



CLX is exposed to macroeconomic factors.

CLX conducts its business in several markets around the world. For this reason, CLX is, similar to other corporations, affected by general economic, financial and political conditions on an international level. The demand for services and solutions offered by CLX is affected by general macroeconomic circumstances such as recession, inflation or deflation and general weakening of the purchasing power of its customers. Global conditions and the negative development of economies worldwide could have a materially adverse effect on CLX's business, financial position and results of operations. In the event of an economic recession or due to macroeconomic or other factors, demand for the Company's services and solutions could decrease. In addition, fluctuations in local or regional economic conditions, particularly in North America or Europe, may also affect CLX's end-customers and the demand for the Company's services and solutions. Should any of the above factors, events or fluctuations occur, the results could have a materially adverse effect on CLX's business, financial position and results of operations.

CLX may experience failures, defects, delays and other problems involving the technology systems and infrastructure on which it relies for the services and solutions that it provides.

CLX relies on its technology systems and infrastructure in providing its services and solutions to its customers. The Company's business could be interrupted by any damage to or the failure of the Company's technology systems, infrastructure or software as well as impact of any failure of the networks, systems, infrastructure, software and hardware of its customers, mobile operators or service providers. The Company's systems and infrastructure are also vulnerable to damage and interruption from, among other things, power loss, transmission cable cuts and other telecommunications failures, natural disasters, computer viruses and software defects and errors by the Company's employees or service providers. Systems failures or delays could disrupt CLX's business or ability to process transactions and communications through its communications platform, which could result in loss of revenue and current and potential customers, which could have a materially adverse effect on CLX's business, financial position and results of operations. The services and solutions that CLX provides to its customers are inherently complex and may contain material defects or errors. Any defects either in functionality or that cause interruptions in the availability of CLX's services and solutions, including user error, could result in the loss of or delayed market acceptance and use of the Company's services and solutions, breach of warranty claims, issuance of sales credits or refunds for prepaid amounts related to unused services, loss of customers, diversion of development and customer service resources and harm to CLX's reputation. Furthermore, the availability or performance of CLX's services and solutions could be adversely affected by a number of factors, including its customers' inability to access the internet, the mobile signal and connectivity of its customers' end users, the failure of CLX's technology systems and infrastructure, security breaches or variability in customer traffic volumes. In addition to potential liability, if CLX experiences interruptions in the availability of its services and solutions, CLX's reputation may be adversely affected, which could result in loss of customers. Accordingly, failures, defects and other problems relating to the Company's services and solutions could have a materially adverse effect on CLX's business, financial position and results of operations. In addition, the costs incurred in correcting any material failures, defects, delays, errors or other problems involving the Company's technology systems and infrastructure or its services and solutions may be substantial and have a significant impact on CLX's operating results and have a materially adverse effect on CLX's business, financial position and results of operations.



CLX may be unable to successfully manage or scale its technology systems and infrastructure or the services and solutions that it provides.

CLX must properly manage its technology systems and infrastructure in order to support changes in hardware and software parameters, changes in demands by customers and the evolution of its services and solutions. CLX has experienced significant growth in the number of users and the number of transactions and communications that its technology systems and infrastructure support. Increases in the number of organisations, in particular large enterprises that use CLX's services as a large component of their communication strategies, could negatively impact the Company's technology systems and infrastructure, including its existing server center network, and require investments by the Company. Furthermore, previous and possible future acquisitions may result in a significant increase in the number of users, transactions and communications within the new group, as well as the Company's integration of all volume of messages to a single platform. This may significantly increase the demands on the Company's technical systems and infrastructure. If CLX does not accurately predict and manage its technology systems and infrastructure requirements, including the capacity requirements with respect to its server centers, its existing or future customers may experience service outages or data loss and corruption resulting from the failure or disruption of the Company's technology systems and infrastructure, which could subject CLX to financial liabilities and customer losses. If CLX's technology systems and infrastructure fail to keep pace with increased customer usage and demands, including its server center capacity, customers may experience delays as CLX seeks to obtain and invest in additional capacity or updated systems and CLX may be required to limit new customer acquisition, which could adversely affect CLX's reputation, business and operating margin, and which might have a materially adverse effect on CLX's business, financial position and results of operations. In addition, CLX seeks to ensure that its services and solutions can scale to meet the expanding needs of its customers, including the anticipated expansion of use by existing customers and the provision of services to new customers. There is a risk that the Company will not successfully manage its services and solutions or that its services and solutions will not remain effective while scaling to meet and address expanding customer demands. If CLX is unable to provide its services and solutions at the scale required by its customers, potential customers may not adopt CLX's offerings and existing customers may not renew their agreements, which could adversely affect CLX's reputation and business, and which might have a materially adverse effect on CLX's business, financial position and results of operations.

