

Apptix ASA Reports First Quarter 2017 Results

Oslo, Norway – May 10, 2017 – Apptix ASA® (OSE: APP), announced its unaudited financial results for the three months ended March 31, 2017.

Interim Management Report

Overview of the first quarter results:

- Company evaluated strategic business opportunity to merge with another entity. The business opportunity did not materialize.
- Per share value of Fusion was USD 1.58 at March 31, 2017 as compared to USD 1.50 at December 31, 2016, a 5.3% increase.
- Net loss of USD 167 thousand as compared to net income of USD 126 thousand during Q1-16. Higher operating loss due to sale of Apptix, Inc. in Q4-16 and higher legal and professional fees in support of evaluating additional business combinations.
- Received speculative claim from Fusion seeking damages related to a software license audit

Highlights

With the November 2016 sale of Apptix, Inc. to Fusion Telecommunications International Inc. (“Fusion”), the primary assets of Apptix ASA are the 2,997,926 shares of equity ownership in Fusion and a residual cash balance. Due to the trading restrictions of the Fusion common stock, Apptix ASA will hold the restricted shares for at least 12 months (post November 2016 transaction) until the trading restrictions are removed.

During the first quarter, the value of the Fusion shares increased 5.3% from USD 1.50 per share (on December 31, 2016) to USD 1.58 per share on March 31, 2017.

As previously reported, following the sale of Apptix, Inc., the Company does not meet the ordinary requirements for listing on the Oslo Bors. The Company discussed the situation with the Oslo Bors and was granted a temporary exemption from these requirements until the Company’s future business operations is agreed upon.

The Company’s Board of Directors has initiated a process to review and evaluate the Company’s future strategic operating options. During the first quarter of 2017, the Company evaluated a business combination initiative whereby Apptix ASA would merge with another operating business. While the business combination did not materialize, the Apptix ASA assets of equity ownership in Fusion, long term experience and competence in the development and operation of technology businesses, were key drivers in the business combination discussions. Additionally, the Company has approximately NOK 212 million of tax losses carry forwards.

“With the 2016 sale of Apptix, Inc. and subsequent cash distribution to all shareholders, we continue to look for opportunities to further monetize the assets of Apptix ASA. The Board is

committed to evaluating such opportunities if such initiatives substantially benefit our shareholders.” said Johan Lindqvist, Chairman of Apptix.

In May 2017, Fusion filed a fraud claim for USD 2.9 million against Apptix ASA related to a software license audit claim, plus an additional claim for USD 15.9 in compensatory damages.

In the Share Purchase Agreement signed with Fusion, all representations and warranties made by Apptix ASA were discharged at the time of closing (November 2016). Under US law only a claim for fraud could be made post-closing.

Although the Company regards the claim as speculative and totally unfounded, the claim has been carefully reviewed by the Company and its legal advisors, and the Company’s belief after such review is that the claim is tenuous and groundless.

The Board of Apptix ASA is extremely surprised by the claims made by Fusion. The Board is considering all means to fight the claims including the Company’s ability as a major shareholder of Fusion to implement changes in the direction and leadership of Fusion.

Financial Results - First Quarter 2017

The Sale of Apptix, Inc.

On November 14, 2016 Apptix ASA signed and closed a Stock Purchase Agreement (“SPA”) with Fusion Telecommunications International Inc. (“Fusion”) for the sale of the Apptix, Inc. its only subsidiary and business operations.

Fusion is a leading provider of integrated cloud solutions to small, medium and large businesses. Fusion’s advanced, proprietary service platform enables the integration of leading edge solutions in the cloud, including cloud voice and unified communications, contact center, cloud connectivity, cloud computing and additional cloud services such as storage and security. Fusion is listed on the NASDAQ Capital Market under the ticker symbol “FSNN”. Apptix, Inc. became a wholly-owned subsidiary of Fusion and a major component of Fusion’s cloud-based Business Services division.

Apptix ASA was paid approximately USD 23.0 million in cash at closing (before any transaction related expenses). Apptix ASA also received a total of 2,997,926 shares of Fusion common stock. The Fusion shares received by Apptix ASA are subject to Rule 144 of the United States Securities Act of 1933 restricting the sale of the Fusion stock. Fusion has agreed to file a registration statement with the US Securities and Exchange Commission within 12 months of closing, making the shares freely tradable on The NASDAQ Stock Market. During this period of time, the shares will be held and owned by Apptix ASA.

For more information on the sale of Apptix, Inc. please refer to the Company’s 2016 Annual Report.

Following the sale of Apptix, Inc., the Company did not record any operating revenues during the first quarter of 2017 as compared to USD 6.5 million during the first quarter of 2016. As currently operating, the Company does not anticipate any operating revenues to be recorded during 2017.

Operating expenses (including depreciation and amortization) for the first quarter of 2017 totaled USD 168 thousand as compared USD 3.8 million for the same period in 2016. Operating expenses during the current period primarily consist of board remuneration fees, professional fees (legal, accounting and consulting) along with public company costs such as stock exchange registration and insurance. During the first quarter, the Company did engage in a process to evaluate merging with another corporate entity. As such, the Company incurred additional legal, consulting and accounting fees during the first quarter of 2017.

The net loss for the first quarter of 2017 totaled USD 167 thousand as compared to net income of USD 126 thousand for the same period in 2016. The variance in net operating results relate primarily to the sale of Apptix, Inc. in November 2016.

During the first quarter of 2017, the value of the Company’s investment in Fusion increased to USD 4.7 million as compared to USD 4.5 million at December 31, 2016. This 5.3% increase in

share value is reflected as part of the Company's Comprehensive Income and Statement of Changes in Equity.

