

Company Registration No. 07085757 (England and Wales)

INFOBIP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022



INFOBIP LIMITED

COMPANY INFORMATION

Directors	I Jelenic R Kutic S Kutic A Kusurin P C Schorr IV
Company number	07085757
Registered office	5th Floor 35-38 New Bridge Street London EC4V 6BW
Auditor	BDO LLP 55 Baker Street London W1U 7EU

INFOBIP LIMITED

CONTENTS

	Page
Strategic report	1 - 5
Directors' report	6 - 8
Directors' responsibilities statement	9
Independent auditor's report	10 - 13
Group profit and loss account	14
Group statement of comprehensive income	15
Group balance sheet	16
Company balance sheet	17
Group statement of changes in equity	18
Company statement of changes in equity	19
Group statement of cash flows	20
Notes to the financial statements	21 - 55

INFOBIP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report for the year ended 31 December 2022.

Fair review of the business

Infobip is a global cloud communications platform that enables businesses to build connected customer experiences across all stages of the customer journey at scale, with easy to use and contextualized interactions over customers' preferred channels. Accessed through a single platform, Infobip's omni-channel engagement, identity, user authentication, security, and contact centre solutions help clients and partners overcome the complexity of consumer communications, grow their business, and increase loyalty.

Revenues increased by €348m (29%) compared with 2021. Gross profit also increased by €99m (39%). Adjusted EBITDA increased by €33m and the Group reported a statutory loss of €209m, compared with statutory loss of €155m in 2021, due to continued investment in technology and people, as well as significant non-cash expenses (€161m) below EBITDA.

Investing in future growth, the Group's average headcount increased by 584 (18%) to a full year average of 3,763. 246 employees were added by acquiring Peerless Network, and others were hired to strengthen R&D and sales, as well as back-office functions to support future transactions and corporate activity. The Group does not yet elect to capitalise internal development and expanded investment in research and development, which has increased €12m over 2021 (both organically and through M&A) and directly impacted the result for the year.

In 2022, Infobip started focusing on profitable growth. Tighter cost control measures were introduced, resources were allocated to areas of business that should lead to higher profitability.

In terms of geographical focus, Infobip increased its presence in North America (NAM) by successfully completing the acquisition of Peerless Network, a US-based Voice over Internet Protocol (VOIP) provider. Peerless Network at the time of acquisition covered 93%, while now covers 98% of the US population, therefore, providing Infobip with a strong foothold into the voice market in the United States. Infobip other key regions are Asia-Pacific (APAC), Europe and Latin America (LATAM) where we see continuous growth both in terms of acquisitions of new customers and expansion of existing customers.

Finance/fintech, Retail/E-commerce, Telco, and software industries continue to be the key verticals where we see growth now and in the future. In the software industries, we are increasing our focus on B2B SaaS companies. By partnering with them and helping them scale both geographically as well as with new channels, we see opportunities for exponential growth. We are also increasing our focus on fast-growing fintech and e-commerce digital natives, especially in NAM and APAC.

Infobip's offering towards telecom operators has been enhanced thanks to the ANAM acquisition in the prior year. SMS firewall and monetization offering are unparalleled in the industry and is making Infobip one of the key partners for telecom operators when it comes to A2P business. Besides securing telecom's A2P business, Infobip is also partnering with telecoms who are reselling Infobip's SaaS solutions – Moments, Answers, and Conversations.

Infobip is continuing to build its partnership network. Adobe, Microsoft, Oracle, Braze, Freshworks are some of the prominent global companies Infobip has built strong partnerships with. Infobip is one of the largest Whatsapp for Business partners. In 2022, Meta and Infobip had joint go-to market activities across several regions.

SMS still contributes to the majority of Infobip revenues, but we are continually increasing the contribution of other higher profitability products. Increasing the non-SMS revenue share was one of our strategic priorities in 2022 and continues in the future. With the acquisition of Peerless, Voice will be one of the profitability drivers for us in the future.

Employing over 3,650 staff at 31 December 2022, the Group continues to invest in local expertise to provide customers the ability to engage locally, with firm belief that "customer first" approach on local terms makes Infobip, in the view of the company, provider of the best possible customer service.

Infobip has been continuously recognized by various associations for innovation, quality and leadership across its product portfolio, receiving awards in multiple categories.

INFOBIP LIMITED**STRATEGIC REPORT (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****Promoting the success of the company**

This statement aligns to the section 172 of the Companies Act 2006 (the Act). The statement focuses on how the Directors have had regard during the year to the matters set out in section 172(1) (a) to (f) of the Act when performing their duties.

Each of the Directors acted in the way he considered, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. The Directors have had regard, amongst other matters, to the:

- likely consequences of any decisions in the long-term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- *desirability of the company maintaining a reputation for high standards of business conduct; and*
- need to act fairly between members of the company.

While performing their duties, the Directors have had regard to a number of matters obtained through, inter alia, listening to the company's key stakeholders (employees, clients, suppliers etc.) in order to ensure they fully understand the potential impacts of every decision. Such impact of the company's activities is one of the most important considerations when making important decisions, such as those noted below:

Significant events and decisions	Stakeholders impacted	Considerations
Products and services	Employees, suppliers and customers	<ul style="list-style-type: none"> • Launch of new product Signals. • Artificially Inflated Traffic (ATI) protection solution. • Maturing of SaaS products. • Expansion of CPaaS platform with CPaaS X.
Acquisition of Peerless	Employees, suppliers and customers	<ul style="list-style-type: none"> • A long-term strategy for the combined business adding - combining Peerless' leading voice offering with Infobip's global messaging capabilities truly prepares us for leadership in the rapidly developing market for cloud communications.
Covid-19	Employees and customers	<ul style="list-style-type: none"> • Extensive engagement with our people to ensure their safety and wellbeing. • Maintaining full service and operations in all geographies.
Environment and community	All	<ul style="list-style-type: none"> • Donation of equipment to schools, other educational institutions and non-profits organizations. • Supporting activities focused on the wellbeing of the wider community.

Further detail of the considerations applied by the Directors in respect of these key events and decisions and their broader approach ensuring the interests of the business stakeholders are adequately considered is set out below.

In 2022, Infobip continued to mature across both software product applications as well as core CPaaS offering. Company became focused on platforms as a customer segment, and a result of that was launch of CPaaS X offering, which provides value to our platform customers – namely to utilize complexities of CPaaS in an easier way and to open new business opportunities, that they could not before.

INFOBIP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Promoting the success of the company (continued)

In addition to that, Infobip launched a new anti-fraud offering, aimed at artificially inflated traffic – which became a plague in the industry and many of top customers of Infobip have been hit. Infobip co-developed the solution with some of the largest brands on this planet.

After obtaining all regulatory approvals, effective as of July 25th 2022, Peerless Network has officially become the newest member of Infobip group. Peerless Network is an innovative VoIP provider, covering US, Canada, and UK, focused on customized, scalable, and high-quality business communications. Most important for Infobip is the technological perspective which will enrich Infobip's capabilities and define our future technological perspective in Real-Time Communications (RTC). We will now be able to optimize our messaging and voice capabilities in the U.S. and beyond. As we look toward our future, we are excited about the opportunities to strategically enhance our offerings in the messaging and voice space by providing simplified solutions and omnichannel communication capabilities.

Infobip has a continuous practice of donating IT equipment (hardware) to schools, other educational institutions and non-profit organizations. Infobip regularly donates and supports various programs focusing on initiatives and activities which contribute to the wellbeing of the wider community with emphasis on the fields of science, technology, engineering, arts, mathematics, education, social solidarity and culture.

The Directors are committed to recruiting, training and retaining the best talent that can be found. The Directors recognise that Infobip's employees are fundamental and core to growth of business and delivery of its strategic ambitions. The Directors recognise that the success of business depends on motivating employees. With that in mind the Directors' actions are oriented to remain a responsible employer offering attractive compensation packages as well various benefits to employees. One of the main attraction and retention tools being providing stock options to each new hire – since October 2021 – as well as regular stock options packages distribution for our top talents and key people.

Infobip as a company through its Internal Communications team puts great efforts in managing the quality, timing, and flow of internal communication to its employees through direct internal communication, different internal communication channels (e-mail, company's intranet, internal newsletters, Slack, Workplace) and strategic events on a company, vertical and regional level (business updates, company planning events, quarterly townhalls, all hands meetings etc). The Directors, with the support of the Internal Communications team have an important role in creating and delivering a streamlined, timely, tailor-made communication for the targeted audience.

Leadership communication by the Directors helps create open dialogue between the employees and the management/leadership. Internal Communication at Infobip together with the Directors and the entire leadership is an important part of all the changes in the company as well as a great contributor to the cross-departmental/cross-vertical cooperation.

Internal, customer and external communications functions have been established within the Company and important communication protocols are defined for each function.

In 2022 Infobip created the Communication Playbook – an official document that provides important process and protocol that employees should adhere to when considering distributing or sharing company information including but not limited to customer, corporate, product or financial news/data – via the customer, external or internal communications functions to any audience (employee, industry contacts, press or any other audience cohort). This is critical in order to ensure that Infobip's brand and corporate integrity are protected as well as to have informed, engaged and connected employee community.

An important part of Infobip's culture (and decision-making processes) is the promotion of high legal, ethical, environment and employee related standards. Values aligned to high standard business conduct are incorporated into Infobip's policies, of which the most important is the Code of Conduct. In making decisions, these values aim to preserve fair competition, integrity, human rights, applicable regulations, sustainability and innovation. These values are also embedded in subsidiaries worldwide through our global internal policies and practices.

INFOBIP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Promoting the success of the company (continued)

It is important to emphasize that Infobip conducts its business in an environmentally and socially responsible manner, ensuring that success and development do not exploit natural resources. The actions are committed to minimizing environmental footprint by making changes in our everyday business, as well as pursuing sustainability initiatives such as reducing waste, conserving energy and water, and promoting recycling.

In conclusion, during last year the Directors acted in the way they considered, in good faith, would be most likely to promote Infobip's success, all based on the data, predictions and information available to them at the time when the actions were taken.

Principal risks and uncertainties

The primary risks to which the Group is exposed are credit risk, currency risk, interest rate risk and liquidity risk.

Credit risk:

The Group's credit risk is primarily attributable to its principal assets, being cash balances, trade and other receivables. The Group has adopted and further improved several policies to mitigate the risk of client default and non-payment, together with regular monitoring and reporting on aged trade receivables. Risk mitigation activities include consistent implementation of credit limits on the major part of existing portfolio, which started during 2021 and continued throughout 2022. The Group does not have significant concentration of credit risk, with exposure spread over a large number of clients. Where trade receivables are considered to be uncollectable, that amount of receivables is written off to the profit and loss account as a loss of the current period. Level of write-offs did not deviate significantly during 2022 compared to the previous year(s). The credit risk on cash balances is considered limited as the majority of cash is concentrated in banks with high credit ratings.

During 2022 Infobip continued with conduction of existing risk policies and procedures in recently acquired Open Market and started with implementation of the same risk policies in Peerless Network in order to have unified credit risk management approach across the whole group.

Despite challenging political and macroeconomic circumstances, Infobip's portfolio remained very stable during 2022, with robust credit risk management procedures in place, especially in terms of risk assessment, monitoring and collection activities.

Currency risk:

The Group is operating in various international markets with exposure to more than 50 different currencies. The Group's reporting currency is euro. This global presence comes with a significant currency risk both on the side of inflows and outflows. Fluctuation in value between euro and foreign currencies is affecting revenues, costs, and operating losses. Group is using three different mechanisms of protection from currency risk:

1. Natural hedging – currency adjustment of inflows and outflows.
2. Contractual hedging – implementing protective clauses into customers and suppliers' agreements.
3. Market hedging – protecting our net exposures against FX risks is being evaluated regularly and the Group has a possibility to use derivative instruments such as FX forwards and FX swaps through existing trading limits.