The Group depends on its reputation and value associated with the Group's business.

CLX's is dependent on maintaining its reputation and the value associated with the Group's business. CLX relies on the quality and consistency of its services and solutions, as well as marketing to strengthen its business. There is a risk that marketing initiatives may prove to be ineffective and significant negative publicity or other similar events could cause irreparable damage to the Group's reputation. Additionally, the actions of third parties may affect CLX's reputation if customers do not have a positive experience using third-party services, such as the telecommunications networks of mobile operators, which are integrated with, or integral to, CLX's services and solutions. Maintaining and enhancing CLX's reputation may require substantial investments, and such investments may not achieve their desired goals. If the reputation of CLX deteriorates, it could have a materially adverse effect on CLX's business, financial position and results of operations.

CLX partly depends on the success of its strategic relationships with third parties, particularly its direct relationships with mobile operators.



CLX's services and solutions are dependent on independent third parties and on mobile operators in particular. CLX relies on the telecommunications networks of mobile operators to provide connectivity in various regions and countries around the world. The Company's direct relationships with mobile operators help to promote the quality and reduce the pricing of the Company's services and solutions, and are a key component underlying the synergies that the Company is able to benefit from in working with mobile operators and enterprise customers. There is a risk that CLX will not be able to maintain, identify or secure suitable business relationship opportunities in the future, or that consolidation in the telecommunications industry will adversely impact the number of direct relationships that CLX is able to establish with mobile operators. In addition, there is a risk that CLX not will be able to maintain sufficient traffic volumes in order to develop such relationships with mobile operators. If CLX is unable to establish or maintain direct relationships with mobile operators, or if mobile operators terminate their agreements and relationships with CLX, CLX may be unable to attract new customers, existing customers may experience service interruptions and the Company's costs associated with purchasing network capacity from these mobile operators may increase. As a service provider to mobile operators, CLX is sometimes asked to assist and respond to issues or problems that its mobile operator customers experience. For example, certain of the Company's mobile operator customers rely on CLX to monitor, control and restrict certain communications on their networks. To the extent CLX is unresponsive to these requests, or if CLX is unable to satisfactorily fulfil the requests of its customers, the Company's relationships and reputation with these mobile operators may be adversely impacted, which could have a significant effect on the Company's ability to provide its services and solutions in the future and negotiate new direct relationships with these mobile operators. In certain regions and countries, such as North America, CLX relies upon its direct relationships with tier-1 mobile operators, which are difficult to secure, and there is a risk that CLX may not be able to provide services and solutions in a cost efficient manner without these relationships. Accordingly, if CLX is unable to establish or maintain direct relationships with mobile operators in such regions and countries, there could be a significant impact on its business, which could have a materially adverse effect on CLX's business, financial position and results of operations. With respect to CLX's ability to capitalise on the attractive growth opportunity in the mobile connectivity for the IoT market segment, CLX will rely on its agreements and direct relationships with mobile operators to support its mobile connectivity services for IoT. CLX may be required to enter into new agreements or addendums to existing agreements with mobile operators in order to secure connectivity to the mobile networks, and there is a risk that mobile operators will not agree to these new agreements or addendums or that CLX will be able to negotiate new agreements or addendums on favourable terms. If CLX is unable to secure connectivity to the mobile networks for its mobile connectivity services for IoT, its ability to benefit from the potential growth of the IoT market segment will be adversely impacted, which could have a materially adverse effect on CLX's business and growth prospects.

CLX relies on services provided by third-party service providers, including mobile operators.

CLX's business depends upon the capacity, reliability and security of infrastructure owned and managed by third-party service providers, including mobile operators. CLX does not have control over the operation, quality or maintenance of such infrastructure or whether those third parties will upgrade or improve their software, equipment and services. In such cases, it could require CLX or its customers to invest time and resources in updating or improving their software, APIs, equipment or services, and may result in interruptions or delays in the provision of CLX's services and solutions to its customers. As CLX relies on the telecommunications networks of mobile operators to provide its services and solutions to its customers, interruptions or failures of such networks, whether due to



natural disaster, government policy, terrorist activity or any other reason, and the resulting reduction in transactions and communications processed by CLX's communications platform for delivery via such networks, can have a significant impact on the Company's revenue and could have a materially adverse effect on CLX's business, financial position and results of operations. In addition, rapid changes in the telecommunications industry have led to industry consolidation, which may cause the availability, pricing and quality of the third-party services that CLX uses to vary and could lengthen the amount of time that it takes to deliver these services, which could have an adverse impact on CLX's reputation with its customers and may have an adverse effect on its revenues. Consolidation may also impact the Company's direct relationships with mobile operators. As such, industry consolidation and the resulting impact on the telecommunications networks could have a materially adverse effect on CLX's business, financial position and results of operations.

