	31
<b>Total Comprehensive Income</b>	-	-	-	-	236	236
Equity Element of Expensed Options	-	-	7	-	-	7
<b>Equity March 31, 2015</b>	4,666	73,437	6,182	3,927	(76,954)	11,258
Net Income for the Period	-	-	-	-	340	340
Other Comprehensive Income	-	-	-	-	(2)	(2)
<b>Total Comprehensive Income</b>	-	-	-	-	338	338
Equity Element of Expensed Options	-	-	6	-	-	6
<b>Equity June 30, 2015</b>	4,666	73,437	6,188	3,927	(76,616)	11,602
Net Income for the Period	-	-	-	-	6,674	6,674
Other Comprehensive Income	-	-	-	-	14	14
<b>Total Comprehensive Income</b>	-	-	-	-	6,688	6,688
Equity Element of Expensed Options	-	-	5	-	-	5
<b>Equity September 30, 2015</b>	4,666	73,437	6,193	3,927	(69,928)	18,295
Net Income for the Period	-	-	-	-	(367)	(367)
Other Comprehensive Income	-	-	-	-	315	315
<b>Total Comprehensive Income</b>	-	-	-	-	(52)	(52)
Distribution of Paid in Capital	-	(10,118)	-	-	-	(10,118)
Equity Element of Expensed Options	-	-	5	-	-	5
<b>Equity December 31, 2015</b>	4,666	63,319	6,198	3,927	(69,980)	8,130

## 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](http://www.apptix.com).

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

*(All Amounts in USD 1,000)*

### **Gain on the Sale of Public Cloud Customer Base**

As a result of the sale of its public cloud customer base to GoDaddy in September 2015, the Company recorded a Gain on Sale of USD 19.9 million during the third quarter of 2015. The net gain from the transaction is shown separately under “*Other Income and Expense*”. The calculation of the gain is as follows:

<b>Calculation of gain:</b>	
Proceeds from sale of public cloud customer base	22,500
Less - Transaction sales costs	(2,122)
Less - Estimated taxes	(500)
<b>Net gain on transaction</b>	<b>19,878</b>

The Company could have benefited from up to a maximum of USD 16.0 million of additional proceeds (“Milestone Consideration”) assuming 100% of the purchased users are migrated to GoDaddy. Based on the progress of the initiative through December 31, 2015, there will not be any additional Milestone Consideration earned.

### **Goodwill and Asset Impairment Charge**

During the third quarter of 2015, the Company completed a review of its goodwill and other intangible assets to determine if an impairment existed. The estimate reflected the Company’s assessment of the value of the cash-generating unit to which the goodwill is allocated or the intangible asset is associated with. Calculating the value in use required the Company to estimate the expected cash flows from the cash-generating unit (if available) and also to choose a suitable discount rate in order to calculate the present value of cash flow.

The Company has historically evaluated its goodwill on a consolidated basis as a single cash generating unit. The recoverable amount for the cash generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets or forecasts approved by senior management covering a five-year period. The discount rate applied to cash flow projections was 12% (pre-tax) and assumed a constant growth rate of 3% (nominal) beyond year five. The Company’s analysis of its intangible asset carry value resulted in an impairment of approximately USD 10.0 million. The Company first allocated the impairment to goodwill which totaled approximately USD 6 million and then allocated the residual balance to fixed assets which totaled approximately USD 4 million. As noted in the Company’s September 9, 2015 disclosure, the initial assessment estimated a potential impairment of approximately USD 16 million. However, based on subsequent analysis, the recoverable amount related to the residual cash generating unit supported the USD 10 million threshold.

As a result of the sale of the public cloud users and once these customers are migrated off the Company's public cloud environment, the Company will decommission the underlying computer related equipment.

### **One Time Charges and Restructuring Expenses**

The immediate monetization of a portion of the Company's current revenue stream (from the GoDaddy transaction) required the Company to realign its existing business model. The Company reduced its workforce by approximately 45% during the fourth quarter of 2015. In September 2015, the Company notified the impacted staff of the pending change in their work status. Since the impacted staff will not be remaining with the business in 2016, the Company recorded a one-time compensation related charge totaling USD 1.5 million. The charge included the monthly carrying cost of the employees through December 2015, severance payments to be made to the impacted staff, outplacement assistance and other residual employee termination costs. The Company anticipates these cash disbursements will take place during the fourth quarter of 2015 and January 2016.

In addition to the realignment of staffing, the Company is in the process of discontinuing a number of its current operating expenditures and agreements. The operating agreements and expenditures include such items as rents, licenses, maintenance, professional fees, and other costs that will no longer be required by the Company due to the sale of its public cloud customer base. In order to terminate these agreements in advance of their contractual end date, the Company has estimated it will incur approximately USD 1.0 million as it finalizes this initiative and completes the negotiations with the various parties. The outlay of such disbursements would be expected during the fourth quarter of 2015 and first quarter of 2016.

### **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.

On September 4, 2015 the Company entered into a loan amendment agreement with its financial institution to modify the financial covenants related to its current credit facility. As a result of the September 2015 amendment, the Company's sole financial covenant is a minimum cash balance requirement. No other material changes were made to the Company's existing credit facilities.