

April 1, 2013

Asure Software Reports 2012 Fourth Quarter and Fiscal Year Financial Results

- Fourth quarter EBITDA*, excluding one-times*, was \$948,000 vs. guidance range of \$1.0 to 1.3 million
- Fourth quarter revenue of \$5.9 million vs. guidance range of \$5.8 to \$6.2 million
- Fourth quarter net loss per share, excluding one-times* was \$(0.09)

AUSTIN, Texas, April 1, 2013 (GLOBE NEWSWIRE) -- [Asure Software, Inc.](#) (Nasdaq:ASUR), a leading provider of workplace management software, announced results for the fourth quarter ended December 31, 2012.

Q4 Strategic Highlights

- Signed exclusive agreement with FotoPunch to sell the first-ever time & labor management mobile facial recognition solution as part of a fully integrated TLM offering. [AsureForce@ GeoPunch™](#) is a highly differentiated offering that allows Asure to bring innovative technology solutions that are ideally suited for today's mobile workforces.
- Filed a shelf registration statement which will allow Asure Software to offer and sell, in one or more offerings, common stock, preferred stock, debt securities, warrants, units or any combination thereof with a maximum aggregate offering price of \$30 million. While Asure Software has no immediate plans to resell shares, the S-3 filing is a routine administrative matter that enables the business's future growth strategy. The filing also positions Asure to have the flexibility needed to take advantage of future acquisition opportunities and to meet the interests of large investors who may be looking to make investments.
- Increased our conditional commitment debt facility from \$5 million to \$10 million with our lending partner Deerpath Funding, LP. On March 29, 2013 we amended our loan agreement. This amended credit facility requires less stringent covenant requirements, and expanded credit commitment and increased flexibility for growth for targeted future acquisitions.

Q4 and Year-End Results

- Revenue for the quarter was \$5.9 million compared to \$5.7 million in the previous quarter and \$3.7 million in the fourth quarter 2011. Revenue for the year ending December 31, 2012 was \$20.0 million versus \$10.9 million in 2011.
- Non-GAAP revenue* for the quarter was \$6.3 million. Non-GAAP revenue for the year ending December 31, 2012 was \$20.9 million.
- Gross margin for the quarter was \$4.3 compared to \$4.7 in the previous quarter and \$2.7 in the same quarter 2011. Gross margin for the year ending December 31, 2012 was \$15.4 million versus \$8.7 million in 2011.
- EBITDA* excluding one-time items* for the quarter was \$948,000 compared to \$906,000 in the previous quarter. One-time items* in the quarter were \$175,000 down from \$739,000 in the previous quarter, and were related to legal and professional fees, site consolidation related to the acquisition of Meeting Maker and other one-time expenses*. EBITDA* excluding one-time items* for the year ended December 31, 2012 was \$3.3 million vs. \$1.8 million in 2011.
- Recurring revenue for the quarter was 79% of total revenue compared to 80% in the previous quarter. Recurring revenue for the year ending December 31, 2012 was 79% compared to 72% in 2011.
- Cloud SaaS-based revenue for the quarter increased to \$3.0 million up 8% over the previous quarter. Cloud SaaS-based revenue for the year ending December 31, 2012 was \$9.9 million compared to \$6.0 million in 2011.
- Cloud SaaS-based bookings for the quarter increased by 2% from the previous quarter and by 36%, excluding PeopleCube, over 2011.

Management Commentary

[Pat Goepel](#), Chief Executive Officer of Asure Software commented, "Fiscal year 2012 was a strong year financially and strategically, resulting in \$20.0 million in revenue and improved strategic positioning. We completed the acquisition of PeopleCube, as well as two smaller acquisitions of technology and customers, shifted more of our business to SaaS as recurring revenue and upgraded our products via strong development efforts throughout the year. This quarter we increased the number of sales people in our direct sales channel reflecting our focus on growth going forward. Revenue was up over the

previous quarter and we exited the year with \$2.4 million in cash. " Mr. Goepel also commented, "We met our revenue guidance and came just short of our EBITDA guidance as we absorbed the cost of more new sales hires and continued our shift to SaaS-based recurring revenue which represented 50% of all revenue in 2012."

[Jennifer Crow](#), Asure's Chief Financial Officer added, "We recently amended our credit facility with our primary lender, Deerpath Funding, LP. This amendment provides for less stringent covenant requirements, given our investments toward growth, and an expanded conditional credit commitment to \$10 million to fund permitted acquisitions. We are excited about our continued relationship with Deerpath and look forward to working with them to execute our continued growth strategy through targeted acquisitions. We are maintaining our 2013 revenue guidance range but due to the aforementioned increased investment in our direct sales channel and our spending for growth, we have revised our 2013 EBITDA guidance, excluding one-times*, to be at the low end of the previously communicated range."