CLX operates in a competitive and rapidly changing market

The enterprise cloud communications market is changing rapidly due to technological improvements, availability of new or alternative services and changing customer demands, and can require significant investment in research and development by market participants. The Company depends on its ability to adapt to the rapidly changing market by improving the features and reliability of its existing services and solutions, and by successfully developing, introducing and marketing new features, services, solutions and applications to meet customer demands. There is a risk that the Company will not be able to successfully adapt to changes in the market or respond successfully or adequately to meet market demands in a cost-effective manner. Any failure by CLX to adapt to changes in the market or respond quickly, successfully or adequately to new or changing opportunities, technologies, standards or customer demands could impair the Company's ability to compete and retain customers, which could have a materially adverse effect on CLX's business, financial position and results of operations. The enterprise cloud communications market is characterised by fragmented and highly competitive market participants. Some of CLX's competitors and potential competitors are larger and have greater name recognition, longer operating histories, larger marketing budgets and significantly greater resources than CLX, and thus may be able to respond more quickly and effectively to new or changing opportunities, technologies, standards or customer demands than CLX. Due to the competitive enterprise cloud communications market, general pricing pressure in the market is also apparent. If CLX is unable to achieve its target pricing levels, its operating results would be negatively impacted. Furthermore, increased competition from traditional and new competitors generally, could result in increased price pressure, reduced sales, lower margins, losses or the failure of CLX to increase or maintain market share, any of which could have a materially adverse effect on CLX's business, financial position and results of operations.

The markets in which CLX operates may develop more slowly than CLX expects or may decline.

The market for enterprise cloud communication services and solutions is not as mature as the market for legacy communication solutions, and there is a risk that these services not will achieve or sustain high levels of demand and market acceptance. CLX's success will, to a substantial extent, depend on the desire of enterprises to communicate with customers, employees and connected things globally via cloud communications instead of through legacy communications solutions and on the continued realisation and development of new use cases by enterprise customers. If enterprises do not perceive or realise the benefits of enterprise cloud communications services and solutions, there is a risk that the market for these services may not continue to develop, may decline or may develop more slowly than CLX expects, which could have a materially adverse effect on CLX's business, financial position



and results of operations. In addition, the mobile connectivity for IoT market segment is in the early stages of development. Thus, the market is immature and there is a risk that the market not will develop or grow at the pace that is expected or at all, or that the Company not will be able to realise the benefits of the IoT market generally. As growth within the mobile connectivity for IoT market segment is an opportunity that only recently became possible to address, the benefits and potential upside associated with the mobile connectivity for IoT market segment are uncertain and subject to change significantly as the market, technology and opportunities develop and mature. If the Company is unable to capitalise on the attractive growth opportunity in the mobile connectivity for IoT market segment, if the market segment does not develop or grow at the pace that is expected, or if the Company is unable to enter into agreements or addendums to existing agreements with customers for its mobile connectivity solutions, the Company's growth may be adversely affected, which could have a materially adverse effect on CLX's business, financial position and results of operations.

CLX may lose its existing customers.

CLX's end customer can be either a direct customer to CLX or an indirect customer via a channel partner. When the end customer is indirect, CLX relies on channel partners that have direct relationships with the end customer. The loss of one of CLX's larger, direct or indirect, customers, or channel partners, including instances in which existing customers are acquired or merged with other companies, may have a materially adverse effect on CLX's business, financial position and results of operations. In order for CLX to maintain or improve its operating results, it is important that CLX's customers continue to renew their agreements with CLX. CLX's customers have no obligation to renew their agreements upon expiration. Thus, there is a risk that the customers will not renew agreements with CLX. CLX's customer retention rate may decline or fluctuate as a result of a number of factors, including customer satisfaction with CLX's services, the effectiveness of CLX's services and solutions and its customer support services, CLX's pricing, the prices of competing services and solutions, mergers and acquisitions affecting CLX's customer base, the effects of global economic conditions or reductions in CLX's customers' spending levels. In addition, CLX's customers may choose to internally develop certain functionality or services currently provided by CLX. If CLX's customers do not renew their agreements or if they renew their agreements on less favourable terms for CLX, the Company's revenue may decline, which may have a materially adverse effect on CLX's business, financial position and results of operations.

