

Apptix Reports Second Quarter and Half Year 2017 Results

Oslo, Norway – August 16, 2017 – Apptix ASA® (OSE: APP), announced its unaudited financial results for the three and six months ended June 30, 2017.

Interim Management Report

Overview of the Half Year 2017 results:

- Per share value of Fusion was USD 1.45 at June 30, 2017 as compared to USD 1.50 at December 31, 2016, a 3.3% decrease.
- Net loss of USD 235 thousand as compared to net income of USD 207 thousand during Q2-16. Higher operating loss due to sale of Apptix, Inc. in Q4-16.
- YTD net loss of USD 403 thousand as compared to net income of USD 333 thousand for same period in 2016.
- Speculative claim from Fusion seeking damages related to a software license audit was resolved in August 2017 with payment of USD 150,000 and 300,000 shares of Fusion stock.
- Board now refocusing energies to evaluate new strategic initiatives for Apptix ASA.

Highlights

During the second quarter, the value of the Fusion shares decreased 3.3% from USD 1.50 per share (on December 31, 2016) to USD 1.45 per share on June 30, 2017.

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 million in compensatory damages. Pursuant to 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.

While the Company regarded the claim as speculative and totally unfounded, the claim was carefully reviewed by the Company and its legal advisors. As such, it was the Company's belief the claim was tenuous and groundless. During the second quarter, the Company focused its main efforts addressing this matter as any such outstanding claim would only delay or impede any longer term initiatives planned by the Company.

On August 2, 2017, the Company settled the outstanding claim with a cash payment of USD 150,000 and the return of 300,000 shares of Fusion stock. As of the settlement date (August 2), the aggregate value of the returned Fusion stock was approximately USD 375,000. The Company also expects to incur approximately USD 225,000 of legal fees related to this case. In total, the gross value of the settlement costs (including legal fees) is approximately USD 750,000. The Company's insurance provider will reimburse Apptix ASA approximately USD 475,000 reducing the net settlement costs to approximately USD 275,000.

Additionally, as part of the settlement agreement, the Company agreed to postpone the delivery of the remaining 2.7 million post-settlement shares to its shareholders from November 2017 to February 2018. The settlement agreement includes a full release by Fusion; therefore, no further claim can be presented in the future.

“The speculative claim was a distraction for the business during the second quarter. We are pleased to put this issue behind us so we can now return our attention the longer term opportunities for the Company” said Johan Lindqvist, Chairman of Apptix.

Financial Results – Second Quarter and Year to Date 2017

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

Operating expenses (including depreciation and amortization) for the second quarter of 2017 totaled USD 232 thousand as compared USD 168 thousand during the first quarter of 2017 and USD 3.7 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. The higher operating expenses during the second quarter of 2017 as compared to the first quarter of 2017 included the Company's audit & tax fees. Operating expenses for the six months ended June 30, 2017 totaled USD 401 thousand as compared to USD 7.5 million for the same period in 2016.

The net loss for the second quarter of 2017 totaled USD 235 thousand as compared to a net loss of USD 167 thousand during the first quarter of 2017 and net income of USD 207 thousand for the same period in 2016. The net loss for the six months ended June 30, 2017 totaled USD 403 thousand as compared to net income of USD 333 thousand during the same period in 2016. The variance in net operating results relate primarily to the sale of Apptix, Inc. in November 2016.

During the second quarter of 2017, the value of the Company's investment in Fusion decreased to USD 4.3 million as compared to USD 4.7 million at March 31, 2017 and USD 4.5 million at December 31, 2016. The decrease in share value is reflected as part of the Company's Comprehensive Income and Statement of Changes in Equity.

Including the impact of foreign exchange, the net cash used in operating activities totaled USD 217 thousand during the second quarter of 2017 as compared to cash used of USD 236 thousand during the first quarter of 2017 and cash used of USD 1.1 million during the second quarter of 2016. The cash used during the current period primarily reflects the net operating loss along with changes in working capital accounts. Year to date, net cash used in operating activities totaled USD 453 thousand as compared to USD 2.6 million during the same period in 2016. Again, the primary variance related to the sale of Apptix, Inc. in November 2016.