Please see below for details around Asure's financial results.

Company Outlook

	<u>Q1 13</u>	<u>FY 13</u>
Revenue	\$5,700 - \$6,000	\$25,000 - \$27,000
EBITDA, excluding one-time items	\$400 - \$600	\$6,000

Conference Call Details

Asure will follow this announcement with a conference call for the investment community on Monday, April 1, 2013 at 4:15 p.m. EDT, (3:15 p.m. CDT) to further discuss the quarter and outlook. Participating in the call will be [Pat Goepel](#), Chief Executive Officer and [Jennifer Crow](#), Chief Financial Officer. To participate, dial (877) 853-5636 ten minutes before the call begins. International callers should dial (631) 291-4544. The conference ID for all callers is 15202606.

Investors, analysts, media and the general public will also have the opportunity to listen to the conference call in listen-only mode via the Internet by visiting the investor relations page of Asure's web site at www.asuresoftware.com. To monitor the live call, please visit the web site at least ten minutes early to register, download and install any necessary audio software. For those who cannot listen to the live broadcast, an archived replay will be available shortly after the call at <http://investor.asuresoftware.com/>

About Asure Software

[Asure Software, Inc.](#), (Nasdaq:ASUR) headquartered in Austin, Texas, offers cloud-based time and labor management and workspace management solutions that enable businesses to control their biggest costs -- labor, real estate and technology -- and prepare for the workforce of the future in a highly mobile, geographically disparate and technically wired work environment. Asure serves approximately 6,000 clients worldwide and currently offers two main product lines: [AsureSpace™](#) Workplace management solutions enable organizations to maximize the ROI of their real estate, and [AsureForce®](#) time and labor management solutions deliver efficient management of human resource and payroll processes. For more information, please visit www.asuresoftware.com

The Asure Software, Inc. logo is available at <http://www.globenewswire.com/newsroom/prs/?pkgid=11986>

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995:

Statements in this press release regarding Asure's business which are not historical facts are "forward-looking statements" that involve risks and uncertainties. Such risks and uncertainties could cause actual results to differ from those contained in the forward-looking statements.

*Non-GAAP Financial Measures

This press release includes the following financial measures defined as a non-GAAP financial measure by the Securities and Exchange Commission: EBITDA and GAAP Net Income/(Loss) excluding one-time items. These supplemental financial measures are not required by GAAP, nor are the presentation of this financial information intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with GAAP. Management recognizes that non-GAAP financial measures have limitations in that they do not reflect all of the items associated with Asure's earnings results as determined in accordance with GAAP. However, for the reasons described below, management uses these non-GAAP measures to evaluate the performance of Asure's business. Asure's management believes that it is important to provide investors with these same tools, together with reconciliation to GAAP, for evaluating the performance of Asure's

business, as it may provide additional insight into Asure's financial results. See the "Reconciliation of GAAP Net Income/(Loss) to Earnings Before Interest, Taxes, Depreciation, Amortization and Stock Compensation Expense (EBITDA)" and the "Reconciliation of GAAP Net Income/(Loss) to Net Earnings Excluding One-Time Items" tables included in this press release for further information regarding these non-GAAP financial measures. In addition, these measures are presented because management believes they are frequently used by securities analysts, investors and others in the evaluation of companies.

EBITDA is calculated by adding income taxes, interest expense, depreciation and amortization and stock compensation expense to net earnings, EBITDA is not defined under GAAP and should not be considered in isolation or as a substitute for net earnings and other consolidated earnings data prepared in accordance with GAAP or as a measure of Asure's profitability.

Net Earnings Excluding One-Time Items is calculated by combining the company's GAAP Net Earnings, or earnings per share, with items that are one time in nature and are not expected to recur on a dollar or per share basis.

Free Cash Flow is computed by subtracting capital expenditures from cash flow from operations, each as determined in accordance with GAAP and as reflected in the statement of cash flows.

Non-GAAP Revenue is computed added back the deferred revenue fair market valuation to GAAP revenue.

Reconciliation of GAAP Net Earnings to Earnings Before Interest, Taxes, Depreciation, Amortization and Stock Compensation Expense (EBITDA) and EBITDA Gain Excluding One-time items.

FOR THE THREE MONTHS ENDING

\$000s	December 31, 2012	December 31, 2011	Inc/Dec
Net Gain/(Loss)	(633)	(645)	12
Interest	575	129	446
Interest — OID and Mark to Market	0	604	(604)
Tax	89	42	47
Depreciation	92	52	40
Amortization	629	277	352
Stock Compensation	21	26	(5)
EBITDA Gain	773	485	288
One-time items	175	230	(55)
EBITDA Gain excluding one-time items	948	715	233

Reconciliation of GAAP Net Earnings to Earnings Before Interest, Taxes, Depreciation, Amortization and Stock Compensation Expense (EBITDA) and EBITDA Gain Excluding One-time items.