The Company's growth and revenue is subject to volatility and seasonality.

The Company's revenue within the Enterprise division is subject to volatility across quarters, primarily as a result of fluctuations in traffic volumes and usage of its communications platform by its enterprise customers. A significant number of CLX's agreements with its enterprise customers are pay-as-you-go agreements whereby enterprises pay for services and solutions on a per SMS and per voice minute basis, and CLX generates revenue based on each transaction or communication processed through its communications platform. These agreements generally do not provide for fixed or minimum recurring payments or traffic volumes. As a result, the Company's results are highly dependent upon the continued purchase of services and usage of CLX's communications platform by its enterprise customers. If the Company's customers decide for any reason not to continue to pay for CLX's services at current levels or at current prices, if CLX is unable to upsell or encourage its customers to expand their use of CLX's services or solutions if there is a period of reduced, limited or restricted usage of the Company's services and solutions by its customers, CLX's growth may be adversely affected, there could be significant revenue volatility for the respective reporting period and there is a risk that the Company will not receive any fixed or minimum recurring payments, which



could have a significant and immediate materially adverse effect on CLX's business, financial position and results of operations. The Company's revenue within the Operator division is also subject to volatility across quarters, primarily due to the seasonality of order intakes and the placing of orders in certain quarters. As a result, the Company's results of operations vary from quarter to quarter, which could have an adverse impact on the Company's revenue and results of operations for a respective reporting period.

CLX's sales cycles for its enterprise customers may become lengthier and more expensive and may become subject to implementation, customisation and timing challenges.

As CLX targets a substantial portion of its sales at larger enterprise customers, CLX may face greater costs, longer sales cycles and less predictability in completing some of CLX's sales. Generally, an enterprise customer's decision to use CLX's services is an enterprise-wide decision that requires a significant amount of CLX's time and resources. For example, CLX may be required to provide prospective customers with greater levels of education regarding the use and benefits of CLX's service, privacy and data protection laws and other regulations. In addition, larger customers may demand more customisation, integration services and features, or may have existing systems in place that require more specialised software and APIs to access CLX's services and solutions. As a result of these factors, sales opportunities may require CLX to devote greater sales support and professional services resources to individual customers, which can increase the costs and time required to complete these and other sales and may divert sales and professional services resources to a smaller number of larger transactions. In addition, to the extent that customers demand more customisation, integration services and features, or require more specialised software and APIs, CLX may experience delays in revenue recognition from these customer transactions, pending resolution of the respective technical and implementation requirements. To the extent that CLX's sales cycles for its enterprise customers become longer and more expensive, or require more customisation, integration services and features, or specialised software and APIs, there could be a materially adverse effect on CLX's business, financial position and results of operations.

The Company may be impacted by actual or perceived security vulnerabilities in its services and security controls, or in the services and security controls of its competitors.

The Company may be subject to third-party attempts and threats to breach its communications platform, software, network and data security and take advantage of other security vulnerabilities. Threats to CLX's information technology security can take various forms, including viruses, worms, and other malicious software programs that attempt to attack CLX's services and solutions and gain access to CLX's computer networks and data centers. Persons who attempt to circumvent CLX's information technology security may also launch targeted or coordinated attacks using novel methods. In addition, security threats may be caused by employee error or various means of unauthorised access to CLX's internal systems or data or the data of CLX's customers. Because the techniques used to obtain unauthorised access, or to sabotage systems, change frequently and are generally not recognised until launched against a target, there is a risk that CLX will be unable to anticipate these techniques or to implement adequate preventative measures. These threats may result in breaches of CLX's network or data security, disruptions of CLX's service, solutions and internal systems, interruptions in CLX's operations, harm to CLX's competitive position from the compromise of confidential information or trade secrets, or otherwise harm CLX's business. These third-party attempts and threats can result in the loss or corruption of Company and customer data and may adversely impact the Company's systems, operations and reputation, which could have a materially adverse effect on CLX's business, financial position and results of operations. In addition,



customers using CLX's services and solutions rely on the security of CLX's network and infrastructure for achieving reliable service and the protection of their data. CLX receives and communicates a significant amount of data from its customers, and there is a risk that this information will be subject to computer break-ins, theft and other improper activity that could jeopardise the security of information handled by CLX's services and solutions or cause interruptions in CLX's operations. In addition, to the extent that CLX's competitors are subject to the abovementioned attempts, threats, break-ins, theft and other improper activity, CLX may experience reduced customer trust and acceptance of its services and solutions and the reputation of the Company and industry may be adversely affected. Accordingly, any such actions, irrespective of whether successful in breaching the Company's security controls, could expose CLX to litigation, loss of customers, damage to CLX's reputation, or otherwise have a materially adverse effect on CLX's business, financial position and results of operations.

