

November 15, 2016

Fusion Acquires Cloud Services Provider Apptix

Adds Scale with \$25 Million in Annual Revenue; Closes New \$70 Million Senior Secured Credit Facility

NEW YORK, NY -- (Marketwired) -- 11/15/16 -- Fusion (NASDAQ: FSNN), a leading cloud services provider, announced today that it has acquired Herndon, Virginia-based Apptix, Inc., a wholly-owned subsidiary of Apptix ASA (OSE: APP). Apptix provides cloud-based communications, collaboration, virtual desktop, compliance, security and cloud computing solutions to approximately 1,500 business customers throughout the U.S. Total consideration in the transaction was \$28.0 million, consisting of \$23.0 million in cash and approximately 3.0 million shares of Fusion unregistered common stock priced at \$1.68 per share.

The acquisition, which closed on November 14, 2016, was financed with a new \$70.0 million senior secured credit facility led by East West Bank, which replaces Fusion's previous \$40.0 million senior credit facility. The new credit facility reduces Fusion's weighted average borrowing cost from 8.0% down to 7.5%.

Highlights

- Significantly expands Fusion's scale and scope, adding approximately \$25 million in annual revenue and \$8 million in post-synergy Adjusted EBITDA (a 30% contribution margin), for a total pro forma annual revenue run-rate of approximately \$145 million and Adjusted EBITDA of \$16 million
- Adds a growing, high-quality business customer revenue base, over 90% of which is under multi-year contract and recurring, with an existing gross margin of approximately 60%
- Represents a highly attractive acquisition price, equivalent to 3.5x pro forma Adjusted EBITDA and 1.1x revenue
- Extends Fusion's reach to the desktop and into the customer's IT infrastructure, allowing for greater service control and increased customer loyalty and "stickiness," while expanding the services Fusion can sell
- Accelerates Fusion's growth strategy and advances its leadership position in the rapidly expanding cloud computing market for SMB and Enterprise customers
- Contributes a powerful cloud computing infrastructure with significant available capacity for growth
- Brings engineering and development resources to advance Fusion's cloud computing infrastructure and service offerings, as well as a team of highly capable sales, implementation and support professionals
- Creates a large cross- and up-sell opportunity into Apptix's 1,500 customers and into Fusion's own customer base seeking a broader array of cloud services
- Fusion's new five-year \$70 million senior secured credit facility consists of a \$65.0 million term loan and a \$5.0 million revolver (undrawn at close), at an interest rate of LIBOR (with no floor) + 5.00%
- Retired the Company's previous \$25.0 million senior term loan and \$15.0 million senior revolver

Fusion also announced today the pricing of a \$2.8 million private placement consisting of 2.4 million shares of its common stock at a purchase price of \$1.15 per share. The offering included additional commitments from Fusion's chairman, its chief executive officer, and other members of its board of directors. Fusion will use the net proceeds from this offering, which is expected to close on November 16, 2016, for working capital and general corporate purposes. Craig-Hallum Capital Group acted as the sole placement agent in the offering.

Matthew Rosen, Fusion's Chief Executive Officer, said, "Fusion's acquisition of Apptix continues our previously announced strategy to build a market leading portfolio of integrated cloud service offerings and to achieve greater scale through disciplined, targeted acquisitions. The addition of Apptix deepens our comprehensive service portfolio with a focus on extending these services to the desktop and IT infrastructure of our customers. I am particularly pleased to further grow our team of seasoned, highly trained cloud technology professionals.

"In addition to its significant revenue and EBITDA contribution, we anticipate that the Apptix acquisition will accelerate Fusion's growth initiatives," Mr. Rosen continued. "We believe that Fusion's award-winning UCaaS and Contact Center solutions, as well as our secure and diverse cloud connectivity and security services, will connect well with Apptix's existing customers, creating substantial cross- and up-selling opportunities into the combined Apptix and Fusion base of more than 13,000 business customers."

