

Apptix Reports Fourth Quarter and Full Year 2017 Results

Oslo, Norway – February 14, 2018 – Apptix ASA® (OSE: APP), announced its unaudited financial results for the three and twelve months ended December 31, 2017.

Interim Management Report

Apptix has fully liquidated its entire Fusion investment resulting in:

- USD 7.5 million or NOK 61.7 million in cash (or 0.75 NOK per share)
- No outstanding debt
- Deferred tax asset of approximately NOK 200 million
- OSE listed company with broad shareholder base

Overview of Quarter and Year to Date 2017 results:

- Net income of USD 2.2 million as compared to net income of USD 11.7 million during Q4-17. Net income for the current period included a USD 2.3 million gain on the sale the residual Fusion shares, thus fully liquidating its ownership position in Fusion
- YTD net income of USD 2.5 million as compared to net income of USD 12.5 million for same period in 2016
- Board of Directors will propose a dividend of at least NOK 0.35 per share in 2018
- Company is in discussions with a third party for the purchase of a technology based Scandinavian company

Key Highlights of Q4-2017 and 2017

Following the sale of Apptix, Inc. in November 2016, Apptix ASA's primary financial asset was its nearly 3 million share ownership position in Fusion Telecommunications International Inc. ("Fusion"). At the time the sale, the Fusion shares received by Apptix ASA were subject to Regulation 144 of the United States Securities Act of 1934 restricting the sale of the Fusion stock for up to 12 months following the closing date (November 2016). The trading restrictions included the number of shares Apptix could divest of its Fusion ownership which was based on certain daily trading volumes and prices. Fusion had previously agreed to file a registration statement with the US Securities and Exchange Commission within 12 months of the closing, making the shares freely tradable on the NASDAQ exchange.

In August 2017, Fusion announced their definitive agreement to acquire Birch Communication's Cloud and Business Services operating business. The proposed business combination had a significant impact on the Fusion share price immediately following the announcement on August 28, 2017.

The value of Fusion shares increased from USD 1.23 per share (closing value on August 25, 2017) to USD 2.86 per share by mid-September 2017. Additionally, the daily trading volumes of the Fusion shares increased significantly, therefore presenting Apptix an opportunity to evaluate the potential divestiture of its Fusion holdings.

The Company began liquidating its position in Fusion during the third quarter of 2017 and completed the full liquidation in November 2017. Because of these stock sales, the Company received net cash proceeds of USD 6.9 million (NOK 57.3 million).

As of December 31, 2017, the Company had cash balances of USD 7.5 million (NOK 61.7 million), no outstanding debt and net tax loss carryforwards of approximately NOK 200 million.

“We are very pleased with how we ended 2017 and the result of our US-based technology investment. With a strong cash position, no debt and a listed company, we have continued to evaluate strategic options that will benefit our shareholder base. We are in discussions now regarding a potential acquisition and expect to share additional information soon” said Johan Lindqvist, Chairman of Apptix.

Financial Results – Fourth Quarter and Year to Date 2017

Following the sale of Apptix, Inc. and consistent with the our 2017 reporting, the Company did not record any operating revenues during the fourth quarter of 2017 as compared to USD 3.1 million during the fourth quarter of 2016.

Operating expenses (including depreciation and amortization) for the fourth quarter of 2017 totaled USD 126 thousand as compared USD 171 thousand during the third quarter of 2017 and USD 3.4 million for the same period in 2016. Operating expenses during 2017 primarily consist of board remuneration fees, professional fees (legal, accounting and consulting) along with public company costs such as stock exchange registration and insurance. Operating expenses for the twelve months ended December 31, 2017 totaled USD 702 thousand as compared to USD 14.4 million for the same period in 2016.

Net income for the fourth quarter of 2017 totaled USD 2.2 million as compared to net income of USD 743 thousand during the third quarter of 2017 and net income of USD 11.7 million for the same period in 2016. Net income for the twelve months ended December 31, 2017 totaled USD 2.5 million as compared to net income of USD 12.5 million during the same period in 2016.

During the fourth quarter of 2017, the Company sold its remaining 1.2 million shares of Fusion stock on the open market in the United States. Gross proceeds from the share transactions totaled USD 4.5 million, resulting in a gain of USD 2.3 million in during the quarter. For the full year, the Company received USD 6.9 million in gross proceeds from the sale of Fusion stock. Including the costs to resolve the previously reported speculative claim by Fusion (please refer to Q2-17 and Q3-17 earning releases), the net gain on the final disposition of the Fusion investment was USD 3.2 million.

The year over year net operating variances relate primarily to the sale of Apptix, Inc. in November 2016.

Including the impact of foreign exchange, the net cash generated by operating activities totaled USD 2.1 million during the fourth quarter of 2017 as compared to cash generated of USD 2.7 million during the third quarter of 2017 and cash used of USD 3.0 million during the fourth quarter of 2016. Year to date, net cash generated from operating activities totaled USD 6.2 million as compared to USD 4.2 million used during the same period in 2016. Again, the year over year variance is primarily related to the sale of Apptix, Inc. in November 2016.