CLX is dependent on protecting its intellectual property rights and may be subject to third-party claims regarding violations of intellectual property rights.

CLX is dependent on protecting its intellectual property rights, such as copyright, trademark and trade secret. Such protection is obtained through laws and agreements, primarily confidentiality and license agreements with its customers, employees, partners and others parties. However, the steps CLX takes to protect its intellectual property rights may be inadequate and may not prevent competitors from copying or reverse engineering the Company's services and solutions, or independently developing and marketing services and solutions that are substantially equivalent to or superior to CLX's. Moreover, third parties may be able to successfully challenge, oppose, invalidate or circumvent the intellectual property rights which the Company uses in its business, such as the registered trademark Symsoft or other intellectual property rights. There is a risk that CLX may not, in the future, be able to obtain patents, and it is possible that future applications may not result in the issuance of patents. Any failure or inability to obtain or maintain adequate protection of the Company's intellectual property rights for any reason could have a materially adverse effect on CLX's business, financial position and results of operations. In order to protect CLX's intellectual property rights, CLX may be required to spend significant resources to monitor and protect those rights. Litigation brought to protect or enforce CLX's intellectual property rights could be costly and time-consuming and could result in the impairment or loss of portions of CLX's intellectual property. Furthermore, CLX's efforts to enforce its intellectual property rights may be met with defences, counterclaims and countersuits attacking the validity and enforceability of CLX's intellectual property rights. Accordingly, CLX may not be able to prevent third parties from infringing upon or misappropriating CLX's intellectual property. CLX's failure to secure, protect and enforce its intellectual property rights could have a materially adverse effect on its business. CLX also faces a risk of claims that it has infringed the intellectual property rights of third parties. There is considerable patent and other intellectual property development activity in CLX's industry and CLX's success depends on it not infringing upon the intellectual property rights of others. CLX's competitors, as well as a number of other entities and/or individuals, may own or claim to own intellectual property relating to CLX's industry. Furthermore, CLX may be unaware of the intellectual property rights that others may claim cover some or all of CLX's technology or service. Accordingly, CLX may be drawn into court proceedings for alleged infringement of the rights of others. If this happens, there is a risk that CLX may be liable to pay significant damages or settlement costs, including royalty payments, or be obligated to indemnify its customers or business partners, which could be costly and have a negative impact on CLX's operating profits.



Some of CLX’s services contain open source software, and CLX licenses some of its software through open source projects.

CLX uses open source software in some of its internal systems. The terms of many open source licenses to which CLX is subject have not been interpreted by domestic or foreign courts, and there is a risk that open source software licenses could be construed in a manner that imposes unanticipated conditions or restrictions on CLX’s ability to provide or distribute its services or solutions. Additionally, CLX may from time to time face claims from third parties claiming ownership of, or demanding release of, the open source software or derivative works that CLX developed using such software, or otherwise seeking to enforce the terms of the applicable open source license. These claims could result in litigation and could require CLX to make its software source code freely available, purchase a costly license or cease offering or using the implicated systems. This re-engineering process could require significant development resources, and there is a risk that CLX will not be able to complete it successfully. In addition to risks related to license requirements, use of certain open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or controls on the origin of software. Any of these risks could be difficult to eliminate or manage, and, if not addressed, could have a materially adverse effect on CLX’s business, financial position and results of operations.

CLX’s business depends on its ability to recruit and retain key personnel.

CLX is dependent on executives and key personnel, including competent sales force as well as software developers with a detailed knowledge of the Company and the industry. Identifying and recruiting qualified personnel and training them requires significant time, expense and attention. There is a risk that CLX may not be able to retain or hire such personnel to the extent necessary. CLX’s business may also be adversely affected if its efforts to expand and train its direct sales force do not generate a corresponding increase in revenue. If CLX fails to continue to attract and retain key employees and other skilled employees on acceptable terms it may not be able to sustain or further develop its business, which could have a materially adverse effect on CLX’s business, financial position and results of operations.

CLX has experienced rapid growth in recent periods and may be unable to continue to manage its growth effectively or execute its business plan.