Interest Rate Risk:

The Group interest rate risk arises from existing debt financing arrangement. The credit facility has floating interest rate tied to 3 month USD LIBOR. The upward movement in reference rate is resulting in higher interest cost for The Group. To mitigate interest rate risk and fix interest cost for the Group interest rate swap is executed for the same notional amount as the principal amount of the existing credit facility.

INFOBIP LIMITED**STRATEGIC REPORT (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****Principal risks and uncertainties (continued)****Liquidity and cash flow risk:**

The Group monitors its liquidity risk related to the potential shortage of funds by collecting data from all related companies on a daily basis. Daily and weekly cash flow forecasts are approved and monitored regularly at the Group level whereas on a core company level a TWCF model (13-week cash flow model) is prepared as to render a forward-looking quarterly view on anticipated liquidity development. Funding flexibility is achieved through the USD 500m Term Loan Facility, leases and also through intra- group lending. Moreover, we also have available €50m Master Factoring Agreement with Raiffeisenbank International, whereby they are executing purchase of selected receivables on a non-recourse basis thus providing us with support to increase working capital requirements due to increase in revenues.

Additionally, a documentary business limits are available which provide the Group with improved flexibility and cash savings, due to the fact that cash deposits are no longer needed for guarantee. No other debt requirements exist at present as current performance and existing working capital are supporting current liquidity needs.

Covid-19 risk:

The activities of the Group have not been unduly impacted by Covid-19 and the business has been able to continue providing its full offering of services to customers throughout 2022. Further details of how the business has responded and continues to monitor the risk of Covid-19 is set out in the Directors' report.

Key performance indicators

The summary consolidated results for the Group for the year ending 31 December 2022 are set out below:

	2022	2021
	€m	€m
Sales	1,563	1,215
Gross profit	354	254
Gross profit margin %	22.6%	20.9%
Adjusted EBITDA*	15	(17)
Adjusted EBITDA %*	1.0%	-1.4%

*Adjusted EBITDA is a non-GAAP measure, being it is not a measure recognised or defined under UK GAAP. The Directors consider that this measure may be helpful to users of the financial statements. Adjusted EBITDA is earnings before interest, tax, depreciation, impairment, amortisation, foreign exchange gains and losses, exceptional and separately reported items.

On behalf of the board:

DocuSigned by:

 D41A86505D5F454
 S Kutic
 Director

Date: 07 July 2023

The directors present their annual report and financial statements for the year ended 31 December 2022.

INFOBIP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

Principal activities

Infobip is an established global expert in the fast-growing business communications and messaging space, offering a cloud-based delivery model that helps organizations drive growth and loyalty through data-driven conversational *customer journeys*.

Infobip's global cloud communications platform enables businesses to build connected customer experiences across all stages of the customer journey at scale, with easy and contextualized interactions over customers' preferred channels.

At its core is a single-interface, scalable, and easy to use cloud-based communications platform. This full-stack offering, provides businesses with one seamless Application Programming Interface (API) or web-based interface connection to their customers through the world's most popular channels. The business offers omni-channel engagement, identity, user authentication, security and contact centre solutions for each step of the communication journey. Infobip helps clients and partners simplify the complexity of global messaging. The company enables its clients to effortlessly reach their customers, in line with all local regulations, through personalized, contextual conversations.

Infobip's customer engagement platform powers a broad range of solutions, messaging channels, and tools for advanced customer engagement, authentication, security, and retention including SMS, MMS, RCS, voice, video, email, Chatapps and more. Its digital cloud contact centre offering helps organizations establish and efficiently maintain good relationships with customers ensuring a smooth, easy, and secure experience that makes every *customer interaction count*.

Infobip's mobile operators portfolio combines network monitoring and filtering solutions with sales, consultancy and support services to increase revenue generated in the Application to Person (A2P) SMS messaging. The Infobip Cpaas business solutions model enables Mobile Network Operators (MNOs) to create new revenue streams, accelerate time to market, and build new enterprise relations.

With over a decade of industry experience, Infobip has expanded to include 70+ offices on six continents offering natively built technology with the capacity to reach over seven billion mobile devices in 190+ countries connected to over 750 telecom networks.

The company serves and partners with leading mobile operators, messaging apps, banks, social networks, tech companies, and aggregators. As of December 2022, the Group employs over 3,650 people, among which 800+ engineers in 13 international research and development centres.

Key clients include internet companies and mobile apps makers, banks and financial services providers, developers, mobile network operators, technology companies, and other corporate customers.

Infobip group is an active member of leading global trade associations, including GSMA, MMA, Mobey Forum, MEF, as well as numerous regional and national associations. The company holds ISO 9001, ISO 27001, ISO 27017, ISO 27018, and AICPA SOC2 type I certificates, and conducts self-evaluation with CSA STAR Level1 program.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

I Jelenic
R Kutic
S Kutic
A Kusurin
M Baburic
P C Schorr IV

(Resignation 17 March 2023)

INFOBIP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Results and dividends

The results for the year are set out on page 14.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Infobip Group – COVID-19

The global situation with COVID-19 in 2022 had significantly improved after the implementation of all the recommended measures. The Infobip Group's internal crisis management and business continuity teams stayed abreast of international and national health information sources for any updates on potential new waves of the pandemic and prepared appropriate responses. This was done to ensure the safety of all employees and to maintain business continuity.

In line with the gradual easing of the pandemic worldwide, the crisis management team has made the decision to relax some of the security measures. Starting from March 2022, the full on-site vaccination policy was abolished and employees had the option to work remotely or in the office for up to 50% of its capacity, as long as the epidemiological situation permitted and with the recommendations of local health authorities in mind. To regulate the number of people in the office and ensure social distancing, a workplace booking tool has been implemented and is currently being used in the larger offices.

From June 2022, the Employee Assistance Program (EAP) was introduced, providing employees with support to address personal or work-related problems that may affect their health, mental and emotional wellbeing, or performance at work. This was one aspect of the pandemic response, ensuring social and psychological support.

From September 2022, it became possible to increase the number of arrivals to the offices, and larger events with over 1,000 participants were organized without major consequences.

At the beginning of 2023, following guidance from international and national health organizations, we began to abolish a number of measures.

Group energy and carbon report

The Group recognises the importance of meeting globally recognised responsibility standards and aims to minimise its carbon footprint.

Regarding greenhouse gas emissions, for the year ended 31 December 2022 the quantity of total emission by the Group entities in the UK was approximately 25.73 tons of carbon dioxide equivalent (tCO₂e) (in 2021: 36.15 tons). The calculation was in line with Greenhouse Gas Protocol Corporate Accounting and Reporting Standard. The intensity ratio calculated as consumption of carbon dioxide equivalent per employee is 265,21 kg/tCO₂e (in 2021: 294 kg/tCO₂e). Total energy consumption in 2022 was 56 MWh (in 2021: 79 MWh).

Russian Ukraine conflict

Infobip activated the company's Business Continuity Plan related to armed conflict escalation on the 24th of February 2022. At the same time, Infobip Group's internal Crisis and Business Continuity Management teams were set up to daily monitor the situation and are responding in real time to any issues arising, whether they be people or business related. Of primary importance is to ensure the safety of all employees with minimal disruption to business operations. Infobip is working on supporting the existing customer base, following closely all regulation so we can react with real-time and execute according to international sanctions. Ukraine reporting lines were moved into European organisation and the team in Russia was redesigned with the focus on supporting the existing customer base and not working actively in business expansion.

The Group continues to proactively monitor all international sanctions imposed on individuals and companies related to the conflict, and are actively working on aligning with sanctions, and providing alternatives for business continuance.

INFOBIP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Future developments

In the future, Infobip will keep focusing on its 'global' business strategy (globally prepared programmes locally executed) in multiple areas of operations. Infobip is well positioned to capitalize on new communication growth trends with multiple well-defined drivers for expansion. Infobip plans to grow internationally whilst diversifying its revenue streams through cloud-based digital solutions, voice, email and chatapp integrations. The Group intends to focus on strengthening its market share in the Americas, Asia, and Western Europe, and continue adding to its capacity to deliver exceptional quality to clients and partners on a global scale. The company will focus on further growing its key industry verticals: finance & banking, retail & e-commerce, sharing economy, and telco industries.

In the challenging macroeconomic environment, brands are looking for ways to improve customer experience, drive new channels for growth, and at the same time optimize costs.

With its full-stack communication platform as a service (CPaaS), Infobip is well positioned to meet the new demands of brands worldwide. Infobip is continually investing in fully integrated solutions for conversational marketing, conversational commerce, and conversational support. At the same time, Infobip is investing in the development of the next generation CPaaS APIs that will dramatically simplify integration of omnichannel digital communication capabilities into third party SaaS solutions and platforms.

After completing the acquisition of the US-based VoIP provider Peerless Network in 2022, Infobip now covers 93% of the United States population with its voice capabilities. Cross-selling voice capabilities to Infobip's customer base, and Infobip's CPaaS and SaaS solutions to Peerless customer base is going to be a significant driver of profitability for Infobip in years to come.

In 2023, Infobip is continuing investment into developer community. First developer conference is planned in the United States for the summer of 2023. Exchange, Infobip's marketplace, is continuously adding new integrations and offers from third party developers and ISVs. Infobip believes that an integral part of its mission of creating seamless interactions is to help its customers quickly identify and secure their users' transactions.

Continued investment in proprietary infrastructure and telco connectivity will be essential for Infobip's ability to maintain the competitive edge as the world's largest CPaaS. New high-end hardware, upgrades to the proprietary software and underlying infrastructure, as well as continuous relationship nurturing with mobile operators to secure connectivity, will continue to be the main activities in this area.

Additionally, Infobip will continue to offer new channel partnership models to mobile network operators (both as an infrastructure carrier and technology and expert partner), system integrators (for large brands already using the consultancy, professional services and platform solutions) as well as new features such as customer engagement, CRM, and e-commerce, as part of its platform partnership program.