There were no cash flows used for investing or financing activities during the fourth quarter of 2017 as compared to USD 53 thousand (for investing activities) and USD 6.6 million (for financing activities) during the fourth quarter of 2016. Additionally, there were no cash flows expenditures for investing or financing activities during the twelve months of 2017. The Company used USD 183 thousand (for investing activities) and USD 9.1 million (for financing activities) during the twelve months of 2016.

The Company ended the fourth quarter of 2017 with USD 7.5 million of available cash balances and no outstanding debt.

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, 2016. The enclosed consolidated condensed financial statements should be read in conjunction with the Company's 2016 annual financial statements, which include a full description of the Company's accounting policies. The enclosed consolidated condensed financial statements are unaudited. Because 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, 2017 IFRS	December 31, 2016 IFRS
Operating Revenues		
Recurring Revenues (subscription revenues)	-	2,998
Other Revenues (professional services)	-	148
Total Operating Revenues	-	3,146
Total Cost of Sales	-	1,138
Gross Profit	-	2,008
Operating Expenses		
Employee Compensation and Benefits	23	2,301
Other Operational and Administrative Costs	103	728
Depreciation and Amortization	-	351
Total Operating Expenses	126	3,380
Operating Income	(126)	(1,372)
Other Expense		
Interest, net	(2)	(158)
Other Income and Expense Financial Expense	2,331	12,801
Total Other Expense	2,329	12,643
Income Before Income Taxes	2,203	11,271
Income Tax Expense	-	472
Net Income for the Period	2,203	11,743
Earnings Per Share:		
Basic	0.03	0.14
Diluted	0.03	0.14
Weighted Average Common Shares Outstanding	81,430	81,430

Aptix ASA
Interim Consolidated Income Statement

(Amounts in USD 1,000)	Twelve Months Ended	
	December 31, 2017 IFRS	December 31, 2016 IFRS
Operating Revenues		
Recurring Revenues (subscription revenues)	-	21,535
Other Revenues (professional services)		879
Gain on the Sale of Assets	-	13,028
Total Operating Revenues	-	35,442
Total Cost of Sales	-	8,227
Gross Profit	-	27,215
Operating Expenses		
Employee Compensation and Benefits	111	8,441
Other Operational and Administrative Costs	591	4,449
Depreciation and Amortization	-	1,477
Total Operating Expenses	702	14,367
Operating Income	(702)	12,848
Other Expense		
Interest, net	-	(751)
Other Financial Income		3,927
Other Income and Expense	3,175	(76)
Total Other Expense	3,175	3,100
Income Before Income Taxes	2,473	15,948
Income Tax Expense	-	472
Net Income for the Period	2,473	16,420
Earnings Per Share:		
Basic	0.03	0.20
Diluted	0.03	0.20
Weighted Average Common Shares Outstanding	81,430	81,430

Apptix ASA
Interim Consolidated Statement of Comprehensive Income

(Amounts in USD 1,000)	Three Months Ended	
	December 31, 2017 IFRS	December 31, 2016 IFRS
Income for the Period	2,203	11,743
Exchange Rate Differences on Translation of Foreign Operations	34	(367)
Reversal of Unrealized Gain	(2,676)	-
Change in Valuation of Investment for Sale	-	870
Items that may be Reclassified Subsequently to Income Statement	(2,642)	503
Items that will not be Reclassified to Income Statement	-	-
Total Other Comprehensive Income for the Period	(2,642)	503
Total Comprehensive Income (Loss) for the Period	(439)	12,246
Attributed to Equity Holders of Parent	(439)	12,246

(Amounts in USD 1,000)	Twelve Months Ended	
	December 31, 2017 IFRS	December 31, 2016 IFRS
Income for the Period	2,473	16,420
Exchange Rate Differences on Translation of Foreign Operations	185	(357)
Change in Valuation Related to Sale of Subsidiary	-	(3,927)
Change in Valuation of Investment for Sale	(870)	870
Items that may be Reclassified Subsequently to Income Statement	(685)	(3,414)
Items that will not be Reclassified to Income Statement	-	-
Total Other Comprehensive Income / (Loss) for the Period	(685)	(3,414)
Total Comprehensive Income for the Period	1,788	13,006
Attributed to Equity Holders of Parent	1,788	13,006