There were no cash flows used for investing or financing activities during the second quarter of 2017 as compared to USD 44 thousand (for investing activities) and USD 676 (for financing activities) during the second quarter of 2016. Additionally, there were no cash flows expenditures for investing or financing activities during the first six months of 2017. The Company used USD 91 thousand (for investing activities) and USD 1.8 million (for financing activities) during the first half of 2016.

The Company ended the second quarter of 2017 with USD 855 thousand of available cash balances.

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	
	June 30, 2017 IFRS	June 30, 2016 IFRS
Operating Revenues		
Recurring Revenues (subscription revenues)	-	6,216
Other Revenues (professional services)	-	244
Total Operating Revenues	-	6,460
Total Cost of Sales	-	2,347
Gross Profit	-	4,113
Operating Expenses		
Employee Compensation and Benefits	27	2,063
Other Operational and Administrative Costs	205	1,266
Depreciation and Amortization	-	363
Total Operating Expenses	232	3,692
Operating Income	(232)	421
Other Expense		
Interest, net	(3)	(190)
Foreign Exchange Income / (Loss), net	-	(24)
Total Other Expense	(3)	(214)
Income Before Income Taxes	(235)	207
Income Tax Expense	-	-
Net Income for the Period	(235)	207
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 Income Statement

(Amounts in USD 1,000)	Six Months Ended	
	June 30, 2017 IFRS	June 30, 2016 IFRS
Operating Revenues		
Recurring Revenues (subscription revenues)	-	12,437
Other Revenues (professional services)	-	532
Total Operating Revenues	-	12,969
Total Cost of Sales	-	4,798
Gross Profit	-	8,171
Operating Expenses		
Employee Compensation and Benefits	54	4,143
Other Operational and Administrative Costs	347	2,554
Depreciation and Amortization	-	776
Total Operating Expenses	401	7,473
Operating Income	(401)	698
Other Expense		
Interest, net	(2)	(425)
Foreign Exchange Income / (Loss), net	-	60
Total Other Expense	(2)	(365)
Income Before Income Taxes	(403)	333
Income Tax Expense	-	-
Net Income for the Period	(403)	333
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	
	June 30, 2017	June 30, 2016
	IFRS	IFRS
Income for the Period	(235)	207
Exchange Rate Differences on Translation of Foreign Operations	-	1
Change in Valuation of Investment for Sale	(390)	
Items that may be Reclassified Subsequently to Income Statement	(390)	1
Items that will not be Reclassified to Income Statement	-	-
Total Other Comprehensive Income for the Period	(390)	1
Total Comprehensive Income (Loss) for the Period	(625)	208
Attributed to Equity Holders of Parent	(625)	208

(Amounts in USD 1,000)	Six Months Ended	
	June 30, 2017	June 30, 2016
	IFRS	IFRS
Income for the Period	(403)	333
Exchange Rate Differences on Translation of Foreign Operations	9	8
Change in Valuation of Investment for Sale	(150)	
Items that may be Reclassified Subsequently to Income Statement	(141)	8
Items that will not be Reclassified to Income Statement	-	-
Total Other Comprehensive Income for the Period	(141)	8
Total Comprehensive Income (Loss) for the Period	(544)	341
Attributed to Equity Holders of Parent	(544)	341