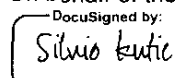
Auditor

In accordance with the company's articles, a resolution proposing that BDO LLP be reappointed as auditor of the Group will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board:

DocuSigned by:

.....D41A86505D5F454.....
S Kutic
Director

Date: 07 July 2023

INFOBIP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and company, and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- *prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and company will continue in business.*

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INFOBIP LIMITED

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INFOBIP LIMITED

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Infobip Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2022 which comprise the group profit and loss account, the group statement of comprehensive income, the group and the company balance sheet, the group and the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

INFOBIP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INFOBIP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and its components and determined that the most significant frameworks, which are directly relevant to specific assertions in the financial statements, are those that relate to the financial reporting framework, Companies Act 2006, data privacy and the relevant tax compliance regulations.
- We understood how the Group and Parent Company are complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and seeking specific representations in connection with internal compliance procedures in significant jurisdictions.
- We assessed the susceptibility of the Group and Parent Company's financial statements to material misstatement, including how fraud might occur, by meeting with management to understand where they considered was a susceptibility to fraud.
- Our audit planning identified fraud risks in relation to revenue recognition and management override of controls. We considered the processes and controls that the Group and Parent Company have established to address risks identified, or that otherwise prevent, deter and detect fraud and how management monitors those processes and controls.
- We have modified our audit procedures over non-significant group components subject to testing to add unpredictability to our audit procedures completed.
- We designed our audit procedures to detect irregularities, including fraud. Our procedures included journal testing of entries, which met specific criteria, testing the operating effectiveness of certain controls over the revenue systems, obtaining third-party confirmations for certain revenue amounts, performing other substantive revenue procedures, enquiries of in-house legal counsel, compliance teams and group management and challenging the assumptions made by management in their significant accounting estimates.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

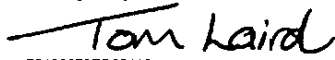
Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

INFOBIP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

DocuSigned by:

F9107970ED93119

Tom Laird (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

Date: 07 July 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

INFOBIP LIMITED**GROUP PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 € 000's	2021 € 000's
Turnover	3	1,563,359	1,214,955
Cost of sales		(1,209,846)	(960,836)
Gross profit		353,513	254,119
Administrative expenses		(342,547)	(273,514)
Other operating income		4,320	2,080
Adjusted EBITDA*		15,286	(17,315)
Depreciation and impairment		(11,225)	(7,704)
Amortisation		(85,377)	(44,264)
Exceptional items	4	(15,719)	(22,295)
Separately reported items	4	(13,338)	(2,628)
Operating loss	5	(110,373)	(94,206)
Net interest payable and similar expenses	8, 17, 20	(103,385)	(58,754)
Loss before taxation		(213,758)	(152,960)
Tax on loss	9	4,411	(2,178)
Loss for the financial year		(209,347)	(155,138)

Loss for the financial year is all attributable to the owners of the parent company.

*Adjusted EBITDA is a non-GAAP measure, being it is not a measure recognised or defined under UK GAAP. The Directors consider that this measure may be helpful to users of the financial statements. Adjusted EBITDA is earnings before interest, tax, depreciation, impairment, amortisation, foreign exchange gains and losses, exceptional and separately reported items.

The notes on pages 21 to 55 form part of these financial statements.

INFOBIP LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 € 000's	2021 € 000's
Loss for the year	(209,347)	(155,138)
Other comprehensive (loss)/income		
Currency translation differences	(293)	1,774
Taken to hedge reserve	43,105	(4,439)
Deferred tax effect of hedge	(9,976)	—
Total comprehensive loss for the year	(176,511)	(157,803)

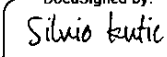
Total comprehensive loss for the year is all attributable to the owners of the parent company.

The notes on pages 21 to 55 form part of these financial statements.

INFOBIP LIMITED**GROUP BALANCE SHEET****AS AT 31 DECEMBER 2022**

		2022		2021	
	Notes	€ 000's	€ 000's	€ 000's	€ 000's
Fixed assets					
Goodwill	10		325,502		218,508
Other intangible assets	10		25,449		29,261
Total intangible assets			350,951		247,769
Tangible assets	11		71,787		50,180
Investments	12		381		424
Derivative financial instruments	14		38,666		-
Long-term debtors			429		-
Total fixed assets			462,214		298,373
Current assets					
Debtors	15	409,567		316,086	
Cash at bank and in hand		62,281		323,219	
Total current assets		471,848		639,305	
Creditors: amounts falling due within one year	16	(393,086)		(305,393)	
Net current assets			78,762		333,912
Total assets less current liabilities			540,976		632,285
Preference shares treated as liabilities	20		(416,005)		(355,553)
Long term creditors	17		(445,753)		(421,958)
Creditors: amounts falling due after more than one year			(861,758)		(777,511)
Net liabilities			(320,782)		(145,226)
Capital and reserves					
Called up share capital	20		84,576		84,576
Share premium account	20		3,607		3,607
Foreign exchange reserve			(3,295)		(3,002)
Share repurchase reserve	20		(9,475)		(9,475)
Merger reserve			(1,502)		(1,502)
Other reserves	20		955		-
Hedging reserve			38,666		(4,439)
Deferred tax effect of hedge			(9,976)		-
Profit and loss reserves			(424,338)		(214,991)
Total equity			(320,782)		(145,226)

The financial statements were approved by the board of directors and authorised for issue on 07 July 2023 and are signed on its behalf by:

DocuSigned by:

 S Kutić
 Director

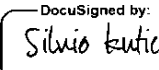
The notes on pages 21 to 55 form part of these financial statements.

INFOBIP LIMITED**COMPANY BALANCE SHEET****AS AT 31 DECEMBER 2022**

	Notes	2022 € 000's	2021 € 000's
Fixed assets			
Goodwill	10	-	-
Other intangible assets	10	168	7
Total intangible assets		168	7
Tangible assets	11	4,378	1,018
Investments	12	348,245	329,912
Total fixed assets		352,791	330,937
Current assets			
Debtors	15	341,640	250,319
Cash at bank and in hand		6,461	6,521
Total current assets		348,101	256,840
Creditors: amounts falling due within one year	16	(527,724)	(344,439)
Net current liabilities		(179,623)	(87,599)
Total assets less current liabilities		173,168	243,338
Preference shares treated as liabilities	20	(416,005)	(355,553)
Long term creditors	17	-	-
Creditors: amounts falling due after more than one year		(416,005)	(355,553)
Net liabilities		(242,837)	(112,215)
Capital and reserves			
Called up share capital	20	84,576	84,576
Share premium account	20	3,607	3,607
Share repurchase reserve	20	(9,475)	(9,475)
Profit and loss reserves		(321,545)	(190,923)
Total equity		(242,837)	(112,215)

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was €130,622,000 (2021: €118,115,000).

The financial statements were approved by the board of directors and authorised for issue on 07 July 2023 and are signed on its behalf by:

DocuSigned by:

 S Kutic
 Director

Company Registration No. 07085757

The notes on pages 21 to 55 form part of these financial statements.

INFOBIP LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital € 000's	Share premium account € 000's	Share repurchase reserve € 000's	Foreign exchange reserve € 000's	Hedging reserve € 000's	Deferred tax effect of hedge € 000's	Merger reserve € 000's	Other reserves € 000's	Profit and loss reserves € 000's	Total € 000's
Balance at 1 January 2021	85,009	2,041	-	(4,776)	-	-	(1,502)	-	(59,853)	20,919
Year ended 31 December 2021:										
Loss for the year	-	-	-	-	-	-	-	-	(155,138)	(155,138)
Other comprehensive income/(loss):										
Currency translation differences	-	-	-	1,774	-	-	-	-	-	1,774
Taken to hedge reserve	-	-	-	-	(4,439)	-	-	-	-	(4,439)
Total comprehensive loss for the year	-	-	-	1,774	(4,439)	-	-	-	(155,138)	(157,803)
Class D shares issue	92	1,566	-	-	-	-	-	-	-	1,658
Shares Buyback	-	-	(10,000)	-	-	-	-	-	-	(10,000)
Reclassification of shares repurchase	(525)	-	525	-	-	-	-	-	-	-
Balance at 31 December 2021	84,576	3,607	(9,475)	(3,002)	(4,439)	-	(1,502)	-	(214,991)	(145,226)
Year ended 31 December 2022:										
Loss for the year	-	-	-	-	-	-	-	-	(209,347)	(209,347)
Other comprehensive (loss)/income:										
Currency translation differences	-	-	-	(293)	-	-	-	-	-	(293)
Taken to hedge reserve	-	-	-	-	43,105	-	-	-	-	43,105
Deferred tax effect of hedge	-	-	-	-	-	(9,976)	-	-	-	(9,976)
Total comprehensive loss for the year	-	-	-	(293)	43,105	(9,976)	-	-	(209,347)	(176,511)
Contribution from the parent	-	-	-	-	-	-	-	955	-	955
Balance at 31 December 2022	84,576	3,607	(9,475)	(3,295)	38,666	(9,976)	(1,502)	955	(424,338)	(320,782)

The notes on pages 21 to 55 from part of these financial statements.

INFOBIP LIMITED**COMPANY STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2022**

	Share capital € 000's	Share premium account € 000's	Share repurchase reserve € 000's	Profit and loss reserves € 000's	Total € 000's
Balance at 1 January 2021	85,009	2,041	-	(72,808)	14,242
Year ended 31 December 2021:					
Total comprehensive loss for the year	-	-	-	(118,115)	(118,115)
Class D shares issue	92	1,566	-	-	1,658
Shares Buyback	-	-	(10,000)	-	(10,000)
Reclassification of shares repurchase	(525)	-	525	-	-
Balance at 31 December 2021	84,576	3,607	(9,475)	(190,923)	(112,215)
Year ended 31 December 2022:					
Total comprehensive loss for the year	-	-	-	(130,622)	(130,622)
Balance at 31 December 2022	84,576	3,607	(9,475)	(321,545)	(242,837)

The notes on pages 21 to 55 form part of these financial statements.

INFOBIP LIMITED**GROUP STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022	2021
	€ 000's	€ 000's
(Loss) for the year after tax	(209,347)	(155,138)
<i>Adjustments for:</i>		
Taxation (credited)/charged	(4,411)	2,178
Finance costs	104,271	59,180
Investment income	(886)	(426)
Amortisation of intangible assets	85,377	44,264
Depreciation of tangible fixed assets	11,225	7,703
Foreign exchange losses	13,338	2,628
<i>Movement in working capital:</i>		
Increase in debtors	(48,839)	(49,822)
Increase in creditors	80,717	32,916
Cash generated from/(used in) operations	31,445	(56,517)
Interest paid	(39,740)	(7,480)
Other investment income received	12	329
Income taxes paid	(9,515)	(3,868)
Net cash used in operating activities	(17,798)	(67,536)
Investing activities		
Purchase of intangible assets	(1,143)	(324)
Purchase of tangible fixed assets	(13,634)	(16,906)
Purchase of fixed asset investments	-	(352)
Proceeds on disposal of tangible fixed asset	52	1,017
Proceeds on disposal of fixed asset investments	-	3
Interest received	874	96
Acquisition of a subsidiary, net of cash acquired	(241,315)	(19,627)
Net cash used in investing activities	(255,166)	(36,093)
Financing activities		
Decrease in short term borrowings	-	(51,197)
Repayment in long term borrowings	(4,746)	407,950
Net proceedings from preference shares	-	-
Repurchase of shares	-	(10,000)
Net cash (used in)/generated from financing activities	(4,746)	346,753
Net (decrease)/increase in cash and cash equivalents	(277,710)	243,124
Cash and cash equivalents at beginning of year	323,219	78,250
Effect of foreign exchange rates	16,772	1,845
Cash and cash equivalents at end of year	62,281	323,219

The notes on pages 21 to 55 form part of these financial statements.

INFOBIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Infobip Limited ("the company") is a private limited company limited by shares, domiciled and incorporated in England and Wales. The registered office is 5th Floor, 35-38 New Bridge Street, London, United Kingdom EC4V 6BW.

The Group consists of Infobip Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in euros ("€"), which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest thousand €.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the Group and the parent company would be identical;
- no income statement nor statement of comprehensive income has been prepared for the parent company;
- no cash flow statement has been prepared for the parent company;
- disclosures in respect of the parent company's financial instruments and share-based payment arrangements have not been presented as equivalent disclosures have been provided in respect of the Group as a whole; and
- no disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the Group as a whole.

1.2 Basis of consolidation

The consolidated financial statements incorporate those of Infobip Limited and all of its subsidiaries (ie entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

In the Group and parent company financial statements, where acquisitions accounting is adopted, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled.

INFOBIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (continued)

1.2 Basis of consolidation (continued)

All financial statements are made up to 31 December 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Merger accounting

A number of subsidiaries acquired during 2019 are consolidated using the merger accounting method. Their results have been incorporated as if they were always in the Group.