CLX has grown substantially in its operations and employee headcount. Potential investors should not consider CLX’s historic growth as indicative of its future performance. Prior growth has placed, and future growth will place, a significant strain on CLX’s management, administrative, operational and financial infrastructure. CLX’s success will depend in part on its ability to manage its growth effectively. To manage the expected growth of CLX’s operations and personnel, it will need to continue to improve its operational, financial and management controls, and its reporting systems and procedures. If CLX is unable to manage its growth effectively, the Company may be unable to successfully execute its business plan and potential customers may not enter, and existing customers may not renew agreements with CLX. These difficulties could have a materially adverse effect on CLX’s business, financial position and results of operations.

The Company’s risk management and internal controls may prove inadequate, which could have a materially adverse effect on the Company’s business.

Effective corporate governance practices and internal controls are necessary for the Company to provide reliable financial information and effectively prevent fraud. There is a risk that the Company will not successfully manage corporate functions or internal risks or identify areas requiring improvement in the Company’s governance and internal controls. In addition, as the Company



continues to grow and hire additional employees to satisfy its staffing needs and address employee turnover, there may be a risk that the Company will not successfully maintain or implement its internal policies and controls with respect to its employees or that new employees will be adequately trained in respect of compliance with Company policies and controls. If the Company is unable to establish, maintain or implement appropriate and effective corporate governance policies, internal controls, routines and procedures, it could subject the Company to regulatory scrutiny, sanctions, cause investors to lose confidence in the Company's ability to control and manage such risks, which could have a materially adverse effect on CLX's business, financial position and results of operations.

Inefficient and unsuccessful project management and/or forecasting may result in significant losses if costs are greater than anticipated.

Part of CLX's sales arises from fixed and project related fees associated with the on boarding and integration of new customers. Revenues from fixed price projects are recognised by reference to the stage of completion. The essential skills for performance and profitability of a project are the Company's ability to accurately assess the various resources (in particular, human resources) necessary to carry out the project and to control technical events that could affect and delay progress on the project. In practice, poor project management or errors in calculating costs could have a materially adverse effect on CLX's business, financial position and results of operations.

CLX may pursue further acquisitions or joint ventures, which the Company may be unable to achieve or successfully integrate.

As part of the business strategy going forward, CLX will review and consider joint ventures, strategic relationships and acquisitions that the Company expects to complement its existing business. Successful growth through acquisitions is dependent on the Company's ability to identify suitable acquisition targets, conduct appropriate due diligence, negotiate transactions on favourable terms, obtain required licenses and authorisations and ultimately complete such acquisitions and integrate them into the Group. There is a risk that the Company will not find attractive acquisition targets or opportunities on favourable terms or at all and the Company may face competition for attractive acquisition targets, which may increase the price of the target. If the Company cannot complete an acquisition on favourable terms, it could adversely impact the Company's growth. In addition, future acquisitions could pose numerous risks to the Company's operations, including:

- The Company may experience significant changes in debt levels, contingent liabilities, capitalisation and results of operations;
- The Company may have difficulty integrating acquired operations, software, technologies or personnel, including due to possible differences in corporate culture;
- The Group may incur substantial unanticipated integration costs;
- Integrating the acquired businesses may divert significant management attention and financial resources from the Company's other operations and could disrupt its ongoing business;
- Acquisitions could result in the loss of key employees, particularly those of the acquired operations;
- The Group may have difficulty retaining, or developing the relationship with, the acquired businesses' customers;
- The Group may fail to realise the potential cost savings or other financial benefits and/or the strategic benefits of the acquisitions;



- The Group may incur liabilities or other claims from the acquired businesses, and it may not be successful in seeking indemnification for such liabilities or claims.
- If the Company is therefore unable to complete an acquisition, the Company may incur liability for damages for breach of contract, be subject to an action for specific performance (i.e., the Company may be required to complete the transaction through any means available) and/or be subject to other damages including tort damages.
- The Company's due diligence efforts may be inadequate or marred by gaps or insufficiencies and assumptions made by the Company about acquisitions may prove incorrect.

In connection with any such acquisition or investment, the Company could incur debt, amortisation expenses relating to intangible assets, large and immediate write-downs, assume liabilities or issue shares as payment for the acquisition that would dilute its current shareholders' percentage of ownership. If CLX is not able to realise the anticipated benefits or the expected return on its investments or acquisitions, or is unable to complete acquisitions or integrate the operations, software, technologies or personnel gained through any such acquisition, it could have a materially adverse effect on CLX's business, financial position and results of operations.

CLX's consolidated balance sheet includes significant goodwill.