For the three months ended September 30, 2016, Apptix reported, on an unaudited basis, revenue of \$6.3 million and Adjusted EBITDA of \$0.8 million.

Johan Lindqvist, Chairman of Apptix, said, "For more than a decade, Apptix's advanced, secure and reliable cloud services have helped businesses of all sizes work more efficiently. It has been our mission to increase our customers' productivity across the enterprise with high quality, high value communications, collaboration and infrastructure services, and we believe that Fusion's single source cloud solutions are a perfect complement to our own.

"We have gotten to know the Fusion team exceedingly well over the past several months, and have been impressed with management, the company's business, its position in the marketplace, and its commitment to providing the highest level of service to its customers. We have great confidence in Fusion's growth strategy and its ability to create significant value. Importantly, the two companies share a common vision and culture which provides a great foundation for the integration of our teams. On behalf of the shareholders of Apptix ASA, we are extremely excited to participate in Fusion's ongoing success as shareholders of this emerging cloud services leader," Mr. Lindqvist concluded.

Michael Bauer, Fusion's Chief Financial Officer, stated, "We are extremely pleased to announce our new senior credit facility led by East West Bank. Together with our common share offering, this new facility gives Fusion additional financial strength and flexibility to continue to pursue our growth strategy. This acquisition is a big step forward to achieving our intermediate financial goals of \$200 million in revenue, 50% gross margin and 15% Adjusted EBITDA margin."

Conference Call Information

Fusion will hold a conference call today, November 15, 2016 at 11:00 a.m. Eastern Time to discuss its results for the third quarter ended September 30, 2016, as well as the Apptix acquisition and financing transactions. To participate in the live conference call, interested parties should dial (844) 883-3892 or (412) 317-9248 at least 10 minutes prior to the start time and ask to be placed in the Fusion call. A replay will be available following the call at ir.fusionconnect.com.

Forward Looking Statements

Statements in this press release that are not purely historical facts, including statements regarding Fusion's beliefs, expectations, intentions or strategies for the future, may be "forward-looking statements" under the Private Securities Litigation Reform Act of 1996. Such statements consist of any statement other than a recitation of historical fact and may sometimes be identified by the use of forward-looking terminology such as "may", "expect", "anticipate", "intend", "estimate" or "continue" or the negative thereof or other variations thereof or comparable terminology. The reader is cautioned that all forward-looking statements are speculative, and there are certain risks and uncertainties that could cause actual events or results to differ from those referred to in such forward-looking statements. Important risks regarding the Company's business include the Company's ability to raise additional capital to execute its comprehensive business strategy; the integration of businesses and assets following an acquisition; the Company's ability to comply with covenants included in its senior debt agreements; competitors with broader product lines and greater resources; emergence into new markets; natural disasters, acts of war, terrorism or other events beyond the Company's control; and other factors identified by Fusion from time to time in its filings with the Securities and Exchange Commission, which are available through <http://www.sec.gov>. However, the reader is cautioned that Fusion's future performance could also be affected by risks and uncertainties not enumerated above.

About Fusion

Fusion, a leading provider of integrated cloud solutions to small, medium and large businesses, is the industry's single source for the cloud. Fusion's advanced, proprietary cloud service platform enables the integration of leading edge solutions in the cloud, including cloud communications, contact center, cloud connectivity, and cloud computing. Fusion's innovative, yet proven cloud solutions lower our customers' cost of ownership, and deliver new levels of security, flexibility, scalability, and speed of deployment. For more information, please visit www.fusionconnect.com.

About Apptix

Apptix is a premier provider of cloud communications, collaboration, compliance, security and cloud computing solutions to mid-market and enterprise customers and blue chip channel partners. Apptix's solutions are delivered over a highly reliable network leveraging best-in-class technology, housed in SSAE 16-compliant data centers, and backed by U.S.-based 24x7 support. For more information, visit www.apptix.com.

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