1.4 Going concern

The Directors have assessed the ability of the Group and company to continue to operate as a going concern. To support this assessment forecasts covering the period to the end of December 2024 have been prepared. *These forecasts represent management's best estimate of future trading performance based on expectations and commitments made at the time of signing the financial statements.*

In 2021, the Group borrowed \$500m from its bankers. The financial statements show bank loan of €463m. The loan is repayable in September 2026, out of which €4m falling due for repayment within one year of the reporting date. The loans accrue interest at a variable rate equivalent to 3 month USD LIBOR plus 6.25%. Issue costs of €19m were incurred, which have been deducted from the initial carrying value and will be charged to profit or loss as part of the interest charge calculated using the effective interest rate method. The cash for this loan was received net of the issue costs. In 2022 €4m (2021: €1m) (Note 8 and Note 17) of loan issue costs was amortised till the year end. The Group has entered into variable to fixed rate interest swaps to manage its exposure to interest rate cash flow risk on its variable rate debt.

The Directors have sensitised the forecasts and considered the extent to which predicted revenues would need to fall to prevent the business from having sufficient cash reserves to repay the loan facility and meet the loan covenant requirements. All forecasts reflect the acquisition of Peerless Network. Forecasts made reflect the adverse market conditions management is observing currently, which have led to a reduction in the rate of historic growth seen by the business. However, the business has continued to grow in the first six months of this calendar year and expected wider market trends anticipate a return to previous levels of growth before the end of 2024. In the opinion of the Directors the downside sensitivity required to breach the loan covenant requirements or to reduce the cash headroom to zero is not reasonably expected to occur, as it would require a further reduction in the rate of growth experienced in the first six months of this year throughout the period of our assessment. For that reason the Directors are satisfied it is appropriate to adopt the going concern basis of accounting in the preparation of the financial statements.

INFOBIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (continued)

1.5 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

Turnover consists of charges collected for processing SMS messages sent by Infobip clients on the Infobip cloud communications platform, as well as sale of network call services. "Processing" includes receiving, routing and submitting SMS messages for delivery to a mobile operator, who delivers the SMS message to a mobile phone of an individual user (mobile subscriber), who has opted into receiving SMS messages from the Infobip client. "Network call services" include network traffic consisting of local, long distance, and other voice traffic, call initiation and termination services, data transmissions and SMS messaging. An Infobip client can be a bank, online enterprise, social media company, or any other corporate entity that runs communication and engagement programs over mobile phones, or performs mobile phone-based authentication and security procedures on a globally distributed user base.

Revenue is recognised in the accounting period in which SMS messages have been delivered or submitted, based on contracted terms, to a mobile phone of an individual user.

Revenue from Software as a Service (SaaS) is recognised as subscription revenue on a straight-line basis over the specific period for which service is agreed, while deferring the remaining revenue, usually on a monthly basis.

Network call services are generally derived from usage which is earned from customers accessing the Company's network. Usage revenue includes voice communication primarily driven by inbound minutes, outbound minutes and toll-free minutes or number of connections to originate or terminate a call. Access to the Company's network is considered a series of distinct services, with continuous transfer of control to the customer, comprising one performance obligation and usage-based fees are recognised in revenue in the period the traffic traverses the Company's network. The Company has elected the accounting policy to recognise revenue at the amount to which it has a right to invoice, which corresponds directly to the value to the customer of the Company's performance completed to date for single performance obligations.

1.6 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred.

1.7 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 6 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****1 Accounting policies (continued)****1.8 Intangible fixed assets other than goodwill**

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Licences, domains and computer programmes	Straight line over 3 years
Brand	Straight line over 6 years
Technology	Straight line over 6 years
Trade names	Straight line over 10 years

1.9 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Computer equipment	Straight line over 3 years
Furniture and fittings	Straight line over 5 years
Office and other equipment	Straight line over 5 years
Servers	Straight line over 4 years
Property and equipment	Straight line over 50 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.10 Fixed asset investments

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

INFOBIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (continued)

1.11 Impairment of fixed assets

At each reporting period end date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.12 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

INFOBIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (continued)

1.13 Financial instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Group's balance sheet when the Group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

INFOBIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (continued)

1.13 Financial instruments (continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Group's contractual obligations expire or are discharged or cancelled.

Hedge accounting

The Group has entered into variable to fixed rate interest swaps to manage its exposure to interest rate cash flow risk on its variable rate debt. These derivatives are measured at fair value at each reporting date. To the extent the hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. This amount is reclassified from the cash flow hedge reserve to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss. Any ineffective portions of those movements are recognised in profit or loss for the period.

Amounts charged or credited to the cash flow hedge reserve are treated for tax purposes as non-deductible.

1.14 Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Group.

The Group shall recognise the issue of shares or other equity instruments as equity when it issues those instruments and another party is obliged to provide cash or other resources to the entity in exchange for the instruments

A preference share that provides for mandatory redemption by the Group for a fixed or determinable amount at a fixed or determinable future date, or gives the holder the right to require the Group as issuer to redeem the instrument at or after a particular date for a fixed or determinable amount, is a financial liability.

1.15 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****1 Accounting policies (continued)****1.15 Taxation (continued)****Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on 1) the difference between the fair values of assets acquired and the future tax deductions available for them, and 2) the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.16 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.17 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.18 Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

INFOBIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (continued)

1.19 Foreign exchange

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'euros', which is the company's functional and the Group's presentation currency.

On consolidation, the results of overseas operations are translated into euros at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date, including any goodwill in relation to that entity. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

(b) Transactions and balances

Foreign currency transactions are translated into the Group entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'Net financial result'. All other foreign exchange gains and losses are presented in profit or loss within 'Net financial result'.

1.20 Exceptional items

Items that are deemed material in size and non-operating, non-recurring in nature or incurred solely as a result of the Group's ownership structure are presented as exceptional items in the Consolidated Statement of Comprehensive Income. The directors are of the opinion that the separate reporting of these items provides a better understanding of the underlying performance of the Group. Events which may give rise to classification of items as exceptional include equity raising, acquisitions, finance transformation and sales of financial assets expenses.

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****2 Judgements and key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Identification and valuation of the intangibles in business combinations

At the acquisition date of a business combination, the Group recognises, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquire. The Group measures identifiable assets acquired and the liabilities assumed at their acquisition-date fair value. The fair value of intangibles in business combination is subject to certain assumptions made in deriving its value such as discount rate used in the discounted cash flow (DCF) model, expected cash-inflows and growth rate used. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared.

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them.

Fair value of share options granted are estimated to be €2.85 to €7.41 per option based on weighted average of different exit scenarios (IPO short term, IPO long term, sale) using Black Scholes model and volatility based on historical volatilities of selected guideline public companies and expected term of options between 2.4 to 5.7 years. Due to current market conditions, timing of potential vesting event is uncertain and not expected within 12 months from the balance sheet date.

Impairment of non-financial assets

Identification of cash generating units involves significant judgement. During this process the management considered various factors, including how they monitor the entity's operations and how they make decisions about continuing or disposing the entity's assets and operations. It was concluded that there are two cash generating units. First is formed by Peerless Network and the other corresponds to the rest of Infobip Group. Differences in facts and circumstances could result in different conclusions being reached. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill, technology and brand recognized by the Group.

INFOBIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Judgements and key sources of estimation uncertainty (continued)

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments, where active market quotes are not available. This involves developing estimates and assumptions consistent with how market participants would price the instrument or asset. Management bases its assumptions on observable data as far as possible, but this is not always available. In that case management uses the best information available and a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. Estimated fair values may vary from the actual prices.

Fair value measurement was applied to interest rate swap. The total value of this asset instrument was €38,666,000 as at 31 December 2022 (2021: liability €4,439,000). Refer to Note 14 for more details.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has €176,923,000 of tax losses carried forward. These losses relate to group entities that have a history of losses, do not expire, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Group was able to recognise all unrecognised deferred tax assets, loss would decrease and equity would increase by €35,599,000.

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****3 Turnover and other revenue**

An analysis by geographical area of the Group's turnover is set out as below:

	2022 € 000's	2021 € 000's
Turnover analysed by geographical market		
United Kingdom	747,694	630,641
Rest of Europe	47,355	37,351
Rest of World	768,310	546,963
Total	1,563,359	1,214,955

4 Exceptional and separately reported items

	2022 € 000's	2021 € 000's
Exceptional items		
One-off staff costs	5,411	7,998
Equity raising expenses	458	-
Integration expenses	208	5,829
Transformation expenses	6,267	5,708
Acquisitions expenses	3,215	2,336
Costs of raising finance	160	424
	15,719	22,295
Separately reported items		
Foreign exchange losses	13,338	2,628
	13,338	2,628
Exceptional and separately reported items	29,057	24,923

Acquisition expenses that do not qualify for capitalisation, relate to non-recurring expenses related to potential/planned acquisitions, post-acquisition integration and potential acquisitions not undertaken by the Group. Infobip had incurred some one-off costs related to transformation and integration of acquired companies, and also some one-off costs related to loan facility renewal in 2021 (the facility was renewed and fully repaid in 2021) and agreeing a new loan in 2021. Equity raising expenses relate to costs attributable to one-off share repurchase in 2021, as well as non-recurring legal services related to future equity raising. One-off staff costs relate to bonuses and commissions paid out in 2021 relating to 2020 result as result of subsequent management decision in 2021, while in 2022 they relate to one-off severance and garden leave payments.

5 Operating loss

	2022 € 000's	2021 € 000's
Operating loss for the year is stated after charging:		
Exceptional and separately reported items	29,057	24,923
Depreciation of owned tangible fixed assets	11,225	7,704
Amortisation of intangible assets	85,377	44,264
Research and development costs	66,976	55,343
Defined contribution pension expense	15,213	12,098
Operating lease charges	10,503	7,715

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****6 Auditor's remuneration**

Fees payable to the company's auditor and associates:

	2022 € 000's	2021 € 000's
For audit services		
Audit of the financial statements of the Group and company	1,901	645
Audit of the financial statements of the company's subsidiaries	197	159
Total	2,098	804

7 Employees

The average monthly number of persons (including directors) employed by the Group and company during the year was:

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Sales	1,915	993	41	31
Support	765	1,243	9	12
Development	1,083	943	8	3
Total	3,763	3,179	58	46

Their aggregate remuneration comprised:

	Group 2022 € 000's	2021 € 000's	Company 2022 € 000's	2021 € 000's
Wages and salaries	165,515	147,670	4,182	3,057
Social security costs	35,950	27,086	3,100	2,066
Pension costs	15,213	12,098	335	206
Total	216,678	186,854	7,617	5,329

Directors' remuneration has been disclosed in Note 22.

8 Net interests payable and similar expenses

	2022 € 000's	2021 € 000's
Accrued interests on preference shares	(58,229)	(49,598)
Amortisation of capitalised expenses on preference shares	(2,223)	-
Interest on long term loan	(39,138)	(8,626)
Amortisation of capitalised debt raising costs	(4,079)	(1,037)
Net swap interest	825	-
Other financial expenses/income	(541)	507
Total	(103,385)	(58,754)

For details on these costs please see Note 17 and Note 20.