CLX assesses the need to write down the goodwill on a yearly basis, or more often if an indication of a need to write down the value is identified. There is a risk that goodwill may be impaired in the future if CLX determines that the recoverable amount is lower than CLX's carried value due to changes in circumstances. If CLX's goodwill would be significantly impaired, it could have a materially adverse effect on CLX's business, financial position and results of operations.

CLX may not succeed to obtain further financing on commercially viable terms, or to obtain any further financing at all, or to comply with its obligations according to existing financing terms.

CLX is party to credit facilities from time to time. The credit facilities may include customary provisions and undertakings, for example in relation to changes in the controlling ownership of CLX and an undertaking not to exceed a maximum ratio for net debt to EBITDA and to maintain a minimum equity ratio. If CLX or any of its subsidiaries do not comply with the provisions of the credit facilities the lender usually has the right to terminate the credit facilities and demand prepayment of all loans outstanding and, if prepayment is not made, to enforce the security. CLX's ability to repay its debt and comply with its undertakings under credit facilities and the Group's ability to refinance its loans and pay in accordance with other obligations is among other things dependent on CLX's future financial performance. Certain aspects of CLX future financial performance depend on economic, financial, competition and other factors partly outside CLX's control. There is also a risk that further financing will not be available to CLX on commercially viable terms when there is a future need, or that further financing will not be available at all. If CLX cannot obtain further financing on commercially viable terms or obtain further financing at all it may have a materially adverse effect on CLX's business, financial position and results of operations and CLX may be subject to an order for specific performance to obtain replacement financing on any terms available to complete the transaction, or be subject to liability for damages for breach of contract or other damages including tort damages.

Exposure to currency risk may affect CLX's cash flow, income statement and balance sheet.



Currency risk refers to the risk of exchange rate fluctuations having an adverse effect on CLX's cash flow, income statement and balance sheet. The Company reports in SEK and SEK is the functional currency of the Group. Foreign exchange exposure occurs in conjunction with products and services being bought or sold in currencies other than the respective subsidiary's local currency (transaction exposure) and during conversion of the balance sheets and income statements of non-Swedish subsidiaries into SEK (translation exposure). CLX's global operations give rise to significant cash flows in other currencies than the SEK. CLX is principally exposed to changes in EUR, USD and GBP. Accordingly, any exchange rate fluctuations could have a materially adverse effect on CLX's business, financial position and results of operations.

CLX operates in a global environment and is exposed to local business risks in many jurisdictions.

CLX operates in a global environment and is exposed to various risks such as implementation of new, or changes in existing, legislation, rules or regulations, particularly in respect of the telecommunications industry. Restrictions introduced by the authorities in the countries where CLX operates, or in other countries where CLX may operate in the future, as well as sanctions or other measures by associations and organisations such as the EU and UN, may restrict the Company's operations, delay or prevent planned investments or have a materially adverse effect on CLX's business. CLX's business is also subject to risks inherent in its business activities, such as:

- Fees and rules relating to customs and anti-circumvention fines;
- Recessionary trends, inflation or instability in local markets;
- The introduction or application of more stringent product norms and standards and associated costs;
- Exposure to different legal standards and enforcement mechanisms and the cost of compliance with those standards;
- Being subject to various, and potentially overlapping, regulations and rules, particularly those relating to export and import controls, anti-corruption and anti-bribery;
- Longer payment terms for debtors on accounts receivables and difficulties collecting accounts receivable;
- Tariffs, duties, export controls, import restrictions and other trade barriers including fees, tariffs and taxes for network access;
- Variances in pricing restrictions;
- Foreign exchange control and restriction on repatriation factors of funds; and
- Political and social unrest and instability.

CLX may not be able to develop and implement systems, policies and practices to completely manage these risks or comply with applicable regulations without incurring additional costs. The materialisation of any of these risks could have a materially adverse effect on CLX's business, financial position or results of operations.

CLX's business is subject to regulations and regulatory supervision.

The legal and regulatory environment relating to CLX's business is constantly evolving and can be subject to significant change. CLX is a global company that is exposed to different regulatory risks in the countries and regions in which it operates. New laws and regulations could be adopted in a variety of countries in which CLX operates, including Sweden and the United States, which could address issues applicable to CLX's business, including: sales and other taxes, privacy restrictions, pricing controls, characteristic and quality of services, transmission of communications, consumer