Apptix ASA
Interim Consolidated Statement of Financial Position

	June - 30	December - 31	June - 30
	2017	2016	2016
(Amounts in USD 1,000)	IFRS	IFRS	IFRS
ASSETS			
Non-Current Assets			
Intangible Assets	-	-	10,057
Total Intangible Assets, net	-	-	10,057
Property, Plant and Equipment, net	-	-	3,516
Investments Available for Sale	4,347	4,497	-
Total Non-Current Assets	4,347	4,497	13,573
Current Assets			
Accounts Receivable	-	-	2,495
Other Current Assets	-	-	221
Prepaid Expenses	31	10	663
Cash and Cash Equivalents	855	1,308	3,355
Total Current Assets	886	1,318	6,734
TOTAL ASSETS	5,233	5,815	20,307
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	6,203
Retained Earnings	(53,592)	(53,048)	(65,713)
Total Shareholders Equity	5,130	5,674	8,475
Long-Term Debt			
Other Long-Term Debt	-	-	4,200
Total Long-Term Debt	-	-	4,200
Current Liabilities			
Trade Accounts Payable	1	59	1,251
Interest Bearing Short-Term Debt	-	-	3,221
Other Current Liabilities	102	82	3,160
Total Current Liabilities	103	141	7,632
TOTAL LIABILITIES AND EQUITY	5,233	5,815	20,307

Apptix ASA
Interim Consolidated Cash Flow Statement

	Six Months Ended June 30,	
	2017	2016
(Amounts in USD 1,000)	IFRS	IFRS
Cash Flows from Operating Activities		
Earnings Before Taxes	(403)	333
Stock Based Compensation Expense	-	5
Depreciation and Amortization	-	776
Change in Accounts Receivable	-	(482)
Change in Trade Accounts Payable	(55)	(661)
Change in Other Assets and Liabilities	(4)	(2,625)
Net Cash Flows Provided by Operating Activities	(462)	(2,654)
Cash Flows from Investing Activities		
Purchases of Intangibles and Property and Equipment	-	(91)
Cash Flows Used in Investing Activities	-	(91)
Cash Flows from Financing Activities		
Payments on Capital Lease and Debt Obligations	-	(1,768)
Cash Flows Used in Financing Activities	-	(1,768)
Effect of Exchange Rates on Cash and Cash Equivalents	9	68
Net Change in Cash and Cash Equivalents	(453)	(4,445)
Cash and Cash Equivalents at Beginning of Period	1,308	7,800
Cash and Cash Equivalents at End of Period	855	3,355

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
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	3,927	720	(58,238)	5,130

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. Apptix ASA currently owns approximately 2.7 million shares of Fusion.

For further information:

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Selected Explanatory Footnotes to Apptix ASA Interim Condensed Financial Statements

Risk and Uncertainty

As described in the Company's Annual Report for 2016 (Note 20), the Company's financial risk exposure primarily relates to the Company's investment in Fusion. A listing of the various risks facing Fusion and its operating business is included in Fusion's Form 10K filed annually with the United States Securities and Exchange Commission.

In addition to the financial instrument risk related to Fusion, the Company is also subject to other operating and market risks which may limit the Company's ability to evaluate and attract longer term financial and operating partners.

Related Parties

Note 18 in the Company's Annual Report for 2016 provides details of transactions with related parties. As described in Note 18, 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, 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 and a consulting agreement with the former President, COO and CFO of Apptix, Inc. 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 2017.

Subsequent Events

As reported on August 2, 2017, the Company entered into a settlement agreement with Fusion to resolve the May 2017 claim made by Fusion against the Company and certain named individuals. The settlement included a cash payment of USD 150,000 and the return of 300,000 shares of Fusion stock. As of the settlement date (August 2), the aggregate value of the returned Fusion stock was approximately USD 375,000. The Company also expects to incur approximately USD 225,000 of legal fees related to this case. In total, the gross value of the settlement costs (including legal fees) is approximately USD 750,000. The Company's insurance provider will reimburse Apptix ASA approximately USD 475,000 reducing the net settlement costs to approximately USD 275,000.

Additionally, as part of the settlement agreement, the Company agreed to postpone the delivery of the remaining 2.7 million post-settlement shares to its shareholders from November 2017 to February 2018. The settlement agreement includes a full release by Fusion; therefore, no further claim can be presented in the future.

Responsibility Statement

We confirm to the best of our knowledge that the condensed set of interim consolidated financial statements as of June 30, 2017 and for the six month period January 1, 2017 to June 30, 2017 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 of Apptix ASA

/s/Johan Lindqvist
Chairman of the Board

/s/ Christopher E. Mack
President and COO

/s/Terje Rogne
Board Member

/s/Ebba Fahraeus
Board Member