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****9 Taxation**

	2022 € 000's	2021 € 000's
Current tax		
UK corporation tax on losses for the current period	-	-
Foreign current tax on losses for the current period	5,855	5,554
Other foreign taxes	-	-
Total current tax charge for the year	5,855	5,554
Deferred tax		
Origination and reversal of timing differences	(10,266)	(3,376)
Total tax (credit)/charge for the year	(4,411)	2,178

The actual (credit)/charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2022 € 000's	2021 € 000's
Loss before taxation	(213,758)	(152,960)
Expected tax credit based on the standard rate of corporation tax in the UK of 19% (2021: 19%)	(40,614)	(29,062)
UK corporation tax on losses for the current period	-	-
Tax effect of expenses that are not deductible in determining taxable profit	19,079	17,969
Tax effect of unrecognised tax losses	14,279	13,713
Higher/(Lower) taxes on overseas earnings	933	(442)
Underdraft of current tax of previous period	439	-
Open Market trade name write-off	1,473	-
Tax (credit)/charge for the year	(4,411)	2,178

Tax effect of expenses that are not deductible in determining taxable profits mainly relates to goodwill amortisation and interest on preference shares. The Group has tax losses that arose in various tax jurisdiction of €176,923,000 that are available for offsetting against future taxable profits of the companies in which the losses arose.

Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group. The subsidiaries incurring those losses have been loss-making for some time without any positive outlook for future taxable profits, and there are no other tax planning opportunities or other evidence of recoverability in the near future. If the Group was able to recognise all unrecognised deferred tax assets, the loss would decrease by €35,599,000.

INFOBIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

10 Intangible fixed assets

<u>Group</u>	Goodwill	Licences, domains and computer programs	Brand and Trade name	Technology	Total
	€ 000's	€ 000's	€ 000's	€ 000's	€ 000's
Cost					
At 1 January 2022	286,481	12,317	34,797	27,982	361,577
Additions as part of business combination	168,437	1,467	7,832	17,622	195,358
Additions	-	1,143	-	-	1,143
Disposals	-	(2)	-	-	(2)
Transfer from / to	-	(63)	-	-	(63)
Exchange adjustments	(7,039)	(138)	(324)	(737)	(8,238)
At 31 December 2022	447,879	14,724	42,305	44,867	549,775
Amortisation and impairment					
At 1 January 2022	67,973	11,855	5,998	27,982	113,808
Amortisation charged for the year	54,983	822	28,339	1,233	85,377
Disposals	-	(2)	-	-	(2)
Transfer from / to	-	(43)	-	-	(43)
Exchange adjustments	(579)	339	(16)	(60)	(316)
At 31 December 2022	122,377	12,971	34,321	29,155	198,824
Carrying amount					
At 31 December 2022	325,502	1,753	7,984	15,712	350,951
At 31 December 2021	218,508	462	28,799	-	247,769

<u>Company</u>	Goodwill	Licences, domains and computer programs	Brand	Technology	Total
	€ 000's	€ 000's	€ 000's	€ 000's	€ 000's
Cost					
At 1 January 2022	27,240	11,038	2,837	27,982	69,097
Additions	-	179	-	-	179
At 31 December 2022	27,240	11,217	2,837	27,982	69,276
Amortisation and impairment					
At 1 January 2022	27,240	11,031	2,837	27,982	69,090
Amortisation charged for the year	-	18	-	-	18
At 31 December 2022	27,240	11,049	2,837	27,982	69,108
Carrying amount					
At 31 December 2022	-	168	-	-	168
At 31 December 2021	-	7	-	-	7

INFOBIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

10 Intangible fixed assets (continued)

Goodwill is tested for impairment annually or when there are indications that an impairment loss has occurred. The Group considered the following indicators of possible impairment: overall decline in the market value of technology sector companies, increase in interest rates and net loss position of the Group throughout the year 2022. The impairment testing was performed as at 31 December 2022.

The Company has determined that it operates as two cash-generating units (CGUs). One CGU involves Infobip Group (IB). The other CGU is for Peerless Network (PN), telecommunication provider acquired in 2022.

The recoverable amount for a CGU is determined based on its estimated value in use. These estimates are based on cash flow projections, which are based on financial budgets approved by the management covering a five-year period. In the assessment of future cash flows assumptions are made, primarily concerning sales growth and discount rate (WACC). WACC is based on a peer group of similar listed entities. The estimated growth rate and the forecast operating margin are based on the company's budgets and forecasts for the Group.

The 3% growth rate after the forecast period coincides with the Group's long-term assumptions about inflation and long-term market growth for both IB and PN. The 13.55% (IB) and 9.3% (PN) pre-tax discount rates reflect country-specific risks associated with the IB Group and PN operations. The management has determined that both CGUs can mainly be categorized as in a growth phase but with strong and stable cash flows based on existing business relationships. The CGUs are characterized by its continuous development of new services that complement the current business.

Based on the calculations referred to above, it has been concluded that no goodwill impairment charge should be recognized in relation to any period presented.

INFOBIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

11 Tangible fixed assets

<u>Group</u>	<u>Assets under construction</u> € 000's	<u>Computer equipment</u> € 000's	<u>Furniture and fittings</u> € 000's	<u>Servers</u> € 000's	<u>Property and equipment</u> € 000's	<u>Total</u> € 000's
Cost						
At 1 January 2022	2,643	11,243	5,055	20,886	36,910	76,737
Additions as part of business combination	-	28	171	-	19,814	20,013
Additions	2,940	3,497	557	6,076	564	13,634
Disposals	(18)	(149)	(55)	-	(43)	(265)
Transfer from / to	(28)	837	(69)	(622)	(55)	63
Exchange adjustments	(120)	(351)	(54)	25	(616)	(1,116)
At 31 December 2022	5,417	15,105	5,605	26,365	56,574	109,066
Depreciation and impairment						
At 1 January 2022	-	6,467	2,400	14,481	3,209	26,557
Depreciation charged for the year	-	3,772	925	2,967	3,561	11,225
Eliminated in respect of disposals	-	(134)	(44)	-	(35)	(213)
Transfer from / to	-	336	2	(235)	(60)	43
Exchange adjustments	-	(178)	(84)	(5)	(66)	(333)
At 31 December 2022	-	10,263	3,199	17,208	6,609	37,279
Carrying amount						
At 31 December 2022	5,417	4,842	2,406	9,157	49,965	71,787
At 31 December 2021	2,643	4,776	2,655	6,405	33,701	50,180

<u>Company</u>	<u>Assets under construction</u> € 000's	<u>Computer equipment</u> € 000's	<u>Furniture and fittings</u> € 000's	<u>Servers</u> € 000's	<u>Total</u> € 000's
Cost					
At 1 January 2022	-	435	134	10,077	10,646
Additions	829	90	-	3,164	4,083
Disposals	-	-	-	-	-
At 31 December 2022	829	525	134	13,241	14,729
Depreciation and impairment					
At 1 January 2022	-	353	134	9,141	9,628
Depreciation charged for the year	-	45	-	678	723
Eliminated in respect of disposals	-	-	-	-	-
At 31 December 2022	-	398	134	9,819	10,351
Carrying amount					
At 31 December 2022	829	127	-	3,422	4,378
At 31 December 2021	-	82	-	936	1,018

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****12 Fixed asset investments**

	Group 2022 € 000's	2021 € 000's	Company 2022 € 000's	2021 € 000's
Investments in subsidiaries	-	-	347,906	329,573
Unlisted investments	381	424	339	339
Total	381	424	348,245	329,912

Movements in fixed asset investments

Group	Shares in group undertakings € 000's	Other investments other than loans € 000's	Total € 000's
Cost or valuation			
At 1 January 2022	-	424	424
Additions	-	-	-
Disposals	-	(43)	(43)
At 31 December 2022	-	381	381
Carrying amount			
At 31 December 2022	-	381	381
At 31 December 2021	-	424	424

Company**Shares in group undertakings
€ 000's**

Cost or valuation	
At 1 January 2022	329,573
Additions	18,333
Impairment	-
At 31 December 2022	347,906
Carrying amount	
At 31 December 2022	347,906
At 31 December 2021	329,573

During 2022 the Group acquired Peerless Group for consideration of €221m. During 2022 the Company acquired Netokracija Croatia for consideration of €92,000 and Netokracija Serbia for consideration of €71,000.

Also, the Company has increased its investment in Group companies: Infobip Croatia and Infobip Bangladesh, has founded two new entities: Infobip Israel and Infobip Switzerland and has sold Infobip Belarus.

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****13 Subsidiaries**

Details of the company's subsidiaries, all of which are wholly owned, either directly or indirectly, at 31 December 2022 are as follows:

Name of undertaking	Country of incorporation	Subsidiary address
«Инфобип Казахстан» ЖШС (eng.INFOBIP KAZAKHSTAN LLP)	Kazakhstan	Block 4B, room No. 3-4B-7 (office 703), Nurly Tau Complex, 15 Al- Farabi Avenue, Bostandyk District, 050059 Almaty city, Kazakhstan
ANAM ASIA SDN. BHD.	Malaysia	09-01, Menara K1, No.1 Lorong 3/137C, Off Jalan Kelang Lama, 58000 Kuala Lumpur, W.p. Kuala Lumpur.
ANAM TECHNOLOGIES LIMITED	Ireland	Suite 3, One Earlsfort Centre, Lower Hatch Street, Dublin 2
ARD SUAS HOLDINGS LIMITED	Ireland	Suite 3, One Earlsfort Centre, Lower Hatch Street, Dublin 2
BSMART TECH PRIVATE LIMITED	India	3rd Floor, Fleet House, Near Marol Naka Metro Station, Andheri Kurla Road, Marol, Andheri East, Mumbai-400059
COMPATEL AFRICA (Pty) Ltd	South Africa	1st Floor, Building B, Bryanston Corner, 18 Ealing Crescent, Bryanston, Johannesburg, 2191, Gauteng, Republic of South Africa
COMPATEL CHILE LIMITADA	Chile	Avenida Bernardo Ohiggins 1186, Depto. 511, Concepcion, Chile
COMPATEL COLOMBIA SAS	Colombia	Cl. 93 # 16 - 46 Oficina 702, Bogotá, Colombia
COMPATEL COMMUNICATIONS RO s.r.l.	Romania	Bucharest, 56D Pasarani Street, Ground Floor, Office no. 33, 2nd District
COMPATEL D.O.O. BEOGRAD- NOVI BEOGRAD	Serbia	Palmira Toljatija 60, sprat III, stan 16, Beograd - Novi Beograd, 11070 Novi Beograd, Srbija
COMPATEL INDIA PRIVATE LIMITED	India	3rd Floor, Fleet House, Near Marol Naka Metro Station, Andheri Kurla Road, Marol, Andheri East, Mumbai-400059
COMPATEL INFORMATICA Ltda.	Brazil	Rua Comendador Araújo 499, Conjunto 1003, 10º Andar, Centro, Curitiba, Paraná, CEP 80420-000
COMPATEL KENYA LIMITED	Kenya	L.R. No. 140/36 Piedmont Plaza, Ngong Road, 00100 Nairobi, Kenya
COMPATEL LIMITED	United Kingdom	85 Great Portland Street First Floor London W1W7LT United Kingdom
COMPATEL LLC	United States	911 Central Avenue, #101, Albany, NY 12206
COMPATEL NIGERIA LIMITED	Nigeria	2 Siji Soetan St, off Onikepo Akande St, off Admiralty Way, Lekki Peninsula Phase 1, Lagos, Nigeria
COMPATEL PERU S.A.C.	Peru	Av. de la Floresta 497, Of. 203, San Borja, Lima 41, Peru

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****13 Subsidiaries (continued)**