Net cash used in operating activities totaled USD 245 thousand during the first quarter of 2017 as compared to cash used of USD 1.6 million for the same period in 2016. Again, the primary variance related to the sale of Apptix, Inc. in November 2016. The cash used during the current period primarily reflects the net operating loss along with changes in working capital accounts.

There were not cash flows used for investing or financing activities during the first quarter of 2017 as compared to USD 47 thousand (for investing activities) and USD 1.1 million (for financing activities) during the first quarter of 2016.

The Company ended the first quarter of 2017 with USD 1.1 million of available cash.

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. 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	
	March 31, 2017 IFRS	March 31, 2016 IFRS
Operating Revenues		
Recurring Revenues (subscription revenues)	-	6,221
Other Revenues (professional services)	-	288
Total Operating Revenues	-	6,509
Total Cost of Sales	-	2,451
Gross Profit	-	4,058
Operating Expenses		
Employee Compensation and Benefits	27	2,080
Other Operational and Administrative Costs	141	1,288
Depreciation and Amortization	-	413
Total Operating Expenses	168	3,781
Operating Income	(168)	277
Other Expense		
Interest, net	1	(235)
Foreign Exchange Income / (Loss), net	-	84
Total Other Expense	1	(151)
Income Before Income Taxes	(167)	126
Income Tax Expense	-	-
Net Income for the Period	(167)	126
Earnings Per Share:		
Basic	(0.00)	0.00
Diluted	(0.00)	0.00
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	
	March 31, 2017 IFRS	March 31, 2016 IFRS
Income for the Period	(167)	126
Exchange Rate Differences on Translation of Foreign Operations	9	7
Change in Valuation of Investment for Sale	240	
Items that may be Reclassified Subsequently to Income Statement	249	7
Items that will not be Reclassified to Income Statement	-	-
Total Other Comprehensive Income for the Period	249	7
Total Comprehensive Income (Loss) for the Period	82	133
Attributed to Equity Holders of Parent	82	133

Apptix ASA
Interim Consolidated Statement of Financial Position

	March - 31	December - 31	March - 31
	2017	2016	2016
(Amounts in USD 1,000)	IFRS	IFRS	IFRS
ASSETS			
Non-Current Assets			
Intangible Assets	-	-	10,072
Total Intangible Assets, net	-	-	10,072
Property, Plant and Equipment, net	-	-	3,820
Investments Available for Sale	4,737	4,497	-
Total Non-Current Assets	4,737	4,497	13,892
Current Assets			
Accounts Receivable	-	-	1,587
Other Current Assets	-	-	143
Prepaid Expenses	17	10	847
Cash and Cash Equivalents	1,072	1,308	5,177
Total Current Assets	1,089	1,318	7,754
TOTAL ASSETS	<u>5,826</u>	<u>5,815</u>	<u>21,646</u>
LIABILITIES AND SHAREHOLDERS EQUITY			
Equity Attributed to Equity Holders of the Parent			
Common Stock	4,666	4,666	4,666
Paid-in Premium Reserve	47,852	47,852	63,319
Other Paid-in Capital	6,204	6,204	6,201
Retained Earnings	(52,967)	(53,048)	(65,920)
Total Shareholders Equity	5,755	5,674	8,266
Long-Term Debt			
Other Long-Term Debt	-	-	4,630
Total Long-Term Debt	-	-	4,630
Current Liabilities			
Trade Accounts Payable	4	59	1,136
Interest Bearing Short-Term Debt	-	-	4,148
Other Current Liabilities	67	82	3,466
Total Current Liabilities	71	141	8,750
TOTAL LIABILITIES AND EQUITY	<u>5,826</u>	<u>5,815</u>	<u>21,646</u>

Apptix ASA
Interim Consolidated Cash Flow Statement

	Three Months Ended March 31,	
	2017	2016
(Amounts in USD 1,000)	IFRS	IFRS
Cash Flows from Operating Activities		
Earnings Before Taxes	(168)	126
Stock Based Compensation Expense	-	3
Depreciation and Amortization	-	413
Change in Accounts Receivable	-	426
Change in Trade Accounts Payable	(55)	(777)
Change in Other Assets and Liabilities	(22)	(1,766)
Net Cash Flows Provided by Operating Activities	(245)	(1,575)
Cash Flows from Investing Activities		
Purchases of Intangibles and Property and Equipment	-	(47)
Cash Flows Used in Investing Activities	-	(47)
Cash Flows from Financing Activities		
Payments on Capital Lease and Debt Obligations	-	(1,092)
Cash Flows Used in Financing Activities	-	(1,092)
Effect of Exchange Rates on Cash and Cash Equivalents	9	91
Net Change in Cash and Cash Equivalents	(236)	(2,623)
Cash and Cash Equivalents at Beginning of Period	1,308	7,800
Cash and Cash Equivalents at End of Period	1,072	5,177

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	Available for Sale Reserve	Retained Earnings	Total Equity
Equity December 31, 2016	4,666	47,852	6,204	3,927	870	(57,845)	5,674
Net Income for the Period	-	-	-	-	-	(167)	(167)
Other Comprehensive Income	-	-	-	-	240	9	248
Total Comprehensive Income	-	-	-	-	240	(158)	81
Distribution of Paid in Capital	-	-	-	-	-	-	-
Equity Element of Expensed Options	-	-	-	-	-	-	-
Equity March 31, 2017	4,666	47,852	6,204	3,927	1,110	(58,003)	5,755

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. Immediately following the sale of Apptix, Inc. to Fusion, Apptix ASA owns approximately 3 million shares of Fusion.

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