



Press release

Stockholm December 21, 2016

CLX COMMUNICATIONS AB completes acquisition of Sinch AB

Stockholm, Sweden – CLX Communications AB (publ.) - XSTO:CLX

CLX Communications, a leading global provider of cloud-based communication services, announces that it has completed the acquisition of Sinch AB. The intention to acquire Sinch AB was announced on December 9 2016, when CLX presented a binding offer that was accepted by Sinch AB's owners.

"CLX was founded on a vision to become the world's largest and leading player in the market for mobile cloud-based communications, with solutions for text, voice and Internet of Things – IOT. Following the IPO of last fall, the summer's acquisition of Mblox was the first of several important steps towards that objective. With the now-completed acquisition of Sinch we are taking another major strategic step in achieving our vision," says Johan Hedberg, President and CEO, CLX Communications.

"CLX has consistently built a global market position and has quickly become a power in cloud-based communications. CLX has a strong customer base consisting of many leading companies, and strong brands within a breadth of industries that collectively represent a very exciting opportunity for further growth. Through CLX's acquisition of Sinch we will jointly create unique market-leading solutions for the integration of voice-based communication with CLX's existing cloud-based communication solutions," says Andreas Bernström, founder of Sinch.

"I look forward to being part of the next exciting chapter of how Sweden's technology powerhouse develops into a global leader," concludes Andreas Bernström

Background and rationale for the acquisition of Sinch

The market for communication between companies' business-critical applications and people (A2P) is growing very strongly, irrespective of whether this uses text messaging, voice-based solutions or the Internet of Things – IOT. Even before its market listing in 2015, CLX had painted a clear picture of how the company envisaged developments in the coming years, and how it would take a leading role in the consolidation of a fragmented market. The acquisitions of MBlox and Sinch are clear evidence that CLX is delivering on this strategy.

Over the past eight years, CLX has grown to become a leading provider to global companies that want to communicate with customers, employees, partners and others using mobile cloud-based solutions. The market is still growing continuously thanks to increased demand for mobile communications, but also thanks to new and innovative solutions and applications.

Leading companies around the world are not content with this, and are constantly seeking new ways to broaden their communication. They are increasingly looking for new channels and technologies for the modern globalized market. Integration of voice-based communications with the applications of the future will be crucial to winning the battle for customers.



Sinch was founded in 2014 when Rebtel AB decided to place its technology, platform and operations in a separate company. As early as in 2014, Sinch saw major growth opportunities in cloud-based communication services, and since its launch Sinch has successfully become a supplier to a number of leading app and web companies, particularly on the West Coast of the United States.

Several of the world's leading players in mobile applications have realized the strength of Sinch, and are today highly valued customers that largely run their innovation in voice-based communications on Sinch's technology.

Companies that are leaders in the development of new and innovative mobile applications and communication solutions commend the strategic importance of using a partner to access world-leading technology in cloud-based communications for text messaging, voice and Internet of Things (IOT) solutions.

The transaction

CLX is acquiring Sinch at an **Enterprise Value** totaling SEK 130 million. The purchase price is being paid partly in CLX shares and partly in cash through some of Sinch's debt being settled by CLX.

Within the total purchase price CLX has lent SEK 1.5 million to Sinch through a convertible loan, thereby ensuring access to working capital.

With support of the authority granted by the annual general meeting of September 7 2015 to issue shares, the board of directors of CLX has decided on a non-cash issue to Rebtel Owners AB of 885,797 consideration shares.

The remainder of the purchase price, minus the convertible loan of SEK 1.5 million, amounting to SEK 53,496,875 is being paid in cash.

- Through the non-cash issue, CLX's share capital increases by SEK 88,579.70, from SEK 4,864,864.50 to SEK 4,953,444.20.
- The total number of registered shares in CLX increases by 885,797, from 48,648,645 to 49,534,442 shares registered and outstanding, once the non-cash issue is registered with the Swedish Companies Registration Office.

Information about Sinch

Sinch has successfully won and developed numerous global customers.

In 2015 Sinch reported sales of SEK 488 million and EBITDA of SEK -15.7 million, with Rebtel services accounting for a large majority of Sinch's revenues. For financial year 2016 it is estimated that Sinch will have sales of approximately SEK 490 million and EBITDA of SEK -27 million. These figures are based on the reported actuals for the period January 1 – October 31 2016, and a projected outcome for the period November 1 – December 31 2016. At the time of closing Sinch has approximately 40 employees in Sweden and five in the United States.

Estimated impact on the company's operations

During 2017 it is estimated that the acquisition of Sinch will cost CLX up to approximately SEK 45 – 55 million with regard to integration and restructuring costs. CLX expects the acquisition will have only a limited negative impact on CLX's earnings per share for 2017. CLX also estimates that Sinch will from 2018 contribute positively to CLX's EBITDA and earnings per share.



Timetable

Sinch is consolidated as of December 20, 2016, after which the planned integration work begins, which is expected to take approximately 12 months. CLX expects Sinch to be fully integrated at the beginning of 2018.

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About CLX Communications

CLX Communications (CLX) is a leading global provider of cloud-based communication services and solutions to enterprises and mobile operators. CLX's mobile communication services enable companies to quickly, securely and cost-effectively communicate globally with customers and connected devices – Internet of Things (IoT).

CLX's solutions enable business-critical communications worldwide via mobile messaging services (SMS), voice services and mobile connectivity services for the IoT. CLX has grown profitably since the company was founded. The Group is headquartered in Stockholm, Sweden, and has presence in a further 20 countries.

CLX Communications' shares are traded at NASDAQ Stockholm - XSTO:CLX.

To learn more please visit: www.clxcommunications.com

Important information

This communication may contain certain forward-looking statements. Such statements are all statements that do not relate to historical facts and include expressions such as "believe", "estimate", "anticipate", "expect", "assume", "predict", "intend", "may", "presuppose", "should" or similar. The forward-looking statements in this release are based on various estimates and assumptions that in several cases are based on additional assumptions. Although CLX believes these assumptions were reasonable when made, such forward-looking statements are subject to known and unknown risks, uncertainties and other important factors that are difficult or impossible to predict and that are beyond CLX's control. Such risks, uncertainties and important factors could cause the actual results to differ materially from the results expressly or implicitly indicated in this communication through the forward-looking statements. The information, perceptions and the forward-looking statements in this release apply only as of the date of this release and may change without notice.

Disclaimer: Every care has been taken in the translation of this press release. In the event of discrepancies, however, the Swedish original will supersede the English translation.

This information was submitted for publication on 21 December 2016 at [08:00] CET by the CLX Communications representative as stated above.