protection, cross border commerce, libel and defamation, copyright, trademark and patent infringement, storage and use of customer data, location of server centers and other claims based on the nature and content of internet materials. Such laws and regulations could impact the manner in which CLX provides its services and may increase the potential liabilities associated with operating in the enterprise cloud communications market. As CLX expands into new countries and regions, there is a risk that the applicable laws and/or regulations in those jurisdictions will not be equivalent to those laws and/or regulations with which CLX already complies. If CLX is not able to satisfy its regulatory requirements, it could be subject to significant penalties or liabilities and its growth could be harmed, which could have a materially adverse effect on CLX's business, financial position and results of operations. Changes in regulation could increase CLX's costs and impact margins and could potentially prevent CLX from delivering its services and solutions in a cost efficient manner. For example, in a number of countries the interconnection rates charged for transmissions between service providers, mobile operators and end-users are set and controlled by local regulators. If these regulators were to change the interconnection rates, CLX may be required to pay higher rates, which could increase the costs of delivering its services and solutions to its customers, and there is a risk that CLX will not be able to pass on the increase to its customers, which could have an adverse impact on the Company's gross margin and pricing. In addition, regulators may impose price ceilings or controls on mobile communications and data usage, which could adversely impact the Company's revenue and margins. Similarly, regulators may restrict the type of communication that is permitted (for example, short code versus long number in the United States), which can require the Company to adjust its services to comply with local regulations which in turn can increase the costs associated with conducting business in certain countries. Changes in regulation could also slow the growth of the internet, which could, in turn, delay the growth in the enterprise cloud communications market and have a materially adverse effect on CLX's business, financial position or results of operations. Changes in regulations related to the internet may also diminish the demand for CLX's services and solutions, and could have a negative impact on CLX's business. Government bodies and agencies have in the past adopted, and may in the future adopt, laws or regulations affecting the use of the internet as a commercial medium, and changes in these laws or regulations could require CLX to modify its services and solutions in order to comply with these changes. In addition, government agencies or private organisations may begin to impose taxes, fees or other charges for accessing the internet or commerce conducted via the internet. These laws or charges could limit the growth of internet-related commerce or communications generally, or result in reductions in the demand for internet-based software and services solutions that are offered by CLX. In addition, as a service provider, the Company must adapt to regulatory changes applicable in the various industries in which CLX's customers operate, and CLX is thus exposed to risks arising from regulations that impact its customers. CLX has previously been required to provide certifications of security and system strength to customers in the banking industry as a prerequisite to providing services to these customers. Changes in regulations impacting its customers may require CLX to adjust its systems, software or operations in order to continue to provide services to its existing customers or to qualify for required certifications or fulfil regulatory standards, which could result in an increase in research and development costs and other costs, and may have a materially adverse effect on CLX's business, financial position and results of operations.

CLX may be subject to legal and administrative proceedings.

CLX may become involved in disputes within the framework of its normal business activities and there is always a risk that CLX is subject to claims in suits concerning a number of factors, including its customer agreements and agreements with mobile operators, any alleged defaults, delays or



interruptions in the Company's supply of services and solutions to its customers, security breaches of its software or server centers or regulations in the countries and regions in which the Company operates. In addition, CLX (or CLX's senior executives, board members, employees or affiliates) may become subject to criminal investigations and proceedings. Disputes, claims, investigations and proceedings of this kind can be time consuming, disrupt normal operations, involve large amounts and result in considerable costs. Moreover, it can be difficult to predict the outcome of complex disputes, claims, investigations and proceedings. Accordingly, the impact of any such legal or administrative proceeding, irrespective of whether the respective proceeding is well founded or whether CLX is at fault, could have a materially adverse effect on CLX's business, financial position and results of operations.

CLX is exposed to tax related risks.

CLX manages its operations through subsidiaries in a number of countries. Transactions between Group companies are made in accordance with CLX's transfer pricing policy and according to CLX's understanding or interpretation of current tax laws, tax treaties, other tax law stipulations and the requirements of the concerned tax authorities. Entities within the Group have previously been, currently are and may in the future be subject to tax audit. The tax authorities of the countries concerned could make assessments and take decisions which deviate from CLX's understanding or interpretation of the applicable laws, treaties and other regulations. CLX's tax position, both for previous years and the present year, may change as a result of the decisions of the tax authorities concerned, or as a result of changed laws, treaties and other regulations. Such decisions or changes, possibly retroactive, could have a materially adverse effect on CLX's business, financial position and results of operations. Swedish corporate income taxation, as well as other fiscal charges and contributions, is also subject to frequent changes. Since the corporate income taxation, as well as other fiscal charges and contributions, is subject to frequent changes, it cannot be excluded that changes to tax rates in the future may lead to increased costs for CLX and affect the conditions for the CLX's operations. Changes to corporate income tax and other fiscal charges and contributions may adversely affect the CLX's business, financial position and results of operations.