FOR THE TWELVE MONTHS ENDING

\$000s	December 31, 2012	December 31, 2011	Inc/Dec
Net Gain/(Loss)	(3,032)	(649)	(2,383)
Interest	1,169	148	1,021
Interest — OID and Mark to Market	815	604	211
Tax	285	72	213
Depreciation	253	168	85
Amortization	2,042	882	1,160
Stock Compensation	88	81	7
EBITDA Gain	1,620	1,306	314
One-time items	1,675	506	1,169
EBITDA Gain excluding one-time items	3,295	1,812	1,483

Reconciliation of GAAP Net Earnings to Net Earnings Excluding One-time items

\$000s	FOR THE THREE MONTHS ENDED December 31	
	2012	2011
Net Gain/(Loss)	(633)	(645)
Legal & Professional Services	146	126
Severance, Recruitment & Relocation	26	35
OID and Mark to Market	--	604
Other one-time items (net)	3	69
Sub-total one-time items	175	834
Net Gain/(Loss) excluding one-time items	(458)	189

Reconciliation of GAAP Net Earnings to Net Earnings Excluding One-time items

\$000s	FOR THE TWELVE MONTHS ENDED DECEMBER 31	
	2012	2011
Net Gain/(Loss)	(3,032)	(649)
Legal & Professional Services	1,128	210
Severance, Recruitment & Relocation	395	140
Site Consolidation	55	0
OID and Mark to Market	465	604
Loss on Conversion of Debt	198	0
3:2 Stock Split	19	0
Provision for Taxes - Site Shut down	60	0
Other one-time items (net)	54	156
Sub-total one-time items	2,374	1,110
Net Gain/(Loss) excluding one-time items	(658)	461

Reconciliation of GAAP Revenue to Non-GAAP revenue

\$000s	FOR PERIOD ENDED DECEMBER 31	
	Three months ended 2012	Twelve months ended 2012
Revenue	5,948	19,965
Adjustment	317	978
Non- GAAP revenue	6,265	20,943

Note — Adjustment relates to the fair market valuation for assumed deferred revenue contracts that were not recognized in the period due to business combination accounting rules.

ASURE SOFTWARE, INC.
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands)

	December, 31	
	2012	2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,177	\$ 1,067

Restricted cash	250	--
Accounts receivable, net of allowance for doubtful accounts of \$182 and \$19 at December 31, 2012 and 2011, respectively	3,040	1,483
Inventory	266	116
Notes receivable	19	96
Prepaid expenses and other current assets	1,497	338
Total current assets	7,249	3,100
Property and equipment, net	1,154	414
Goodwill	15,525	6,264
Intangible assets, net	12,179	6,307
Other assets	41	--
Total assets	\$ 36,148	\$ 16,085
Liabilities and Stockholders' Equity		
Current liabilities:		
Line of credit	\$ --	\$ 500
Current portion of notes payable	3,450	349
Accounts payable	2,713	1,097
Accrued compensation and benefits	78	141
Other accrued liabilities	1,013	536
Deferred revenue	9,684	4,792
Total current liabilities	16,938	7,415
Long-term liabilities:		
Deferred revenue	199	169
Notes payable- related party	800	1,600
Notes payable	15,887	3,970
Derivative liability	--	835
Other liabilities	164	32
Total long-term liabilities	17,050	6,606
Stockholders' equity:		
Preferred stock, \$.01 par value; 1,500 shares authorized; none issued or outstanding	--	--
Common stock, \$.01 par value; 11,000 shares authorized; 5,644 and 5,014 shares issued, 5,260 and 4,630 shares outstanding at December 31, 2012 and 2011, respectively	56	50
Treasury stock at cost, 384 shares at December 31, 2012 and 2011	(5,017)	(5,017)
Additional paid-in capital	274,445	271,349
Accumulated deficit	(267,222)	(264,190)
Accumulated other comprehensive loss	(102)	(128)
Total stockholders' equity	2,160	2,064
	\$ 36,148	\$ 16,085

The accompanying notes are an integral part of these consolidated financial statements.