COMPATEL s.r.o.	Czech Republic	Klimentaska 1216/46, Nove Mesto, CZ - 110 00 Prague 1, Czech Republic
COMPATEL SA de CV	Mexico	Av Paseo de la Reforma 180, Piso 12, Juarez, Cuauhtemoc, 06600 CDMX
COMPATEL TELEKOMÜNİKASYON HİZMETLERİ TİCARET LİMİTED ŞİRKETİ	Turkey	MECİDİYEKÖY MAH. ŞEHİT AHMET SK. ADA RESIDANCE NO: 6 -10 İÇ KAPI NO: 37 ŞİŞLİ/ İSTANBUL
COMPATEL UKRAINE LLC	Ukraine	Office 505, Nizhnii Val str., 15, Kyiv, 04071, Ukraine
INFOBIP (GHANA) LIMITED	Ghana	Annex B Rooms 6 & 7, Kojo Thompson Road, Republic House Opposite Cocobod, P.O.BOX LG 962, Legon - Accra, Ghana
INFOBIP (one-person company) LLC	Saudi Arabia	6897 - King Fahd Al Olaya Dist, Riyadh 12211 - 3388, Kindgom of Saudi Arabia
INFOBIP (PRIVATE) LIMITED	Pakistan	2nd floor, No:208, ISE Towers, 55-B, Jinnah Avenue, Islamabad, Pakistan
INFOBIP (THAILAND) LIMITED	Thailand	ITF Tower, 17th Floor, 140/36 Silom Road, Kwang, Suriyawongese, Khet Bangrak, Bangkok 10500, Thailand
INFOBIP (UGANDA) LIMITED	Uganda	5th Floor Rwenzori Towers, Nakasero Road PO. Box 37468, Kampala, Uganda
INFOBIP AFRICA (Pty) Ltd	South Africa	1st Floor, Building B, Bryanston Corner, 18 Ealing Crescent, Bryanston, Johannesburg, 2191, Gauteng, Republic of South Africa
Infobip Africa Education Trust	South Africa	First Floor, Building 25, Waterford Office Park, Waterford Drive, Fourways, 2191, Johannesburg, Republic of South Africa
INFOBIP ASIA PACIFIC Sdn. Bhd.	Malaysia	09-01 Menara K1, No.1, Lorong 3/137 C, Off Jalan Kelang Lama, 58000 Kuala Lumpur, Malaysia
INFOBIP ASIA PACIFIC SDN. BHD. Taiwan Branch	Taiwan	7F., No. 49, Sec. 3, Minsheng E. Rd., Zhongshan Dist., Taipei City 10478, Taiwan (R.O.C.)
INFOBIP AUSTRIA GmbH	Austria	Fleischmarkt 1, 1010 Vienna, Austria
INFOBIP BH d.o.o.	Bosnia and Herzegovina	Tesanjaska 24 a, 71000 Sarajevo, Bosnia and Herzegovina
INFOBIP BOLIVIA LIMITADA	Bolivia	Calle Federico Zuazo 1598, Zona Central, Edificio Park Inn, Piso 11, La Paz, Bolivia
INFOBIP BRASIL SERVICOS DE VALOR ADICIONADO LTDA	Brazil	Calçada das Margaridas nº. 163, sala 02, na Cidade de Barueri, Estado de São Paulo, CEP 06.453-038
INFOBIP CHILE LIMITADA	Chile	Avenida Suecia nº 0155, Oficina 1201, Comuna Providencia, Santiago, Chile

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****13 Subsidiaries (continued)**

INFOBIP CIS MChJ	Uzbekistan	105, Bunyodkor prospect, Chilarzar district, Tashkent, Republic of Uzbekistan, 100161
INFOBIP COLOMBIA S.A.S.	Colombia	Cr 11 B # 97-56 Oficinas 502-503, Bogotá D.C., Colombia
INFOBIP COMMUNICATIONS INC.	Canada	5410-1333 West Broadway, Vancouver BC V6H 4C1, Canada
INFOBIP COMPANY LIMITED (Vietnamese: CONG TY TNHH INFOBIP)	Vietnam	Level 9, Lim Tower 3, 29A Nguyen Dinh Chieu, Da Kao Ward, District 1, Ho Chi Minh City, Vietnam.
INFOBIP COSTA RICA SRL	Costa Rica	Pavas, Rorhmoser del Parque de la Amistad, 275 N, Numero 2486, San Jose, Costa Rica
INFOBIP COTE D'IVOIRE - SUCCURSALE SENEGAL	Senegal	Espace Ataya properties nord foire Keur Damel Batiment 3 APPT 373-7ème Etage, Dakar, Senegal
INFOBIP COTE D'IVOIRE SARL	Côte d'Ivoire	Cocody, 2 Plateaux Vallon, Immeuble Antilope, 1er etage, Porte 64, Cite SOGEFIHA, 01 BP 4651, Abidjan 01, Cote d'Ivoire
INFOBIP d.o.o.	Croatia	Istarska 157, 52215 Vodnjan, Croatia
INFOBIP d.o.o.	Slovenia	Ameriška ulica 8, 1000 Ljubljana, Slovenia
INFOBIP EGYPT LLC	Egypt	Trivium Business Complex, Office no. GA1B and GA1A, Northern 90 St. New Cairo – Cairo, Egypt
INFOBIP G.K.	Japan	Cerulean Tower 15th Floor, 26-1, Sakuragaoka-cho, Shibuya-ku, Tokyo, Japan
INFOBIP GLOBAL LIMITED	United Kingdom	85 Great Portland Street First Floor London W1W7LT United Kingdom
INFOBIP GmbH	Germany	c/o Bird & Bird LLP, Maximiliansplatz 22, 80333 Munich, Germany
INFOBIP GULF - FZ LLC	United Arab Emirates	EIB Building No.1, Office 302, Dubai Internet City, P.B 500284, Dubai, United Arab Emirates
INFOBIP INC.	United States	300 Elliott Avenue W, Suite 200, Seattle, WA 98119
INFOBIP INDIA PRIVATE LIMITED	India	3rd Floor Fleet House Near Marol Naka Metro Station Andheri Kurla Road, Marol, Andheri East, Mumbai 400059
INFOBIP INFORMATION TECHNOLOGY (SHANGHAI) LIMITED COMPANY	China	C02, 38F, China Merchants Tower, 161 East Lujiazui Road, Pudong District, Shanghai
Infobip Information Technology Pty Ltd	Australia	Level 8, 210 George Street, Sydney NSW 2000
INFOBIP ISRAEL LTD	Israel	10/10 Gilboa str, Mevaseret Zion, 9075810, mailbox # 84828
INFOBIP KENYA LIMITED	Kenya	6th Floor, Marsabit Plaza, LR No 330/676 Ngong Road, P.O. Box 21937 - 00500, Nairobi, Kenya

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****13 Subsidiaries (continued)**

INFOBIP LAB sp. z o.o.	Poland	ul. Powstańców Śląskich 2-4, 2nd floor 53-333 Wrocław, Poland
INFOBIP LATAM S A	Argentina	Marcelo Torcuato de Alvear 636, Piso 9º, C1058AAH Ciudad Autónoma de Buenos Aires, Argentina
INFOBIP Limited	Bangladesh	Bilquis Tower, Level-4 (North Side), Plot 6, Gulshan Circle-2, Dhaka-1212, Bangladesh
INFOBIP LIMITED	Hong Kong	18/F, On Building, 162 Queen's Road Central, Central Hong Kong
INFOBIP LIMITED	Tunisia	Tunis Carthage App 14 Bloc C 2ème Etage Ariana 2027 Tunisie
INFOBIP LIMITED (JORDAN)	Jordan	Unit no. 131, Building No. 194, 3rd floor, Princess Basma St. Abdoun, Amman 11183, Jordan
INFOBIP LLC	Qatar	Office no. 4, 4th Floor, Tower 4, The Gate, Doha - Qatar, PO Box 10805
INFOBIP LLC	South Korea	7th Floor, 38, Seocho-daero 52-gil, Seocho-gu, Seoul, Republic of Korea
INFOBIP MOBILE SERVICES PTE.LTD.	Singapore	171 Tras Street, #05-173A, Union Building, Singapore 079025
INFOBIP MOBILE SERVICES, SOCIEDAD LIMITADA	Spain	Plaza de las Cortes 4, Piso 8, Puerta Izquierda, 28014, Madrid, Spain
INFOBIP MYANMAR COMPANY LIMITED	Myanmar	NO. 3/A, BOGYOKE AUNG SAN ROAD, #14-00 JUNCTION CITY TOWER PABEDAN TOWNSHIP, YANGON REGION, MYANMAR
INFOBIP Netherlands B.V.	Netherlands	Piet Heinkade 55, 1019GM Amsterdam
INFOBIP NIGERIA LIMITED	Nigeria	2 Siji Soetan St, off Onikepo Akande St, off Admiralty Way Lekki Peninsula Phase 1, Lagos, Nigeria
INFOBIP PARAGUAY S.A.	Paraguay	Jejui 1036 casi Colon - Asuncion - Paraguay
INFOBIP PERU S.A.C.	Peru	Avenida Dionisio Derteano 184, office n 302, San Isidro, Lima, Peru
INFOBIP PHILIPPINES INC.	Philippines	Unit 1, 15th Floor, The Curve Building, 32nd Street corner 3rd Avenue, BGC, Taguig City 1634
INFOBIP PORTUGAL, Unipessoal Lda	Portugal	Avenida da Liberdade, 1269 046 Lisboa
INFOBIP Pty Limited	Australia	Level 8, 210 George Street, Sydney NSW 2000
INFOBIP RDC SARL	Congo	Avenue du Livre 46/B, Gombe, Kinshasa, DRC
INFOBIP RWANDA Ltd	Rwanda	Kacyiru, Gasabo, Umujiyi wa Kigali, Rwanda
INFOBIP S.A.R.L.	Morocco	22 Soumaya street, Shehrazade residence, 5th Floor, 20000 Palmiers-Casablanca, Morocco
INFOBIP S.R.L. CON SOCIO UNICO	Italy	Piazza Sicilia 6, 20146 Milano, Italy

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****13 Subsidiaries (continued)**

INFOBIP s.r.o.	Czech Republic	Na Strži 1702/65, CZ-14000 Prague - Nusle, Czech Republic
INFOBIP s.r.o.	Slovakia	Rolnicka 187, Bratislava 831 07, Slovak Republic
INFOBIP SAS	France	2 rue Pasquier 75008 Paris, France
INFOBIP SERBIA d.o.o.	Serbia	Bulevar Zorana Dindica 48 V, sprat 5, Beograd - Novi Beograd, 11070 Republic of Serbia
INFOBIP sp.z o.o.	Poland	Ul. Powstańców Śląskich 2-4, 2 p., 53-333 Wrocław
INFOBIP SWEDEN AB	Sweden	Brunnsgatan 21B, 111 38 Stockholm, Sweden
INFOBIP SWITZERLAND GmbH	Switzerland	c/o Haussmann Services AG, Bahnhofplatz, 6300 Zug
INFOBIP TANZANIA LIMITED	Tanzania	Sky Tower, 10th Floor-Left Wing, P.O.Box 31227, New Bagamoyo Road, Kijitonyama, Dar es Salaam, Tanzania
INFOBIP TELEKOMUNIKASYON HIZMETLERI TICARET LIMITED SIRKETI	Turkey	MECİDİYEKÖY MAH. ŞEHİT AHMET SK. ADA RESIDANCE NO: 6 -10 İÇ KAPI NO: 37 ŞİŞLİ/ İSTANBUL
INFOBIP ZAMBIA LIMITED	Zambia	Unit 5B, Aquarius House, Katima Mulilo Road, Olympia Park, Lusaka, Zambia
INFOBIPTELCOM S.A.	Ecuador	Av. Republica Oe3-30 e Ignacio de San Maria, Quito, Distrito Metropolitano, Republica de Ecuador
INTLEACHT LIMITED	Ireland	Suite 3, One Earlsfort Centre, Lower Hatch Street, Dublin 2, DUBLIN, Ireland
MAKINATECH (Pty) Ltd	South Africa	1st Floor, Building B, Bryanston Corner, 18 Ealing Crescent, Bryanston, Johannesburg, Gauteng 2021, South Africa
MOBILE SERVICES CLOUD S.A. de C.V.	Mexico	Avenida Paseo de la Reforma 180, Juarez, Cuauhtemoc, 06600 Ciudad de Mexico
Netokracija d.o.o. Beograd-ZEMUN	Serbia	Kapetana Radića Petrovića 12, Beograd, Serbia
Netokracija d.o.o. za računalne usluge	Croatia	Hinka Würtha 4, Zagreb, Croatia
ООО «ИнфоБип» (eng.INFOBIP LLC)	Kyrgyzstan	125/1 Toktogula Str., Bishkek, Kyrgyzstan
ООО "ИнфоБип СПб" (eng. INFOBIP SPB)	Russian Federation	Street 2-Sovetskaya, 7, Building A, Premises/Room 14-H / 1, 191036 Saint-Petersburg, Russian Federation
OPENMARKET HOLDINGS LLC	United States	1209 Orange Street Wilmington, New Castle Delaware 19801 USA
OPENMARKET LIMITED	United Kingdom	15th Floor 389 Chiswick High Road, London, England, W4 4AJ
OPENMARKET SERVICES INDIA PRIVATE LIMITED	India	Unit No. 304, B Wing, Tower S4, Magarpatta City, Hadapsar, Pune 411013