Apptix ASA
Interim Consolidated Statement of Financial Position

	December - 31	December - 31
	2017	2016
(Amounts in USD 1,000)	IFRS	IFRS
ASSETS		
Investment Available for Sale	-	4,497
Total Non-Current Assets	-	4,497
Current Assets		
Prepaid Expenses	7	10
Cash and Cash Equivalents	7,516	1,308
Total Current Assets	7,523	1,318
TOTAL ASSETS	7,523	5,815
LIABILITIES AND SHAREHOLDERS EQUITY		
Equity Attributed to Equity Holders of the Parent		
Common Stock	4,666	4,666
Paid-in Premium Reserve	47,852	47,852
Other Paid-in Capital	6,204	6,204
Retained Earnings	(51,261)	(53,048)
Total Shareholders Equity	7,461	5,674
Current Liabilities		
Trade Accounts Payable	1	59
Other Current Liabilities	61	82
Total Current Liabilities	62	141
TOTAL LIABILITIES AND EQUITY	7,523	5,815

Apptix ASA
Interim Consolidated Cash Flow Statement

(Amounts in USD 1,000)	Twelve Months Ended December 31,	
	2017 IFRS	2016 IFRS
Cash Flows from Operating Activities		
Earnings Before Taxes	2,473	15,948
Stock Based Compensation Expense	-	6
Depreciation and Amortization	-	1,477
Gain on Sale of Subsidiary	-	(13,028)
Change in Accounts Receivable	-	2,013
Proceeds from the Sale of Fusion Shares	6,987	-
Net Gain Receivable on Sale of Fusion Shares	(3,175)	-
Change in Trade Accounts Payable	(58)	(1,854)
Change in Other Assets and Liabilities	(20)	(8,680)
Net Cash Flows Provided by Operating Activities	6,207	(4,118)
Cash Flows from Investing Activities		
Purchases of Intangibles and Property and Equipment	-	(183)
Proceeds from Sales of Fusion Shares, net	-	-
Proceeds from Sale of Subsidiary	-	22,373
Cash Flows Used in Investing Activities	-	22,190
Cash Flows from Financing Activities		
Payments on Capital Lease and Debt Obligations, net	-	(9,099)
Distribution of Paid in Capital	-	(15,467)
Cash Flows Used in Financing Activities	-	(24,566)
Effect of Exchange Rates on Cash and Cash Equivalents	1	1
Net Change in Cash and Cash Equivalents	6,208	(6,493)
Cash and Cash Equivalents at Beginning of Period	1,308	7,800
Cash and Cash Equivalents at End of Period	7,516	1,308

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	Fund for Unrealized Gain or (Losses)	Retained Earnings	Total Equity
Equity December 31, 2016	4,666	47,852	6,204	870	(53,918)	5,674
Net Income for the Period	-	-	-	-	(167)	(167)
Other Comprehensive Income	-	-	-	240	9	249
Total Comprehensive Income	-	-	-	240	(158)	82
Distribution of Paid in Capital	-	-	-	-	-	-
Equity Element of Expensed Options	-	-	-	-	-	-
Equity March 31, 2017	4,666	47,852	6,204	1,110	(54,076)	5,755
Net Income for the Period	-	-	-	-	(235)	(235)
Other Comprehensive Income	-	-	-	(390)	-	(390)
Total Comprehensive Income	-	-	-	(390)	(235)	(625)
Distribution of Paid in Capital	-	-	-	-	-	-
Equity Element of Expensed Options	-	-	-	-	-	-
Equity June 30, 2017	4,666	47,852	6,204	720	(54,311)	5,130
Net Income for the Period	-	-	-	-	673	673
Other Comprehensive Income	-	-	-	1,956	142	2,098
Total Comprehensive Income	-	-	-	1,956	815	2,770
Distribution of Paid in Capital	-	-	-	-	-	-
Equity Element of Expensed Options	-	-	-	-	-	-
Equity September 30, 2017	4,666	47,852	6,204	2,676	(53,496)	7,899
Net Income for the Period	-	-	-	-	2,203	2,203
Other Comprehensive Income	-	-	-	(2,676)	34	(2,642)
Total Comprehensive Income	-	-	-	(2,676)	2,237	(439)
Distribution of Paid in Capital	-	-	-	-	-	-
Equity Element of Expensed Options	-	-	-	-	-	-
Equity December 31, 2017	4,666	47,852	6,204	-	(51,259)	7,461

Fund for Realized Gains / (Losses) represents the difference between the historical cost and fair market value of the investment in Fusion shares.

About Apptix

Founded in 1997, Apptix ASA was previously the parent company of Apptix, Inc. (USA), a premier provider of managed and hosted business communication, collaboration, compliance & security, and infrastructure solutions to mid-market and enterprise customers and partners. At its peak, Apptix provided services to about 500,000 users around the world. Apptix's portfolio of Cloud solutions included Microsoft Office 365, Managed & Hosted Exchange email, VoIP, Microsoft SharePoint, Microsoft Lync, Servers on Demand, and Enterprise Backup. In September 2015, Apptix, Inc. sold its public cloud customer base to GoDaddy, LLC. This was followed by the sale of the remainder of Apptix, Inc. (its only operating subsidiary) to Fusion Telecommunications International, Inc. in November 2016.

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