ASURE SOFTWARE, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Amounts in thousands, except share and per share data)

	Twelve Months	Twelve Months
	December 31, 2012	December 31, 2011
Revenues	\$ 19,965	\$ 10,941
Cost of sales	4,573	2,289

Gross Margin	15,392	8,652
Operating Expenses		
Selling, general and administrative	11,803	6,203
Research and development	2,376	1,678
Amortization of intangible assets	<u>1,726</u>	<u>680</u>
Total Operating Expenses	15,905	8,561
Income (Loss) From Operations	(513)	91
Other Income (Loss)		
Interest income	3	10
Loss on disposal of assets	(28)	--
Loss on debt conversion	(198)	--
Foreign currency translation (loss) gain	(27)	74
Interest expense and other	(1,169)	(148)
Interest expense — amortization of OID and derivative mark-to-market	<u>(815)</u>	<u>(604)</u>
Total other income (loss)	(2,234)	(668)
Loss From Operations before Income Taxes	(2,747)	(577)
Provision for income taxes	<u>(285)</u>	<u>(72)</u>
Net Loss	<u>\$ (3,032)</u>	<u>\$ (649)</u>
Comprehensive Loss:		
Foreign currency (loss) gain	<u>26</u>	<u>(98)</u>
Comprehensive loss	<u>\$ (3,006)</u>	<u>\$ (747)</u>
Basic and Diluted Net Loss Per Share		
Basic	\$ (0.60)	\$ (0.14)
Diluted	\$ (0.60)	\$ (0.14)
Weighted Average Basic and Diluted Shares		
Basic	5,048,000	4,628,000
Diluted	5,048,000	4,628,000

ASURE SOFTWARE, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Amounts in thousands)

	Common Stock Outstanding	Common Stock Amount	Treasury Stock	Additional Paid-in Capital	Accumulated Deficit	Other Comprehensive Income (Loss)	Total Stockholders' Equity
BALANCE AT DECEMBER 31, 2010	4,627	\$ 50	\$ (5,017)	\$ 271,262	\$ (263,541)	\$ (30)	\$ 2,724
Share based compensation				81			81
Net loss					(649)		(649)
Stock issued upon option exercise	3			6			6
Other comprehensive income						(98)	(98)
BALANCE AT DECEMBER 31, 2011	<u>4,630</u>	<u>\$ 50</u>	<u>\$ (5,017)</u>	<u>\$ 271,349</u>	<u>\$ (264,190)</u>	<u>\$ (128)</u>	<u>\$ 2,064</u>
Share based compensation				88			88
Stock issued upon option exercise	30			20			20

Issuance of stock upon debt conversion	345	3	2,244		2,247
Issuance of stock upon acquisition	255	3	744		747
Net loss				(3,032)	(3,032)
Other comprehensive income					26
BALANCE AT DECEMBER 31, 2012	5,260	\$ 56	\$ (5,017)	\$ 274,445	\$ (267,222)
					(102)
					\$ 2,160

ASURE SOFTWARE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands)

	<u>Twelve Months</u> <u>December 31, 2012</u>	<u>Twelve Months</u> <u>December 31, 2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (3,032)	\$ (649)
Adjustments to reconcile net loss to net cash used in operations:		
Depreciation and amortization	2,295	1,050
Provision for doubtful accounts	179	10
Share-based compensation	88	81
Amortization of original issue discount (OID)	350	46
Loss on sale of assets	28	--
Derivative mark-to market	465	561
Loss on debt conversion	198	--
Changes in operating assets and liabilities:		
Restricted cash	(250)	--
Accounts receivable	1,095	192
Inventory	(150)	(5)
Prepaid expenses and other current assets	(229)	(70)
Accounts payable	692	377
Accrued expenses and other long-term obligations	140	257
Deferred revenue	940	1,503
Net cash provided by operating activities	2,809	3,353
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net purchases of property and equipment	(904)	(121)
Purchases of intangible assets	(351)	--
Collection of note receivable	77	26
Acquisitions net of cash acquired	(9,800)	(10,401)
Net cash used in investing activities	(10,978)	(10,496)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on subordinated convertible notes payable on amendment and conversion	(222)	--
Payments on capital leases	(33)	(58)
Net proceeds from exercise of stock options	20	6
Proceeds from draw on line of credit	--	500
Payments on line of credit	(500)	6,783
Proceeds from notes payable	14,500	--
Payments on notes payable	(3,833)	--
Debt financing fees	(680)	--
Net cash provided by financing activities	9,252	7,231

Effect of translation exchange rates	27	(91)
Net increase (decrease) in cash and equivalents	1,110	(3)
Cash and equivalents at beginning of period	1,067	1,070
Cash and equivalents at end of period	\$ 2,177	\$ 1,067

SUPPLEMENTAL INFORMATION:

Cash paid for:

Interest	\$ 797	\$ 5
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Non-cash Investing and Financing Activities:

Conversion of subordinated convertible notes payable to equity	\$ 2,247	\$ --
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Issuance of common stock upon acquisition	747	--
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