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****13 Subsidiaries (continued)**

PARSECO LIMITED	United Kingdom	5th Floor, 86 Jermyn Street, London SW1Y 6AW, United Kingdom
PROTEATECH HOLDINGS (Pty) Ltd	South Africa	1st Floor, Building B, Bryanston Corner, 18 Ealing Crescent, Bryanston, Johannesburg, 2191, Gauteng, Republic of South Africa
PT. INFOBIP TECHNOLOGY INDONESIA	Indonesia	Menara Prima, 23rd Floor Unit I, Jl. DR. Ide Anak Agung Gde Agung Block 6.2, Kawasan Mega Kuningan, Jakarta 12950, Indonesia
RAPIDO QUICK SMS PRIVATE LIMITED	India	3rd Floor, Fleet House, Near Marol Naka Metro Station, Andheri Kurla Road, Marol, Andheri East, Mumbai-400059
TAIWAN INFOBIP LIMITED (台灣英富必有限公司)	Taiwan	2nd Floor, No. 1, Second Floor, Section 4, Nanjing East Road, Taipei City
VEGTER SMS SOLUTIONS PRIVATE LIMITED	India	3rd Floor Fleet House Near Marol Naka Metro Station, Andheri Kurla Road, Marol, Andheri East, Mumbai 400059
ООО «ИнфоБип» (eng.INFOBIP Limited)	Russian Federation	109544, Russian Federation, Moscow, 2 Bulvar Entuziastov, floor 21, room 1
Peerless Network of Alabama, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of Arizona, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of Arkansas, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of California, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of Colorado, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of Connecticut, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of Delaware, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of the District of Columbia, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of Florida, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of Georgia, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of Guam, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of Hawaii, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of Idaho, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of Illinois, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of Indiana, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of Iowa, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****13 Subsidiaries (continued)**

Peerless Network of Kansas, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of Kentucky, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of Louisiana, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of Maine, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of Maryland, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of Massachusetts, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of Michigan, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of Minnesota, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of Mississippi, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of Missouri, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of Montana, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of Nebraska, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of Nevada, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of New Hampshire, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of New Jersey, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of New Mexico, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of New York, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of North Carolina, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of North Dakota, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of Ohio, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of Oklahoma, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of Oregon, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of Pennsylvania, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of Rhode Island, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of South Carolina, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of South Dakota, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of Tennessee, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of Texas, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of Utah, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****13 Subsidiaries (continued)**

Peerless Network of Vermont, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of Virginia, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of Washington, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of West Virginia, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of Wisconsin, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Network of Wyoming, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
PEERLESS NETWORK, INC.	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
PEERLESS NETWORK HOLDINGS, INC.	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
AIRUS, INC.	United States	850 New Burton Road, Suite 201, Dover, DE 19904
AIRUS VIRGINIA, INC.	United States	850 New Burton Road, Suite 201, Dover, DE 19904
PEERLESS NETWORK UK LIMITED	United Kingdom	Citadel House, 58 High Street, Hull, United Kingdom, HU1 1QE
WAVENATION, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Enterprise Cloud Services, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Chicago Data Center, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Peerless Atlanta Data Center, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607
Airus Cloud Communications, LLC	United States	433 W. Van Buren Street, Suite 410S, Chicago, IL 60607

In 2022 Open Market Limited transferred its business to Infobip Limited and ceased active operations.

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****14 Financial instruments**

<u>Group</u>	2022 € 000's	2021 € 000's
Carrying amount of financial assets		
Debt instruments measured at amortised cost	401,127	566,029
Derivative financial instruments measured at fair value	38,666	-
	—	—
Carrying amount of financial liabilities		
Financial liabilities measured at amortised cost	(1,220,189)	(1,051,633)
Derivative financial instruments measured at fair value	-	(4,439)
	—	—

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, preference shares classified as debt, other creditors and accrued expenses.

Derivative financial instruments relate to interest rate swap the Group has entered into.

Hedge of variable interest rate risk arising from bank loan liabilities

In 2021, the Group and company borrowed funds from its bankers under long term loan of \$500m, which is repayable in September 2026.

To hedge the potential volatility in future interest cash flows arising from movements in LIBOR, the Group has entered into floating to fixed interest rate swap with a nominal value equal to that of the initial borrowings, the same term as the loan and interest re-pricing dates identical to this of the variable rate loan. This results in the Group paying 1.7510% and receiving 3 month USD LIBOR (though cash flows are settled on a net basis) and effectively fix the total interest cost on loan and interest rates swap at 8.001% per annum.

The Group uses derivatives to hedge its variable interest rate risks and the fair value of the derivative asset at the balance sheet date was €38,666,000 (2021: liability €4,439,000). The cash flows arising from the interest rate swaps will continue until their maturity in September 2026, coincidental with the repayment of the term loans.

Changes in the fair value of the derivative recognised in other comprehensive income that were determined to be an effective hedge amounted to €43,105,000. The hedge did not result in any ineffective portion of the change in the fair value of the derivative being recognised in the profit or loss for the year.

The Group has applied the Amendments to FRS 102: Interest rate benchmark reform (Phase 1 and Phase 2). The amendments provide relief in applying the requirements of hedge accounting to certain hedges, including allowing the Group to assume that interest rate benchmark on which hedged cash flows are based (e.g. LIBOR) will not be altered as a result of interest rate benchmark reform. Consequently, hedging relationships that may have otherwise been impacted by interest rate benchmark reform have remained in place and no additional ineffective portion of the hedge has been recognised. The Group has taken advantage of these amendments in relation to the LIBOR interest rate noted above.

INFOBIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

15 Debtors

	Notes	Group 2022 € 000's	2021 € 000's	Company 2022 € 000's	2021 € 000's
Amounts falling due within one year:					
Trade debtors		231,113	211,560	82,892	66,670
Corporation tax recoverable		5,389	10,957	-	-
Amounts owed by group undertakings		-	-	211,371	74,537
Amounts owed by companies under common control		1,555	2,779	90	1,397
Other debtors		38,679	19,127	6,195	50,532
Prepayments and accrued income		129,193	66,568	41,092	57,183
		<u>405,929</u>	<u>310,991</u>	<u>341,640</u>	<u>250,319</u>
Deferred tax asset	18	3,638	5,095	-	-
Total		409,567	316,086	341,640	250,319

16 Creditors

	Notes	Group 2022 € 000's	2021 € 000's	Company 2022 € 000's	2021 € 000's
Amounts falling due within one year:					
Bank loans		4,690	4,403	-	-
Deferred tax liabilities	18	464	1,697	-	-
Trade creditors		170,030	72,466	53,040	30,051
Amounts owed to group undertakings		-	-	409,710	243,747
Amounts due to companies under common control		2,148	2,502	-	-
Corporation tax payable		(101)	5,488	-	-
Other taxation and social security		13,248	8,804	513	-
Deferred income		10,163	8,112	3,326	1,948
Contingent consideration		-	17,487	-	17,487
Other creditors		13,762	15,977	689	9,677
Accruals		178,682	168,457	60,446	41,529
Total		393,086	305,393	527,724	344,439

Amounts owed to group undertakings on Infobip Limited Company relate to intercompany loans received from Infobip Inc. amounting to €218m (2021: €154m) and OpenMarket Limited amounting to €63m (2021: €17m) and other intercompany transactions.

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****17 Long term creditors**

	Notes	Group 2022 € 000's	2021 € 000's	Company 2022 € 000's	2021 € 000's
Bank loans		443,676	416,938	-	-
Interest rate swap	14	-	4,439	-	-
Other long term creditors		2,077	581	-	-
Total		445,753	421,958	-	-

The maturity of sources of debt finance are as follows:

	Group 2022 € 000's	2021 € 000's	Company 2022 € 000's	2021 € 000's
In one year or less, or on demand	4,690	4,401	-	-
In more than one year but not more than five years	458,467	434,643	-	-

In 2021 the Group borrowed funds from its bankers. The loan (reporting date carrying amount of €463,157,000) is repayable in September 2026. The loan accrues interest at a variable rate equivalent to 3 month USD LIBOR plus 6.25%. Issue costs of €19m were incurred, which have been deducted from the initial carrying value and will be charged to profit or loss as part of the interest charge calculated using the effective interest rate method. The cash for this loan was received net of the issue costs. In 2022 €4m (2021: €1m) of loan issue costs was amortised during the period.

The Group has entered into floating to fixed interest rate swap with a fixed leg of 1.7510% and a variable rate leg equal to 3 month USD LIBOR. This is accounted for as a cash flow hedge (see Note 14). As at 31 December 2022, the Group is exposed to risks arising from interest rate benchmark reform as LIBOR is replaced with alternative benchmark interest rates. The quantitative exposure is disclosed above.

As disclosed in Note 14, the Group has applied the Amendments to FRS 102: Interest rate benchmark reform (Phase 1 and Phase 2). Applying the practical expedient introduced by the amendments, when the benchmark affecting the Group's loan is replaced, the adjustments to the contractual cash flows will be reflected as an adjustment to the effective interest rate. Therefore, the replacement of the loan's benchmark interest rate will not result in an immediate gain or loss recorded in profit or loss, which may have been required if the practical expedient was not available or adopted. As of 30 June 2023, the Group has transitioned to alternative interest rate benchmark.

18 Deferred taxation

Deferred tax assets and liabilities are offset where the Group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes.

<u>Group</u>	Assets 2022 € 000's	Assets 2021 € 000's	Liabilities 2022 € 000's	Liabilities 2021 € 000's	Net assets 2022 € 000's	Net assets 2021 € 000's
Accelerated capital allowances and other temporary differences	3,638	5,095	(464)	(1,697)	3,174	3,398

Deferred tax assets have not been recognised in respect of tax losses as they may not be used to offset taxable profits elsewhere in the Group (Note 9).

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****19 Share-based payments**

The Group has two share schemes in place during the year, being the Equity settled share options ("SOP") scheme (as described below) and the General Incentive Plan ("GIP") which is set out further within the share capital note (Note 20).

Equity settled share options schemes

The right to acquire shares in Infobip, will be granted to participants selected by the Committee. Once the criteria attaching to Participant's options have been satisfied, Participant may exercise option granted and acquire the shares.

The vesting conditions of the share options are as follows:

1. In the event that an IPO occurs prior to the fourth anniversary of the date of grant of the Option, the Option shall only become exercisable upon the Fourth Anniversary. In the event that an IPO occurs following the Fourth Anniversary, the Option shall become exercisable immediately following the IPO subject to any Lock in Period.
2. A sale of Infobip occurs when any person or company acquires either: (i) more than 50% of the issued voting rights of Infobip; or (ii) substantially all of the assets and/or business of Infobip.

In the event that a sale of Infobip occurs prior to the Fourth Anniversary, part of Participant's option shall automatically become exercisable immediately prior to, and conditional upon, the sale. The part of option which shall become exercisable will be calculated in accordance with the following percentages:

- if the sale occurs after the 1st anniversary of the grant date, but before the 2nd anniversary of the grant date, option shall become exercisable as to 25% of the shares in respect of which it was granted;
- if the sale occurs after the 2nd anniversary of the grant date, but before the 3rd anniversary of the grant date, option shall become exercisable as to 50% of the shares in respect of which it was granted; and
- if the sale occurs after the 3rd anniversary of the grant date, but before the 4th anniversary of the grant date, option shall become exercisable as to 75% of the shares in respect of which it was granted.

In the event that a sale of Infobip occurs on or following the Fourth Anniversary, option shall automatically become fully exercisable, immediately prior to, and conditional upon, the sale. If no IPO or sale of Infobip takes place within 8 years of the date of the grant of option or if Participant should choose not to exercise options granted during this time, then such option shall lapse.

Details of the share options outstanding during 2021 and 2022 are as follows:

Group	Number of share options		Weighted average exercise price	
	2022	2021	2022	2021
	Number	Number	€ 000's	€ 000's
Outstanding at 1 January	4,940,995	3,423,633	16.46	5.35
Granted	962,661	1,952,504	39.77	25.84
Forfeited	(605,749)	(435,142)	20.44	18.18
Outstanding at 31 December	5,297,907	4,940,995		

During 2022, no options were exercised (2021: nil). The options outstanding at the end of the year have a weighted average contractual life of 2.76 years (2021: 3.38).

The Group did not enter into any share-based payment transactions with parties other than employees during the current or prior periods.

No share-based payment charge has been included in the financial statements, in the current or prior period.

INFOBIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

20 Share capital and reserves

	Group 2022 € 000's	2021 € 000's	Company 2022 € 000's	2021 € 000's
Ordinary share capital				
A class ordinary share capital issued and fully paid				
61,215,978 of £1 each	84,477	84,477	84,477	84,477
B class ordinary share capital issued and fully paid				
642,188 of £2.88 each	7	7	7	7
Class D shares issue				
78,994 of £1 each	92	92	92	92
Share premium	3,607	3,607	3,607	3,607
Share repurchase reserve	(9,475)	(9,475)	(9,475)	(9,475)
Total share capital	78,708	78,708	78,708	78,708
Other reserves				
Contribution from the parent	955	-	-	-
Total other reserves	955	-	-	-
Shares classified as debt				
C class ordinary share capital issued and fully paid				
11,406,703 of £1 each	293,331	293,331	293,331	293,331
Rolled up interest	122,674	62,222	122,674	62,222
Total	416,005	355,553	416,005	355,553

A class shares have full rights with regards to voting, participation, capital repayment and dividends. B class shares rank pari passu with the exception that B class shares have no rights in the company with respect to voting.

B ordinary shares were issued under a General Incentive Plan (GIP) as part of Employees Share Options Plan (ESOP). There was no issue in the period.

In the GIP, participants are offered the right to acquire shares in Infobip at Fair Market Value. The Fair Market Value will be determined in advance on the basis of a valuation provided by an independent reputable valuer. If and when Infobip's shares are listed on a stock exchange, the Fair Market Value will be the price of the shares on the stock exchange at the relevant time.

Participants may pay for the cost of acquiring the shares with either: (i) personal funds or (ii) a loan provided by Infobip for the purposes of funding this cost.

Participants cannot use this loan for any other purpose, other than to acquire shares. The amount of the loan will be equivalent to the Fair Market Value of the total number of shares the participant will acquire. The loan will carry an interest rate of 3% per year. The interest payable on the loan will be rolled up, i.e. interest will not be payable on an annual basis but will be aggregated and must be paid on repayment of the loan.

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****20 Share capital and reserves (continued)**

The loan will need to be repaid on the earlier of (i) the date falling 4 years and 3 months after the date of the grant; and (ii) 7 days following the date the participant sells or transfers shares in accordance with the rules of the plan.

It is Infobip's intention that loan may be repaid in one of the following ways (i) the net amount of any dividend paid in respect of shares (ii) if the participant should dispose of shares, the proceeds from the disposal will be applied in repayment of the Loan or (iii) from the participant's own funds.

The Group and Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- Profit and loss account represent cumulative profits or losses, net of dividends paid and other adjustments.
- The foreign currency translation reserve is created when the results of subsidiaries are translated from local functional currency to the Group's presentational currency on consolidation.
- The merger reserve represents the elimination of certain subsidiary share capital and investment figures associated with the acquisition of subsidiary companies completed under merger accounting.

Preference convertible shares relate to Class C shares, issued in 2020. These comprise both nominal share capital and share premium amounting to €300m, decreased by transaction costs amounting to €6.7m. Share premium is not recognised in the financial statements as the shares are classified as a liability. The shares are classified as liabilities as they attract an annual preference dividend of 15% that rolls up and is convertible, alongside the original capital, on certain future events.

At 31 December 2022 total accrued interest on the preference Class C shares were €123m.

Following the Reduction of Capital in 2021, the Company carried out the Share Buyback in accordance with section 690 of Companies act which resulted in Share repurchase reserve of €9,475,000.

21 Operating lease commitments

At the reporting end date the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2022 € 000's	2021 € 000's	Company 2022 € 000's	2021 € 000's
Within one year	5,768	5,602	243	288
Between two and five years	10,228	8,228	-	192
In over five years	304	439	-	-
Total	16,300	14,269	243	480

The Group has capital commitments due within one year amounting to €97,000 (2021: €674,000).

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****22 Related party transactions****Remuneration of key management personnel**

Remuneration for Directors and key management personnel is detailed below:

	2022 € 000's	2021 € 000's
Directors' remuneration	1,099	1,027
Amounts paid to third parties in respect of directors' services	4	2
Total	1,103	1,029
	2022 € 000's	2021 € 000's
Directors' remuneration	1,103	1,029
Senior management remuneration	3,829	2,863
Total	4,932	3,892

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel.

Highest paid company Director was paid €351,000 (2021: €266,000).

Transactions with related parties

Entities over which the Group has control, joint control or significant influence comprise joint ventures. Commonly controlled entities comprise entities which are ultimately controlled by the same parties as the Group.

During the year the Group entered into the following transactions with related parties.

	Sales		Purchases	
	2022 € 000's	2021 € 000's	2022 € 000's	2021 € 000's
Group				
Commonly controlled entities	333	654	892	684
Company				
Commonly controlled entities	148	233	130	147

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2022 € 000's	2021 € 000's
Group		
Commonly controlled entities	2,148	2,502
Company		
Commonly controlled entities	-	-
Amounts due from related parties	2022 € 000's	2021 € 000's
Group		
Commonly controlled entities	1,555	2,779
Company		
Commonly controlled entities	90	1,397

INFOBIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

23 Business combinations

Acquisition of Peerless

On 25 July 2022 the Group acquired 100% of Peerless Group companies, telecommunications services provider, located in USA, for \$225m paid in cash and \$1m paid by allotment of shares.

	€ 000's		
Purchase consideration paid in cash	220,138		
Purchase consideration by allotment of shares	955		
Total	221,093		
	Book value	Revaluation adjustment	Fair value
	€ 000's	€ 000's	€ 000's
Fixed assets			
Tangible	16,368	3,642	20,010
Intangible	8,328	18,593	26,921
Goodwill	1,647	(1,647)	-
Other non current assets	-	-	-
Deferred tax asset on differences between fair values and tax bases	2,638	(2,285)	353
Current assets			
Trade debtors	60,499	(35,244)	25,255
Prepayments and accrued income	12,434	-	12,434
Other debtors	3,982	-	3,982
Cash at bank and in hand	5,248	-	5,248
Total assets	111,144	(16,941)	94,203
Creditors			
Trade creditors	(16,058)	(6,380)	(22,438)
Accruals and deferred income	(10,468)	-	(10,468)
Other creditors	(7,055)	-	(7,055)
Creditors due after more than one year	(2,899)	1,468	(1,431)
Net assets	74,664	(21,853)	52,811
Goodwill			168,282
Total purchase consideration (incl. contingent consideration)			221,093
Purchase consideration settled in cash			220,138
Cash and cash equivalents acquired			(5,248)
Cash outflow on acquisition			214,890

The uplift in tangible fixed assets is to the value of a third party valuation of acquisition. The intangible assets reflect the recognition of trade names and developed technology on acquisition. Deferred tax is in relation to these adjustments. Included within goodwill are intangible assets that do not meet the criteria for separate recognition. These intangible assets relate to customer relationships. The useful economic life of goodwill and developed technology has been estimated to be 6 years, while useful life of trade names is estimated to be 10 years. Since the acquisition date, Peerless Group has contributed € 68,387,630 to Group turnover and loss of € 5,942,535 to Group result. Other than value uplift, revaluation adjustments included on acquisition relate to provision for bad debt amounting to €35m, provision for accounts payable amounting to €5m, and write off of one part of fixed assets amounting to €8m, while uplift of €0.8m on trade creditors and write-off of €1.5m on Creditors due after more than one year is to the value of a third party valuation of acquisition.

INFOBIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****23 Business combinations (continued)****Acquisition of Peerless (continued)**

Other than value uplift, revaluation adjustments included on acquisition relate to reclassification between deferred income and trade debtors amounting to €10m, provision for bad debt amounting to €35m, provision for accounts payable amounting to €5m, and write-off of one part of fixed assets amounting to €8m.

Acquisition of Netokracija companies

During 2022 the Group acquired 2 companies Netokracija for total consideration amounting to €163,000, while fair value of net assets amounted to €8,000. Goodwill arising from these transactions amounted to €155,000.

24 Net debt reconciliation

	1 January 2022	Cash flows	Acquisition & disposal of subsidiaries	Other non-cash changes	31 December 2022
	€ 000's	€ 000's	€ 000's	€ 000's	€ 000's
Cash at bank and in hand	323,219	(282,993)	5,283	16,772	62,281
Bank and other loans	(421,498)	4,746	-	(31,614)	(448,366)
Preference shares	(355,553)	-	-	(60,452)	(416,005)
Net debt	(453,832)	(278,247)	5,283	(75,294)	(802,090)

25 Subsidiary undertaking audit exemptions

The parent, being Infobip Limited has guaranteed the following subsidiaries' liabilities in accordance with section 479C of the Companies Act 2006 (the "Act"):

Company name	Company registration number
OpenMarket Limited	04009908
Infobip Global Limited	08483220
Parseco Limited	09358944
Compatel Limited	07456831

By guaranteeing the debts, these subsidiaries have relied on the exemption not to have their individual accounts audited for the year ended 31 December 2022, in accordance with section 479A of the Act.

26 Ultimate controlling party

The immediate controlling party of the Group and company is Infobip Holdings Limited, Cayman Islands, and ultimate controlling party of the Group and company is Silvio Kutić.